Order on Retail Tariff
for
Uttaranchal Power Corporation Ltd.

for

2006-07

12th July 2006

UTTARANCHAL ELECTRICITY REGULATORY COMMISSION

80, Vasant Vihar, Phase-I, Dehradun – 248006

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Before

UTTARANCHAL ELECTRICITY REGULATORY COMMISSION

Petition No.: 12 of 2005

In the Matter of:

Determination of ARR for the year 2006-07 and retail tariff for sale to consumers of Uttaranchal Power Corporation Ltd. (UPCL), a Government owned company in the State.

AND

In the Matter of:

Uttaranchal Power Corporation Limited ………Petitioner
Urja Bhawan, Kanwali Road, Dehradun

Coram

Sh. Divakar Dev	**Chairman**
Sh. V.K. Khanna	**Member**
Sh. V.J. Talwar	**Member**

Date of Order: 12th July 2006

This Order relates to Petition no. 12/2005, which was admitted by the Commission on 26.12.2005, for determination of ARR and tariff for Uttaranchal Power Corporation Ltd. (hereinafter referred to as "UPCL" or "Petitioner" or "licensee"), in exercise of its powers under section 86(1)(a) of the Electricity Act, 2003 read with Regulation 56 of Uttaranchal Electricity Regulatory Commission (Conduct of Business) Regulations, 2004. For sake of convenience, this Order is divided into 7 Chapters.

1. Background & Procedural History

The Electricity Act, 2003 read with the Commission' relevant Regulations framed u/s 181 require the distribution licensee to file with the Commission, the Annual Revenue Requirement (ARR) & Tariff Proposals for ensuing Financial Year, on or before 30th November. Uttaranchal Power Corporation Limited, the sole distribution licensee in the State, however, filed its ARR and the Tariff proposals for 2006-07on 20.12.05 and the reason for delay given by the licensee was **pre-occupation of some of their directors**. The Commission nevertheless admitted the Petition on 26.12.2005 but in view of the licensee's casual approach, the Commission itself notified the tariff proposals inviting responses from stakeholders. The summary of the Petitioner's proposals was published in leading newspapers (Annexure 3(a)) as detailed below:

Table 1.1: Publication of Petitioner's proposals

S. No.	Name of the News Paper	Date of the Publication
1.	Amar Ujala	27.12.2005
2.	Dainik Jagran	28.12.2005

Subsequent to notification of Petitioner's proposals, Uttaranchal Jal Vidyut Nigam Ltd. (UJVNL) and Power Transmission Corporation of Uttaranchal Limited (PTCUL) also filed their own Tariff proposals envisaging increases ranging from 49.90% to 125.84% and 152.71% respectively. Since impact of these increases in its input costs had not been factored into Petitioner's proposals, the Commission also notified the additional increases in consumer tariffs arising due to increases proposed in Generation and Transmission Tariffs. Notices were, accordingly, published in leading newspapers (Annexure 3(b)) bringing out combined effect of all these proposals on consumer tariffs as given below:

Table 1.2: Publication of Notice depicting combined effect of proposals

S. No.	Name of the News Paper	Date of the Publication
1.	Dainik Jagran	16.01.2006 & 18.01.2006
2.	Amar Ujala	17.01.2006 & 19.01.2006

Copies of the summary of the proposals were also sent to members of the Advisory Committee and the details were made available at the Commission's office and its website as well as in the licensee's offices at Dehradun & Haldwani. After publication of the notice, responses received by the Commission were sent to the Petitioner for comments. The proposals were also considered by the Advisory Committee in its meeting held on 03.02.2006. On scrutiny of the Petition, numerous information gaps were detected and the same were intimated to the Petitioner on 09.01.2006 seeking the requisite information. Only some of the information sought from the Petitioner was made available. The Commission, however, decided to proceed with the matter and hold public hearings for getting stakeholders' views on the tariff proposals. Public hearings were, accordingly, held in Dehradun and Rudrapur on 13.02.2006 and 28.02.2006 respectively.

In the meantime, the State Government reconstituted the Commission and, therefore, the process of tariff determination was started afresh from 03.04.2006, when the reconstituted Commission became functional. Accordingly, further public hearings were held at Srinagar and Almora on 03.05.2006 and 16.05.2006 respectively.

A total of 91 responses to the Petitioner's proposals have been received in addition to the issues raised in the Public Hearings (Annexure 4). The issues so raised and the Petitioner's comments on the same have been listed in the next Chapter and have been kept in mind by the Commission while considering the proposals.

2. Stakeholders' Response to the Proposals and Petitioner's Comments

Stakeholders in their responses have pointed out Petitioner's inefficiencies in the prevailing metering, meter reading, billing and collection systems. Concerns have been voiced on unfettered spending and misuse of funds by the Petitioner Company. The issues and concerns that are relevant to the present proceedings have been grouped subject-wise and the same along with the Petitioner's comments are summarized below:

2.1. Domestic Tariff

2.1.1. No justification provided

Tariff increase proposed by licensee for domestic consumers has been opposed for want of sufficient justification. It has been demanded that the benefit of low cost generation in the State should be given to the State's domestic consumers. The Commission should get the Petitioner's projections thoroughly examined and ensure that the projected employee cost is reduced to the prudent level.

Petitioner's Comments

The average cost of supply to domestic consumers is coming around Rs. 3.20 per unit and the present tariff of Domestic consumers covers only 54% of the average cost of supply. The Petitioner has proposed only 10% increase in the tariff of domestic consumers which will only cover 59% of the average cost of supply. Under provisions of the Electricity Act, 2003, cross-subsidy among the consumers' categories should be eliminated in a phased manner. Further, that the Petitioner's employees' cost is lowest among similar States, being only 32 paise per unit sold while in Himanchal Pradesh it is 114 paise per unit and in A ssam it is 96 paise per unit.

2.1.2. Single point Supply

A bulk consumer having mixed load in its campus objected that they are being charged with commercial tariff while they should be charged domestic tariff as the electricity consumed by them is predominately for domestic use.

Petitioner's Comments

This is only a case of change of category and should be settled by the consumer with Petitioner's local office

2.1.3. Snow-Bound Areas

Power Department of Uttaranchal Government has suggested that Syanchatti, Hanuman Chatti, Rane Chatti at the height of 6000 feet, may also be included in the snow-bound area tariff category.

Petitioner's Comments

It is clarified that as per the provision contained in the existing Tariff Order, the concession in tariff of RTS-1 and RTS-2 is admissible to the consumers of snowbound / snowline villages which have to be notified by the concerned DM.

2.1.4. Minimum Charges

Minimum charges often result in over charging from those consumers who have low consumption. Many consumers have demanded removal of minimum charges and contended that as is the case with so many other services and commodities, bills should be raised on the basis of actual consumption reflected through meter reading. There is absolutely no cases for increasing the minimum charges as the existing charges itself are already high.

Petitioner's Comments

The present minimum charges of Rs. 150 per month covers only the cost of 75 units of electricity consumed. In their proposal, the number of units has not been changed and the revised rate of Rs. 165 per month has been worked out on the basis of the same consumption of 75 units.

2.2. Non-Domestic Tariff

2.2.1. Hotels

Hotel Association has opposed the proposed increase in tariff and minimum charges on the ground that Petitioner Company shall get 12% free power from Tehri Hydro Power Station scheduled to be commissioned in year 2006-07. Further, after installation of electronic meters, theft of Electricity has been reduced and its benefit should be passed on to consumers. They have also suggested that Hotel Industry should be given the same treatment as given to mixed load category because major part of their load is used for domestic purpose. They should be given the facility of temporary disconnection of supply during the off season period in winter to avoid the wasteful consumption made to cover the minimum charges during such periods. This will benefit the Petitioner as costly power is presently being purchased during the winter season.

Petitioner's Comments

It is the Government of Uttaranchal which will receive 12% free power from the Tehri Hydro Power Stations but as per the current practice, the Petitioner Company will get this power at the pooled rate of power from central generating stations. Further, Hotels being commercial entities, their contention that power used by them is for domestic purposes is not correct and no part of consumption by a hotel can be treated as domestic consumption. Moreover, prevailing minimum charges have been determined at 9% load factor which is quite reasonable and necessary to recover fixed cost of the licensee. Levy of these charges during the off season is appropriate and shall be used for upkeep and maintenance of network system.

2.2.2. Educational Institutions

The proposal for increase in tariff for educational institutions, hospitals and charitable institutions has been opposed as it will affect their fee-structure.

Petitioner's Comments

The Petitioner has proposed uniform tariff for non-domestic category, as the condition, nature of supply provided to the educational institutions, hospitals and charitable institutions are the same as for other non-domestic consumers. Further, the average cost of supply is estimated to be Rs. 3.20 per unit in FY-07 but the revenue form the existing non-domestic tariff category covers only 94% of average cost of supply.

2.2.3. Dharamshala, etc.

Consumers from Dharmik Sansthans suggested that increase in tariff for them, which presently, is at commercial rates is not justified as these Sansthans are being maintained on donations by public. They should, therefore, be treated under domestic category instead of non-domestic.

Petitioner's Comments

The Petitioner has proposed uniform tariff for all non-domestic consumers without any discrimination as the condition and nature of supply provided to the educational institutions, hospitals, charitable institutions and other non-domestic consumers is the same.

2.2.4. *Doctor's Clinics and Lawyer's Chambers*

Indian Dental Association and Bar Association have contended that their profession for the purpose of electricity supply/consumption should be treated as non-commercial and included under the category of domestic tariff.

Petitioner's Comments

Office premises of lawyers and doctors' clinics can not be treated as domestic establishment and should continue to be billed as under non-domestic category.

2.2.5. *Billing for Defective Meters*

Consumers have pointed out that pending replacement of defective meters they are being billed at assumed consumption of 216 units per kW/month. Since the Petitioner Company takes long time in replacing defective meters, charging 216 units per kW/month is unfair to consumers and should be abolished.

Petitioner's Comments

Provision of minimum billing of 216 units / kW has been kept for a period of 3 billing cycles only, to prevent dishonest consumers from taking undue advantage through defective meters.

2.3. Agricultural Tariff

Objections have been raised on the Petitioner's proposal for reduction of tariff for Power Intensive Units, which is not justified as this would lead to increase in domestic and PTW tariffs. It has been suggested that there should not be any rise in tariff of PTW category and instead their tariff should be reduced to Rs. 50/BHP/month. Farmers and agriculturists of Tarai area should be charged only the power purchase cost which is 80 paise per unit. No other charges should be levied on farmers. They should be provided subsidy and during the drought period, provision of further relief in electricity tariff should be made available to them. Electricity should be provided to them for at least 16 hours every day.

Petitioner's Comments

The average cost of supply is Rs. 3.20 per unit and the tariff for PTWs covers only 22% of this cost. As per provision of the Electricity Act, 2003, cross-subsidies should be eliminated in a phased manner. Rates for PTW consumers have been proposed @ 80 paise per unit as against existing 70 paise per unit. Thus, only 10% increase in this category has been proposed for covering 25% of the average cost of supply. The matter of subsidy can be considered only by the State Government. The licensee has taken all steps to provide un-interrupted and quality supply of electricity to its consumers. However, occasional cuts are inescapable for maintaining supply network and maintain grid discipline.

2.4. Industrial Tariff

2.4.1. Small Industries in Rural Areas

Small and Medium Industrial consumers, particularly Atta Chakkis in rural areas have opposed the proposed increase in their tariff, in view of reduction of 10.77% in the tariff for Power Intensive industries. They have also submitted that in rural areas the electricity is available only for 10-12 hours and, therefore, fixed charges for Atta Chakki consumers should be abolished.

Petitioner's Comments

Rebate in minimum charges is already being provided to Atta Chakki Consumers in rural areas and the same has been proposed to be retained.

2.4.2. Large Industry

Large Industrial consumers have opposed the proposed tariff increase of 20% as the same shall cause undue burden on them. Further they have proposed that the Petitioner should improve its efficiency through better collections and reduction of line losses. Some of the consumers have pointed out that the Petitioner's sale to industrial consumers has grown by 28% since FY 2001-02 and, accordingly, the fixed charges should actually be reduced by 28%. The increase of 60% in fixed/demand charges for them in the Petitioner's proposal is not justified. The energy charges should not be linked with load factor and consumers should be given benefit of lower slabs even if their load factor is above 50%. As a result consumers running their industries for longer hours and using more power are being discouraged by the present tariff structure. With regard to the increase in minimum charges in the Petitioner's proposal, it has been suggested that the minimum charges should be linked with availability and quality of power. Further, minimum charges should be computed annually instead of presently on monthly basis. It is pointed by these consumers that high minimum charges encourage wasteful consumption of energy which is against of the sprit of the Electricity

Act, 2003. Textile Industries consumers in particular have demanded that their electricity tariff should not be increased as they are passing through an infancy period in Uttaranchal.

Petitioner's Comments

The proposed tariff increase is 8.5% and not 20%. In order to eliminate discrimination in HT Industrial consumers UPCL has proposed a uniform tariff for HT consumers and power intensive consumers. The Electricity Act, 2003 also provides differential tariff on the basis of load factor. The Petitioner agrees to improve its commercial performance.

2.4.3. Peak Hours charges

Morning peak hours should not be considered as this causes shut down of Industrial production twice in 24 hours which is harmful in this age of market competition. Further, the Industrial tariff should not be based on load factor. Peak hour rates may be slashed down to 10% from 25% of the basic rates which is very high.

Petitioner's Comments

It is in the interest of grid and transmission & distribution system to discourage the consumption during the peak periods. Moreover, the Petitioner is required to purchase power at high rates during peak hours and, therefore, higher charges have been proposed during peak hours.

2.4.4. Promotion of Industry

In view of cheaper and surplus power available in the State, there should be reduction in industrial tariff so as to promote new Industries.

Petitioner's Comments

None.

2.4.5. Load factor and tariff

In many states, tariff for higher load factor industries is less than for those with lower load factor, and the same should be done here also. The proposed load factor base tariff by UPCL gives benefit to such consumers who steal electricity as they will get benefited twice.

Petitioner's Comments

Higher rate has been proposed for consumers having load factor above 50% as, to meet such increase in demand, the Petitioners has to purchase power at higher cost. Electricity Act, 2003 envisages charging different rates from the consumer having different load factors.

2.4.6. Power Intensive Units

2.4.6.1. Categorisation

The categorization on the basis of power intensive and non-power intensive consumers and load factor basis may be abolished. Industrial consumers may be categorised only on the basis of voltage of supply. They have also demanded that demand charges for industrial consumers should be discontinued. They have claimed that rebate should be given to consumer if the supply is given at voltage above 11 kV.

Petitioner's Comments

The Petitioner is wanting to merge the HT Category and power intensive units into one single category, as both are given power supply at HT only. However, higher rate has been proposed for the consumer having load factor above 50% due to reason that UPCL is required to meet its increasing demand through power purchase at higher rates. Also, Electricity Act, 2003 permits having different rates for consumer having different load factor.

2.4.6.2. Rebate for high power factor

PIU/steel industry consumers have demanded that like UP a rebate of 2.5% may be given if power factor is maintained above 0.95.

Petitioner's Comments

There is no need to introduce PF rebates in Uttaranchal as Tariff for HT category is already quite low.

2.4.6.3. Rebate for supply at higher voltage

Steel Industries representatives have demanded that for supply at 33 kV & upto 66 kV rebate @ 5% and in case of supply above 66 kV & upto 132 kV rebate @ 7.5% may be allowed.

Petitioner's Comments

As per existing tariff, there is provision of high voltage rebate in RTS-7 category and the Petitioner has proposed to continue the same.

2.4.6.4. Synchronization Charges

The Petitioner is collecting synchronization charges from captive generators without Commission's approval. These charges have been fixed on adhoc basis and are not being levied in many other States like Andhra Pradesh, Orissa, Rajasthan, Madhya Pradesh and Haryana. In Punjab, only 10% of demand charges are being charged from consumers with captive generators. Most of the States are not charging synchronization charges as the licensee does not incur any additional expenditure for synchronization. Synchronization charges should, therefore, be abolished as it will encourage co-generation & optimum utilization non-renewable energy resources.

Petitioner's Comments

UPCL responded that the issue of synchronization charges is not a subject matter for consideration in these proceedings. The grid connection provides starting up support and energy support in the event of failure of captive generator. Levy of these charges is justified as the utility has to keep provision for the additional load capacity in its grid infrastructure. Such charges have been allowed by the State Regulatory Commissions in some other States of West Bengal, Gujarat, Maharashtra, etc. on the ground of parallel operation of captive generation with the grid of the State utility by maintaining the floating link. These charges are only applied when the consumer connects his generator with the grid and the consumer can choose to run his generator in isolation and in this case no charges will be levied.

2.4.6.5. Independent Feeders

Industrial consumers connected with 132 kV independent feeders contended that they should be exempted from the scheduled roastering, on the ground that the complete cost of the independent feeder is borne by them and, therefore, they should be provided continuous and quality power supply. Consumers on independent feeder should have demand rebate in tariff.

Petitioner's Comments

The condition for construction of independent feeder has been laid down with a view to provide quality and un-interrupted supply and , accordingly, there is no justification to give them rebate.

2.4.6.6. Computation of Minimum Charges

Computation of minimum charges should be done annually instead of monthly.

Petitioner's Comments

Minimum charges are levied to recover part of the fixed costs incurred by the utility to serve the consumer on monthly basis and, therefore, levy of minimum charges on monthly basis is justified.

2.5. Mixed Load

Military Engineering Service (MES) has objected to the proposed rate Rs. 3.15 per unit as it is extremely high and absolutely arbitrary & unjustified. They have suggested that different rate slabs as introduced in Commission's last tariff order should be retained.

Petitioner's Comments

RTS-8 category covers single point bulk supply having at least 60% domestic consumption. Previously difficulties were experienced by UPCL as well as consumers to segregate the load for domestic and other purpose. To remove their difficulties, UPCL have proposed common rate in this category.

2.6. Railway Traction

Balanced view should be taken for traction tariff as Railways is a public utility and is a bulk consumer. The tariff proposed by the Petitioner is high and does not have any justification.

Petitioner's Comments

The tariff proposed for the railway has been determined competitively in relation to the neighbouring States and is, thus, appropriate.

2.7. Availability Based Tariff (ABT)

Availability Based Tariff (ABT) for the energy purchased from Central Power Stations should be introduced and UI charge should be reflected in the ARR.

Petitioner's Comments

None

2.8. Losses in the System

High level of losses proposed by the Petitioner Company in the ARR have been objected to and compared with those in adjoining States. Losses projected by the licensee should be suitably corrected by the Commission and incentive should be given to consumers on feeders having low line losses. As per the Commission's previous tariff orders, UPCL should have reduced line losses by 4% every year. Benefit of this reduction should be passed on to consumers and tariff should be reduced in future years.

Petitioner's Comments

The Petitioner has already taken number of steps so as to improve commercial performance and reduce line losses. Vigilance and raids are being made to check the electricity theft in its area of operation.

2.9. Need to Curb Theft of Electricity

Large scale theft of electricity is taking place by some consumers and departmental employees/officers which should be stopped instead of raising the tariff. UPCL is loading the cost of such losses on the honest consumers and there is no improvement in this area in spite of initiation of reforms in power sector in the State. Similarly, misuse of electricity is taking place due to un-metered supply to UPCL's staff and officers, which should be stopped immediately. The theft of electricity is causing unnecessary burden on the honest consumers.

Petitioner's Comments

UPCL has a team, which continuously analyzes the non-technical loss reduction. This is being used to take specific measures on high loss feeder & distribution transformer. In order to reduce its non-technical losses, the Petitioner is taking a number of steps like regularization of unauthorized connections/load, bringing them to the billing fold, replacement of defective meters, ensuring accurate and complete meter reading and billing. The Petitioner has constituted a vigilance cell to detect theft and unauthorized use of electricity. The average cost of electricity is Rs. 3.20 / unit, while the existing tariff is Rs. 2.35 / unit. The Petitioner has asked for average tariff of Rs. 2.55 unit only, which will cover only 80% of the cost, in order to avoid tariff shock to the consumers.

2.10. Quality of Supply

Consumers have complained about the poor quality of supply and low voltages. Most of the interruptions of in supply are due to emergency roastering, shut-down, feeder tripping and line break-down. Industrial consumers, in particular, have suggested for proper planning and scheduling so that they are informed in advance and to enable them to deal with interruption accordingly and, thus, avoid loss of production. A system of timely intimation of roastering and shut-down should be introduced. Tariff increases in the Petitioner's proposal should not be accepted till the quality of supply is improved.

Petitioner's Comments

UPCL appreciated the suggestion of the consumers and accepted its obligation to provide uninterrupted power supply to consumers. However, occasional power cuts do arise in case of breakdowns or due to shutdowns for maintenance of supply network for which prior intimation is normally given by them to the affected consumers.

2.11. Advantage of Surplus Power to Consumers of Uttaranchal

It has been pointed out that the Petitioner has surplus as energy availability is more than the demand. Hence, tariff increase is not justified. Further, Uttaranchal Government is getting free power from number of power stations generating electricity in Uttaranchal. Therefore, consumers of Uttaranchal should get benefit of it. UPCL is making high profits by preparing incorrect estimates of expenditure and through sale of energy outside State. It has been suggested that 12% free power should be given to UPCL free of charge so as to provide cheaper electricity to State consumers.

Petitioner's Comments

GOU is entitled to get 12% of free power from Tehri and other generating stations. However, Government sells this free power to UPCL at the pooled rate of power purchase from Central Generating Stations.

2.12. Tariff for Hydro Projects for Construction Power and Associated Loads

THDC Ltd. has demanded appropriate tariff for connection for construction power along with associated residential/non-residential and water supply scheme for new Hydro Power Projects.

Petitioner's Comments

Mixed load consumers having more than 60% domestic load are billed in RTS-8 category. If the domestic load is only upto 60% of the total load, then this concession is not available. Moreover, the temporary connection is covered in RTS-9 category , which provides that the consumer will be billed in appropriate Rate Schedule Plus 25%. The above schedule has also seen proposed for FY 07.

2.13. Rebate in Tariff for Hills

Tariff for electricity supplied to consumers residing in hills should be concessional. Prior to creation of Uttaranchal there was relief of 50% in electricity rates for Uttaranchal. This has now being discontinued.

Petitioner's Comments

None

2.14. Control of Wasteful expenditure

The Petitioner Company needs to take concrete steps and monitor the same to control its expenditure and restrict the same to that allowed by the Commission in the tariff order.

Petitioner's Comments

None

2.15. Need for Correct Depiction of Capital Investment

Capital investment should not be recovered from the consumers through tariff by showing it as revenue expenditure.

Petitioner's Comments

None

2.16. Bad & Doubtful Debts

Rs. 22.63 Crore as claimed by the Petitioner may not be allowed as bad/doubtful debts as the same are solely on account of the inefficiently of the Petitioner Company.

Petitioner's Comments

In a distribution retail business spanning both urban and rural areas, it is normal to expect a small proportion of debtors turning bad and doubtful.

2.17. Return on Equity

No Return on Equity should be allowed to the Petitioner as nothing has been invested by it as equity.

Petitioner's Comments

It is common practice in business that the promoter gets assured return for its risks and distribution is one of the riskier businesses. The Electricity Act, 2003 also recognises this fact and due to this reason Regulations allows an assured return on equity of 14%. This will, on one hand, help the promoter in borrowing loans for the development of the customer services and also help the creditworthiness of the licensee.

2.18. Interest Rate on Security

Interest payable on security amount is very low and the same should be equal to rate of surcharge on bills i.e. @ 15% or at least the bank rate of 12%. Alternatively, security may be taken in the shape of bank guarantee.

Petitioner's Comments

Bank's interest is around 5% per annum, so interest payable on security deposit is justified. Security is taken as a cushion for any default in payment and this cash helps the licensee in upgrading and maintaining the network and consumer services and, therefore, security as bank guarantee should not be allowed.

2.19. Investment in System Strengthening

UPCL has envisaged investment of Rs. 445.47 Crore for strengthening and expanding the distribution net work, but the growth in demand from industrial consumers has not been provided for in the ARR.

Petitioner's Comments

The APDRP program broadly envisages up-gradation and strengthening of distribution system including HT network this would also cater to the increasing demand of the industrial consumers.

2.20. State Government's Response

The State Government vide its letter No. 531/I/2006-02(3)/1/06 dated 05.04.2006 has sent in their suggestions to the Commission with the remark that these should not be considered under section 108 of Electricity Act, 2003. They have also indicated that the State Government has no intention to grant subsidy to any category of consumers as against their suggestions. The salient points of their letter are:

- *The tariff of steel industries may be kept at par with industrial tariff so that there is no discrimination them and heavy industrial consumers.*
- *To protect the interest of those consumers who have hotels in hills and have no business (hotels are closed) during snow period, the appropriate concession may be given.*
- *SWAJAL Projects run by rural consumer community may be given appropriate concessional tariff.*
- *Keeping in view of protecting the financial health of electricity generation, transmission and distribution utilities on commercial basis, there should be no increase in effective tariff of consumers.*

Petitioner's Comments

When asked to reconcile the proposals for increase in Tariffs made in Petition with Governments above comments, the Petitioner has informed that:

"The Board discussed the agenda item in detail and took note of the submission of ARR Application & Retail Tariff Petition for FY 2006-07 by UPCL to Hon'ble UERC as per the provisions of Electricity Act, 2003 for consideration and approval by the Hon'ble Commission in line with the legal provisions of the Act and relevant Regulations. The Board unanimously confirmed the ARR Application & Retail Tariff proposal for FY 2006-07 submitted to Hon'ble UERC duly approved by the Board in its 26th meeting held on December 14, 2005. The Board of Directors observed that there is no conflict between

the State Government's position laying stress on the financial health of the UPCL and ARR Petition for the FY 2006-07made by the Company. The Board authorized the Company Secretary to inform the resolution of the Board to the Hon'ble UERC on behalf of the Board"

The obvious contradiction between the Petitioner's demand for increase in Tariffs and State Government's above recommendation has either escaped notice of the Board of Directors or they have deliberately chosen to ignore it. Nevertheless, the Commission shall deal with these conflicting positions appropriately.

2.21. Suggestion from Members of Advisory Committee

The members of the committee have suggested that the trajectory for loss reduction of 4% every year set by the Commission should be adhered to; non-compliance of directives given by the Commission should be taken serious not of; the Commission should scrutinize the projected employees cost vis-à-vis the need for additional employees; the need for some incentive to be provided to consumers having supply through 33/132 kV lines and above should be considered.

2.22. Commission's Views

The Commission has taken into account all the above responses and Petitioner's comments on the same while taking view on each of these subjects later in this Order. The Commission agrees with the Petitioner that levy of Electricity duty or cess is Government's prerogative and the Petitioner cannot interfere with the same. Similarly, benefit of 12% free power cannot be extended to consumers unless the State Government passes this power to the Petitioner free of cost. Similarly, with kVAh billing the need for rebate for high power factor ceases. ABT is already in force and income accruing to the Petitioner on this account is reflected in the ARR. Similarly, cost of promoting industries or any other economic activity in the State cannot be loaded on the Petitioner and then to consumers of Electricity in the State. Laudable as these objectives may be, costs relating to them need to be met by the State Government from other beneficiaries of such activities.

3. Commission's Approach

As per law, determination of tariff by the Commission is to be done as per the Uttaranchal Electricity Regulatory Commission (Terms & Conditions for Determination of Distribution Tariff) Regulations, 2004 (Regulations) issued under section 181 of the Act. In framing these Regulations, the Commission is to be guided by the principles and methodologies specified by the CERC for determination of tariffs for generating companies and transmission licensees, the National Electricity Policy and the Tariff Policy issued by the Central Government amongst other factors listed out in section 61(a) of the Electricity Act, 2003. The Commission has, therefore, ensured that its Regulations are in conformity with this provision of the Electricity Act, 2003. Further, Commission's Regulations abide by and meet the requirements of the National Electricity Policy and National Tariff Policy issued by the Central Government and the principles and methodologies contained in CERC's Regulations pertaining to generation companies and transmission licensees. Commission's approach having already been defined in its Regulations, in the present exercise, the Commission proposes to and is indeed obliged to abide by them. During the last tariff determination exercise, some inevitable relaxations in these requirements were allowed and reasons for doing so were clearly spelt out in the Commission's Order dated 25.04.2005. These relaxations will have to be continued as long as the reasons for making such relaxations continue to persist.

3.1. Sales forecast, Energy Losses and Power Purchase Requirement

Regulation 6 stipulates that monthly sales forecast has to be done on the basis of past trend with norms for unmetered sales as may be approved by the Commission. The Commission has spelt out its approach for forecasting category-wise sales in its previous Order dated 25.04.2005. In this Order also the Commission will continue with the same approach, unless some departure is warranted for reasons to be spelt out.

As per Regulation 7(6), the Commission has already fixed a trajectory of combined transmission and distribution (T&D) losses for the 5 year period 2003-04 to 2007-08 with opening loss level of 46.17% and target reduction of 4% each year with an overall 20% reduction in 5 years. As per this trajectory, the overall T&D loss target to be achieved for the year 2006-07 is 30.17%. The Commission proposes to adhere to this predetermined trajectory.

The total Power to be purchased is to be determined on the basis of sales forecast and loss target. Thereafter, as stipulated in Regulation 10, its cost is to be worked out on the basis of merit order principle after ascertaining availability as per Regulation 8.

The Commission would follow the above approach in estimating the power purchase cost and revenue from sale of power.

3.2. Capital Cost

The original cost of the Petitioner's capital assets is important as it determines crucial cost elements like depreciation, interest on loans and return on equity. The Petitioner's assets were originally created by the erstwhile UPSEB, then transferred to the successor transmission and distribution company i.e. UPPCL, then on creation of the Uttaranchal State to the new State's transmission and distribution company namely UPCL and on its division transmission assets were transferred to PTCUL leaving only distribution assets with UPCL. For tariff determination what is relevant is the original cost of acquisition / creation of such assets. The original cost for these assets is not known and they have been given different values at the time of these transfers. Their value as per the transfer scheme notified by UP Government at the time of unbundling of UPSEB is substantially different from the value agreed to between the concerned companies for the purposes of their transfer from UPPCL to UPCL. Due to non-availability of original cost of assets received from UPPCL, in the last tariff Order, the Commission had opted for the next best option by accepting their value derived from the total value of assets of UPPCL notified by the UP Government at the time of unbundling of the erstwhile UPSEB and approved by UPERC, and to that extent had relaxed the relevant Regulation. In absence of any convincing reasons for doing so, the Commission does not propose to depart from its above position during the current exercise.

3.3. Capitalisation of New Assets

For determining capital related expenditure, in the last Tariff Order, the Commission had accepted and taken into account Petitioner's projections for commissioning and capitalisation of new assets. It has been noticed that this approach is being misused and there is a wide gap between the value of assets projected to be capitalized and the value actually capitalized. Such over projection results in inflating capital related costs and in turn the current tariffs. Therefore, the

Commission is accepting only the capital cost of assets actually commissioned and capitalised and ignoring the value of assets projected for capitalisation. Further additions in value of capital assets, if any, will be taken into account in the next tariff determination exercise with such truing up of related costs as may be warranted.

3.4. Interest during Construction

As a well settled principle, interest on loan for a project is treated as capital expenditure and is added to the cost of the project till the project is ready for use and is capitalised, whereafter interest is treated as revenue expenditure. Accounting Standard -16 on Borrowing Cost also states hereunder:

> *"Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset should be capitalised as part of the cost of that asset."*

Accordingly, the cost of a project includes interest during construction (IDC)and is normally financed by the concerned Financial Institution. The Commission is, therefore, not taking into account interest during construction for the tariff determination. On commissioning of the project the IDC shall be capitalized and, thereafter, the interest payable on loans taken for such projects will be taken into account in any Tariff determination exercise.

3.5. Interest on Loans

In this regard, Regulation 14(1) stipulates that

> *"Interest on loan capital shall be computed loan-wise including on loans arrived at in the manner indicated in regulation 13(4)".*

Interest on such portion of the outstanding loan that is used for financing works still in progress is to be funded through the capital cost financing and is to be capitalised. Therefore, only that part of any loan which has been used for financing the assets already capitalized is eligible for inclusion as interest costs. Accordingly, the Commission shall admit interest only on the loan component that pertains to assets that have been capitalized.

3.6. Depreciation

The principles to be followed for calculating the depreciation costs and the rates applicable for it have already been spelt out in the Commission's Regulations. An important feature of these Regulations is that while calculating the value of capital assets, any subsidy or grant received for this purpose is to be deducted from its cost. This approach is also in accordance with the approach adopted for determining the expenditure admissible for taxation purposes. Explanation 10 to Section 43(1) of the Income Tax Act, 1961 dealing with this issue is reproduced below:

> *"Where a portion of the cost of an asset acquired by the assessee has been met directly or indirectly by the Central Government or a State Government or any authority established under any law or by any other person, in the form of a subsidy or grant or reimbursement (by whatever name called), then, so much of the cost as is relatable to such subsidy or grant or reimbursement shall not be included in the actual cost of the asset to the assessee:*
>
> *Provided that where such subsidy or grant or reimbursement is of such nature that it cannot be directly relatable to the asset acquired, so much of the amount which bears to the total subsidy or reimbursement or grant the same proportion as such asset bears to all the assets in respect of or with reference to which the subsidy or grant or reimbursement is so received, shall not be included in the actual cost of the asset to the assessee."*

The approach spelt out in the Commission's Regulations is not only logical but conforms to even the approach spelt out in the Income Tax Act. The Commission proposes to abide by and follow the Regulations on the subject and exclude the assets received by way of grants/subsidies etc. for the purposes of calculating related cost elements. This is important in view of the fact that large number of capital assets has been received by the Petitioner free of cost and further Plan Assistance is flowing by way of 90% grant and 10% loan.

3.7. O&M Expenses

Regulation 11 stipulates that for the tariff year O&M expenses shall be calculated on the basis of historical costs and the prevailing norms with appropriate validated changes in the same subject to prudence check by the Commission.

UPCL's operations had been with UPSEB, UPPCL and then UPCL, each one of them being the combined utility of transmission and distribution functions. Subsequently , UPCL got bifurcated into UPCL the distribution licensee and PTCUL, the transmission licensee. Proper apportionment of O&M expenses between the distribution and transmission operations was not available. Therefore, while determining the Petitioner's distribution tariff for the year 2005-06, the Commission had relaxed the relevant Regulations and determined the O&M expenses for the year 2005-06 after such validation and prudence check as was possible. Having once fixed the base O&M expenses for the distribution licensee for the year 2005-06, there is no need to again scrutinize and validate this base level of expenditure. Instead using this base value, the same needs to be updated after factoring in the changes since last year. These changes are on account of:

(i) Changes in the scale of operations

(ii) Inflation.

Therefore, the O&M expenses are proposed to be estimated by first increasing the base level O&M expenditure by the %age increase in number of consumers since last year so as to capture the increase in scale of operations and then adding to this increased base another 4% on account of inflation, as stipulated in CERC's Regulations for transmission and generation companies, as the inflation rate is common for all utilities.

The Commission is determining the combined O&M expenditure for the Petitioner and refraining from sub-dividing it amongst individual heads. Allocation of this amount to specific expenditure heads may be done by the Board of Directors of the Petitioner Company. While doing so, the Board is expected not only to suitably prioritise individual expenditure items but also to check wasteful and avoidable expenditure. Further, the Board shall ensure that disproportionate allocation towards long term commitments like employee costs are not made at the cost of other crucial components, like R&M expenses.

3.8. Truing up of expenses

In the last Tariff Order, the Commission had approved certain level of expenses based on the Petitioner's validated projections. Truing up of some of these expenses and revenue could be required and is normally carried out in the next tariff proceedings on the basis of actual data. The Petitioner has only given its revised estimates for 2005-06, and that too without proper justification for changes from the original estimates. Even unaudited figures including sales figures for the year 2005-06 have not been furnished. It is understood that Petitioner's accounts for 2004-05 have still not been audited. The Commission proposes to true up the figures of 2005-06 only when reliable data along with proper justification and supporting documents are made available by the Petitioner.

3.9. Issues already considered and decided

As stated earlier, majority of assets have been transferred to UPCL which were transferred from Uttar Pradesh State Electricity Board (UPSEB) to Uttar Pradesh Power Corporation Ltd. (UPPCL) first and then from UPPCL to UPCL. This transfer threw up issues like valuation of these assets, Petitioner's own investment in them, servicing costs etc. Various claims and views pertaining to such issues were put forth and were considered in depth and decided by the Commission in the Orders dated 08.09.2003 & 25.04.2005 spelling out the rationale behind these findings. There is, therefore, no need for the Commission to revisit such issues in the present proceedings, unless some new facts are placed before the Commission.

4. Analysis of Annual Revenue Requirement

Petitioner's projections of sales, power purchase and other costs and the revenue likely to be earned will be scrutinized and validated in the following paragraphs.

4.1. Physical Parameters

4.1.1. Sales Forecast for FY07

UPCL has estimated the category-wise sales based on the trends over the previous 4 years taking three key parameters – Number of Consumers, Contracted load and Specific Consumption.

As defined in the Approach Chapter, the Commission has scrutinized Petitioner's projections for category-wise sales during 2006-07 with the approach already adopted by the Commission in its previous Tariff Order.

4.1.1.1. Domestic Category (RTS-1)

The Petitioner has projected ambitious rural electrification in the year 2006 and 2007 stipulating 20 households to be electrified per village for 487 villages and 10 households per hamlet for 6000 hamlets in FY 07. UPCL has estimated 18,500 and 69740 additional rural consumers for the year 2005-06 and 2006-07 respectively on account of rural electrification in the State in these years. It has included consumption of these additional rural consumers and projected consumption of 1076.89 MUs for the year 2005-06 and 1245.79 MUs for the year 2006-07 which translates into an overall growth rate of 10% for the year 2005-06 and 17% for the year 2006-07.

Compounded Average Growth Rate (CAGR) based on the actual sales during the period 2001-02 to 2004-05 works out to 7%. The Commission has applied this annual growth rate to FY 05 figure for projecting the sales for the Domestic category for the year 2006-07, which works out to 1117.17 MUs. For additional rural consumers in new villages to be covered under the village electrification program under RGGVY in the year 2006-07 another 53.22 MUs have been added, as projected by the Petitioner. Thus, the total estimated consumption of the Domestic consumers works out to 1170.39 (1117.17+53.22) MUs for the year 2006-07 against 1245.79 MUs projected by the Petitioner.

4.1.1.2. Non-Domestic Category (RTS-2)

The Petitioner has estimated number of consumers for FY 07 by applying CAGR of 4% and has considered average contracted load of 2.21 kW for consumers in this category. The specific consumption has been projected based on the CAGR for past 4 years. Accordingly, the total sale for this category is projected to be 741.02 MUs for FY-07.

Commission has accepted the projections of UPCL for the total consumption of the Non Domestic category for the year 2006-07 at 741.02 MUs.

4.1.1.3. Public lamps (RTS-3)

The Petitioner has estimated growth in number of consumers, contracted demand and specific consumption taking into account the rise in new colonies and new roads in cities and urban areas for 2007, and past trends. The projected sale for the year 2006-07 is 55.66 MUs.

In the previous Tariff Order, the Commission had estimated the sales to this category on the basis of actual metered sales and estimated it to be 36.16 MU. This figure is now being projected at 55.66 MUs. Based on reported consumption till January 2006, the annualized consumption for FY06 works out to 53.19 MUs. The Commission is allowing the projected level of sales, which as pointed out earlier includes substantial pilferage and wastage. It is regretted that there has been no improvement in curbing the pilferage and wastage through this route. The Commission reiterates its views expressed in the last Tariff Order and considers that this usage of more than 13 hours is unacceptably high and reflects high wastage and pilferage of electricity. It is regretted that in spite of the Commission pointing this out, no worthwhile attempt seems to have been made to control the wastage and pilferage through this route. **The Petitioner is once again directed to prepare a road map to curb this widespread wastage and pilferage of electricity and get the same approved from its Board of Directors and submit the same to the Commission by 30-09-2006**.

4.1.1.4. Private Tube-Wells (RTS-4)

The Petitioner has envisaged addition of 1,000 PTWs in FY07. Although the Petitioner has stated that it has assumed consumption as per the norms approved by the Commission for FY06, actually it has taken consumption norm of 107 units/BHP/month in stead of Commission's approved norm of 68.38 units/BHP/month. The projected sale for the year 2006-07 for PTW is estimated as 146.50 MUs.

Commission is adopting the same consumption norms as approved earlier for this category for reasons already given in its previous Tariff Order and has applied the same on Petitioner's projected load. Accordingly, the total consumption by this category of consumers for the year 2006-07 works out to 114.23 MUs.

4.1.1.5. Government Irrigation Systems (RTS-5)

The Petitioner has envisaged 2% growth over last year and assumed the consumption level for the ensuing year at the same consumption profile as that in the previous year. The estimated consumption is projected at 38.22 MUs for FY07.

4.1.1.5.1. LT Government irrigation system

In the earlier Tariff Orders for the years 2003-04 and 2005-06, the Commission had used consumption norm of 3562 units per pump per month for reasons given therein. Applying the same consumption norm on the projected number of such consumers, the estimated consumption for such units works out to 36.51 MUs for the year 2006-07.

4.1.1.5.2. HT Government irrigation

The Petitioner had shown the actual number of such units to be 15 in 2004-05 and projected the same to be 16 in 2005-06. In the present Petition, the actual number of such units for FY05 is shown to be only 13 against 15 claimed earlier and for FY07, this number is now being projected at 14, which is less than even what was claimed for FY05. It is clear that Petitioner's projections are not only inconsistent but also irrational as no reason for annual fluctuations in these numbers and that too resulting in their reductions has been offered. However, in absence of any other reliable data, the Commission has no option but to accept the Petitioner's projection of 5.01 MUs.

Thus, the total consumption for LT & HT Government irrigation category has been projected as 41.52 MUs for the year 2006-07.

4.1.1.6. Public Water Works (RTS-6)

The growth in number of consumers, contracted demand and specific consumption has been considered by the Petitioner by taking into account past trends and expected rural water works systems. The Petitioner has not considered any increase in specific consumption in this category. The total consumption is estimated by the Petitioner at 191.87 MUs for the year 2006-07.

These consumers are now reported to be all metered and their annual consumption based on the reported consumption figures upto January 2006 works out to 168.33 MUs. The Petitioner has projected increase in average contracted load of 8.33%. Increasing energy consumption in the same proportion, the projected sales for this category works out to 182.35 MUs. Since this figure is not substantially different from 191.87 MUs projected by the Petitioner and in view of the critical role of drinking water schemes, the Commission is accepting the figure projected by the Petitioner, even though the same is not fully validated by past trends.

4.1.1.7. Industry (RTS-7)

4.1.1.7.1. LT Industry

The Petitioner has considered sales in LT industry category based on growth in number of consumers at the rate of 2% over the previous year. Specific consumption profile has been assumed to be similar to the previous year. The Petitioner has, thus, estimated the demand of LT Industry category to be 108.91 MUs for the year 2006-07.

The Commission has accepted this projection.

4.1.1.7.2. HT Industry

The Petitioner has envisaged an incremental load of 50 MW in FY-06 and 110 MW in FY-07 on account of three large Industrial estates likely to come up in Pant Nagar, Haridwar and Selaqui. Accordingly, for the year 2006-07, the Petitioner has forecast a demand of 980.26 MUs for this category, which comprises of consumption of 326.75 MUs for steel units and 653.51 MUs for General HT industry.

In the wake of influx of industries for availing various concessions existing in the State, the industrial demand is highly unpredictable and for want of any better option, the Commission has accepted the Petitioner's projection of consumption of industrial consumers, except steel units, for 2006-07. For Steel units the Petitioner has projected requirement of only 326.75 MUs when the actual consumption upto January 2006 is already reported to be 363.56 MUs. The Commission has estimated the requirement of existing steel units based on their contracted load and the load factor for the group. Accordingly, their consumption for 2006-07 works out to 560.46 MUs.

In its petition dated 31.05.2004, filed before the Commission, the Petitioner had submitted that on account of low industrial tariff prevailing in the State, large number of Steel fumaces were migrating from adjoining States. It had been stated in that petition that as many as 81 such units had already applied for power connections and their total additional requirement had been projected at 350 MVA. The Petitioner has now requested that the tariffs for Steel units should be brought at par with that for HT Industries. The Hon'ble Appellate Tribunal of Electricity has also directed re-determination of tariff for these units in accordance with direction contained in their Order dated 02.06.2006. Bringing down the tariff for Steel units as proposed by the Petitioner recreates the conditions prevailing prior to Commission's above Order dated 24.08.2004. Therefore, for estimating correct requirement of Steel Industry, the Commission is using the projections made by the Petitioner in its petition dated 31.05.2004. Some of those original applicants have since been given power connections and after adjusting their requirement this projected sales figure works out to 1887.43 MUs, which is being allowed. Thus, the total projected sale to steel units, including new ones, works out to 2447.89 MUs for the year 2006-07 against the Petitioner's projection of only 326.75 MUs. For reasons not disclosed in this Petition, the Petitioner has under projected the requirement of Steel units and the same has been corrected using the Petitioner's own earlier projections.

4.1.1.8. Railway Traction (RTS-9)

The Petitioner has considered an additional load of 15 MVA in FY-07 based on discussions with the Northern Railways, and has forecast consumption of 40.97 MUs for the year 2006-07.

In the absence of any final agreement between the Petitioner and the Railways and going by the actual consumption of merely 2 MUs up to January 2006, Petitioner's projections do not seem realistic. As stipulated in the Commission's Order dated 25-04-2005, sales to Railways are to be made only out of power surplus to the State's requirements. Such surplus is likely to disappear totally or to get reduced substantially in 2006-07. Keeping this in mind, Petitioner's projected sale of 40.97 MUs to Railway's is extremely high. The Commission is, therefore, allowing sale of only 11.65 MUs as approved in its last Tariff Order and that too only out of surplus to the State's requirement so that such sales do not result in or aggravate any shortages of power in the State, particularly during the deficit months.

4.1.1.9. Total Sales

To summarise, the total energy sale as estimated by the Petitioner and as accepted by the Commission for 2006-07 are 3550 MUs and 5536.65 MUs respectively. The details are as follows:

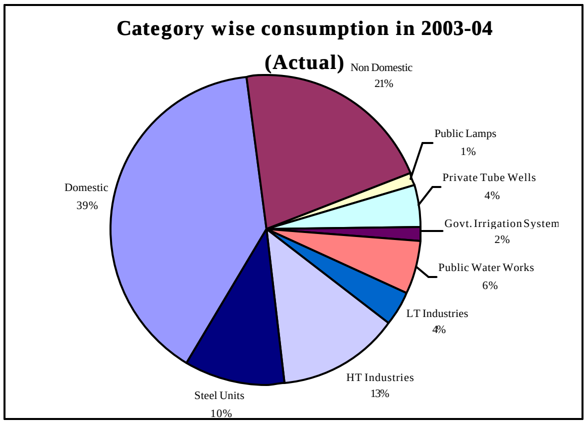
Table 4.1: Sales Forecast (MU) for year 2006-07

S. No.	Consumer Category	Proposed by Petitioner	Accepted by Commission
1	RTS-1: Domestic	1245.79	1170.39
2	RTS-2: Non Domestic	741.02	741.02
3	RTS-3: Public Lamps	55.66	55.66
4	RTS- 4: Private Tube Wells	146.50	114.23
5	RTS-5: Govt. Irrigation system	38.22	41.52
6	RTS-6: Public Water Works	191.87	191.87
7	RTS-7: LT&HT industry	1089.17	3210.31
7a	*LT Industry*	*108.91*	*108.91*
7b	*HT Industry*	*653.51*	*653.51*
7c	*Steel Units*	*326.75*	*2447.89*
8	Railway Traction	40.97	11.65
	Total	**3550.00**	**5536.65**

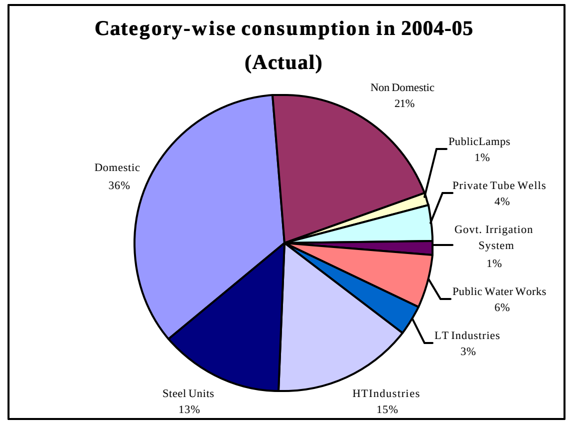
Over the years, the share of subsidising consumers in the total sales has been increasing. This is brought out in the graphs given in the following page.

4.1.2. Transmission and Distribution Losses

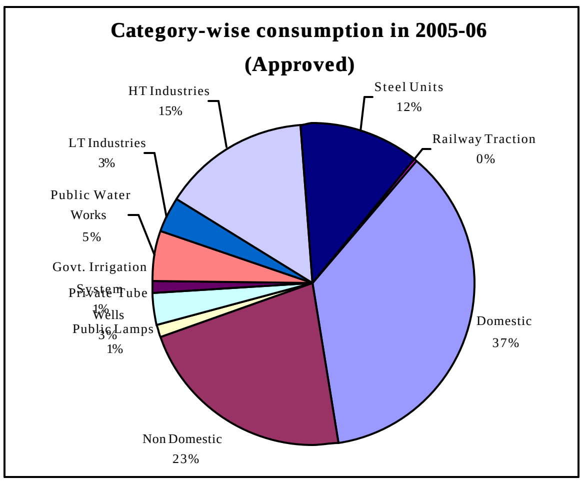
Petitioner has stated in its Petition that the reduction in distribution loss for the tariff years and capital investments cannot be viewed in isolation. It has stated that new investments under schemes like PMGY, AREP, District Plan, State Plan, MNP, Nalkoop, RGGVY, etc. lead to increase of the LT network and further contributing to losses. The Petitioner has, accordingly, considered an achievable loss reduction target of 1.3% in the ensuing year from the existing level of 35.93% in FY 06 to target loss level of 34.64% in addition to the transmission loss of PGCIL and PTCUL. As per the demand forecast and this proposed distribution loss reduction target, the Petitioner would need to procure 5,431 MUs at the input to its distribution system in FY-07.



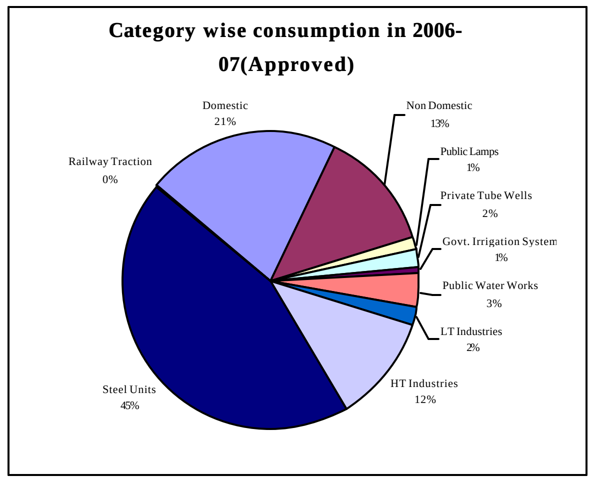
Category wise consumption in 2003-04 (Actual)



Category-wise consumption in 2004-05 (Actual)



Category-wise consumption in 2005-06 (Approved)



Category wise consumption in 2006-07(Approved)

The loss target of 34.64% given by the Petitioner for FY 07 is misleading as it is only distribution loss, which when added with proposed intra-state and inter-state transmission losses make the proposed transmission and distribution (T&D) loss level as 38.57% and not 34.64% claimed by the Petitioner against the Commission's target of 30.17%. In other words, the Petitioner is targeting to be 8.4% short of the level stipulated in the five year trajectory prescribed by the Commission. Against approved T&D loss reduction targets of 4% p.a. (1% technical and 3% commercial), the Petitioner has projected the targeted reduction to only 1.3% for FY 07.

Loss reduction targets have to be seen in two parts viz. technical loss reduction and commercial loss reduction. Technical loss gets reduced by system augmentation/strengthening works, while they increase with extension of existing system. The net reduction target of 1% in technical losses fixed by the Commission can not be called high when we consider massive investments being made in system strengthening under schemes such as APDRP. The investments in rural system have been proposed to lead to a load of 52 MW only in the total proposed load of 1159 MW. This meager 4.5% load, which can be responsible for only a small comparable fraction of losses, is being touted as basis for the Petitioner not achieving the loss reduction targets. The balance 3% of the loss reduction target pertains to commercial losses. Pilferage and theft of electricity, euphemistically called commercial losses, have become the bane of the power sector. It is for this reason that so much emphasis is being laid on reduction of these losses not only by the Regulators but also by the Central and the State Governments and indeed by the Planning Commission. Ignoring such widespread concern, the Petitioner has sought heavy reduction in these targets portraying complete absence of seriousness or sincerity on its part. In absence of any valid justification for doing so, the Commission is unable to accept the Petitioner's plea for diluting the loss reduction targets. The Commission is, therefore, retaining the loss reduction trajectory already defined by the Commission and based on it, the target loss level for the year 2006-07 is 30.17% against 34.17% for 2005-06.

4.1.3. Power Purchase Requirement

Factoring these loss levels the total energy that the Petitioner will need to purchase for meeting the validated demand of 5536.65 MUs works out to 8284.68 MUs for the year 2006-07 as shown in the following Table.

Table 4.2 Power Purchase Requirement and Total Sales at target loss levels

Approved Loss level for 2005-06 (%)	34.17%
Technical Loss reduction (%)	1%
Approved Loss level for 2006-07 (%)	33.17%
Total Sales in 2006-07 (MU)	5536.65
Power Purchase requirement in 2006-07 (MU)	**8284.68**
Commercial loss reduction (%)	3%
Additional sales by commercial loss reduction (MU)	248.54
Total sales with efficiency improvement for 2006-07 (MU)	**5785.19**
Target loss level (%)	30.17%

This total requirement has been further broken down month-wise in the same proportion as in the preceding 3 years.

4.1.4. Availability of Power

For estimation of power availability, the Petitioner has considered the actual power purchases during April 05 to October 05. The estimated power availability from various firm sources for the balance period of *the financial year 2005-06 (i.e. from November 05 to March 06) and the next financial year 2006-07 has been made on the basis of*

- *indicated availability by various generators, and*
- *past availability trends and other available information in the absence of specific indication by some generators.*

Similarly, the cost estimates are based on relevant tariff orders, recent bills, existing arrangements, notifications, etc. for various individual sources. Losses in the Northern Region's PGCIL system and PTCUL' transmission system have been considered by the Petitioner while estimating availability of power.

4.1.4.1. Availability from UJVNL

The availability of UJVNL has been projected by the Petitioner based on the information enclosed along with a letter dated 04.11.2004 from UJVNL to Government of Uttaranchal wherein generation projections have been shown upto 2011-2012. Accordingly, total availability, net of HP's share, from UJVNL's main stations for 2006-07 has been projected as 3282 MUs.

Basing the projections on data given by the generating company would need technical validation of such data. Therefore, in the previous Tariff Order the Commission had adopted generation targets for UJVNL plants as specified by CEA, which is the apex technical body. Going by the same approach, which is also in line with the Regulations, the Commission has considered the generation targets for UJVNL's plants as specified by CEA on 15.05.2006 as the same gives more realistic position of likely availability from these stations. Accordingly, the availability for 2006-07, after excluding HP's share, is 3197.72 MUs.

4.1.4.2. Availability from CGS plants

The Commission has considered the generation from Central Generating Stations based on the generation targets specified by CEA for 2006-07. The auxiliary consumption for each of the stations has been considered based on the norms approved in the CERC guidelines. Availability to the Petitioner has been considered on the basis of the State's share in each of the stations. The Commission has estimated station-wise monthly availability for 2006-07 in the proportion of actual monthly generation notified by CEA for 2005-06.

Table 4.3: Availability for the State from Central Generating Stations for 2006-07

Source	Plant capacity (MW)	Gross generation (MU)	ESO (MU)	State's share	Availability to the State (MU)
NTPC					
Anta	413	2770.00	2686.90	3.79%	101.83
Auraiya	652	4400.00	4268.00	3.84%	163.89
Dadri Gas	817	5500.00	5335.00	3.41%	181.92
Unchahar-1	420	3510.00	3176.55	8.57%	272.23
Unchahar-2	420	3510.00	3176.55	3.60%	114.36
Rihand-1	1000	7536.26	6820.32	3.93%	268.04
Rihand-2	1000	7536.26	6820.32	3.40%	231.89
Singrauli	2000	15100.00	13665.50	4.82%	658.68
Sub-total	***6722***	***49862.52***	***45949.14***		***1992.84***
NHPC					
Salal	690	3082.00	3066.59	1.21%	37.11
Tanakpur	120	452.00	449.74	3.89%	17.49
Tanakpur free power				12.00%	53.97
Chamera-1	540	2100.00	2089.50	3.53%	73.76
Uri	480	2587.00	2574.07	3.48%	89.58
Dhauliganga	280	1134.69	1129.02	4.07%	45.95
Dhauliganga free power				12.00%	135.48
Sub-total	***2110***	***9355.69***	***9308.92***		***453.34***
NPC					
NAPP	440	2324	2103.22	3.70%	77.82
Sub-total	***440***	***2324***	***2103.22***	***3.70%***	***77.82***
THDC					
Tehri-I	1000	1384.00	1377.08	2.70%	37.18
Free Power - Tehri I				12.00%	165.25
Sub-total	***1000***	***1384.00***	***1377.08***		***202.43***
Gross total	**10,272**	**62,926.21**	**58,738.36**		**2726.43**

4.1.4.3. Availability from Vishnu Prayag Hydro-electric Project

The Petitioner has not proposed any availability from Vishnuprayag Hydro Electric Project (an IPP established in the State of Uttaranchal) for the year 2006-07. However, on the basis of a commencement schedule of the project submitted by the Petitioner on 05.06.2006, the Commission has considered availability from this source from July 2006 onwards, based on the generation target specified by CEA for 2006-07. The auxiliary consumption has been considered based on the norms approved in the CERC guidelines. There is no firm allocation to the State from this project and the Commission has considered only 12% free power available to State.

Table 4.4: Availability from Vishnuprayag hydro electric project for 2006-07

Source	Plant capacity (MW)	Gross generation (MU)	ESO (MU)	State's share	Availability to the State (MU)
Vishnuprayag	400	600.00	597.00	12.00%	71.64

4.1.4.4. Availability from SHPs in the IPPs category and UREDA stations

For the year 2006-07, the Commission has accepted availability from small and micro hydel generating stations in the IPP category and those belonging to UREDA as proposed in the Petition. The availability from these sources, thus, works out to 45.23 MU as detailed in the following Table.

Table 4.5: Availability from SHPs for 2006-07

Source	Availability (in MU)
Him Urja	26.50
Hanuman ganga	17.67
UREDA	1.06
Total	**45.23**

4.1.4.5. Banking

Banking has been considered as per the agreement between UPCL and PSEB dated 08.03.2006. As per the agreement, UPCL is required to Bank 306.00 MU of power from April till September, for which it is required to purchase over and above the State's requirement during these months. From October to March, Punjab would return the banked power with 5% premium subject to terms and condition of the agreement. This agreement is unlikely to be of much help when State's total energy requirement of 8284.68 MUs far exceeds the total availability of 6054.32 MUs for the year 2006-07. However, the net effect of the banking arrangement has being considered, and the same works out to 13.30 MUs of extra energy, free of cost.

4.1.4.6. Total availability

Based on the above, the total availability to the Petitioner from firm sources has been estimated for the year 2006-07 and the same is presented in the table given below along with availability proposed by the Petitioner:

Table 4.6:Availability to the State from Firm sources for 2006-07

Source of Power	Proposed by Petitioner	Considered by Commission
UJVNL	3,282	3,197.72
NTPC	1990	1,992.84
NHPC	431	453.34
THDC	121	202.43
NPC	97	77.82
Vishnu Prayag	0	71.64
Others	45	45.23
Net Return from Banking	10	13.30
Total Availability	**5,976**	**6,054.32**

4.1.5. Availability vs. Requirement of Power

The availability and requirement of power as approved above shows that even after purchasing entire energy available from firm sources, the State would have substantial unmet requirement every month ranging from 99.20 MUs to 261.81 MUs, the total shortage being of 2,230.36 MUs.

4.1.6. Power Purchase Cost

Cost of purchase for State Generating Stations has been taken as per the respective tariffs approved by Commission for them. For CGS, the Commission has considered the annual fixed charges approved by CERC and apportioned these charges on the licensee based on the State's firm allocation in these stations. Incentive for thermal power stations approved by CERC @ 25 paise/unit for the portion of generation over and above 85% plant load factor and for hydro stations as per latest bills has been calculated and added to the fixed cost. The variable charges appearing in the latest bills of the Utility have been considered. Free power has been taken in accordance with existing practice of pooled average CGS cost. Besides, the Petitioner would be required to purchase 2230.36 MUs of additional power to meet the entire State's requirement from external sources. In this context, it is mentioned that the Petitioner has proposed over drawls from the grid through UI mechanism by payment of UI charges and also by purchases from various trading agencies for meeting the gap projected by it. The cost of purchase of this energy has been proposed at Rs. 3.82/unit. For want of any better option, the Commission is providing for purchase of additional power to meet the shortfall of 2230.36 MUs at the rate of Rs 3.82/unit.

The transmission charges payable to PGCIL and NRLDC charges proposed bythe Petitioner have been accepted by the Commission. The annual fixed charges for State Transmission Utility (PTCUL) have been determined by the Commission for the year 2006-07 and the same has been allocated to the Petitioner and included in its power purchase cost.

Based on the above, the total power purchase cost for the Petitioner has been estimated, which works out to Rs. 1626.66 Crore.

Table 4.7: Total Cost of Power Purchase for the year 2006-07

Source of Power	Availability (MUs)	Power Purchase (MUs)	Total Cost (Rs. Crore)
UJVNL	***3197.72***	***3197.72***	***249.90***
NHPC	***453.34***	***453.34***	***70.56***
Salal	*37.11*	*37.11*	*2.30*
T/Pur	*17.49*	*17.49*	*1.81*
Tanakpur free power	*53.97*	*53.97*	*8.60*
Chamera-I	*73.76*	*73.76*	*8.08*
Uri	*89.58*	*89.58*	*19.12*
Dhauliganga	*45.95*	*45.95*	*9.42*
Dhauliganga free power	*135.48*	*135.48*	*21.23*
THDC	***202.43***	***202.43***	***38.89***
Tehri-I	*37.18*	*37.18*	*11.15*
Free Power - Tehri I	*165.25*	*165.25*	*27.74*
NTPC	***1992.84***	***1992.84***	***310.72***
Anta	*101.83*	*101.83*	*16.82*
Auraiya	*163.89*	*163.89*	*29.78*
Dadri Gas	*181.92*	*181.92*	*32.14*
Unchahar-I	*272.23*	*272.23*	*51.09*
Unchahar-II	*114.36*	*114.36*	*22.03*
Rihand-1	*268.04*	*268.04*	*44.66*
Rihand-2	*231.89*	*231.89*	*40.72*
Singrauli	*658.68*	*658.68*	*73.49*
NPC	***77.82***	***77.82***	***18.13***
NAPP	*77.82*	*77.82*	*18.13*
Vishnu prayag (free power)	***71.64***	***71.64***	***11.71***
Others	***45.23***	***45.23***	***7.63***
Him Urja(IPP)	*26.50*	*26.50*	*3.96*
Hanuman ganga(IPP)	*17.67*	*17.67*	*3.50*
UREDA	*1.06*	*1.06*	*0.17*
Punjab under Banking	***13.30***	***13.30***	***0.00***
Additional purchase for meeting deficit		***2230.36***	***852.00***
Transmission & LDC charges			***67.11***
PGCIL			***23.91***
NRLDC			***0.22***
PTCUL charges			***42.98***
Total Power Purchase Cost	**6054.32**	**8284.68**	**1626.66**

4.2. Financial Parameters

4.2.1. Capital Cost

The Petitioner has submitted that it has considered the opening value of the Gross Fixed Assets as Rs. 1058.18 Crore transferred to it by UPPCL, as on 8th November 2001 based on the principles / methodology specified by GoI vide its Order No. 42/7/2000 R&R dated 5th November 2001 under section 63(4) of the Uttar Pradesh Reorganisation Act, 2000.

The issue of original value of fixed assets for the Petitioner was examined in detail in paras 5.3.1 and 5.3.2 of the Order dated 25.04.2005. For reasons given therein, the original value of GFA as on 09.11.2001 was fixed at Rs. 508 Crore for the Petitioner, instead of the value of Rs 1058.18 Crore assigned in the transfer scheme. The Commission has no reason to revisit this issue now and is, therefore, taking the original value of the Petitioner's GFA on 09.11.2001 as Rs. 508 Crore.

4.2.2. Additional Capitalization

The Petitioner has submitted that on the opening value of GFA it has subsequently considered additions based on capitalisation of works under various schemes and projects carried out by it. For 2005-06 and 2006-07 it has drawn up the investment plans considering the expected investments under various schemes like District Plan, State Plan, RGGVY, APDRP, PMGY and MNP including investment under system improvement works to be carried out by the Petitioner. The opening block of fixed assets for FY-06 has been considered after adjusting for transfer of PTCUL's assets from UPCL pursuant to the Transfer Scheme notified by the State Government dated 31.05.2004. The Table below shows the year-wise additional capitalisation since 09.11.2001 as projected by the Petitioner:

Table 4.8: GFA and Additional Capitalization claimed (Rs. Crore)

Particulars	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Opening value of GFA	**1,058.18**	**1,083.98**	**1,162.88**	**1,278.06**	**1,188.78**	**1,538.78**
Additions in						
APDRP	*0.04*	*6.11*	*3.19*	*14.15*	*140.00*	*146.55*
District Plan	-	*15.28*	*9.79*	*4.50*	*8.90*	*21.00*
PMGY	-	*0.26*	*3.85*	*6.52*	*10.00*	*15.00*
State Plan	-	*10.43*	*29.18*	*6.15*	*4.50*	*14.00*
Nalkoop	-	-	*3.25*	*2.55*	*6.50*	*10.00*
MNP	*8.88*	*0.38*	*39.60*	*35.55*	*3.50*	
Kuteer Jyoti	-	-	*2.45*	*2.64*	*1.00*	*1.00*
AREP	-	-	*1.40*	*43.41*	*20.00*	
RGGVY	-	-	-	-	*65.00*	*200.00*
Others	*0.05*	*2.53*	*4.26*	*15.61*	*4.50*	*4.00*
Deposit Works	*21.76*	*64.98*	*50.08*	*55.23*	*86.10*	*38.45*
Total Additions during the year	**30.74**	**99.94**	**147.05**	**186.31**	**350.00**	**450.00**
Deletions during the year	4.94	21.03	31.87	51.10	-	-
Transferred to PTCUL				224.48		
Closing value of GFA	**1,083.98**	**1,162.88**	**1,278.06**	**1,188.78**	**1,538.78**	**1,988.78**

In the last Tariff Order dated 25.04.2005, the Commission had approved capitalisation shown in the above Table for the years 2001-02, 2002-03 and 2003-04. For the year 2004-05 the Commission had accepted Petitioner's projection of Rs. 203.58 Crore against which the actual capitalisation that has been claimed is Rs. 186.31 Crore with deletions of Rs. 51.50 Crore resulting in net gain of Rs. 134.21 Crore. The Petitioner has given details of these assets as shown in the Table above. The Commission has, therefore, accepted this updated figure of capitalisation during 2004-05 also. For the year 2005-06 against a projection of Rs. 121.25 Crore given in the Tariff Petition for the year 2005-06, the capitalisation claimed in this Petition is of Rs. 350 Crore. Project-wise details required in this connection have not been furnished in spite of the Commission asking for them. The Commission is, therefore, not recognizing this claim and the same can be considered only when such details are furnished. Similarly, since capitalisation is proposed to be allowed only on actual basis, the projection of Rs. 450 Crore for the year 2006-07 is of no consequence at this stage. Summing up, starting with the opening value of capital assets of Rs. 508 Crore as on 09.11.2001, the Commission has allowed additional capitalisation of Rs. 464.04 Crore upto 31.03.2005. During this period, there has been reduction in value of fixed assets to the tune of Rs. 108.94 Crore. In addition fixed assets worth Rs. 146.10 Crore have been transferred to PTCUL. Thus, the total value of Petitioner's fixed assets as on 31.03.2006 stands at Rs. 717.00 Crore. Category-wise position of these is given in the Table below:

Table 4.9: GFA including Additional Capitalization allowed by the Commission (Rs. Crore)

Particulars	2001-02	2002-03	2003-04	2004-05
Opening value of GFA	**508.00**	**533.80**	**486.37**	**581.79**
Additions in				
APDRP	*0.04*	*6.11*	*3.19*	*14.15*
District Plan	-	*15.28*	*9.79*	*4.50*
PMGY	-	*0.26*	*3.85*	*6.52*
State Plan	-	*10.43*	*29.18*	*6.15*
Nalkoop	-	-	*3.25*	*2.55*
MNP	*8.88*	*0.38*	*39.60*	*35.55*
Kuteer Jyoti	-	-	*2.45*	*2.64*
AREP	-	-	*1.40*	*43.41*
RGGVY	-	-	-	-
Others	*0.05*	*2.50*	*4.26*	*15.61*
Deposit Works	*21.76*	*64.98*	*50.08*	*55.23*
Total Additions during the year	**30.74**	**99.94**	**147.05**	**186.31**
Deletions during the year	4.94	21.03	31.87	51.10
Transferred to PTCUL		126.34	19.76	-
Closing value of GFA	**533.80**	**486.37**	**581.79**	**717.00**

Thus, the opening value of Petitioner's GFA for the year 2006-07 works out to Rs. 717 Crore against Rs. 1538.78 Crore claimed in the Petition.

4.2.3. Financing of Capital Assets

The value of capital cost, which is to be considered for calculating depreciation, is defined in Regulation 15(1)(a) as follows:

"The value base for the purpose of depreciation shall be the historical cost, excluding consumer contribution or capital subsidy/grant, of the asset capitalized."

For the purpose of calculating interest on loans and the return on equity, the debt-equity ratio for the capitalised assets is required. Accordingly, detailed funding of these assets through loans, equity or grants etc. is needed. Complete details of financing of capitalised assets were not available with the Commission at the time of issue of the Tariff Order dated 25.04.2005. Hence, the Commission had no choice but to go by the aggregate proportions of grants and loans received in a year. Petitioner has now furnished funding patterns of assets capitalized in 2001-02, 2002-03, 2003-04 and 2004-05 showing proportion of grants, loans and equity and internal resources used in these assets. The opening value of assets inherited from UPPCL of Rs. 508 Crore has been financed to the extent of Rs. 17.50 Crore through consumer contribution and the rest through loans with no equity investment in them. Equity of Rs. 5 Crore was not utilized for creation of these assets. Further, in the absence of any information on financing of assets deducted, the Commission has assumed deletions in the proportion of closing value of grants and loans. Thus, the Commission is making corrections for the financing assumed by it in the previous Order dated 25.04.2005. The Petitioner has claimed to have invested its equity and internal resources for creation of assets worth Rs. 22.41 Crore shown in the Table below. As stated elsewhere in this Order, substantial surplus realizations from consumers have been retained by the Petitioner and till that surplus is liquidated it will be incorrect to infer that these are Petitioner's funds used for financing of these assets. The position of financing of the assets is summarized below:

Table 4.10: Sources of Financing of assets (Rs. Crore)

Particulars	2001-02			2002-03			2003-04			2004-05		
	Grant etc.	Loan	Total	Grant etc.	Loan	Total	Grant etc.	Loan	Total	Grant etc.	Loan	Total
Opening value	17.50	490.50	508.00	43.37	490.42	533.80	112.69	373.67	486.37	171.93	409.85	581.79
Additions in												
APDRP	*0.02*	*0.02*	*0.04*	*5.50*	*0.61*	*6.11*	*2.87*	*0.32*	*3.19*	*12.74*	*1.42*	*14.15*
District Plan	-	-	-	-	*15.28*	*15.28*	-	*9.79*	*9.79*	-	*4.50*	*4.50*
PMGY	-	-	-	*0.21*	*0.05*	*0.26*	*3.47*	*0.39*	*3.85*	*6.52*	-	*6.52*
State Plan	-	-	-	-	*10.43*	*10.43*	-	*29.18*	*29.18*	-	*6.15*	*6.15*
Nalkoop	-	-	-	-	-	-	*3.25*	-	*3.25*	*2.55*	-	*2.55*
MNP	*4.44*	*4.44*	*8.88*	-	*0.38*	*0.38*	*1.98*	*37.62*	*39.60*	*1.78*	*33.77*	*35.55*
Kuteer Jyoti	-	-	-	-	-	-	*2.45*	-	*2.45*	*2.64*	-	*2.64*
AREP	-	-	-	-	-	-	-	*1.40*	*1.40*	-	*43.41*	*43.41*
RGGVY	-	-	-	-	-	-	-	-	-	-	-	-
Others	*0.05*	-	*0.05*	*2.50*	-	*2.50*	*4.25*	-	*4.26*	*15.61*	-	*15.61*
Deposit Works	*21.76*	-	*21.76*	*64.98*	-	*64.98*	*50.08*	-	*50.08*	*55.23*	-	*55.23*
Total additions during the year	26.27	4.46	30.74	73.19	26.75	99.94	68.35	78.70	147.05	97.07	89.25	186.31
Deletions during the year	0.40	4.54	4.94	3.87	17.16	21.03	9.11	22.76	31.87	17.90	33.20	51.10
Transferred to PTCUL			-		126.34	126.34	-	19.76	19.76	-		-
Closing value of GFA	**43.37**	**490.42**	**533.80**	**112.69**	**373.67**	**486.37**	**171.93**	**409.85**	**581.79**	**251.11**	**465.89**	**717.00**

Capital related costs have, therefore, been calculated hereafter based on the above values.

4.2.4. Interest on Loans

The Petitioner has estimated interest and finance charges for FY-06 and FY-07 separately for various loans under different schemes. It has given the detailed statements of receipts, repayments, interest payable and interest to be capitalised for FY 05, FY 06 and FY 07 in the Petition. Further, the Petitioner has stated that some of the liabilities had been transferred to it vide the transfer scheme. Pending finalisation of various issues between UPCL and UPPCL, the Petitioner has not claimed any interest charges under the heads of GPF liabilities, CPSU dues and power purchase dues up to 08.11.2001. It has further prayed that in case the Petitioner needs to service these liabilities after final resolution of these issues, the same may be appropriately considered for pass through in tariffs by the Commission in future. The details of interest claimed by the Petitioner for FY 07 are summarized below:

Table 4.11: Proposed Interest & Finance Charges for FY -07 (Amount in Rs. Crore)

S. No.	Source	Opening balance	Receipts	Repayment	Closing balance	Interest (%)	Interest
A	**GoU Loan**						
1	District Plan						
a	District Plan-1	6.62	2.00	0.91	7.71	12.50%	0.90
b	District Plan-2	8.40	6.00	0.37	14.03	6.50%	0.73
2	PMGY						
a	PMGY	2.73	-	0.10	2.63	12.00%	0.32
b	PMGY	0.84	-	0.02	0.82	11.50%	0.10
c	PMGY	2.20	-	0.02	2.18	10.50%	0.23
3	APDRP						
a	APDRP	4.70	-	0.05	4.65	12.00%	0.56
b	APDRP	2.22	-	0.06	2.16	13.50%	0.30
c	APDRP	22.52	-	0.39	22.13	11.50%	2.57
d	APDRP	5.85	-	0.15	5.70	9.00%	0.52
e	APDRP	10.59	-	0.02	10.57	10.50%	1.11
4	MNP						
a	MNP	2.32	-	0.06	2.26	12.00%	0.27
b	MNP	120.75	-	1.75	119.00	11.50%	13.79
5	State Plan	18.53	10.00	1.62	26.91	12.50%	2.84
6	Rajiv Gandhi Gramin Vidyutikaran Yojna	6.00	40.00	-	46.00	7.50%	1.95
	Sub Total A	***214.27***	***58.00***	***5.52***	***266.75***		***26.18***
B	**Transfer Scheme Loans**						
7	REC – OLD	196.57	-	-	196.57	0.00%	12.72
8	GoUP Loans	67.73	-	-	67.73	17.50%	11.85
9	Security Deposit	66.11	3.00	-	69.11	6.00%	4.06
10	Other Interest On Loan From PFI (Proposed)	-	30.00	-	30.00	8.50%	1.28
	Sub Total B	***330.41***	***33.00***	***-***	***363.41***		***29.90***
C	**Provision for Guarantee Fees to GoU**						**4.12**
	Total (A + B+C)	**544.68**	**91.00**	**5.52**	**630.16**		**60.20**
Less: Interest Capitalisation							3.81
Net Interest							**56.39**

The opening balance of outstanding loans shown as Rs. 544.68 Crore in the Table above is against total loan of Rs. 465.89 Crore pertaining to works which have been completed and loans capitalized. Claims for individual loan liabilities listed above are examined hereafter:

4.2.4.1. Transfer Scheme Loans

4.2.4.1.1. REC Old Loan

The Petitioner has claimed interest of Rs. 12.72 Crore on these loans. However, according to the re-schedulement agreement, the overdue interest to which this amount pertains, is to be repaid in installments spread over five years and does not attract any interest. Further, interest would accrue on the principal amount but its payment will start after 5 years along with repayment of the principal amount for which EMIs have been fixed. It is, therefore, clear that no fresh interest liability is being discharged during this period and the amount of Rs. 12.72 Crore which is being paid is a part of the accumulated overdue interest and not current interest on outstanding loans. Since this interest liability would have been reflected in the accounts in the relevant year and is not a current item of expenditure, the same is not admissible for tariff purposes. For want of these details, a sum of Rs. 12.72 Crore was allowed by way of interest during 2005-06 and the same needs to be written back. Accordingly, the Commission is disallowing payment of Rs. 12.72 Crore towards accumulated interest by way of expenditure for tariff purposes and is in addition writing back similar amount wrongly allowed in the last tariff exercise.

4.2.4.1.2. Government of UP Loan

A sum of Rs. 11.85 Crore has been claimed as interest on Government of UP loan of Rs. 67.73 Crore taken over by UPCL in the transfer scheme. However, in the last Order dated 25.04.2005, the Commission had allowed this interest and had laid down that if no repayments are actually made to UP Government, necessary correction will be made at the time of next year's ARR. Repayment of loans or interest thereon to UP Government has not been made . The Commission is, therefore, not allowing any interest for these loans for the current year and is also writing back the interest amount of Rs. 11.85 Crore conditionally allowed by it in the last Tariff Order since, as stated above, no such expense has actually been incurred.

In addition to above, miscellaneous loans of Rs. 22.89 Crore transferred from UPPCL, have already been liquidated and after taking into account the accumulated depreciation, no other loan liability pertaining to these assets remains outstanding.

4.2.4.2. Government of Uttaranchal Loans

UPCL has projected a total outstanding loan as on 31.03.2006 of Rs. 214.57 Crore and after taking into account receipts and repayments during the year, the closing balance of Rs. 266.75 Crore for FY 07. The Petitioner had claimed interest and finance charges of Rs. 26.18 Crore on these outstanding loans, out of which Rs. 2.45 Crore was transferred to CWIP and balance Rs. 23.73 Crore has been claimed in tariff.

As already stated in the portion relating to Commission's Approach, for determining the interest liability, only loans pertaining to works already capitalized are to be taken into account. Interest on other loans, relating to Capital Works in Progress, is to be funded from capital receipts and capitalized on completion of the work. Petitioner's above claims do not conform to this. Loans pertaining to assets created prior to 09.11.2001, i.e. the date of transfer from UPPCL have been dealt with above. Hence, interest payable on loans pertaining to fixed assets added after 09.11.2001 is now to be provided for. The position of loans so capitalised and interest thereon payable in the tariff year is shown in the following Table:

Table 4.12 :GoU Loans and Interest for 2006-07 (Rs. in Crore)

Loans & Interest thereon	2001-02			2002-03			2003-04			2004-05			2005-06		2006-07			
	Capitalised	Repayments	Clg. Bal.	Capitalised	Repayments	Clg. Bal.	Capitalised	Repayments	Clg. Bal.	Capitalised	Repayments	Clg. Bal.	Repayments	Clg. Bal.	Repayments	Clg. Bal.	Rate of Interest	Interest
APDRP	0.02	-	0.02	0.61	-	0.63	0.32	0.42	0.53	1.42	0.50	1.45	0.67	0.78	0.67	0.11	12%	0.05
District Plan	-	-	-	15.28	-	15.28	9.79	1.82	23.25	4.50	0.91	26.84	1.28	25.56	1.28	24.28		
(a)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	*6.62*	*12.50%*	*0.83*
(b)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	*17.66*	*6.50%*	*1.19*
PMGY	-	-	-	0.05	-	0.05	0.39	0.12	0.32	-	0.13	0.19	0.14	0.05	0.14	(0.09)	12.00%	-
State Plan	-	-	-	10.43	-	10.43	29.18	3.08	36.53	6.15	1.62	41.07	1.62	39.45	1.62	37.83	12.50%	4.83
MNP	4.44	-	4.44	0.38	-	4.82	37.62	1.81	40.63	33.77	1.81	72.59	1.81	70.78	1.81	68.97		8.05
(a)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	*2.32*	*12%*	*0.28*
(b)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	*66.65*	*12%*	*7.77*
AREP	-	-	-	-	-	-	1.40	-	1.40	43.41	-	44.81	-	44.81	-	44.81		-
RGGVY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7%	-
Total	**4.46**	**-**	**4.46**	**26.75**	**-**	**31.21**	**78.70**	**7.25**	**102.66**	**89.25**	**4.97**	**186.95**	**5.52**	**181.43**	**5.52**	**200.19**	**0.865**	**14.95**

It is seen that many of these loans have been disbursed in more than one installment and in many cases the rate of interest payable has also varied from installment to installment. While calculating the interests on loans already capitalized, it has been assumed that utilization of disbursed loans has been in the same order, i.e. seniormost loan receipts have been assumed to have been utilized first and the interest pertaining to that particular installment has been applied.

In addition, the Petitioner has projected interest liability of Rs. 4.06 Crore on security deposits to consumers which is being allowed by the Commission, making a total interest liability of Rs. 19.01 Crore approved for 2006-07. Further, the Petitioner has provided a sum of Rs. 4.12 Crore as guarantee fee to GoU. The Petitioner has not provided any details of the loans for which such fee is payable or has actually been paid. For want of substantiation this claim is not being allowed. However, if requisite details are provided along with the next years ARR the Commission would suitably review this position. Accordingly, the total allowable interest of the Petitioner for the year 2006-07 works out to Rs. 19.01 Crore including Rs. 4.06 Crore as interest on security deposits and the same has been allowed against Petitioner's claim of Rs. 56.39 Crore.

4.2.5. Depreciation

The Petitioner has claimed depreciation of Rs. 80.16 Crore on the closing GFA of Rs. 1538.78 Crore as projected as on 31.03.2006, which has been stated to be on the basis of methodology adopted by the Commission in its Order dated 25.04.2005.

Regulations stipulate 90% of the asset value, excluding grants/subsidies etc., to be depreciated on straight line method over its useful life. This Regulation also specifies life of various classes of assets and their corresponding rates of depreciation. Classification of capital assets as per the categories given in the Regulations has not been done and their ages have also not been given. For working out the correct depreciation such categorization and age profile is a must. In absence of this information, for this year the Commission has accepted the weighted average rate of 5.21% proposed by the Petitioner. This position will be reviewed later when classification along with age profile of assets is available. Thus, the opening value of depreciable assets, after excluding grants etc. from the values given in Table 4.10 has been calculated in the following Table.

Table 4.13: GFA for Depreciation (Amount Rs. in Crore)

Particulars	GFA	Grants	Transferred to PTCUL	Net Depreciable GFA
GFA as 09.11.2001	***508.00***	***17.50***		***490.50***
Additions during 2001-02	30.74	26.27		4.47
Less: Deletions during 2001-02	4.94	0.40		4.54
Clg. Balance as on 31.03.2002	***533.80***	***43.37***		***490.43***
Additions during 2002-03	99.94	73.19		26.75
Less: Deletions during 2002-03	21.03	3.87		17.16
Clg. Balance as on 31.03.2003	***612.71***	***112.69***	***126.34***	***373.68***
Net Additions during 2003-04	147.05	68.35	19.76	58.94
Less: Deletions during 2001-02	31.87	9.11		22.76
Clg. Balance as on 31.03.2004	***727.89***	***171.93***	***146.10***	***409.86***
Net Additions during 2004-05	186.31	97.07		89.24
Less: Deletions during 2001-02	51.10	17.90		33.20
Clg. Balance as on 31.03.2005	***863.10***	***251.10***	***146.10***	***465.90***
Net Additions during 2005-06	-			-
Clg. Balance as on 31.03.2006	**863.10**	**251.10**	**146.10**	**465.90**

Thus, the value of depreciation so worked out for 2006-07 is Rs. 24.27 Crore based on the opening Depreciable GFA of Rs. 465.90 Crore (excluding grants/subsidies etc.) and is being allowed for tariff determination for 2006-07.

The Petitioner is once again hereby directed to prepare and maintain fixed assets registers so as to be able to clearly define assets in the classes specified in the Regulations alongwith their

respective ages and to present correct picture of assets in the next filing. If the Petitioner continues to default on this account, the Commission will have no choice but to totally disallow Petitioner's claims in this regard.

4.2.6. Return on Equity

The Petitioner has claimed a return of Rs. 0.70 Crore on the equity of Rs. 5 Crore @ 14% which it has stated is its share capital as per the audited accounts for FY-04.

Return on Petitioner's equity invested in the assets is computed as provided in Regulation 16, read with Regulations 13(4). According to these provisions the necessary conditions for allowing such return are:

- The funds invested in the asset should be company's own funds.
- The funds should have actually been invested in creating/acquiring the fixed asset as part of approved financial package.

Only that part of equity is eligible for return which meets all the above conditions. A company having some paid up share capital does not earn return unless it is invested in its Capital assets. The Petitioner has not been able to substantiate that its equity is so invested. This is further confirmed by the funding breakup of grants, loans etc given in Table 4.10. Thus, no return on such equity is allowable.

4.2.7. Operation & Maintenance Expenses (O&M Expenses)

O&M expenses comprising of expenditure on staff, administration and repairs and maintenance are to be determined in accordance with Regulation 11 of UERC (Terms and Conditions for determination of Distribution Tariff) Regulations, 2004. Against the approved O&M expenditure of Rs. 119.68 Crore for the year 2005-06, the Petitioner has now claimed a total expenditure of Rs. 191.95 Crore of which Rs. 24.07 Crore is proposed to be capitalized and the balance Rs. 167.88 Crore is proposed to be recovered through tariffs. Details of the Petitioner's claim are given in the Table below:

Table 4.14: O&M Expenses proposed for 2006-07 (Rs. Crore)

S. No.	Particulars	Approved by Commission for 2005-06			Claimed by the Petitioner for 2006-07		
		Gross Expenses	Transferred to Capital Works	Net expenses allowed	Gross Expenses	Transferred to Capital Works	Net expenses allowed
1	Employee Cost	99.36	-18.33	81.03	121.72	-22.46	99.26
2	A&G Expenses	9.11	-0.69	8.42	20.86	-1.61	19.25
3	R&M Expenses	30.23	0.00	30.23	49.37	0.00	49.37
4	**Total O&M Expenses**	**138.70**	**-19.02**	**119.68**	**191.95**	**-24.07**	**167.88**

The above steep increase is sought to be justified by the Petitioner as detailed below:

- Increase of 22.50% on Employee cost is partly on account of increase in staff on account of fresh recruitments and also on account of increase in retirement age from 58 years to 60 years in addition to the normal annual increase in salary and wages.
- Increase of 128.62% in A&G expenditure from Rs. 8.42 Crore to Rs. 19.25 Crore is on account of steep rise in expenses projected by way of legal charges, consultancy charges, electricity and water charges and other expenses. The Petitioner has tried to justify these by claiming increased focus on improvement of quality and efficiency of service.
- Expenditure on Repair and Maintenance has been projected at Rs. 49.37 Crore against Rs. 30.23 Crore approved by the Commission for 2005-06. This increase of 63.31% is sought to be justified on account of claimed criticality of adequate maintenance of assets and capital expenditure classified as special Repairs and Maintenance.

Many of the justifications given in support of the substantially higher expenses are not in conformity with the Petitioner's conduct so far and seem to have been included only to increase the Petitioner's expenses. Indeed some of these defy even the basic accounting principles. For example:

- The Commission had directed the Petitioner in 2003 to get a proper study on its man power requirement done. This was again reiterated by the Commission in the Order dated 25.04.05. It is distressing to note that ignoring this well intended directive, the Petitioner is going ahead with large scale creation of posts and recruitment of new staff even though there is to be no new attrition on account of increase in retirement age to 60 years from 58 years earlier.

- The Petitioner has projected consultancy and other costs for efficiency improvements. It may be recalled that in its Order dated 25.04.2005, the Commission had required the Petitioner to set aside a sum a Rs. 5 Crore in a separate bank account for meeting expenses on improvement in quality of service to consumers in few selected areas. However, the Petitioner did not submit any such proposal for Commission's approval and the amount remained unutilized and is, therefore, being written back.
- Further, the internal system improvement works proposed to be carried under the Repairs and Maintenance expenses are of capital nature, but are being projected as revenue expenses.

In view of Petitioner's poor track record, the Commission does not propose to waste time and effort in examining non-serious and artificially inflated claims. As defined in the portion of this Order dealing with the Commission's approach, in this Petition, the Commission is increasing the O&M expenditure for 2005-06 factoring in both the inflation as well as increase in total number of consumers. To provide for expenses relating to new consumers, the O&M expenditure for 2005-06 has been increased in the same proportion in which the total number of consumers has been projected to increase between 2005-06 and 2006-07. This revised base level of O&M expenditure has then been increased by 4% to factor in the inflation. The number of consumers projected by the Petitioner as on 31.03.2007 are 11,61,564 against 10,39,627 as on 31.03.2006, which works out to an increase of 11.73%. The O&M expenditure has also been enhanced by the same percentage. Regulatory fee has, however, been considered as non-escalable and is being allowed on actual basis.

Further, PTCUL has claimed expenses of Rs. 1.28 Crore relating to additional staff that has opted for absorption in PTCUL from UPCL and the same has been allowed by this Commission. This amount has, therefore, been deducted from the total value of O&M expenses worked out above. The permissible O&M expenses for the year 2006-07 so worked out are given in the table below:

Table 4.15: Gross O&M Expenses approved for 2006-07 (Rs. Crore)

Particulars	2005-06	2006-07	
		Base	With 4% escalation
O&M expenses	138.31	138.31	143.84
Additional O&M expenses for increase in the number of consumers		16.22	16.87
Employee expenses tfd. to PTCUL due to exercise of option		-1.28	-1.28
Regulatory fee	0.39	0.45	0.45
Total O&M expenses	**138.70**	**153.70**	**159.88**

Capitalisation is being allowed on actual and not on projected values. Hence, apportionment of the above Gross O&M expenditure between revenue and capital heads is not required. Accordingly, the total O&M expenses approved for the year 2006-07 are Rs. 159.88 Crore against Rs. 191.95 Crore proposed by the Petitioner, of which Rs. 167.88 Crore was to be recovered through tariffs and the balance amount of Rs. 24.07 Crore is to be capitalized.

4.2.8. *Interest on Working Capital*

The Petitioner has submitted that it has calculated the working capital requirements and interest cost thereon as per the Regulations. Thus, the net working capital requirement is claimed as Rs. 72.08 Crore and interest thereon @ 10.25% p.a. is Rs. 7.39 Crore.

As per Regulation 14(2), the working capital comprises of:

- One month O&M expenses inclusive of maintenance spares forming part of R&M expenses.
- Capital required to finance the shortfall in collection.
- Receivables for sale of electricity equivalent to billing cycle suitably adjusted for security given by consumers and credit given by suppliers.

Accordingly, the Commission has computed the working capital requirement by taking into consideration the approved O&M expenses, collection efficiency of 92% as proposed by the Petitioner, and the billing cycle of different categories of consumers after adjusting for security given by consumers and credit given by suppliers as required by the Regulations.

Hence, the total working capital of the Petitioner calculated as above works out to Rs. 158.55 Crore and interest thereon @ 10.25% as Rs. 16.25 Crore as given in the Table below:

Table 4.16: Interest on Working Capital (Amount in Rs Crore)

Particulars	FY - 07 (Projected)	FY 07 (Approved)
O&M expenses	13.99	13.32
Collection inefficiency	72.43	137.10
Receivables	111.62	211.29
Sub-Total	***198.04***	***361.71***
Less:		
Adjustments for security deposits & credit by power suppliers	125.96	203.16
Net Working Capital	**72.08**	**158.55**
Interest Rate (Short term PLR)	10.25%	10.25%
Interest on Working Capital	**7.39**	**16.25**

Note: The above requirements have been worked out assuming that the entire quantity will actually be available and supplied. Necessary correction for this, if any, will be carried out next year.

4.2.9. Provision for Bad & Doubtful Debts

The Petitioner has stated that it is undertaking a receivables audit aimed at identifying the nature of receivables in its books of accounts. An appropriate policy for provisioning for and writing off bad debts would also be formulated. Pending finalisation of norms for provisioning & writing off receivables, the Petitioner has sought provisioning of Rs. 22.63 Crore at 2.5% of the revenue to be billed during the ensuing year.

In the previous Tariff Orders, the Commission has discussed this issue in detail in Para 5.3.6. Since the picture has not changed till now, the Commission is not entertaining this claim for reasons already given. It is distressing to note that the direction given by the Commission in this connection in the said Orders has still not been acted upon. The Commission takes this opportunity to reiterate the earlier directions.

4.2.10. Non-Tariff Income

The Petitioner has estimated Rs. 14.50 Crore as non-tariff income for FY 07 which includes income primarily from fixed deposits, delayed payment charges from consumers, inter state handling charges and miscellaneous receipts.

The Commission has accepted the figures given by the Petitioner, except inter state handling charges, subject to the condition that this shall be trued up when actual reliable figures are made available. Accordingly, the non-tariff income for the year 2006-07 is Rs. 13.32 Crore as given in the Table below:

Table 4.17: Non -Tariff Income (Rs Crore)

Particulars	FY- 07 (Proj)	FY 07 (Approved)
A. Miscellaneous income from consumers		
Meter / service line rentals	-	-
Misc. charges from consumers	1.61	1.61
DPS	1.50	1.50
Sub-Total (A)	***3.11***	***3.11***
B. Other Miscellaneous Charges		
Income from Investments	1.20	1.20
Sale of Apparatus and Scrap	-	-
Wheeling Charges	-	-
Income from Misc. receipts	9.01	9.01
Sub-Total (B)	***10.21***	***10.21***
C. Trading		
Interstate sale handling charge	1.18	-
Total	**14.50**	**13.32**

4.3. Annual Revenue Requirement

UPCL has applied for a net revenue requirement of Rs. 1,138.44 Crore for FY 07.

In its previous Order the Commission had left with UPCL a surplus of Rs. 89.38 Crore out of the total surplus of Rs. 94.38 Crore estimated by the Commission for 2005-06. The Commission had also directed that:

"UPCL is also directed to give Rs. 127.10 Crore out of balance surplus of Rs. 89.38 Crore in 2005-06 and estimated surplus of Rs. 615 Crore in previous years to the GPF trust of employees for UPCL & PTCUL as interest free loan as a transitional arrangement pending transfer of State's share of GPF money from UPPSET."

The Petitioner has not reported compliance of the above directive. Hence, this entire surplus should be available with the Petitioner. In absence of reliable figures, the updated amount of this estimated surplus cannot be determined now and the same shall be done at the time of truing up the figures for 2005-06. Pending such correction, the Commission is assuming this surplus at Rs.

89.38 Crore as given in the last Tariff Order. For the calculation of this year's Aggregate Revenue Requirement, this amount is being adjusted. Further, likely sales to steel units based on projections of the Petitioner made in its Petition dated 31.05.2004 has not been taken into account in the Petition, necessary correction for which has been made. Accordingly, the Commission has assessed Petitioner's Aggregate Revenue Requirement for the Petitioner for FY 07 at Rs. 1,713.80 Crore as given in Table below:

Table 4.18: Aggregate Revenue Requirement for 2006-07 (Rs. Crore)

S. No.	Particulars	FY -06 (approved)	FY - 06 (Now projected)	FY 07 Approved
A	**Expenditure**			
1	Power Purchase Expenses	566.52	681.76	1,626.66
2	O&M expenses	119.68	145.75	159.88
3	Interest charges	54.77	65.50	19.01
4	Depreciation	31.61	61.73	24.27
5	Interest on Working Capital	10.97	7.95	16.25
6	***Gross Expenditure***	***783.55***	***962.69***	***1,846.07***
B	**Less: Expense Capitalization**			
1	Interest capitalized	6.29	9.26	
2	***Total Expense Capitalization***	***6.29***	***9.26***	**-**
C	**Other Appropriations**			
1	Provision for Bad & Doubtful Debts		18.57	-
2	Return on Equity		0.70	-
D	**Net Expenditure**	**777.26**	**972.70**	**1,846.07**
E	Less: Non Tariff Income	51.42	15.69	13.32
F	**Annual Revenue Requirement**	**725.84**	**957.01**	**1,832.75**
G	**Less: Previous Year's Adjustments**			
1	GoUP Interest written back			11.85
2	REC Interest written back			12.72
3	Surplus left for 2005-06			94.38
H	**Net Annual Revenue Requirement**	**725.84**	**957.01**	**1,713.80**

The tariff determined for PIUs having been set aside by the Hon'ble Appellate Tribunal, while calculating the revenue that would be available at existing tariff, the effective tariff for steel units has been assumed to be the same as for General HT Industry. This is also in accordance with the State Government's recommendation. The revenue accruing to the licensee on this basis works out as given below:

Table 4.19: Revenue at existing tariff

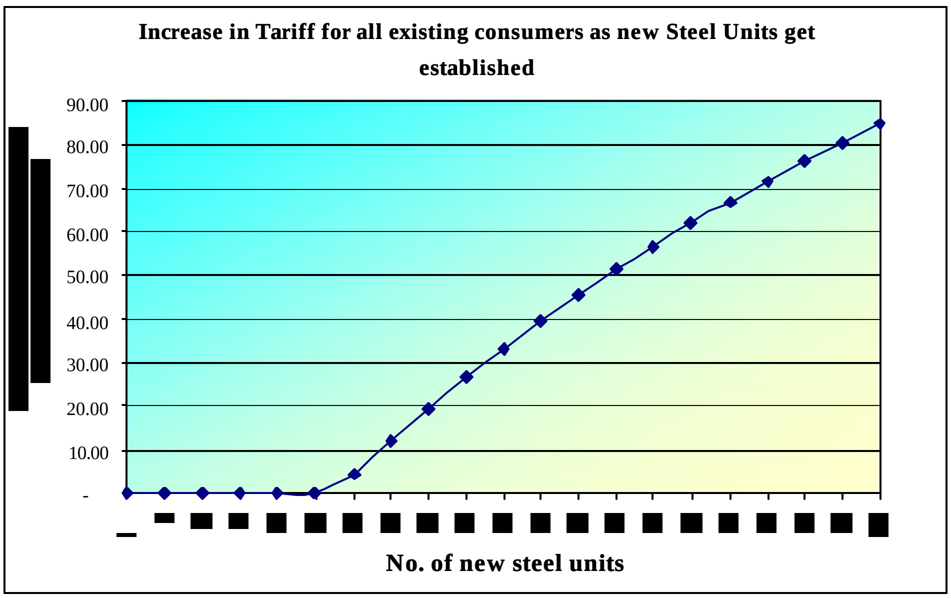
S.No.	Category	Sales (in MU)	Revenue (Rs. Crore)
1	RTS-1: Domestic	1,170.39	229.15
2	RTS-2: Non-Domestic	741.02	254.35
3	RTS-3: Public Lamps	55.66	13.92
4	RTS-4: PTW	114.23	8.00
5	RTS-5: GIS	41.52	10.32
6	RTS-6: PWW	191.87	43.17
7	RTS-7: Industry	3210.31	925.59
	LT industry	*108.91*	*34.75*
	General HT Industry	*653.51*	*187.60*
	Steel Industry	*2,447.89*	*703.23*
8	RTS-8: Railway Traction	11.65	5.59
Sub-total		***5536.65***	***1490.09***
*Add: Due to reduction in commercial losses		248.54	66.89
Total sales with efficiency improvement		**5785.19**	**1556.98**

This leaves a revenue gap at existing tariff to match net ARR of Rs. 1713.80 Crore determined above, which works out to Rs. 156.82 Crore.

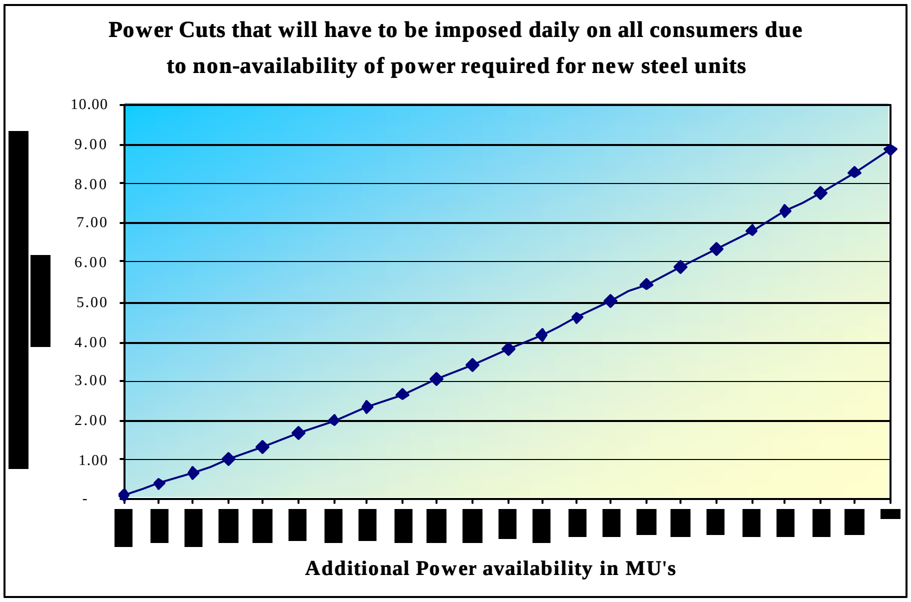
The National Tariff Policy categorically states that regulatory assets are to be created only in exceptional circumstances indicated therein. This cannot become a method for avoiding or deferring tariff revisions. The above projections assume that the demand of steel units will grow as projected by the Petitioner in its Petition dated 31.05.2004 and that this additional requirement will actually be available at the highest power purchase rate projected in this Petition. This entire amount is to be recovered from sales to consumers through tariffs discussed later in the Order. Should such demand not materialize or this additional requirement of power not be available, the above projections will undergo change, which will be known only when the year is over.

4.4. Power shortages

While proposing that Tariffs for PIUs should be reduced and brought at par with heavy industries, the Petitioner has not envisaged non-availability or shortage of Power. Accordingly, while working out the revenue gap it has been assumed that the Power required to meet the additional demand of migrating Steel Units will be available to the Petitioner, though at a higher rate. Cost of this entire additional quantity has, accordingly, been provided for. Any variation in sales to Steel units, whether on account of non availability of the required quantity of additional power or due to the demand for steel units turning out to be different than that projected, will affect the power purchase cost and in turn would result in over or under recovery of Petitioner's admitted costs. Such over or under recovery will be taken into account and corrections made for the same during truing up exercise based on audited figures at the time of next ARR. Each additional steel unit coming up in the State will result in increase in retail tariffs for all consumers due to increase in cost of power purchased. This is depicted in the graph given below:



However, UPCL's above assumption of unlimited availability seems unrealistic and divorced from ground realities. The State is already facing Power shortages and it is unlikely that the additional requirement of migrating Steel Units, which has been estimated based on projections by UPCL itself, is actually going to be available over and above the State's entitlement. A more realistic view will be that while there may be some marginal quantities of Power available through UI route or from other sources, the entire additional requirement is not likely to be met. This would warrant distribution of available Power among different consumers in a transparent and equitable manner. As and when such need arises, the Commission shall use its power u/s 23 of the Electricity Act, 2003, and suitably regulate supply to different categories of consumers. At this stage, one only needs to take note of such eventuality. The likely scenario in this regard is shown in the graph below:



5. Tariff Rationalisation and Other Issues

Before coming to specific tariffs for individual categories of consumers some related issues need to be addressed and the same are discussed hereafter.

5.1. Accumulated Surplus Revenue

The Commission in its first Tariff Order dated 08.09.2003 had pointed out that substantial savings had accrued to UPCL after transfer of business of distribution and supply of electricity to it from UPPCL. It may be recalled that this surplus had arisen on account of the fact that after separation from UP, the power purchase cost stood reduced substantially but UPCL avoided regulatory scrutiny and continued to charge retail tariffs fixed for the un-divided UP State, with some minor variations. The Commission had given its broad estimates of the surplus accrued during the years 2002-03, 2003-04 and 2004-05 and had directed that out of the surplus accruing in the year 2003-04 a sum of Rs. 108.77 Crore may be transferred to the Contingency Reserve Fund that the Commission had ordered to be created. UPCL did not comply with the above directive and dismissed the Commission's directions with the simple statement that the revenue realised for the year was not sufficient to meet even UPCL's expenses.

5.1.1. Investigation Report

In view of UPCL's above position, the Commission engaged a firm of professional auditors to carry out a quick check of UPCL's expenses under three main heads i.e. the power purchase cost, interest charges and provision for bad and doubtful debts. The auditors confirmed that the expenses under these heads have been overstated in UPCL's accounts and estimated that savings in power purchase cost accruing upto 31.03.2003 were Rs. 318.22 Crore and in addition an amount of Rs. 296.01 Crore was the revenue surplus over and above the prudent expenditure during 2003-04 and 2004-05. Both these figures together added upto Rs. 614.23 Crore in addition to depreciation amount of Rs. 185.66 Crore upto 31.03.2005. The Commission dealt with this matter in para 6.8 of its tariff Order dated 25.04.2005. Since UPCL was not forthcoming about the exact size and fate of this surplus amount, the Commission sought State Government's help in accounting for this amount. Unfortunately, in spite of the Commission taking up this matter with the then Chief Secretary and following its original communication with a reminder, there was no response whatsoever from the State Government. After waiting for a period of over seven months, the Commission decided to use its own statutory powers and get the matter investigated under section 128 of the Electricity Act, 2003. Accordingly, the Commission passed an Order on 28.11.2005 entrusting this investigation to M/s Amit Ray and Company, Allahabad, a reputed firm of auditors. Copies of Commission's above Order were sent to UPCL and also to the State Government.

M/s Amit Ray and Company carried out detailed scrutiny and audit of UPCL's revenue and expenses and submitted their final report to the Commission on 22.04.2006. As per the investigation report, revenue realised from consumers by charging rates higher than those approved by the Commission or claiming expenditure in excess of UPCL's prudent expenses upto 31.03.2005 worked out to Rs. 755.53 Crore. The Commission decided that before taking final decision on M/s Amit Ray and Company report, the same should be notified and responses to it invited from all stakeholders including UPCL. Accordingly, a public notice was issued inviting suggestions/responses by 20.05.2006. The investigation report was put on UERC's website for information of stakeholders. Responses on investigator's report were specifically invited form the State Government and the Accountant General. Unfortunately, the Commission has not had the benefit of their views.

5.1.2. Stakeholders' Comments on the Report

A total of 17 responses have been received by the Commission. A list of individuals and organisations who have sent their responses is given at Annexure-5. Responses/suggestions received can be grouped as given below:

a) The surplus should be invested in Government Securities/Fixed Deposits in the form of a separate Corpus/Public Deposits and the interest thereon should be used to reduce consumer tariff in future.

b) It is very difficult to trace out/identify the consumers who have been charged excess and disburse the same to them individually and, hence, instead of refunding it to consumers, this money should be kept in separate account and its interest should be used to lower the tariffs.

c) No refund of this money be made to consumers and it should be utilised for improving the distribution system of UPCL, replacement of old assets, proper street light switching arrangement, single phase to three conversion of distribution lines etc.

d) This money should be refunded to consumers with interest, if not in one go then through adjustments in future bills in installments.

e) Excess should be credited to consumer bills till it is fully adjusted.

f) Money should be transferred in a specially created Reserve Fund exclusively for establishing and maintaining customer comfort and help facilities connected with bill payments and other related matters.

g) One tenth of this money should be utilised by UPCL in training and development of its staff with customer focus. The balance amount should be used for updating distribution lines, plugging thefts and setting up vigilance cell to monitor and prevent corruption.

h) The consumers from whom these surpluses have been earned should be identified and refunds made to only those who have paid for such surpluses.

i) Appropriate legal action may be taken against UPCL for furnishing false information to the Commission and FIR must be registered against erring official.

j) Money with UPCL and UJVNL may be utilised as equity in specific projects such as expenditure required by UJVNL to bring up the plants to their name plate levels. Alternatively, this money may be converted into a cess to be utilised either for meeting extra expense in any year or utilised for any other unforeseen expense with specific approval of the Commission.

k) The Generation Tariff Order dated 16.04.2004 has been stayed by the Hon'ble High Court till final disposal by Hon'ble Appellate Tribunal for Electricity (ATE) except that UJVNL could continue billing @ 29.68 p / u plus 7.32 p / u from 16.12.2004. This 7.32 p / u shall be kept in a separate account. Further, in para 5.3.11 of Order dated 16.12.2004, the Commission has directed to transfer the excess paid to UJVNL to Renovation and Modernisation Fund (RMF). Hence, UPCL has not paid any excess to UJVNL.

l) This surplus should be used to refund unauthorisedly charged System Loading Charges and off peak charges without rebate. Charges realised from PIUs in excess of HT industry tariff should be refunded to them from this surplus. Tariffs for all category of consumers should be reduced by utilising this surplus.

5.1.3. UPCL's Response

UPCL filed their response on 31.05.2006 and claimed that:

a) Opportunity was not given to UPCL to respond to the report of M/s Amit Ray and Co. nor was any such opportunity given by the said auditors during the course of their investigation.

b) Commission's action in inviting responses to the M/s Amit Ray and Company report was not legal or valid as it violates principles of natural justice.

c) The above surplus has been worked out based on certain expenses disallowed by the Commission and the same have been assumed effective from 09.11.2001.

d) The methodology and assumption made by the investigators are not consistent with prudent accounting principles.

e) Certain expenses reflected in audited accounts for 2001-02, 2002-03 and 2003-04 have not been recognised for reasons mentioned in the report.

f) The report of the M/s Amit Ray and Company is a jugglery of numbers.

g) The application of surplus fund indicated in the report is not correct and takes only a limited view.

h) Instead of surplus of Rs. 755.53 Crore identified by M/s Amit Ray and Company, UPCL had a revenue gap of Rs. 626.19 Crore during this period.

5.1.4. Commission's Findings

The Commission has carefully gone through the report of M/s Amit Ray and Company and the responses received from various stakeholders, particularly those from UPCL. The Commission is unable to accept UPCL's contention that the Commission has not given opportunity to UPCL to respond to the report. In fact, UPCL's response was invited through a specific communication sent by Commission's Secretary on 25.04.2006, UPCL responded to the said letter and sought some clarifications and time through its letter dated 20.05.2005 and finally filed their objection to the report on 31.05.2006, which are on record. If UPCL had not been given opportunity by the Commission, as alleged by it, the question of it being allowed extension of time for filing of response and indeed of taking their response on record would not have arisen. The Commission has given sufficient opportunity to UPCL to respond to the report and UPCL has actually done so. UPCL's objections in this regard are incorrect and contrary to record. Giving opportunity to UPCL does not preclude the Commission from giving similar opportunities to consumers and other stakeholders before taking a final view in the matter. This is precisely what has been done and there has been no procedural irregularity.

UPCL's contention that all expenses shown in its audited accounts should be recognised as prudent and valid expenses for tariff purposes is totally misplaced. It needs to be appreciated that audited accounts of UPCL only reflect the position as per the company's books of accounts. An expense actually incurred / provided for would find place in the annual accounts, but that does not automatically justify or validate it. That can be done only through prudence check. For instance, expenditure by way of depreciation that is shown in the annual accounts is worked out as per provisions of the Companies Act, but the same is not accepted for taxation purposes. For that, the depreciation is calculated in accordance with the provisions of the Income Tax Act. For Tariff determination, the same is calculated as per the provisions of the Electricity Act and the Regulations framed thereunder. These values will be different and each will be the relevant and valid value for the concerned purpose only. Similarly, expenditure of capital nature, if incurred, will be shown as such in the audited annual accounts, whether such expenditure is justified and has been approved by the Commission for Tariff purpose or not. Such expenditure, finding a place in the annual audited accounts, does not automatically make it admissible for Tariff purposes if it does not meet the requisite pre-conditions laid down for this purpose. It is indeed possible that for tariff purposes a utility has a revenue surplus but shows loss in its annual accounts. Such loss could be on account of failure to control expenses or other inefficiencies, but it does not, in any way, invalidate the tariff calculations. The investigator has, therefore, rightly gone by the expenses approved for tariff purposes while calculating the surplus. It is unlikely that UPCL's management is not aware of this basic principle and it appears that this issue has been raised only to obfuscate the real issue by creating doubts about the investigator's professional approach and indeed competence. The Commission does not find any merit in this objection also.

It has also been pointed out that the surplus amount of Rs. 755.53 Crore includes an amount of Rs. 100.61 Crore paid to UJVNL by way of excess power purchase cost, which is the difference between 55 paise/unit and 37.2 paise/unit for the period 09.11.2001 to 31.03.2003 and the provisional rate of 37 paise/unit and the station-wise final rate determined by the Commission and made effective from 01.04.2003. It has been argued that since the Hon'ble High Court has stayed operation of Commission's Order prior to 16.12.2004, this amount of Rs. 100.61 Crore can not be treated as accrued surplus till such time that the matter has been decided. The Commission has carefully examined the Hon'ble High Court's Orders and the investigation report. Of the surplus amount of Rs. 755.53 Crore, worked out by M/s Amit Ray and Company, a sum of Rs. 100.61 Crore is said to have been paid to UJVNL over and above the applicable Tariff. This also includes a portion relating to the difference between the rate of 55 paise/unit paid to UJVNL and the applicable tariff of 37.2 paise/unit approved by UPERC. Another portion of this amount relates to the difference between the rate of 37 paise/unit provisionally fixed by the Commission w.e.f. 01.04.2003 in its tariff Order dated 08.09.2003 and the Tariff finally determined by the Commission in its Order dated 16.12.2004. The Hon'ble high Court has stayed operation of the Order dated 16.12.2004 only and, thus, only a part of this surplus amount is so affected. However, in order to avoid any possible misrepresentation of this matter, the Commission will take a view on the treatment to be given to this entire amount, only after the matter has been disposed off by the Hon'ble Appellate Tribunal to whom the matter has been transferred or the stay Order given by the Hon'ble High Court has been vacated.

UPCL has objected that the expenses allowed in Commission's Tariff Order dated 08.09.2003 effective from 01.04.2003 have been assumed by M/s Amit Ray and Company to be applicable from 09.11.2001, which is not correct. It may be recalled that UPCL took over the business of supply and distribution of power from UPPCL on 09.11.2001 and the tariffs applicable were those approved by UPERC on 16.09.2001. UPCL replaced these tariffs with another set of tariffs w.e.f. 01.01.2002 without taking regulatory approval in spite of Government's specific direction and continued to evade regulatory scrutiny notwithstanding which the Commission determined tariffs payable by different categories of consumers on 08.09.2003. The Commission has already examined this issue in detail in its Order dated 27.01.2004 passed in petition no. 2 of 2003 of M/s Ace Glass & Containers Pvt. Ltd. It has been held therein that the tariffs determined by UPERC on 16.09.2001 continued to be legally valid tariffs till 20.09.2003 when tariff determined by this Commission in

Order dated 08.09.2003 came into force. In para 5.2 and 5.3 of the report, the investigators have clearly stated that the surplus for the period 09.11.2001 to 31.03.2003 has been worked out based on UPERC's tariff Order dated 16.09.2001 and not on this Commission's Order dated 08.09.2003. UPCL's objection in this regard is, therefore, misplaced and has no force.

This matter was recently raised before the Hon'ble Appellate Tribunal and the Hon'ble Tribunal, while taking note of it, has directed that the surplus as duly established should reflect in future ARRs and eventually impact future tariffs accordingly.

While UPCL has objected to the location of the surplus amount determined by the investigator, it has not bothered to explain the reasons for such huge cash balances and steep increase in its other assets. If a part of this surplus is not lying in form of cash with UPCL then it would be blocked in incremental assets whether of unrealised dues or some others. The exercise attempted by the investigator was only to validate its conclusions with regard to the surplus revenue accrued during this period. Linking of different assets to different liabilities including that arising out of the surplus amount is to be done by UPCL and its management, and then give it the treatment that the Commission may order.

5.1.5. Conclusions

After examining the contents and all responses to the investigator's report, the Commission accepts the same. The Commission accordingly concludes that:

a) As given in M/s Amit Ray & Co. report during the period 2001-02 to 2004-05, UPCL, the distribution and supply licensee, realized excess revenue of Rs. 755.53 Crore from consumers of the electricity in the State.

b) Of this amount, an amount of Rs. 100.61 Crore directly or indirectly relates to UJVNL's appeal pending before the Hon'ble Appellate Tribunal and a view on this portion of the total surplus will be taken by the Commission only after the matter has been finally disposed off by the Hon'ble Appellate Tribunal.

c) The immediately realisable net surplus amount, available with UPCL works out to Rs. 654.94 Crore. In addition, there is another amount of Rs. 100.61 Crore relating to UJVNL's matter pending before the Hon'ble Appellate Tribunal.

d) As per section 62 (6), the above excess amount of Rs. 654.94 Crore is refundable to the State consumers with interest. However, since this amount has been collected from all consumers in the State through their bills, refund of this amount to each such consumer in proportion to their consumption poses serious administrative and accounting difficulties. Keeping these in view, the Commission hereby directs that this amount along with interest thereon could be refunded to consumers in tariffs over the next three to five years. Simultaneously, investments for up-gradation and strengthening of the network would be required to be done by raising funds through a mix of loans and equity, the cost of which will be passed on to consumers in tariffs. To avoid this additional burden on consumers:

- The surplus amount of Rs. 654.94 Crore may be transferred to a separate Network Development Fund (NDF) which is being hereby created.
- The amounts paid to this fund will be kept in the separate bank account to be opened by UPCL and no money will be drawn from this account without Commission's prior approval.
- This fund will be utilised only for leveraging funds available from Government and financial institutions for strengthening and up-gradation of the distribution system.
- This fund will be audited annually and audited accounts of the same will be furnished to the Commission annually within 90 days of close of the financial year.
- Looking at UPCL's past conduct in this regard, the Commission does not rule out the possibility of UPCL delaying implementation of this direction also. The Commission, accordingly, directs that interest @15% which is the rate that UPCL charges from consumers for delayed payments will be payable on any portion of this surplus amount of Rs. 654.94 Crore not transferred to the Network Development Fund (NDF). In the first year, however, it shall only be fair to levy this penal interest after giving time to UPCL upto 30th September 2006 and charge only normal working capital interest rate @ 10.25 for first six months and from 01-10-2006 interest will be payable @15%. This interest will be recovered from the licensee through tariff.

- On disposal of the matter pending before the Hon'ble Tribunal, the Commission will take a view and pass another Order with respect to Rs. 100.61 Crore of the total surplus amount of Rs. 755.53 Crore referred to above.

5.2. Tariff Rationalisation Measures

5.2.1. Minimum charges

Consumers from all categories have claimed that minimum charges presently being realised from them are not justified and have demanded that the same should be done away with. Not surprisingly, UPCL has opposed the suggestion. The arguments given in support of this demand are:

- In the prevailing electricity market in the country, there is no real danger of UPCL not being able to recover its costs incurred on infrastructure or overheads including commitment charges payable to Generating stations and, therefore, minimum charges serve no purpose but only make the Tariff structure complicated.
- Even when a consumer's genuine consumption is small, he is required to pay the applicable minimum charges and this encourages wasteful consumption.
- Since minimum charges are linked to the sanctioned load, there is a built in incentive for under declaring the load.

It has been argued on behalf of UPCL that abolishing minimum charges could cause revenue loss to UPCL. Interestingly, UPCL has not projected any revenue by way of minimum charges in its ARR. The Commission specifically asked UPCL to furnish figures of revenue earned by it by way of minimum charges. UPCL failed to furnish any such figures. This argument of revenue loss has not been substantiated by historical data, even when the same was specifically asked for.

Levy of minimum charges is often justified by the claming that they help UPCL in recovering the cost that it incurs by connecting a consumer to its grid and thereby committing to supply electricity to him for which UPCL itself has to make commitment to generating companies. This argument really does not stand close scrutiny. UPCL's entire fixed costs, including the cost it incurs by way of commitment charges for purchase of power from generating companies, are recovered through Tariffs fixed by the Commission. Therefore, no part of such fixed costs remains to be recovered from defaulting consumers through minimum charges. Further, UPCL's sales figures for last few years show that the actual sales have been substantially higher than what was taken into account while fixing the Tariffs. Sales for subsidising categories have also been substantially higher than what was expected. In such a situation, if few stray consumers do not consume a minimum specified quantity of electricity, since the overall sales are much higher than projected, UPCL's fixed cost get fully recovered and actually there is over-recovery. Accordingly, there is no need to penalise such stray individual consumers. On the contrary, levy of such penalty encourages avoidable consumption and defeats the important objective of Energy Conservation, on which so much emphasis is rightly being laid.

For reasons given above, the Commission has abolished minimum charges for all consumers in the State.

5.2.2. Billing in case of defective/burnt/not read meters, etc.

The Petitioner has suggested that billing in case of defective meters for domestic and non-domestic categories be continued as per existing rate schedule. For defective meters and meter stop cases in Public lamps, Private Tube-wells, Government Irrigation System and Public Water Works, energy consumption has been proposed to be assessed based on the average consumption of past three billing cycles when the meter was correctly working, or for the specified number of units per KW or BHP mentioned below, whichever may be higher.

1 Public Lamps	*360 Units / KW / Month*
2 Private Tube-wells	*218 Units / BHP / Month*
3 Government Irrigation System	*430 Units / KW / Month*
4 Public Water Works	*430 Units / KW / Month*

There have been regular reports in the newspapers and large number of complaints have been received from consumers that majority of consumer meters are either not read regularly by the licensee or if detected defective are not being replaced in time. Billing information picked up at random has revealed that the facility of billing consumers on the basis of their contracted load is being misused on a large scale by the Petitioner. In this particular sample picked up by the Commission, only 15.9% bills were made on metered consumption basis and all the remaining bills had been prepared on assumed or normative consumption. The facility of billing consumers on normative or assumed basis had been created to help the Petitioner in stray cases when the defective meters could not be replaced timely or could not be read for reasons attributable to consumers. This was supposed to be an exception but as revealed by the figures given above and from the large number of complaints made to the Commission during Public Hearings, the Petitioner is blatantly misusing this facility to make up for its own inaction and inefficiency at the cost of consumers. Installation and timely replacement of defective meters, their regular and correct reading are primary functions of the distribution licensee. If the licensee is failing to perform these functions to a reasonably satisfactory level, the Commission does not see any reason why the cost of this default should be loaded on consumers. **Accordingly, if the consumer meters are damaged or defective or have not been read or for any other reason, the licensee is unable to bill a consumer according to the actual energy consumption, till such time that this situation is rectified, the billing for all categories of such consumers will be done only on the basis of average billing for three billing cycles immediately preceding the date from when correct meter reading is not available.**

Only for new connections and conversion of unmetered connections into metered ones, the billing shall be done at the following normative levels of consumption and such billing shall be subject to adjustment as and when actual reading is taken:

Domestic / Mixed Load	100 (urban) / 50 (rural) kWh / kW / month
Non-domestic / Industry	150 (urban) / 75 (rural) kWh / kW / month (for kWh billing)
	or 150(urban) / 75(rural) kVAh / kVA / month (for kVAh billing)
PTW	70 kWh / BHP / month

Billing on the above basis shall be done only for a maximum period of 2 billing cycles, during which the licensee should start taking the actual meter reading. Thereafter, the licensee shall not be entitled to raise any bill on normative basis.

5.2.3. Rebate for consumers using solar water heating system

As brought out in the previous Tariff Order, in order to help the power system in the State by reducing demand for water heating during morning hours in winter months, there is a need to provide incentive to consumers to install & use solar water heating systems. Consumers who have installed such systems on their premises were allowed a rebate of Rs. 50 per month in the electricity bills. UREDA has pointed out that this rebate is not enough for large institutional consumers. Further, as the size of plant increases, the quantum of savings accruing to UPCL in its power purchase cost at peak hours is also higher. Therefore, the Commission has decided to enhance this rebate by Rs. 25/- per month and also to link it with the capacity of the system. This rebate will now be available to all consumers at the rate of Rs. 75 per 100 litres capacity or part thereof per month. All other conditions for availing of this rebate will be as spelt out in the Tariff Order dated 25.04.2005.

5.2.4. Delayed payment surcharge

The Petitioner is required to give at least 15 days clear time to the consumers for payment of their electricity dues. Large number of complaints has been received by the Commission that the bills are delivered to the consumers just before the last date for payment leaving almost no time to pay the bill in time. Levy of Delayed Payment Surcharge (DPS) becomes inevitable for no fault of consumers. Taking cognizance of widespread dissatisfaction amongst consumers regarding delays in delivery of bills, the Commission has decided that till such time that UPCL is able to streamline its bill making and distribution system to Commission's satisfaction, grace period of 15 days beyond the last date for payment printed on the bill will be available to all consumers without any Delayed Payment Surcharge.

Further, the existing clause on DPS stipulates that it shall be levied @ 1.25% per month on the unpaid amount of the bill for the number of days for which the payment is delayed beyond due date specified in the bill. This involves calculations of such surcharge for each individual consumer and related inconvenience. In order to simplify calculation and payment of DPS, instead of calculating DPS on the number of days that payment is delayed, the same shall now be calculated taking a month as the unit. Accordingly, DPS for the full month will be payable if payment is made after the due date, even if the delay is of only for part of the month. For further simplification, instead of calculating the DPS in each individual case, the licensee should clearly indicate in the bill itself the total amount, including DPS, payable on different dates after the due date, after allowing for the grace period of 15 days and taking month as the unit. Such charges realisable for different period of delay on a bill of Rs. 100 will be as shown in the Table below:

Amount payable by Due date	Rs. 100/-	
Due Date	1st August 2006	
	Amount Payable	
On or Before 16th August 2006 **Rs. 100/-**	**After** 16th August 2006 **Rs. 101.25**	**After** 1st September 2006 **Rs. 102.50**

5.2.5. Captive Generation

Considerable concern has been shown at the National level that the full generation potential available through Captive Generating Plants is not being exploited on account of regressive charges, tariff etc. being imposed on such plants in a totally unimaginative manner. The need for correcting this approach and rationalizing such charge, fees etc. has been brought out in various forums. However, the Petitioner has proposed levy of Rs. 50/kVA/month as fixed charge and Rs. 4.50/kVAh as energy charge on Captive Generating plants connected to the grid. The proposed charges are so high that they would tend to be regressive in efforts to bring Captive Generation to Grid. With a view to harnessing captive generation in line with the National Electricity Policy , the Commission has included emergency supply to units having stand alone Captive Power Plants (which do not consume power from licensee in normal conditions) under Temporary Supply. If these units are connected to grid and supply surplus power to the grid at predetermined tariff, emergency supply to these units, in the event of tripping or for startup power requirements, tariff specified under this rate schedule shall be chargeable. No other charge, fees etc. that were being imposed on such units, shall be leviable. Other consumers having Captive Generators and consuming power from licensee under normal conditions shall be charged only the tariff applicable to the concerned consumer category even after getting its generators connected to the grid and no other charge, fee, etc. will be levied on them. However, the responsibility of synchronization and that of providing synchronizing equipment conforming to requisite standards and import/export meters shall lie with the Captive Generator.

5.2.6. Charging other than approved Charges

It has been brought to Commission's notice that notwithstanding categorical stipulation in this regard, the Petitioner has been realizing from consumers fees/charges under various pretexts. The Commission hereby clarifies unambiguously that the Petitioner is not entitled to charge consumers any amount as fee, charge, surcharge etc. other than what has been approved by the Commission in this Tariff Order and listed out in the Rate Schedule and Schedule of Miscellaneous Charges annexed herewith. Petitioner's action of realizing any other charge would amount to willful default of this Order and indeed the Electricity Act, 2003 inviting suitable punitive action. Further, all such charges realized unauthorisedly will be refundable to the concerned consumer along with interest as stipulated in the Electricity Act, 2003. In this connection, it may be recalled that in the previous tariff Order the Commission had directed that:

> *"In addition, UPCL has sought approval of some other charges being levied but has not given any justification/supporting information for seeking the proposed level of charges.* ***UPCL is hereby directed to come up with detailed proposals, with respect to such charges proposed to be levied, giving justification and supporting calculations/documents for each of the miscellaneous charges sought in this Petition within 6 months of issue of this Order.*** *Till then, the existing rates shall continue to be in force (except system loading charges, which have been disallowed on 08.09.2003 itself and specifically referred to above). After the above period of 6 months, no miscellaneous charge shall be chargeable from consumers (including prospective consumers)."*

Since UPCL has failed to get any other charge approved from the Commission, no other miscellaneous charge, except those approved by the Commission and given in the Schedule of Miscellaneous Charges, shall be levied by UPCL.

6. Tariff Analysis and Design

As concluded in the Chapter 4 of the Order, Petitioner's total admitted expenditure including power purchase cost works out to Rs. 1713.80 Crore. Recovery of this has to be ensured through total sale of 5785.19 MUs as detailed in Chapter 4, where the revenue has been estimated to be Rs. 1556.98 Crore leaving a gap of Rs. 156.82 Crore to be bridged.

The Hon'ble Tribunal in their order dated 02-06-2006 has held that the higher power purchase cost of the additional amount of electricity required to meet the demand of Steel Units should not be realised only from them, as had been done by the Commission, but should be pooled. Recognising that such pooling of cost of additional power required by Steel Units could result in pushing up Tariffs for other consumers, the Hon'ble Tribunal has directed that while re-determining Tariffs for Steel Units, the Commission should ensure that no tariff shock is caused to any other category of consumers. Hon'ble Tribunal has directed that:

a) *"The Commission while carrying out the truing up exercise during the next tariff revision shall re-determined the tariff for PIUs on the basis of pooled average cost of power purchased from all sources for all categories of consumers for the period covered by the orders dated April 25, 2005 and October 4, 2005,*

b) *The effect/benefit of the truing up exercise shall be given to the appellants in the next tariff revision.*

c) *While re-determining the tariff the Commission shall ensure that no tariff shock is caused to any other category of consumers in consonance with the spirit of the Electricity Act, 2003 and the Tariff Policy."*

Petitioner's audited accounts for the year 2004-05 and 2005-06 are still not available. Hence, truing up of power purchase cost for these years cannot be done for the present. The Commission has no choice but to defer this exercise to a later date when audited figures are furnished by petitioner. The uncovered gap of Rs. 156.82 Crore works out to about 10.07% of the revenue at current tariffs and projected sales for 2006-07. To cover this gap, tariffs for all consumers will have to be increased in the same proportion. However, Private Tube Wells (PTW), BPL consumers consuming less than 30 units per months and domestic and commercial consumers in snow bound areas of the State have limited paying capacity, are few in number and account for only a modest quantity of power consumption. Keeping this in view, no increase in their tariffs is being contemplated. Accordingly, existing tariffs for all other consumers are being increased by 10% and suitably rounded off. The position of expected revenue after the above increase is given in the following Table.

Table 6.1: Revenues at Proposed and Approved Tariffs

S. No.	Category	Proposed by UPCL		Estimated by Commission	
		Sales (in MU)	Revenue (Rs. Crore)	Sales (in MU)	Revenue (Rs. Crore)
1	RTS-1: Domestic	1246.00	237	1,170.39	250.62
2	RTS-2: Non-Domestic	741.00	237	741.02	279.79
3	RTS-3: Public Lamps	56.00	15	55.66	15.31
4	RTS-4: PTW	147.00	12	114.23	8.00
5	RTS-5: GIS	38.00	10	41.52	11.35
6	RTS-6: PWW	192.00	48	191.87	48.93
7	RTS-7: Industry	1089.00	334	3210.31	1028.68
	LT industry	*109.00*	*36*	*108.91*	*37.47*
	General HT Industry	***980.00*	***298*	*653.51*	*209.38*
	Steel Units			*2447.89*	*781.82*
8	RTS-9: Railway Traction	41.00	12	11.65	5.59
Sub-Total		**3550.00**	**905**	**5,536.65**	**1648.26**
Add: Due to reduction in commercial losses		0.00	0.00	248.54	73.99
Gross total with efficiency improvement		**3550.00**	**905**	**5,785.19**	***1722.25**

**The revenue is slightly higher than required as tariffs have been rounded off to nearest multiple of 5 paise for full coverage of required revenue.*
***Includes steel units.*

6.1. Net Revenue (Gap)/Surplus at the Approved Tariffs

The calculation of the Net Revenue (Gap)/Surplus in financial year 2006-07 at the above revenues is presented in Table below.

Table 6.2: Revenue (Gap)/Surplus for 2006-07 (Rs. Crore)

Item	Approved
Net Revenue Requirement	1713.80
Revenue from Sale of Electricity	1722.25
Net Revenue Surplus	**8.45**

6.2. Tariff realisable from consumers

As stated in para 5.1.5 of this Order, interest is payable by the Petitioner on that portion of the surplus amount identified by M/s Amit Ray and Company which is awaiting transfer to the NDF. Further, this amount is to be realised through Tariffs. For the year 2006-07, the amount so realisable has been estimated at Rs. 82.68 Crore which is interest on amount of Rs 654.92 Crore @ 10.25% for first 6 months and penal rate of 15% for balance 6 months of current year. As per provisions of the Electricity Act, 2003, the surplus amount and the interest thereon is to be refunded to those consumers from whom such surplus had been collected. This surplus amount of Rs. 654.92 Crore was realised from consumers during the period 09-11-01 to 31-03-2005. There were about 30-35 Steel units then functioning in the State and another 8 to 10 lacs of other consumers. Ideally, this amount or for that matter the interest thereon should be refunded proportionately to each consumer. While it is possible to do so for the Steel Units which are few in number and account for substantial consumption, doing so for other 8 to 10 lac consumers poses serious accounting and administrative difficulties. Therefore, the interest on the surplus amount has been divided between the Steel Units and other consumers in proposition to their aggregate consumption. The consumption figures for this period are 914.46 MUs (11.62%) for Steel Units and 6956.15 MUs (88.38%) for other consumers. These figures are based on CS-3 statements that have been made available to the Commission by the Petitioner at various points of time, which have been corrected for assessed consumptions on the principles already defined by the Commission in its previous Orders. Accordingly, an amount of Rs. 9.61 Crore has been allocated for refund to Steel Units and the balance amount of Rs. 73.08 Crore is to be refunded to other consumers. UPCL may work out refund to individual units on the basis of the actual consumption of each Steel Unit functioning in the State upto 31-03-2005 and adjust this amount of Rs. 9.61 Crore over the remaining part of the year 2006-07. The balance amount of Rs. 73.08 Crore is being refunded to other consumers in a pooled manner by moderating their Tariffs suitably. The Tariffs, after factoring the refund as discussed above, will be the Tariff actually realisable from these consumers. Accordingly, the final tariff realizable from different categories of consumers has been worked out and is shown in the Rate Schedule placed at Annexure 1. These rates shall be effective from 01.04.2006 and shall continue to be applicable till further orders.

6.3. Approved Tariff Design

6.3.1. RTS -1: Domestic

Since the Petitioner has recently sought time for metering unmetered rural domestic consumers, the Commission is permitting to retain this sub-category. A comparison of the tariff, i.e. existing, proposed by the licensee and that approved by the Commission, is given in the Table below.

Table 6.3: Tariff for Domestic Category

Category	Existing			Proposed			Approved	
	Fixed Charges	Energy Charges	Minimum Charges	Fixed Charges	Energy Charges	Minimum Charges	Fixed Charges	Energy Charges
	Rs./month	Rs./kWh	Rs./month	Rs./month	Rs./kWh	Rs./month	Rs./month	Rs./kWh
1) Domestic Metered								
1.1) Lifeline consumers								
Below Poverty Line and Kutir Jyoti having load upto 1 kW and consumption upto 30 units / month	NIL	1.50	30/-	NIL	1.65	35/-	NIL	1.50
1.2) Other Domestic Consumers								
Up to 1 kW	NIL	2.00	30/-	NIL	2.20	35/-	NIL	2.00
Single phase above 1 kW	NIL	2.00	150/-	NIL	2.20	165/-	NIL	2.00
Three phase	NIL	2.00	300/-	NIL	2.20	330/-	NIL	2.00
2) Domestic Unmetered (Rural)	120/-	NIL	NIL	-	-	-	120/-	NIL
3) Single Point Bulk Supply	Nil	1.95	30/kW	Nil	2.15	35/kW	Nil	1.95

6.3.2. RTS 1 -A Concessional Snowbound Area Tariff

The existing tariff, tariff proposed by the licensee an d that approved by the Commission is given in Table below

Table 6.4: Concessional Tariff for Snowbound areas

Category	Existing			Proposed			Approved	
	Fixed Charges	Energy Charges	Minimum Charges	Fixed Charges	Energy Charges	Minimum Charges	Fixed Charges	Energy Charges
	Rs./month	Rs./kWh	Rs./month	Rs./month	Rs./kWh	Rs./month	Rs./month	Rs./kWh
1) Domestic Metered	NIL	1.50	Nil	NIL	1.65	Nil	NIL	1.50
2) Non-domestic upto 1kW	NIL	1.50	NIL	NIL	1.55	NIL	NIL	1.50

6.3.3. RTS 2: Non-domestic

The existing tariff, tariff proposed by the licensee and that approved by the Commission is given in Tables below.

Table 6.5: Tariff for Non-domestic Metered Category

Category	Existing			Proposed			Approved	
	Energy Charges		Minimum Charges	Energy Charges		Minimum Charges	Energy Charges	
	Without ToD	With ToD		Without ToD	With ToD		Without ToD	With ToD
	Rs./ month	Rs./kWh	Rs./kW /month	Rs./kW /month	Rs./ kWh	Rs./kW /month	Rs./ month	Rs./ kWh
1) Education Institutions, Hospitals & Charitable institutions.								
Upto 4 kW	3.00	3.00	200/-	3.20	3.20	210/-	3.00	3.00
Above 4 & upto 25 kW	3.50	*3.00	200/-	3.75	3.20	210/-	3.50	*3.00
Above 25 kW	3.50	*3.00	200/-	3.75	*3.20	210/-	-	*3.00
2) Other Non Domestic Commercial users								
Upto 1 kW	3.50	3.50	150/-	3.75	3.75	155/-	3.50	*3.00
Above 1 & upto 25 kW	3.50	3.50	200/-	3.75	3.75	210/-	3.50	*3.00
Above 25 kW	3.50	*3.00	200/-	3.75	*3.20	210/-	-	*3.00

**With ToD rebate/surcharge*

Table 6.6A Tariff for Non-domestic Unmmetered (Rural) Category

Category	Existing Fixed Charges Rs/Month	Proposed Fixed Charges Rs/Month	Approved Fixed Charges Rs/Month
3) Non Domestic Unmetered (Rural)	185/-	-	185/-

The Commission reiterates its earlier direction that reading of all To D meters shall be made only by Meter Reading Instrument (MRI) and bill shall be raised as per To D rates.

6.3.4. RTS 4: Public Lamps

A comparison of tariff for this category is given in Table below.

Table 6.7:Tariff for Public Lamps

Category	Existing			Proposed			Approved		
	Fixed Charges	Maint. Charge	Energy Charges	Fixed Charges	Maint. Charge	Energy Charges	Fixed Charges	Maint. Charge	Energy Charges
	Rs./month	Rs./ point /month	Rs./ kWh	Rs./ month	Rs./ point /month	Rs./ kWh	Rs./ month	Rs./ point /month	Rs./ kWh
Metered	NIL	10/-	2.50	NIL	10/-	2.75	NIL	10/-	2.50
Unmetered (Rural)	**100/100 W lamp or part thereof	10/-	NIL	-	-	-	**100/100 W lamp or part thereof	10/-	Nil

***Additional Rs. 50 for each 50 W or part thereof increase over 100 W*

6.3.5. RTS - 4: Private tube wells/pump sets

The progress of metering in this category has been very poor. In view of the prohibition on un-metered supply after June 2005 in The Electricity Act, 2003, the Commission would like the licensee to focus on metering the agricultural supply as was stressed in the last tariff order also.

Following Table gives the approved rates for metered and unmetered supply to Private Tube Wells.

Table 6.8: Tariff for Private Tubewells/ Pumpsets

Category	Existing			Proposed			Approved	
	Fixed Charges	Energy Charges	Min. Charges	Fixed Charges	Energy Charges	Min. Charges	Fixed Charges	Energy Charges
	Rs./BHP /month	Rs./kWh	Rs./BHP /month	Rs./BHP /month	Rs./ kWh	Rs./BHP /month	Rs./BHP /month	Rs./ kWh
1. Metered	**NIL	0.70	50	**NIL	0.80	55 /-	**NIL	0.70
2. Unmetered	**105 /-	-	-	-	-	-	**105 / -	-

***Plus Rs. 20 for lighting load not more than 2 lamps*

6.3.6. RTS -5: Government Irrigation System

A Comparison of approved rates with the existing and proposed tariffs is as given in Table below.

Table 6.9: Tariff for Government Irrigation Systems

Category	Existing			Proposed			Approved	
	Fixed Charges	Energy Charges	Minimum Charges	Fixed Charges	Energy Charges	Minimum Charges	Fixed Charges	Energy Charges
	Rs./BHP /month	Rs./ kWh	Rs./ month	Rs./ month	Rs./ kWh	Rs./ month	Rs./BHP /month	Rs./ kWh
1) Govt. irrigation system upto 100 BHP including Laghu Dal Nahar	NIL	2.50	300 / kW	NIL	2.75	330 / kW	NIL	2.50
2) Govt. irrigation system above 100 BHP	Nil	2.15 / kVAh	250 / kVA	Nil	2.40 / kVAh	275 / kVA	Nil	2.15 / kVAh

6.3.7. RTS -6: Public water works

Comparison of existing tariff, proposed tariff and approved tariff is as shown in Table below:

Table 6.10:Tariff for Public Water Works

Existing		Proposed		Approved	
Fixed Charges	**Energy Charges**	**Fixed Charges**	**Energy Charges**	**Fixed Charges**	**Energy Charges**
Rs./kW	**Rs./ kWh**	**Rs./kW**	**Rs./ kWh**	**Rs./kW**	**Rs./ kWh**
Nil	Rs. 2.25	Nil	Rs. 2.50	Nil	Rs. 2.25

6.3.8. RTS 7: Industry

As discussed above in para 4.3 of this Order, the tariff for steel units has been so designed to have its effective rate equal to that of industry taking into account the respective average load factor. Further, the Commission has done away with the earlier slab structure. This will not only simplify the tariff structure but also reduce the temptation to resort to unauthorized use at the verge of the slab to achieve lower load factor.

The tariff approved for this category of consumers is given in Table below:

Table 6.11: Tariff for Industrial Category

Category	Existing			Proposed			Approved	
	Fixed Charges	**Energy Charges**	**Minimum Charges**	**Fixed Charges**	**Energy Charges**	**Minimum Charges**	**Fixed Charges**	**Energy Charges**
	Rs./ month	**Rs/ kWh**	**Rs./ month**	**Rs./ month**	**Rs./ kWh**	**Rs./ month**	**Rs./ month**	**Rs./ kWh**
1) LT Industries upto 100BHP/75 kW/88 kVA	45/BHP	2.45	#250/BHP	45/BHP	2.60	#260/BHP	45/BHP	2.45
2) HT Industries above 100 BHP/75kW/88 kVA								
a) General HT Industry with load factor								
i) upto 50%	*125/ kVA	1.90/ kVAh	350/kVA	*200/ kVA	1.90/ kVAh	450/kVA	*125/ kVA	1.90/ kVAh
ii) above 50%				*200/ kVA	2.40/ kVAh	450/kVA		
b) Steel Units with Load Factor:								
i) upto 33%	*350/ kVA	1.90/ kVAh	650/kVA	*200/ kVA	1.90/ kVAh	450/kVA	*350/ kVA	2.35/ kVAh
ii) above 33% and upto 50%	*350/ kVA	2.20/ kVAh	650/kVA	*200/ kVA	1.90/ kVAh	450/kVA		
iii) above 50%	*350/ kVA	2.50/ kVAh	650/kVA	*200/ kVA	2.40/ kVAh	450/kVA		

**Demand Charges per kVA of Billable Demand*

The Commission reiterates its earlier direction that reading of all ToD meters shall be made only by Meter Reading Instrument (MRI) and bills shall accordingly be raised as per ToD rate.

6.3.9. RTS 8: Mixed Load

For such single point bulk supply connections having mixed load with domestic and non-domestic usage, the Commission has approved the following rates of energy charge depending upon the slab of load mix in which a particular connection falls:

Table 6.12: Tariff for Mixed Load with predominantly domestic consumption

Proportion of Domestic Load in total load	60-**70%**	70-**80%**	80-**90%**	90-100%	**100%**
Tariff (Rs./kWh)	2.50	2.35	2.20	2.05	1.95

6.3.10. RTS-9 Railway Traction

The Petitioner has proposed to introduce this category for Railways utilizing power for traction purposes. Since supply to Railways has commenced, the Commission has accepted Petitioner's proposal. The Petitioner has proposed the rates for this new category of consumers, which are as follows:

Table 6.13: Proposed Tariff for Railway Traction

***Demand Charges**	**Energy Charges**	**Minimum Charge**
Rs./kVA/month	**Rs./ kWh**	**Rs./kVA/month**
200/-	Rs. 2.40	400/-

**Demand Charges per kVA of Billable Demand*

In the previous Order, the Commission had directed the petitioner that *"Subject to the direction given by the Commission in para 5.1.10 of this Order, UPCL is hereby directed to work out a mutually agreeable arrangement with Railways and come up with a proposal for fixation of rate for such sale."*

The Petitioner having failed to get this rate fixed as above, maintaining the applicability of direction given in para 5.1.10 of Order dated 25.04.2005, the Commission hereby fixes the rate for this category as the avoided cost to Railways by avoiding supply from nearby State like UP. Therefore, the Commission has fixed the prevalent rate for this category in the State of UP as the approved rate as shown below:

Table 6.14: Approved Tariff for Railway Traction

***Demand Charges**	**Energy Charges**
Rs./kVA/month	**Rs./ kVAh**
165/-	Rs. 3.25

**Demand Charges per kVA of Billable Demand*

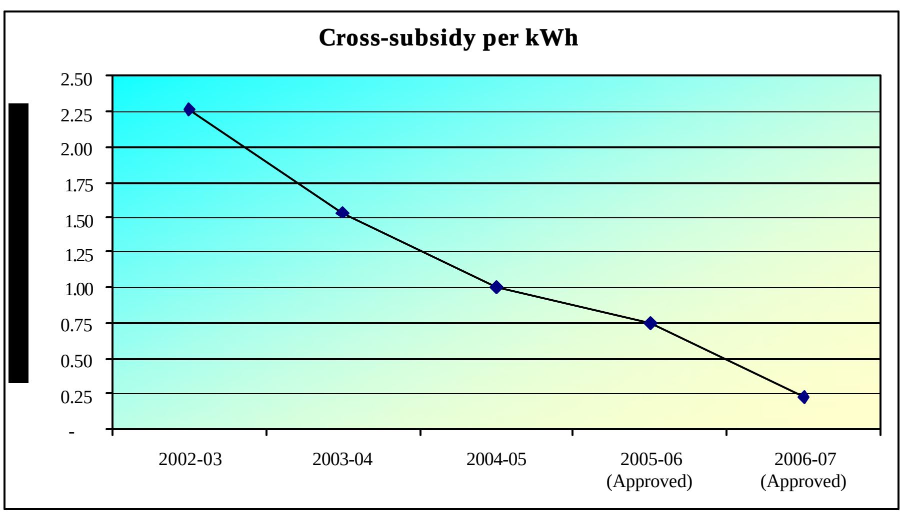
In addition, in UP, Railways are required to pay minimum charge @Rs. 425/kVA/month. Minimum charge having been abolished for all other consumers, the Commission does not propose to impose the same on Railways.

6.3.11. RTS -10: Temporary Supply

This schedule applies to temporary supply of light & fan up to 10 kW, public address system and illumination loads during functions, ceremonies and festivities, temporary shops not exceeding three months and to power taken for construction purposes including civil work by all consumers including Government Departments. As discussed earlier, now this schedule also applies to emergency supply to Stand Alone Captive Generation when connected to the grid and inject surplus power into the grid under normal conditions.

6.4. Reduction in cross-subsidy

While determining the above tariffs for individual consumer categories, the Commission has been guided by the requirements of the Electricity Act, 2003 and the National Tariff Policy, of gradually phasing out the cross-subsidy. It is a matter of satisfaction that the Commission has been able to sustain its efforts in this direction and the cross-subsidy is declining and continues to do so as is depicted in the graph below:



6.5. Miscellaneous Charges

The Petitioner has also proposed approval of Miscellaneous Charges, which are same as those approved in the previous tariff order. This has been accepted by the Commission and is annexed herewith.

6.6. Rate Schedule

Based on what has been stated above, a detailed rate schedule has been drawn up and is enclosed in Annexure 1.

7. Conclusions

Before concluding, the Commission would like to bring on record its observations pertaining to Petitioner's functioning. These are listed below:

7.1. Compliance of law and Commission's directives

With a view to improving licensee's interface with the consumers and the quality of service being presently rendered, the Commission has been giving well considered and specific directions to the licensee from time to time. A number of such directions are contained in the Tariff Orders dated 08.09.2003 and 25.04.2005. In addition, a detailed Order pertaining to the billing and collection systems was issued on 09.07.2004.

It is a matter of extreme concern that almost all Commission's directives remain not complied with. In absence of any response from the licensee, it is not surprising that service to consumers and Petitioner's own accounting and information systems remain dismal. What is worse is that even on crucial issues like metering of consumers, factually wrong reports are being given to the Commission, to the State Government and Government of India. In a recent communication to the Commission, the Petitioner has stated that all urban consumers, other than departmental employees, have been metered. This claim is belied by the billing data of the consumer as per which large number of consumers that are being shown as metered do not have any meter number assigned to them and not surprisingly their monthly bills are being prepared on normative or assumed consumption. Such incorrect reporting is a serious misconduct of the Petitioner, which has been brought to the notice of the Government Directors on UPCL's Board and needs to be investigated.

Almost in all public hearings, consumers' complaints about wrong and irregular billings, difficulties in bill payments, absence of proper response from the Petitioner's officers to consumer complaints were there and the Commission observed no qualitative or quantitative change in them from the first public hearing held in 2003.

As mentioned in the Tariff Order dated 25.04.2005, the Commission had constituted a Committee of Experts to examine the status of compliance of the Commission's directions. The Committee did commendable work and examined in detail the prevailing position. In its report dated 26.05.2005, the Committee has given the status and its own assessment of compliance of each direction reviewed by it. The Committee concluded that:

> *"………..……… most of the directives issued by the Commission have not been complied with. In a few cases only half-hearted action has been initiated and is therefore, not effective or supported with adequate data to quantify the action and benefits thereof.*
>
> *It appears, that there has been no serious effort or commitment on the part of UPCL to streamline the existing systems and procedures to improve the supply conditions or consumer services and take forward the power distribution reform process mandated even under the relevant provisions of Electricity Act, 2003.*
>
> *The quality of information being submitted to the Commission leaves much to be desired. There is no mechanism in UPCL to attentively analyze and verify the information before submission to the Commission. There is also no mechanism to monitor the implementation of the directives of the Commission issued from time to time or monitor the parameters of reforms. …………….."*

Petitioner's continued and stubborn non-compliance of Commission's directions and indeed of the requirements under the Electricity Act, 2003 or the Indian Companies Act, 1956 is extremely unfortunate. The Commission would like to take this opportunity to caution the Petitioner and its officers against such behavior. Petitioner's present attitude and conduct is creating a situation where the Commission will have no option but to resort to harsher and unpleasant measures available to it under law.

The Commission has brought this state of affairs to the specific notice of Government Directors on Board of this Company in a meeting called for this purpose on 06.07.2006. The Commission hopes that they would be able to introduce a proper system of monitoring and accountability leading to a more responsible working and conduct in the Company and the need for resorting to harsher measures will not arise.

7.2. Collection Efficiency

Notwithstanding repeated directions, the Petitioner continues to ignore one of its fundamental functions, that is collection of dues. The Commission in its first Tariff Order dated 08-09-2003 had directed the Petitioner to recover 100% of its current dues of which at least 90% and

10% of arrears as on 31-03-2003, were to be recovered within the financial year. Petitioner's recoveries are nowhere near that and its overdues have been steadily increasing as shown below:

Table 7.1: Position of Overdues (Rs. Crore)

Particular	09-11-2001	31-03-2002	31-03-2003	31-03-2004	31-03-2005*	31-03-2006**
Outstanding dues	629.25	682.06	824.79	1013.90	1099.58	1075.78

**Figures for FY 05 are from provisional balance sheet.*

***Figures for FY 06 have not been provided by the Petitioner. These figures have been extracted from Petitioner's website.*

The details of overdues on 31-03-2006 reveal following disturbing facts:

- Overdues from Government continue to be high and are Rs. 406.60 Crore which is 37.8% of the total overdues.
- Out of the current demand of Rs. 949.33 Crore, the Petitioner has collected only Rs. 743.21 Crore. This works out to only 78.29%.
- Of the opening overdue amount of Rs. 1099.58 Crore, the Petitioner has realised only Rs. 119.43 Crore which is 10.86%.

The extent of inefficiency in collection was observed in consumer-wise billing details given by the Petitioner, wherein in many cases arrears worth many times the current bill amount are appearing for a large number of billing cycles continuously. Instead of disconnecting such defaulters or collecting dues from them, provisional billing is being continued without any check.

7.3. Time of Day Metering and Billing

It has come to Commission's notice that while a large number of ToD meters have been installed, their readings are still being recorded manually. This is against specific direction given by the Commission in its Order dated 25-04-2005. Such an arrangement is open to misuse and manipulation, results in revenue loss to the Petitioner and defeats the very purpose of introducing ToD Tariff in the State. **The Commission, therefore, reiterates its earlier direction that reading of all ToD meters shall be made by Meter Reading Instrument (MRI) and bills shall be raised accordingly**. The Commission hereby cautions the licensee and its officers against violations of this directive which would invite personal punitive action on individuals guilty of misdemeanor on this account.

7.4. Quality of Information Filed

Commission has often been handicapped for want of adequate and reliable information from the Petitioner. Whether the information is required to be submitted periodically to the Commission as per standing directions/licence conditions or whether it is specifically asked for, the experience has been that the information required is either not forthcoming, even if furnished is not correct and reliable and almost never furnished in time. Some instances of Petitioner's default in this direction are listed below by way of illustration.

- There is no sub-category in Domestic with upto 1 kW load and 50 units/month consumption, still the projections by the Petitioner have this sub-category and show 270,265 consumers with connected load of 307 MW and 673 MUs for FY 07.
- Consumption by 2.70 lakh BPL consumers is shown tobe 673 MUs which is higher than the consumption of 561 MUs shown for 7.50 lakh non-BPL domestic consumers.
- The consumption of 673 MUs for 2.70 lakh BPL consumers works out to 207 units/consumer/month, while for a consumer to belong to this concessional category the maximum consumption stipulated is 30 units/consumer/month.
- At the stipulated maximum consumption rate of 30 units/consumer/month, the projected quantity of 673 MUs will be consumed by 18,69,444 consumers whereas the total number of consumers of all categories in the State is 11,61,564.
- All non-domestic consumption has been projected at the concessional rate of Rs. 3 /unit which is the rate applicable only to consumers with ToD meters. Estimating revenue from consumers without ToD meters at Rs. 3 instead of the stipulated tariff of Rs. 3.50 per unit is clearly incorrect and presents a distorted picture.

Obviously, the above figures given by the Petitioner on oath make no sense and seem to have been manipulated only to suppress Petitioner's revenue and justify the claimed tariff increase.

- The Commission had floated a paper for introducing loss based surcharge or rebate in tariffs. The division-wise position of losses furnished by the Petitioner projected below zero losses in one division, which was absurd. The Commission, therefore, directed the Petitioner in the last Tariff Order to maintain correct and reliable data for division-wise losses so that loss based surcharge and rebate system can be introduced. The Petitioner has not been able to furnish reliable data of division-wise losses as a result of which the Commission has had to again defer introduction of this surcharge and rebate.

- More than 15 months have elapsed since close of the financial year 2004-05 but the Petitioner has not been able to furnish audited accounts for that year to the Commission as a result of which truing up exercise could not be taken up.
- Basic commercial information like total sales, expenditure on major heads for the year 2005-06 has not been made available by the Petitioner even three months after close of the financial year. Intriguingly, some of this information is available on the Petitioner's website.

It is clear from above that on one hand Petitioner's own accounting and information system is utterly inadequate for the nature and volume of its operations, on the other hand the Petitioner has not been forthcoming in furnishing the information required by the Commission for discharge of its statutory function.

In order to discourage consumption during peak hours, the Commission had introduced ToD tariff for HT industries in its order dated 08.09.2003. Thereafter, this tariff was extended to LT industries and bigger commercial consumers. Before taking a view to extend this further, the Commission needed to get a feedback on the results of this tariff so far. It is regretted that the Petitioner who was requested to come with the relevant information for discussion in the Commission avoided doing so by seeking time repeatedly for collecting the information and did neither furnish the information to the Commission nor appeared before it.

Petitioner's attitude reflected in the above conduct is most unfortunate to say the least. Obstructing Commission's statutory functions through such actions can have very serious consequences for the Petitioner and its officers. The Commission takes this opportunity to caution them against such adventurism.

7.5. Conclusion

Having considered the submissions made by the Petitioner, the responses of various stakeholders and the relevant provisions of the Electricity Act, 2003 and Regulations of the

Commission, the Commission hereby approves that:

i) Uttaranchal Power Corporation Ltd., the distribution and retail supply licensee in the State will be entitled to charge the tariffs from consumers in its licensed area of supply as given in the Rate Schedule annexed hereto. These Tariffs will be effective from 01.04.2006.

ii) Uttaranchal Power Corporation Ltd., the distribution and retail supply licensee in the State will realize from consumers of Electricity in the State, miscellaneous charges as listed out in Annexure 2 of this Order and shall not recover any other charge, fee, deposit etc. unless approved by the Commission.

iii) The above tariffs shall continue to be applicable till further Order of the Commission.

iv) The Petitioner shall forward a report on compliance of the directions given in this Order by 30th November 2006.

Sd-	Sd-	Sd-
(V.J. Talwar)	**(V.K. Khanna)**	**(Divakar Dev)**
Member	**Member**	**Chairman**

Date: 12th July, 2006

8. Annexures

8.1. Annexure 1: Rate Schedule Effective from 01.04.2006

A. General conditions of Supply

1. Character of Service

i) Alternating Current 50 Hz., single phase, 230 Volts (with permissible variations) up to a load of 4 kW.

ii) Alternating Current 50 Hz, three phase, 4 wire, 400 Volts or above (with permissible variations) for loads above 4 kW depending upon the availability of voltage of supply.

2. Conditions for New Connections

i) Supply to new connections of more than 75 kW (88 kVA) and up to 2550 kW (3000 kVA) shall be released at 11 kV or above, loads above 2550 kW (3000 kVA) and upto 8500 kW (10000 kVA) shall be released at 33 kV or above and loads above 8500 kW (10000 kVA) shall be released at 132 kV or above.

ii) All new connections shall be given with meter conforming to CEA Regulations on Installation and Operation of Meters.

iii) All new connections above 10 kW shall be released with Electronic Tri-vector Meter having Maximum Demand Indicator.

iv) Consumers having motive loads of more than 5 BHP shall install Shunt Capacitor of appropriate rating and conforming to BIS specification.

3. Point of Supply

Energy will be supplied to a consumer at a single point.

4. Billing in Defective Meter (ADF/IDF), Meter Not Read/Not Accessible (NA/NR) and Defective Reading (RDF) Cases

In all above mentioned cases, the energy consumption shall be assessed and billed at an average consumption of immediately preceding past 3 billing cycles when the meter was correctly recording and actually read. This charge shall be levied till the Meter is repaired / replaced / correctly read and the billing is restored on the actual consumption basis. Further, meters in ADF Cases shall be checked within next billing cycle and if found defective shall be replaced immediately. Reading of RDF cases shall be verified within next billing cycle and appropriate adjustments shall be made in next bill. Meters of existing IDF cases shall be replaced with new meter conforming to CEA's Regulations on Installation and Operation of Meters by 1st October 2006, whereafter no IDF case should remain for more than 1 billing cycle, during which the licensee should replace the defective meter. The billing in RDF / NA / NR cases and ADF cases (where meters are found to be correct) shall be subject to adjustment when actual reading is taken.

5. Billing in New Connection orconversion from unmetered to metered Cases

For cases such as new connections or conversion of unmetered to metered connection, where past reading is not available, the provisional billing shall be done at the normative levels of consumption as given below, which shall be subject to adjustment when actual reading is taken.

Category	Normative Consumption
Domestic (Urban) Domestic (Rural)	100 kWh / kW / month 50 kWh / kW / month
Non-domestic (Urban)	150 kWh / kW / month
Non-domestic (Rural)	75 kWh / kW / month
Private Tube Wells	70 kWh / BHP / month
Industry	
LT Industry	150 kWh / kW / month
HT Industry	150 kVAh / kVA / month

For this purpose, the contracted load shall be rounded off to next whole number. Billing on this basis shall continue only for a maximum period of 2 billing cycles, during which the licensee is supposed to have taken actual reading. Thereafter, the licensee shall not be entitled to raise any bill without correct meter reading. In all other categories 1st bill shall be raised only on actual reading.

6. Late Payment Surcharge (for all categories except PTW)

In the event of electricity bill rendered by licensee, not being paid in full within 15 days' grace period after due date, a surcharge of 1.25% on the principal amount of bill which has not been paid shall be levied from the original due date for each successive month or part thereof until the payment is made in full without prejudice to the right of the licensee to disconnect the supply in accordance with section 56 of the Electricity Act, 2003. The licensee shall clearly indicate in the bill itself the total amount, including DPS, payable for different dates after the due date, after allowing for the grace period of 15 days, taking month as the unit as shown exemplified below:

EXAMPLE

Amount payable by Due date	Rs. 100/-	
Due Date	1st August 2006	
	Amount Payable	
On or Before 16th August 2006	**After** 16th August 2006	**After** 1st September 2006
Rs. 100/-	**Rs. 101.25**	**Rs. 102.50**

7. Solar Water Heater rebate

If consumer installs and uses solar water heating system, rebate of Rs. 75/- p.m. for each 100 litre capacity of the system or actual bill for that month whichever is lower shall be given subject to the condition that consumer gives an affidavit to the licensee to the effect that he has installed such system, which the licensee shall be free to verify from time to time. If any such claim is found to be false, in addition to punitive legal action that may be taken against such consumer, the licensee will recover the total rebate allowed to the consumer with 100% penalty and debar him from availing such rebate for the next 12 months.

8. Rebate/surcharge for availing supply at voltage higher/lower than base voltage

A rebate/surcharge on energy charges shall be admissible/payable, as per Table given below, if actual supply voltage is higher/lower than the base voltage prescribed in respective Rate Schedule.

Base Voltage	Rebate/(surcharge) admissible for Actual Supply Voltage at				
	400 Volts	11 kV	33 kV	66 kV	132 kV and above
400 Volts	Nil	5%	7.5%	10%	12.5%
11 kV	(10%)	Nil	2.5%	5%	7.5%
33 kV	Not permitted	Not permitted	Nil	2.5%	5%

9. Low Power Factor Surcharge (not applicable to Domestic, PTW and categories having kVAh based Tariff)

i) In respect of the consumers without Electronic Tri Vector Meters, who have not installed shunt capacitors of appropriate ratings and specifications, a surcharge of 5% on the current energy charges shall be levied.

ii) For consumers with Electronic Tri Vector Meters, a surcharge of 5% on current energy charges will be levied for having power factor below 0.85 & a surcharge of 10% will be levied for having power factor below 0.80

10. Rounding off

All bills will be rounded off to the nearest rupee.

11. Other Charges

Apart from the charges provided in the Rate of Charge and those included in the Schedule of Miscellaneous Charges, no other charge shall be charged from the consumer unless approved by the Commission.

B. Tariffs

RTS -1: Domestic

1. Applicability

This schedule shall apply to:

Residential premises for light, fan, power and other domestic purposes including single point bulk supply above 50 kW for residential colonies / townships, residential multi-storied buildings where energy is exclusively used for such purpose.

(This rate schedule shall also be applicable to consumers having contracted load upto 2 kW and consumption less than 200 kWh / month using some portion of the premises mentioned above for business / other purposes. However, if contracted load for such premises is above 2 kW or consumption is more than 200 kWh / month, then the entire energy consumed shall be charged under the appropriate Rate Schedule unless such load is segregated and separately metered.)

2. Rate of Charge

(A) Un-Metered Supply (Domestic) in Rural Areas (Base voltage 400/230 Volts)

Description	Fixed Charges
For consumers getting un-metered supply in Rural Areas	Rs. 120 / connection / month

(B) Metered Supply (Base voltage 400/230 Volts)

Description	Energy Charges
1) Domestic Metered	
1.1) Life line consumers Below Poverty Line and Kutir Jyoti having load upto 1kW and consumption upto 30 units per month	Rs. 1.50 / kWh
1.2) Other domestic consumers	Rs. 2.00 / kWh
2) Single Point Bulk Supply	Rs. 1.95 / kWh

RTS -1A: Snowbound

1. Applicability

i) Domestic consumers in snowbound areas.

ii) Non-domestic consumers upto 1 kW load in snowbound areas.

iii) This Schedule applies to villages notified as snowbound / snowline villages by the concerned District Magistrate.

2. Rate of Charge (Base Voltage 400/230 V)

Description	Energy charges
1) Domestic	1.50 / kWh
2) Non-domestic upto 1 kW	

3. All other conditions of this Schedule shall be same as those in RTS-1.

RTS-2: Non-Domestic

1. Applicability

i) Educational Institutions, Hospitals and Charitable Institutions.

ii) Other Non Domestic / Commercial Users

3. Rate of Charge (Base Voltage 400/230 V)

3.1 Metered Category

Description	Energy charges	
	With ToD Meters	Without ToD Meters
1. Educational Institutions, Hospitals and Charitable Institutions		
(i) Upto 4 kW	Rs. 3.00 / kWh	Rs. 3.00 / kWh
(ii) Above 4kW and upto 25 kW	*Rs. 3.00 / kWh	Rs. 3.50 / kWh
(iii) Above 25 kW	*Rs. 3.00 / kWh	-
2. Other Non Domestic/Commercial Users		
(i) Upto 25 kW	*Rs. 3.00 / kWh	Rs. 3.50 / kWh
(ii) Above 25 kW	*Rs. 3.00 / kWh	-

** With ToD rebate/surcharge*

The rates of ToD rebate/surcharge for energy charges shall be as follows:

Season/Time of day	Morning Peak hours	Normal hours	Evening Peak hours	Off-peak hours
Winters 01.10 to 31.03	0600-0930 hrs	0930-1730 hrs	1730-2200 hrs	2200-0600 hrs
Summers 01.04 to 30.09	--	0700-1800 hrs	1800-2300 hrs	2300-0700 hrs
Surcharge/ (Rebate)	25%	0%	25%	(5%)

i) ToD Meters shall be read by Meter Reading Instrument (MRI) only and bills shall be raised as per ToD rate of charge.

ii) All consumers above 25 kW shall have necessarily ToD meters.

3.1 Unmetered Category

Fixed Charges	Rs 185/Month

RTS -3: Public Lamps

1. Applicability

This schedule shall apply to public lamps including street lighting system, traffic control signals, lighting of public parks, etc. The street lighting of Harijan Bastis and villages are also covered by this Rate Schedule.

2. Rate of Charge (Base Voltage 400/230 V)

Category	Fixed Charges	Energy Charge
Metered	NIL	Rs. 2.50 / kWh.
Unmetered Rural	*Rs. 100/100 W lamp or part thereof	Nil

* for every 50W or part thereof increase over and above 100W lamp additional Rs 50/month shall be charged

3. Maintenance Charge

In addition to the "Rate of Charge" mentioned above, a sum of Rs. 10/- per light point per month shall be charged for operation and maintenance of street lights covering only labour charges where all material required will be supplied by the local bodies. However, the local bodies will have the option to operate and maintain the public lamps themselves and in such case no maintenance charge will be charged.

4. Provisions of Street Light Systems

Initially, on streets on which distribution mains already exist, the licensee will provide a separate single phase, 2 wire system for street lights at its own cost. In case, the maintenance charge, as mentioned above, is being charged then the labour involved in the subsequent replacement or renewals of lamps shall be provided by the licensee but all the material shall be provided by the local bodies. If licensee provides material at the request of local body, cost of the same shall be chargeable from the local body.

The cost involved in extension of street light mains (including cost of sub-stations if any) in areas where distribution mains of the licensee have not been laid, will be paid for by the local bodies.

RTS -4: Private Tube Wells/ Pumping Sets

1. Applicability

This schedule shall apply to all power consumers getting supply for private tube-wells / pumping sets for irrigation purposes and for incidental agricultural processes confined to chaff cutter, thrasher, cane crusher and rice huller only.

2. Rate of charge (Base Voltage 400/230 V)

Category		Fixed Charges Rs /BHP/Month	Energy Charges Rs/kWh
1	Unmetered		
1.1	Rural	*105	Nil
1.2	Urban	*126	Nil
2	Metered	Nil	0.70

*Plus Rs 20/connection/month for lighting load of not more than two lamps.

3. Payments of bills and Surcharge for Late Payment

The consumers can pay their bills by the due date or twice in a year i.e. by the end of December (bills for the period June to November) and by the end of June (bills for the period from December to May). No specific surcharge shall be applicable on the bills for making half yearly payments as above. However in case the consumer fails to make payment as above, a surcharge on unpaid amount @1.25%/month for the period (months or part thereof) for payments is delayed beyond due date of the bill shall be payable.

RTS-5: Government Irrigation System

1. Applicability

This schedule shall apply to:

i) Supply of power for State Tubewells, World Bank Tubewells, Pumped Canals and Lift irrigation schemes having a load upto 100 BHP.

ii) Laghu Dal Nahar having load above 100 BHP.

iii) Medium and Large pumped canals having load more than 75 kW (100 BHP). The contracted demand shall be expressed in whole numbers only.

iv) Irrigation system owned and operated by any Government department.

2. Rate of charge

Description	Energy Charges
1. Govt. Irrigation system as per applicability upto 100 BHP including Laghu Dal Nahar (Base voltage 400 / 230 V)	Rs. 2.50 / kWh
2. Govt. Irrigation system as per applicability above 100 BHP (Base voltage 11 kV)	Rs. 2.15/ kVAh

RTS-6: Public Water Works

1. Applicability

This Schedule shall apply to Public Water Works, Sewage Treatment Plants and Sewage Pumping Stations functioning under Jal Sansthan, Jal Nigam or other local bodies.

2. Rate of charge (Base voltage 400/230 V)

Fixed Charges	Energy Charges
Nil	Rs. 2.25 per kWh

RTS-7: LT and HT Industry

1. Applicability

This schedule shall apply to:

i) All consumers of electrical energy for industrial and /or processing or agro-industrial purposes, power loom as well as to Arc/Induction Furnaces, Rolling/Re-rolling Mills, Mini Steel Plants and to other power consumers not covered under any other Rate Schedule

ii) The Vegetable, Fruits, Floriculture & Mushroom integrated units farming, Processing, storing and Packaging shall also be covered under this Rate schedule.

iii) The contracted load shall be expressed in whole number only.

2. Specific Conditions of Supply

i) All new connections shall be connected with MCB (Miniature Circuit Breaker) or Circuit Breaker / Switch Gear of appropriate rating and BIS Specification.

ii) The supply to Induction and Arc Furnaces shall be made available only after ensuring that the loads sanctioned are corresponding to the load requirements of tonnage of furnaces. The minimum load of 1 Tonne furnace shall in no case be less than 600 kVA and all loads will be determined on this basis. No supply will be given for loads below this norm.

iii) Supply to Steel Units shall be made available at a voltage of 33 kV or above through a dedicated individual feeder only with check meter at sub-station end. Difference of more than 3%, between readings of check meter and consumer meter(s), shall be immediately investigated by the licensee and corrective action shall be taken.

3. Rate of charge

Description	Energy Charge	Fixed Charge per month	Demand Charge per month
1. LT Industry having contracted load upto 100 BHP/75kW/88kVA (Base voltage 400/230 V)	Rs. 2.45 /kWh	Rs. 45/ BHP of contracted load	Nil
2. HT Industry having contracted load above 100 BHP/75kW/88kVA			
2.1 General HT Industry other than Steel Units (Base voltage 11 kV)	Rs. 1.90 / kVAh	Nil	Rs. 125 / kVA of the billable demand*
2.2 Steel Units i.e. Arc/Induction Furnaces, Rolling/Re-rolling Mills, Mini Steel Plants: (Base voltage 33 kV)	Rs. 2.35 / kVAh	Nil	Rs. 350 / kVA of the billable demand*

* Billable demand shall be the actual maximum demand or 75 % of the contracted load whichever is higher.

If the maximum demand of a consumer in any month exceeds the contracted demand, such excess demand shall be levied twice the normal rate as applicable.

3.1. Time of Day Tariff

i) The rates of energy charge given above for LT industry with load more than 25 BHP and HT industry shall be subject to ToD rebate/surcharge.

ii) ToD meters shall be read by Meter Reading Instrument (MRI) and bills shall be raised as per ToD rate of charge.

iii) The rates of ToD rebate/surcharge for energy charges shall be as under:

Season/Time of day	Morning Peak hours	Normal hours	Evening Peak hours	Off-peak hours
Winters 01.10 to 31.03	0600-0930 hrs	0930-1730 hrs	1730-2200 hrs	2200-0600 hrs
Summers 01.04 to 30.09	--	0700-1800 hrs	1800-2300 hrs	2300-0700 hrs
(Rebate)/Surcharge	25%	0%	25%	-5%

4. Seasonal Industries

Where a consumer having load in excess of 25 BHP and has Electronic Tri Vector Meter with MDI and avails supply of energy for declared Seasonal industries during certain seasons or limited period in the year, and his plant is regularly closed down during certain months of the financial year, he may be levied for the months during which the plant is shut down (which period shall be referred to as off-season period) as follows.

i) The tariff for ‘Season’ period shall be same as “Rate of Charge” as given in this schedule.

ii) Where actual demand in ‘Off Season’ Period is not more than 30% of contracted load, the energy charges for “Off-Season” period shall be same as energy charges for “Season” period given in Rate of Schedule above. However, the contracted demand in the “Off Season” period shall be reduced to 30% .

iii) During ‘Off-season’ period, the maximum allowable demand will be 30% of the contracted demand and the consumers whose actual demand exceeds 30% of the contracted demand in any month of the ‘Off Season’ will be denied the above benefit of reduced contracted demand during that season. In addition, a surcharge at the rate of 10% of the demand charge shall be payable for the entire ‘Off Season’ period.

4.1 Terms and Conditions for Seasonal Industries

i) The period of operation should not be more than 9 months in a financial year.

ii) Where period of operation is more than 4 months in a financial year, such industry should operate for at least consecutive 4 months.

iii) The seasonal period once notified cannot be reduced during the year. The off-season tariff is not applicable to composite units having seasonal and other categories of loads.

iv) Industries in addition to sugar, ice, and rice mill shall be notified by Licensee only after prior approval of the Commission.

5. Factory Lighting

The electrical energy supplied under this schedule shall also be utilised in the factory premises for lights, fans, coolers, etc. which shall mean and include all energy consumed for factory lighting in the offices, the main factory building, stores, time keeper’s office, canteen, staff club, library, creche, dispensary, staff welfare centres, compound lighting, etc.

6. Restriction in usage

In case, imposition of restriction towards the usage of electricity by the industry during certain hours in the day is effected by the Commission at any point of time, then the following rates and charges shall start to be applicable.

i) For consumers opting for supply during restricted hours (Continuous) - 20% increase in the Energy charge as given in Rate of charge. The new applicable energy charge shall be Rs. 2.95 /kWh for the LT industry (upto 100BHP), Rs.2.30/kVAh for the HT industry (above 100BHP) and Rs 2.85/kVAh for steel units. Demand charge and other charges remain same as per rate of charge given above.

ii) For consumers not opting for supply during restricted hours (Non continuous) - Energy charge, Demand charge and other charges as per rate of charge given above.

iii) Peak Hour Violation Penalty shall get attracted. Consumers who do not opt for supply during Peak hours/Restricted hours (Non Continuous supply) shall not be allowed to use power in excess of 15% of their contracted demand. Any violation detected shall attract a penalty of Rs. 50 per KVA per day of the contracted demand, for the number of days of such violation. For the month of default, the consumer shall be billed at the rates specified at (i) above (for consumers opting for supply during restricted hours (Continuous)).

RTS 8: Mixed Load

1. Applicability

This schedule applies to single point bulk supply connection of more than 50 kW where the supply is used predominantly for domestic purposes (with more than 60% domestic load) and also for other non-domestic purposes. This Rate Schedule shall not apply to domestic consumers with contracted load up to 2 kW and monthly consumption less than 200 kWh / month who uses some part of the premises for purposes other than domestic.

2. Rate of Charge (Base Voltage 400/230 V)

The following rates of energy charge shall apply to consumers of this category depending upon the slab of load mix in which a particular connection falls:

Proportion of Domestic Load	Tariff (Rs./kWh)
Above 60% and upto 70%	2.50
Above 70% and upto 80%	2.35
Above 80% and upto 90%	2.20
Above 90% and below 100%	2.05

3. Other conditions

Apart from the above, other conditions of tariff shall be same as those for RTS-1 consumers.

RTS 9: Railway Traction

1. Applicability

This schedule applies to Railways utilizing power for traction purposes.

2. Rate of Charge (Base Voltage 132 kV)

The following rates of energy and demand charge shall apply to this category:

Demand Charges	Energy Charges
Rs./kVA/month	**Rs./ kVAh**
165/ -	Rs. 3.25

3. Other conditions

Apart from the above, other conditions of tariff shall be same as those for General HT Industries under RTS-7 consumers.

RTS-10: Temporary Supply

(A) Temporary Supply for Illumination & Public Address Needs

1. Applicability

This schedule shall apply to temporary supply of light & fan up to 10 kW, public address system and illumination loads during functions, ceremonies and festivities, temporary shops not exceeding three months.

2. Rate of Charge (Base Voltage 400/230 V)

Description	Fixed Charges
(1) For Illumination / public address/ ceremonies for load up to 15 kW	Rs. 750 per day
(2) Temporary shops set up during festivals / melas and having load upto 2 kW	Rs. 40 per day
(3) Other Temporary shops/ Jhuggi /Jhopris for load upto 1 kW	
3.1) Rural	Rs. 75/month/connection
3.2) Urban	Rs. 150/month/connection

The amount of Fixed Service Charge as specified in 2 above shall be taken in advance.

(B) Temporary Supply for Other Purposes

1. Applicability

i) This schedule shall apply to temporary supplies of light, fan and power loads for the purposes other than mentioned at (A).

ii) This schedule shall also apply for power taken for construction purposes including civil work by all consumers including Government Departments. Power for construction purposes for any work / project shall be considered from the date of taking first connection for the construction work till completion of the work / project.

iii) This schedule shall also apply for drawl of power by captive generating plants connected to grid, but not a consumer of the licensee, normally injecting power into the grid. However, grid connected captives, which are consumers of licensee, shall be billed for drawl of power under the appropriate rate schedule.

2. Rate of Charge

The rate of charge will be corresponding rate of charge in appropriate Schedule Plus 25%. The appropriate rate schedule for the temporary supplies for cane crusher upto 15 BHP given for maximum period of four (4) months will be RTS-7.

8.2. Annexure 2: Schedule of Miscellaneous Charges

Sl. No	NATURE OF CHARGES	UNIT	RATES (RS.)
1	**Checking and Testing of Meters**		
	a. Single Phase Meters	Per Meter	35.00
	b. Three Phase Meters	Per Meter	40.00
	c. Recording Type Watt-hour Meters	Per Meter	170.00
	d. Maximum Demand Indicator	Per Meter	335.00
	e. Tri-vector Meters	Per Meter	1000.00
	f. Ammeters and Volt Meters	Per Meter	65.00
	g. Special Meters	Per Meter	335.00
	h. Initial Testing of Meters	Per Meter	NIL
2	**Subsequent testing and installation other than initial testing**	Per Meter	80.00
3	**Disconnection and Reconnection of supply for any reason, whatsoever, (for any disconnection or reconnection) the charge will be 50%**		
	a. Consumer having load above 100 BHP/75 kW	Per Job	400.00
	b. Power consumers upto 100 BHP/75 kW	Per Job	300.00
	c. All other categories of consumers	Per Job	200.00
4	**Replacement of Meters**		
	a. By higher capacity Meter	Per Job	25.00
	b. Installation of Meter and its subsequent removal in case of Temporary Connections	Per Job	50.00
	c. Changing of position of Meter Board at the consumer's request	Per Job	75.00
5	Ser vice of Wireman :		
	a. Replacement of Fuse	Per Job	20.00
	b. Inserting and Removal of Fuse in respect of night loads.	Per Job	15.00
	c. Hiring of services by the consumer during temporary supply or otherwise.	Per wireman/Day of 6hours	50.00
	d. If inspector is obstructed/prevented by the consumer deliberately or otherwise	Per Trip	150.00
6	Resealing of Meters on account of any reason in addition to other charges payable in terms of other provision of charging of penalties, etc	Per Meter	55.00
7	Checking of Capacitors (other than initial checking) on consumer's request:		
	a. At 400 V / 230 V	Per Job	100.00
	b. At 11 kV and above	Per Job	200.00

8.3. Annexure 3(a): Public Notice on UPCL's Proposals

U T T A R A N C H A L   E L E C T R I C I T Y   R E G U L A T O R Y   C O M M I S S I O N
80 Vasant Vihar, Phase-I, Dehradun – 248006 Ph: 0135-2763441, 2764440 Fax: 0135- 2763442 Website: www.uerc.org Email: uttaranchalerc@rediffmail.com

ELECTRICITY TARIFF FOR 2006-07 PROPOSED BY UPCL

Uttaranchal Power Corporation Limited (UPCL) , the Petitioner a Electricity Distribution and Retail Supply licensee in the State of Uttaranchal has filed a petition before the Commission for approval of its Annual Revenue Requirement (ARR) for the financial year 2006-07, and has sought revision of retail tariff to be charged from consumers of electricity in the State. A summary of the tariff proposals is given below:

Summary of Tariff Proposals

I) INCREASE IN TARIFF

Category	No. of Consumers	%age of Total consumers	Fixed / Demand Charges (Rs./month)		Energy Charges (Rs./ kWh)		Minimum Charges (Rs./month)		Effective Tariff (Rs./unit)		% Increase
			Existing	Proposed	Existing	Proposed	Existing	Proposed	Existing	Proposed	
1. Domestic	1,021,098	87.91%									
1.1) Life line consumers	*270,265*	*23.27%*									
a) Below Poverty Line including Kutir Jyoti having load upto 1 kW (consumption upto 30 units)			NIL	NIL	1.50	1.65	30/connection	35/connection	1.50	1.65	10%
b) Consumers in snow bound areas			NIL	NIL	1.50	1.65	NIL	NIL	1.50	1.65	10%
1.2) Other Domestic consumers	*750,068*	*64.57%*									
a) Upto 1 kW			NIL	NIL	2.00	2.20	30/connection	35/connection	2.00	2.20	10%
b) >1 & upto 4 kW			NIL	NIL	2.00	2.20	150/connection	165/connection	2.00	2.20	10%
c) Above 4 kW			NIL	NIL	2.00	2.20	300/connection	330/connection	2.00	2.20	10%
1.3) Single Point Bulk Supply	*765*	*0.07%*	NIL	NIL	1.95	2.15	30/kW	35/kW	1.95	2.15	10.25%
2. Non-Domestic	112,142	9.65%									
1) Education Institutions, Hospitals & Charitable institutions.	*125*	*0.01%*									
a) Upto 4 kW			NIL	NIL	3.00	3.75	200/kW	210/kW	3.00	3.75	25%
b) 5 to 25 kW with ToD Meter			NIL	NIL	3.00	3.75	200/kW	210/kW	3.00	3.75	25%
c) 5 to 25 kW without ToD Meter			NIL	NIL	3.50	3.75	200/kW	210/kW	3.50	3.75	7.14%
d) Above 25 kW with ToD Meter			NIL	NIL	3.00	3.20	200/kW	210/kW	3.00	3.20	6.67%
e) Above 25 kW without ToD Meter			NIL	NIL	3.50	3.75	200/kW	210/kW	3.50	3.75	7.14%
2) Non Domestic Commercial users	*112,017*	*9.64%*									
a) Upto 1 kW			NIL	NIL	3.50	3.75	150/kW	155/kW	3.50	3.75	7.14%
b) 2 to 25 kW			NIL	NIL	3.50	3.75	200/kW	210/kW	3.50	3.75	7.14%
d) Above 25 kW with ToD Meter			NIL	NIL	3.00	3.20	200/kW	210/kW	3.00	3.20	6.67%
e) Above 25 kW without ToD Meter			NIL	NIL	3.50	3.75	200/kW	210/kW	3.50	3.75	7.14%
3) Consumers upto 1 kW in snow bound areas			NIL	NIL	1.50	1.55	NIL	NIL	1.50	1.55	3.33%
3. Public Lamps	248	0.02%	10/point	10/point	2.50	2.75	NIL	NIL	2.50	2.75	10.00%
4. Private Tube wells / Pumping Sets	19,657	1.69%	NIL	NIL	0.70	0.80	50/BHP	55/BHP	0.70	0.80	14.29%
5. Govt. irrigation system	876	0.08%									
a) Upto 100 BHP	*862*	*0.07%*	NIL	NIL	2.50	2.75	300/kW	330/kW	2.50	2.75	10.00%
b) Above 100 BHP	*14*	*0.001%*	NIL	NIL	2.15/kVAh	2.40/kVAh	250/kVA	275/kVA	2.15/kVAh	2.40/kVAh	11.63%
6. Public Water Works	732	0.06%	Nil	Nil	2.25	2.50	NIL	NIL	2.25	2.50	11.11%
7. Industries	6,809	0.59%									
1) LT Industries upto 100BHP / 75 kW / 88 kVA	*6,511*	*0.56%*	45/BHP	45/BHP	2.45	2.60	250/BHP	260/BHP	3.15	3.34	6.03%
2) HT Industries above 100BHP / 75 kW / 88 kVA excluding Power Intensive Industries	*263*	*0.02%*									
a) Load Factor upto 50%			125/kVA	200/kVA	1.90/kVAh	1.90/kVAh	350/kVA	450/kVA	2.61	3.28	25.67%
b) Load Factor above 50%			125/kVA	200/kVA	1.90/kVAh	2.40/kVAh	350/kVA	450/kVA	2.61	2.90	11.11%
8. Mixed Load (domestic load > 60%)	---	---									
a) > 60% & =< 70%			NIL	NIL	2.50	2.80	30/kW	35/kW	2.50	2.80	12.00%
b) > 70% & =< 80			NIL	NIL	2.35	2.80	30/kW	35/kW	2.35	2.80	19.15%
c) > 80% & =< 90			NIL	NIL	2.20	2.80	30/kW	35/kW	2.20	2.80	27.27%
d) > 90% & <100%			NIL	NIL	2.05	2.80	30/kW	35/kW	2.05	2.80	36.58%
9. Temporary Supply	---	---									
1) For illumination / public address/ceremonies for load upto 15 kW			750/day	825/day	NIL	NIL					
2) Temporary shops set up during festivals/melas having load upto 2 kW			40/day	45/day	NIL	NIL					
3) Other temporary shops/Jhuggi/Jhopris for load upto 1 kW							Minimum Charges as applicable in the appropriate schedule plus 25%	Minimum Charges as applicable in the appropriate schedule plus 25%	N.A.	N.A.	N.A.
a) Rural			75/connection	80/connection	NIL	NIL					
b) Urban			150/connection	165/connection	NIL	NIL					

II) DECREASE IN TARIFF

Category	No. of Consumers	%age of Total consumers	Fixed / Demand Charges (Rs./ kVA/month)		Energy Charges (Rs./ kVAh)		Minimum Charges (Rs./kVA/month)		Effective Tariff (Rs./unit)		% Change
			Existing	Proposed	Existing	Proposed	Existing	Proposed	Existing	Proposed	
1. Industries											
HT Power Intensive Industries (induction/ arc furnaces, mini steel plants, rolling/re-rolling mills and others)	35	0.003%									
a) Load Factor upto 33%			350	200	1.90	1.90	650	450	3.25	3.28	0.92%
b) Load Factor > 33% & upto 50%			350	200	2.20	1.90	650	450	3.25	3.28	0.92%
c) Load Factor > 50%			350	200	2.50	2.40	650	450	3.25	2.90	-10.77%

III) NEW CATEGORY

Category	No. of Consumers	%age of Total consumers	Fixed / Demand Charges (Rs./kVA/month)	Energy Charges (Rs./ kVA h)	Minimum Charges (Rs./kVA/month)	Effective Tariff (Rs./unit)
			Proposed	Proposed	Proposed	Proposed
1. Railway Traction (For supply at & above 132 kV)	1	---	200	2.40	400	2.90
2. Captive Generating Plants	—	---	50	4.50	NIL	N.A

2. Any person who intends to file objections or comments in regard to proposed determination of tariff or the ARR petition may deliver to the Secretary, Uttaranchal Electricity Regulatory Commission either in person, or by post or through email to **uttaranchalerc@rediffmail.com** a statement of objections or comments with copies of the documents and evidence in support thereof so as to reach the Secretary by 31st January 2006.

3. Detailed proposals as submitted by UPCL can be seen free of cost on any working day at the Commission's office or at the offices of General Manager (Regulatory Management) at Urja Bhawan, Kanwali Road, Dehradun / General Manager (Distribution), Garhwal Zone, UPCL, 120-Haridwar Road, Dehradun / General Manager (Distribution), Kumaon Zone, UPCL, 132-KV Sub-station, Kathgodam, Haldwani. Relevant extracts can also be obtained from the above mentioned offices of the Petitioner.

4. The proposals filed by the Petitioner are also available at the website of the Commission (www.uerc.org) and at the Petitioner's website (www.upcl.org and www.uttaranchalpower.com).

Secretary

8.4. Annexure 3(b): Combined Public Notice

UTTARANCHAL ELECTRICITY REGULATORY COMMISSION

PROPOSED ELECTRICITY TARIFFS FOR 2006-07

Uttaranchal Power Corporation Ltd. (UPCL)'s tariff proposals for 2006-07 were notified by the Commission for information of all stakeholders on 27.12.2005 & 28.12.2005. Power Transmission Corporation of Uttaranchal Ltd. (PTCUL)'s proposals for determination of transmission tariff were notified on 28.12.2005 & 29.12.2005. Uttaranchal Jal Vidyut Nigam Ltd. (UJVNL)'s proposals for determination of its tariff for nine main generating stations were notified on 01.01.2006.

2. Proposals for increase in generation tariffs and transmission tariffs were received after UPCL's proposals pertaining to consumer tariffs. Each of the above proposals impacts the retail charges realisable from consumers of electricity in the State. For full awareness and due appreciation of these proposals, impact of these individual proposals, alongwith their combined effect on tariffs of all consumer categories are given below.

Proposed Tariffs (Rs./unit)

Category	Increase in Consumer Tariffs due to proposed increase in				Retail Tariffs	
	Generation Tariff	Transmission Tariff	Distribution Tariff	Total Increase	Existing	Proposed
1. Domestic						
1.1) Life line consumers						
a) Below Poverty Line including Kutir Jyoti with load upto 1 kW (consumption upto 30 units)	0.22	0.13	0.15	**0.50**	**1.50**	**2.00**
b) Consumers in snow bound areas	0.22	0.13	0.15	**0.50**	**1.50**	**2.00**
1.2) Other Domestic consumers						
a) Upto 1 kW	0.22	0.13	0.20	**0.55**	**2.00**	**2.55**
b) >1 & upto4 kW	0.22	0.13	0.20	**0.55**	**2.00**	**2.55**
c) Above 4 kW	0.22	0.13	0.20	**0.55**	**2.00**	**2.55**
1.3) Single Point Bulk Supply	0.22	0.13	0.20	**0.55**	**1.95**	**2.50**
2. Non-Domestic						
2.1) Education Institutions, Hospitals & Charitable institutions.						
a) Upto 4 kW	0.22	0.13	0.75	**1.10**	**3.00**	**4.10**
b) 5 to 25 kW with ToD Meter	0.22	0.13	0.75	**1.10**	**3.00**	**4.10**
c) 5 to 25 kW without ToD Meter	0.22	0.13	0.25	**0.60**	**3.50**	**4.10**
d) Above 25 kW with ToD Meter	0.22	0.13	0.20	**0.55**	**3.00**	**3.55**
e) Above 25 kW without ToD Meter	0.22	0.13	0.25	**0.60**	**3.50**	**4.10**
2.2) Non Domestic Commercial users						
a) Upto 1 kW	0.22	0.13	0.25	**0.60**	**3.50**	**4.10**
b) 2 to 25 kW	0.22	0.13	0.25	**0.60**	**3.50**	**4.10**
d) Above 25 kW with ToD Meter	0.22	0.13	0.20	**0.55**	**3.00**	**3.55**
e) Above 25 kW without ToD Meter	0.22	0.13	0.25	**0.60**	**3.50**	**4.10**
2.3) Consumers upto 1 kW in snow bound areas	0.22	0.13	0.05	**0.40**	**1.50**	**1.90**
3. Public Lamps	0.22	0.13	0.25	**0.60**	**2.50**	**3.10**
4. Private Tube wells / Pumping Sets	0.22	0.13	0.10	**0.45**	**0.70**	**1.15**
5. Govt. irrigation system						
a) Upto 100 BHP	0.22	0.13	0.25	**0.60**	**2.50**	**3.10**
b) Above 100 BHP	0.21/kVAh	0.12/kVAh	0.25/kVAh	**0.58/kVAh**	**2.15/kVAh**	**2.73/kVAh**
6. Public Water Works	0.22	0.13	0.25	**0.60**	**2.25**	**2.85**
7. Industries						
7.1) LT Industries upto 100 BHP/ 75 kW/ 88 kVA	0.22	0.13	0.19	**0.54**	**3.15**	**3.69**
7.2) HT Industries above 100BHP/ 75 kW/ 88 kVA excluding Power Intensive Industries						
a) Load Factor upto 50%	0.22	0.13	0.67	**1.02**	**2.61**	**3.63**
b) Load Factor above 50%	0.22	0.13	0.29	**0.64**	**2.61**	**3.25**
7.3) HT Power Intensive Industries (induction/ arc furnaces, mini steel plants, rolling/re-rolling mills and others)						
a) Load Factor upto 33%	0.22	0.13	-1.05	**-0.70**	**4.33**	**3.63**
b) Load Factor > 33% & upto 50%	0.22	0.13	-0.83	**-0.48**	**3.42**	**2.94**
c) Load Factor > 50%	0.22	0.13	-0.48	**-0.13**	**3.38**	**3.25**
8. Mixed Load (domestic load > 60%)						
a) > 60% & =< 70%	0.22	0.13	0.30	**0.65**	**2.50**	**3.15**
b) > 70% & =< 80	0.22	0.13	0.45	**0.80**	**2.35**	**3.15**
c) > 80% & =< 90	0.22	0.13	0.60	**0.95**	**2.20**	**3.15**
d) > 90% & <100%	0.22	0.13	0.75	**1.10**	**2.05**	**3.15**
9. Railway Traction(For supply at & above 132 kV)	0.22	0.13	-	**0.35**	**-**	**3.25**
10. Captive Generating Plants	0.21/kVAh	0.12/kVAh	-	**0.33/kVAh**	-	***5.52/kVAh**

**Calculated at 10% load factor.*

3. Even after the above increase in tariffs, another increase of Rs. 0.66 per unit is required in the tariffs shown above for all the categories of consumers, so as to cover the uncovered deficit of Rs. 233 crore projected by UPCL.

4. Details of each of the above proposals are available at Commission's website (www.uerc.org) and at the Petitioners' websites, i.e. www.uttaranchaljalvidyut.com, www.uttaranchalpower.com and www.upcl.org. Responses to each of the above proposals, if any, may be filed separately in the concerned proceedings so as to reach the Commission's Secretary latest by 31.01.2006 at 80, Vasant Vihar, Phase-I, Dehradun – 248006 or through fax at 0135-2763442 or e-mail at uttaranchalerc@rediffmail.com.

5. The proposals received from the utilities and indicated above will be scrutinized and considered along with responses received from various stakeholders, if any, whereafter final tariffs will be determined by the Commission on merits and in accordance with the provisions of the Electricity Act, 2003 and the Regulations framed therein.

Advt. No.16/05

Secretary

8.5. Annexure 4(a): List of Respondents to UPCL's Proposals

SL. No.	Name	Designation	Organization	Address
1.	Shri K.P. Pandey	General Secretary	Indira Nagar Residents Association	637, Indira Nagar, PO-New Forest Dehradun
2.	Shri. Ishan Pradeep	Commandant(Engr)	ITBP	P.O. Seemadwar, Dehradun
3.	Mr. Refakat Ali			33/1 1 K.V Upsthan Laksar, Roorkee
4.	Shri. Veer Kothari	General Manager	Polyplex Corporation Ltd	Khatema, Uttaranchal
5.	Shri. S. Shrivastava	Hony. Jt Secretary	Shalini School	Beverly Hills "Anand Joti" Sahastradhara Road P.O. Kandoli Dehradun
6.	Shri N.C. Verma	Member Advisory Committee	U ERC	Haldwani Tent House, Sharda Market, Haldwani
7.	Shri. R.L Lakhotia	President	Century Pulp and paper	Ghanshyamdham, P.O. Lalkua, Distt-Nainital
8.	Shri Chatur Singh	Chief General Manager	Surya Roshni Ltd	Moradabad Road, kashipur-244713 (Uttaranchal)
9.	Shri Ram Kumar	President	Mussoorie Hotel Association	Hotel Visnu Puri Mussoorie.
10.	Dr. M.C. Joshi	Additional Secretary	Uttaranchal Government	Secretariat, Dehradun
11.	Shri Satish Kumar			Vill- Akost kala , 33/11 Viduit Vitaran Upkhand, Laksar, Hardwar
12.	Unknown			
13.		Director	Uttaranchal Ispat P. Ltd	
14.		Director	Wings Commercial Co.(P) Ltd	C-1 & C-2 UPSIDC Industrial Area 1, Bajpur, U. S. Nagar
15.	Shri K.C. Mittal	Secretary	Mohalla Committee	378, Hanuman (Chaw mandi) Roorkee Hardwar
16.	Shri. Jitendra Kumar	Chairman, Paper Unit Chapter	KGCCI	Industrial Estate, Bazpur Road Kashipur -244713 Distt U.S. Nagar Uttaranchal
17.	Shri Devendra Kumar Agrawal	Managing Director	Kashi Vishwanath Steels Ltd	Narain Nagar Industrial Estate Bazpur Road, Kashipur, U.S Nagar
18.	Shri Yogesh Kumar Jindal	President	KGCCI	Industrial Estate Bazpur Road Kashipur-244713 U. S Nagar
19.		President	Uttaranchal Steel Manufacturers Association	C/o Shri Sidhbali Steels Ltd, Kandi Road Kotdwar
20.	Shri Deepak Badoni	Lt. Col	Commander Works Engineers (Hills)	Military Engineer Services Mall Road Dehradun Cantt, Dehradun
21.			M/s Shri Ram Traders	RR 45 Subash Colony Kashipur Bye Pass Road Near Suvidha Hotel Rudripur (U.S Nagar)
22.			M/s Narang Steel Centre	Nainital Road Opp Ahuja Dharmshala, Rudrapur- 263153
23.	Shri R.N.Mathur	General Secretary	Hotel and Restaurant Association of Uttaranchal	Prince Hotel, Library, Mussoorie
24.	Shri Denish Kumar	Secretary	Rice Miller's Association Jaspur	Jaspur, US. Nagar

SL. No.	Name	Designation	Organization	Address
25.			M/s Usha Steels	Kashipur By Pass Road Opp. Suvidha Hotel Adarsh Colony Rudrapur- 263153 U.S Nagar
26.	Shri Pradeep Datta			11 Chander Road Dalanwala Dehradun
27.	Shri Kuldeep Singh		Bharatiya Kishan Union	Vill- Dhakia No 1 Kashipur , U.S Nagar
28.	Shri K.L Sehgal			C/o Sh Nagarkoti Manpur Road, Behind Stadium Kashipur(U.S Nagar)
29.	Shri J.K. Jadon			Gokul Complex, Near Stadium , Ramnagar Road Kashipur (U.S Nagar)
30.		Co-Ordinator	M/s Kamaun Steels Manufacturer Association	c/o Kashi Vishwanath Steels Limited Narain Nagar Industrial Estate, Bazpur Road, Kashipur(U.S.Nagar)
31.	Shri Pramod Singh Tomar			Prabhu Sadan Gerital Road, Kashipur, (U.S. Nagar)
32.	Shri B.S Sehrawat			C/o V.P. Agarwal, Court Road, Girital Kashipur (U.S Nagar)
33.	Shri B.K. Badola			Village Manpur, P.O.-Kotdwara
34.	Shri Jagdish Gupta	Mukya Sanyojak	Jan Kalyan Upbhokta Parisad, Haridwar	Moti Bazar, Haridwar
35.	Shri Anand Dev	Chief Electrical Distribution Engineer		Hd Qrs Office Baroda House New Delhi.
36.		Director	M/s Uma Shakti Steels (P) Ltd.	Vill Vikrampur Po- Bazpur Distt-(U.S Nagar)
37.		Member	M/s Steel Rolling & Fumace Association of Distt Haridwar & Tehri Garhwal	C-9 UPSIDC Industrial Area, Bhadrabad, Distt Hardwar
38.	Shri Teeka Singh Saini	President	Sanyuat Kishan Sanjharsh Samati	97/3 Purana Awash Vikas Kashipur , U.S Nagar
39.	Shri Amir Ahmad			S/O Shri Zafar Ahmad, R/O V+ Po Sirichandi Distt Hardwar
40.	Dr. M.C Joshi	Additional Secretary (Energy)	Uttaranchal Govt	Secretariat, Dehradun
41.	Shri Vijay Kumar Verma		M/s Shiv Shakti Electrical	Sarrafa Bazar, Kankhal, Hardwar
42.	Shri Udai Arora			
43.	Shri K.N. Joshi	Sr. Manager (Elect.)	Tehri Hydro Development Corporation Ltd	Tehri, Tehri Garhwal Uttaranchal
44.	Shri D.Pant	OSD	Office of the Ombudsman	24 Vasant Vihar Phase-II Dehradun
45.	Shri Bhupendra Singh Sara	Block President	Bharati Kishan Union	Vill Bakshora, Vill- kunda, Kashipur (U.S.Nagar)
46.	Shri Dinesh Sah	President	Nainital Hotel & Restaurant Association	India Hotel Nainital
47.	Shri Vivek Singla	Executive Director (B&C)	Uttaranchal Jal Vidyut Nigam Ltd	"Ujjwal" Maharani Bagh, GMS Road Dehradun- 248006
48.		General Manager	M/s Shree Bankey Bihari Ispat Pvt. Ltd	Vill- Kishan pur Kichha, Rudrapur Kichha Road (U.S Nagar)
49.	Shri Chandra Prakash Sharma	President	Rastriya Dharamshala Suraksha Samiti	Ludhiyana Dharmshala , Bholagiri Road Haridwar
50.	Shri S.K.Thusu		Ace Glass Containers Ltd.	Virbhdra, Rishikesh
51.	Shri S. Kumar	Director	Manokamna Steel (Pvt) Ltd	H.O station Road Kashipur, Distt (U.S Nagar)

SL. No.	Name	Designation	Organization	Address
52.	Dr. M.C. Joshi	Additional Secretary (Energy)	Uttaranchal Govt	Secretariat, Dehradun
53.	Brig (Retd.) K.G Behl	President	All India Consumers Council (AICC) Uttaranchal	8-A Nemi Road, Dehradun 248001
54.			M/s Flex Foods Limited	LAL Tappar industrial area P.O Resham Majri, Hardwar Road Dehradun
55.	Shri Surander Singh Pangati	President	Uttrakhand Jan Vikas Party	25 F Nimbu Wala, Gari Cant, Dehradun (Uttaranchal)
56.	Shri Lakhan Lal Chauhan	Mahamentri	Jan jagarati Manch	Shri Gangadhar Mahadev Nagar, Bheemgora Hardwar- 249401
57.	Shri Jai Prakash Badoni	Vice President	Jan jagarati Manch	Shri Gangadhar Mahadev Nagar, Bheemgora Hardwar- 249401
58.	Shri Prem Kashyap	President	Principals Progressive Schools Association Uttaranchal	HQ Pestle West College Oak Hill Estate Mussoorie Division Road Dehradun 248009
59.	Shri Karm Chand			Nagar Panchayat Ward No. 3, Deowala, Dehradun
60.	Shri Satyander Kumar Sharma & Others			S/o Late Shri Om Prakash, PO - Gurukul Narsan Hardwar
61.	Shri Amir Ahmad			S/o Shri Zafar Ahmad R/O V+Po. Sirichandi Distt Hardwar
62.	Brig (Retd) K.G.Behl	President	All India Consumers Council (AICC)	8-A Nami Road, Dehradun
63.	Shri Chandra Prakash Sharma	President	Rastriya Dharamshala Suraksha Samiti	Ludhiyana Dharamshala, Bholagiri Road, Hardwar
64.	Shri Pankaj Gupta	President	Indian Industries Association	C/o Satya Industries, Mohabbewala Industrial Area, Dehradun
65.	Shri J.S Rana			Sitabpur, Devi Road Dabral Colony Koatdwar Garhwal
66.	Shri D.K. Agarwal	Co-ordinator	Kamaun Steel Manufacturers Association	C/o Kashi Vishwanath Steels Limited Narian Nagar Industrial Estate, Bazar Road Kashipur
67.	Shri Darbara Singh	Managing Director	Sam Cables & Conductors (p) Ltd.	6th Km Rudrapur- Kichha Road, Tulsi Dwar , Po- Lalpur (U.S. Nagar)
68.	Shri Shiv Kumar	Managing Director	Lalkuan Stone Crushers Ltd.	Village- Hathikhal, Goraparao, PO- Arjunpur Haldwani (Nainital)
69.	Shri Saurabh Agarwal	Director	Kumar Agro Tech Ltd (Steel Division)	Vill- Dharampur , Kichha (U.S. Nagar)
70.	Shri Pawan Kumar	Managing Director	S.P Solvent (P) Ltd	4, Kalyani View, Nainital Road, Rudrapur (U.S. Nagar)
71.	Shri Lalit Pandey	Director	Uttarakhand Seva Nedhi Paryaran Shiksha Shasthan	Jakhan Devi, Mall Road, Almora
72.	Dr. Shailendra Mohan Singhal	MLA	Jaspur	Jaspur (U.S.Nagar)
73.	Shri Shatya Veer Sharma	Pradesh Mahamantri	Uttrakhand (Uttaranchal) Pradesh Kishan Congress	21, Rajpur Road, Dehradun
74.	Shri Suresh Kumar Sharma	President	Zila Kishan Congress Committee, U.S.Nagar	125, Awas Vikas, Kashipur (U.S.Nagar)
75.	Shri Chatur Singh	Chief General Manager	Surya Roshni Limited	Moradabad Road, Kahsipur (U.S.Nagar)

SL. No.	Name	Designation	Organization	Address
76.	Shri Pankaj Garg	Sr. Manager-Commercial	Dabur India Ltd.	Plot No. 4, Sector- 2, IIE, Pantnagar (U.S.Nagar)
77.	Shri Banshidhara	President	Rudrapur Audhyogik aasthan Sangh	Jai Gugudev Industries, Rudrapur
78.	Shri O.P. Arora	District President	Zila Udyog Vyapar Pratinidhi Mandal	Ramraj Industries, B-2, Industrial Area, Rudrapur (U.S.Nagar)
79.	Shri Brijesh Tyagi	President	The Bar Association Roorkee (Regd.)	Hardwar
80.	Dr. Gaurav Goyal	Hony. Secretary	Indian Dental Association Dehradun Branch	66, Saharanpur Road, dehradun
81.	Shri J.S. Rana			Sitabpur Devi Road, Kotdwar (Garhwal)
82.		President	Kumaun Steel Manufacturers Association	C/o Kashi Vishwanath Steel Ltd. Narain Nagar, Industrial Estate, Bazpur Road, Kashipur
83.	Shri Kaushal Saxena	Writer & Journalist	Media Action Group	Shristhi, Ranidhara Road, Almora
84.	Shri Shyamlal Sah	District President	Prantiya Udyog Vyapar Pratinidhi Mandal	Indira Juanural Store, Kachari Bazar, Almora
85.	Shri S.S. Panghti	President	Uttarakhand Jan Vikas Party	25 F, Nimbuwala, Garhi Cantt. Dehradun
86.	Dr. Samsher Singh Bisht	President	Uttarakhand Lok Vahini	Mitra Bhawan, Gandhi Marg, Almora
87.	Shri Lalit Pandey		Uttarakhand Sewa Nidhi Paryavaran Siksha Sansthan	Jakandevi, Mall Road, Almora
88.	Swami Tadrupanand	Trustee	Sri Mohanananda Maharaj Memorial Trust Board	Dhruv Mandir, Opp. Bheron Mandir, Rishikesh
89.	Shri Lakhiram Singh Sajwan	Kendriya Pratinidhi Awam Sanrakshak	Uttarakhand Kranti Dal	Village-Veerupur, Dunda, Post- Dunda, Uttarkashi
90.	Shri Madan Mohan Pandey		Jankalyan Awam Sudhar Samiti	C/o Khajan General Store, Bharatpuri, Ramnagar, Nainital
91.	Shri N. Ravishankar	Principal Secretary (E&I)	On behalf of Uttaranchal Government	Uttaranchal Secretariat, Subhash Road, Dehradun

8.6. Annexure 4(b): List of Participants in the Public Hearing

List of Participants in Hearing at Dehradun on 13.02.2006

SL. No.	Name	Designation	Organization	Address
1	Shri. M.S.Tariyal			Green Park Ballupur Chowk, Dehradun
2	Shri. Rajeev Kumar Agarwal	Vice President	Indian Industries Association	Mohabewala Industrial Area, Dehradun.
3	Shri Pankaj Gupta	President	Indian Industries Association	Mohabewala Industrial Area, Dehradun.
4	Lt. Col Badoni		MES	Dehradun
5	Shri Rajeev Gupta	President	Rastriya Jan Sahay Dal	112, New Cannaught Palace, Dehradun
6	Shri Devesh Pant			24, Vasant Vihar, Phase-2,Dehradun.
7	Mohd. Latif			B-I, UPSIDE, Industrial Area, Selaqui, Dehradun.
8	Shri S.S. Rawat			Akata Vihar, Shastradhara Road, Dehradun.
9	Brig. K.G.Behl			8-A, Nemi Road, Dehradun.
10	Shri. M.K. Tyagi	General Manager	Flex Foods Ltd.	Lal tapper, Haridwar Road, Dehradun.
11	En. Manvender Garola	Maha Sachiv	Parvatiya Takniki Uthan Avam Anusandhan Vikas Sansthan	167 Vasant Vihar, Phase-II, Dehradun.
12	Shri M.C Bansal	Advocate	Uttaranchal Steels Manufactures Association	Kotdwar
13	Mr. Amir Ahmad			Vill & PO - Serichandi, Hardwar
14	Shri Pawan Agarwal		Shree Sidhabali Steels Ltd.	Jashodharpur, Kotdwar
15	Mohd. Anis Ashif			Vill & PO-Shreechandi, Hardwar
16	Shri Mukesh Goyal		Uttarayan Steel,	Roorkee Distt. Hardwar
17	Shri Karam Chand			Doiwala, Dehradun
18	Shri Jai Prakash		Jan Jagriti Manch	Hardwar
19	Shri Akash Kashyap		Pestlewood College	Dehradun
20	Shri Chand Prakash Sharma	President	Rastriya Dharamshala Suraksha Samiti (Regd.)	Hardwar
21	Shri Harinder Mann	Director	Doon International School	32, Gurzon Road, Dehradun

List of Participants in Hearing at Rudrapur on 28.02.2006

SL. No.	Name	Designation	Organization	Address
1	Shri Sharat Goyal	Secretary General	KGCCI	Kashipur
2	Shri Jitendra Kumar		KGCCI, Paper Unit Chapter	Kashipur
3	Shri R.K. Sharma		Century Pulp & Paper Mill	Lalkuan, Nainital
4	Ch. Rai Singh	State President	Bhartiya Kishan Union, Uttaranchal	Kashipur, US. Nagar
5	Shri Darbara Singh		Sam Cables	106 AVC Rudrapur
6	Col. P.S. Rautela		Mahendra & Mahendra Ltd.	Lalpur, Rudrapur

SL. No.	Name	Designation	Organization	Address
7	Shri Pawan Kumar	Managing Director	S.P. Solvent (P) Ltd.	Kashipur Road, Rudrapur
8	Shri Shiv Kumar		Lalkuan Stone Creaser (P) Ltd.	Lalkua, Nainital
9	Shri Balkar Singh		Kishan Union Bazar Adyaksh	Kashipur
10	Shri R.S. Sethi		Nainital Hotel & Restaurant Association	Nainital
11	Shri U.C. Tiwari		Honda Sail Power Product Ltd.	Rudrapur
12	Shri Kuldeep Singh Cheema			Dhakiya No-3, Kashipur
13	Shri Jeet Singh Cheema			Dhakiya No.-2, Kashipur
14	Shri Satveer Sharma			Noorpur, Kashipur
15	Shri Sohan Singh	President	Ganna Parishad	Kashipur
16	Shri Veer Kothari		Polyplex Corporation Ltd.	Khatima
17	Shri Laxmi Dutt Pathak			Haripura Harshan, Bazpur, Kashipur
18	Shri Navneet Agarwal		BTC Industry	Kichha
19	Shri Rajeev Gupta			C/o- Kumaon Steel Manufactures Asso. Nariyan Nagar, Kashipur
20	Shri J.B. Agarwal		Kashi Vishwath Steel Ltd.	Kashipur
21	Shri Ashok Bansal		Rudrapur Solvents Pvt. Ltd.	Vill & PO- Lalpur, Rudrapu r
22	Shri Ajay Agarwal		Ram Kumar Industries (P) Ltd.	Vill & PO-Lalpur, Rudrapur
23	Shri Bhupendra Singh Sarra	President	Bhartiya Kishan Union	Jaspur, US Nagar.
24	Shri Jagdish Singh		Bhartiya Kishan Union	U.S. Nagar
25	Shri Harlok Singh			Rajpura N o.-1, PO-Gadarpur, U.S. Nagar
26	Shri Rajesh Shukla	Ziladhyaksh	Samajwadi Party	Rudrapur
27	Mr. Akil Ahmad			Jagjor Farm, Rudrapur
28	Shri Om Prakash Arora	District President	Vyapar Mandal	Udhan Singh Nagar
29	Shri. R.S.Vadav		KGCCI	Kashipur

List of Participants in Hearing at Srinagar (Garhwal) on 03.05.2006

SL. No.	Name	Designation	Organization	Address
1	Shri Naveen Naithani	President	Gramodhaan Avam Rojzar Vikas Samiti	Akalnada Colony, Kotdwar, Pauri Garhwal
2	Ms. Geeta morya	Sanyojika	Swam Sahayata Samuh Avam Sanshathan Samiti	Kotdwar, Pauri
3	Shri S.P. Ghildiyal	Ex. Member	Uttaranchal Hotel Association	C/o- Hotel Prachi, Srinagar (Garhwal)
4	Shri Ummed Singh Mehra			Ganesh Bazar, Srinagar (Garhwal)
5	Shri S.S. Pangathi	President	Uttaranchal Jan Vikas Party	25 F, Nibuwala, Dehradun
6	Shri Krishna Nand Naithani	Chairman	Nagar Palika Parishad	Srinagar (Garhwal)
7	Shri K.N. Joshi	Sr. Manager	THDC	Tehri Garhwal

List of Participants in Hearing at Almora on 16.05.2006

SL. No.	Name	Designation	Organization	Address
1	Shri Bhola Dutt Kandpal			Chokutia, Ganai, Distt. Almora
2	Shri Jai Bhagwan Aggarwal	Director	Kashi Vishwanath Steels Ltd	Kashipur, U.S. Nagar
3	Shri Yeshvardhan		Kumaon Steel Manufactures Association	Kashipur, U.S. Nagar
4	Shri Kaushal Saxena		Media Action Group	Ranidhara, Almora
5	Shri Bhuwan Chandra Joshi		Aroma Automobiles	Almora
6	Shri J.S. Mahta			East Pokharkhali, Almora
7	Dr. Samsher Singh Bisht	President	Uttarakhand Lok Vahini	Mitra Bhawan, Gandhi Marg, Almora
8.	Shri J.P. Thapa			Thapa Bhawan, Almora
9.	Shri Prakash Chandra Pant	Sampadak	Almora Times	Mohalla- Pandeykhola, (Talli Badi) Almora
10	Shri Prakash Chandra Joshi	Ex. Chairman	Nagar Palika, Almora	Malla Joshikhola, Almora
11	Shri Anand Singh	Chairman	Urban Corporative Bank	Lala Bazar, Almora
12	Shri Syam Lal Sah	District President	Vyapar Mandal Almora	Kathari Bazar, Almora
13	Shri Sankar Dutt Pandey	Member	Raj Stariya Besh Sutriya Karyakaram	Almora
14	Shri Sanjay Kumar Agarwal	Advocate	S.K. Group of Services	Chaughanpata, Almora
15	Shri Hem Chandra Sah	Ex. President	BJP, Almora Town	Lala Bazar, Almora
16	Shri G.K. Joshi			Cheenakhan, Almora
17	Shri Sher Singh Dhaoni			Dharanaula, Almora
18	Shri Naveen Chandra Pant			Devi Niwas, Almora
19	Shri Subash Goyal			Lala Bazar, Almora
20	Shri Naveen chandra Pandey			New Colony, Dharanaula, Almora
21	Shri Deep Lal Sah			Lala Bazar, Almora
22	Shri S.S. Pangthi	President	Uttaranchal Jan Vikas Party	25 F, Nimbuwala, Gahri Cantt. Dehradun.

8.7. Annexure 5: List of Respondents to Investigation Report

Sl. No	Name and Address	Designation	Organization	Address
1	Shri Y.K. Sharma			C/o Shri Akshay Kumar Sharma, 15-Nehru Nagar, Roorkee (Uttaranchal)
2	Shri S.S. Kothiyal I.G. (Retd)	President	Border Security Force, Poorv Ardh Sanik Kalyan Samati, Uttaranchal	192/2 Vasant Vihar, Dehradun - 248006
3	Shri Jitendra Swarup			41/1 Rajendra Nagar, Street No-7, Dehradun Uttaranchal 248001
4	Shri O.P. Gupta	Ex. Audit Officer (Com.)		69-Rajeshwari Nagar-I, P.O. Gujrada Man Singh, Dehradun - 248001
5	Shri Manmohan Kansal	President	Dakpathar Vyapar Mandal,	Ramkutti, Nehru Market Dakpathar, Distt. Dehradun
6	Shri Balveer Singh			T- 3/11, G.V.O. Complex, 17 E.C. Road, Dehradun
7	Shri V.P. Misra	Air Vice Marshal (Retd)		12, Raj Vihar, P.O. New Forest, Dehradun-248006
8	Shri Karam Chand			Ward No. 3, Nagar Panchyat, Doiwala, Dehradun.
9	Shri Rajen Brij Nath	HRD and Management Consultant		41, Kaulagarh Road, 7th Street Rajendra Nagar, Dehradun - 248001
10	Dr. Sunil Gulati	Chairman	Uttarakhand Hospitality Ltd.	Library, The Mall, Hotel Ashoka Continental, Mussoorie-248179
11	Shri Pankaj Gupta	President	Indian Industries Association	C/O Satya Industries, Mohabewala Industrial Aria, Dehradun
12	Shri Vivek Singla	Executive Director (Business and Commercial)	Uttaranchal Jal Vidyut Nigam Ltd.	"UJJWAL", Maharani Bagh, GMS Road, Dehradun 248006
13	Shri Devendra Kumar Agrawal	Managing Director	Kashi Vishwanath Steel Ltd	Narain Nagar Industrial Estate, Bazpur Road Kashipur, Distt Udham Singh Nagar, Uttaranchal
14	Shri R.K. Sharma	Vice President	Century Pulp and Paper	Ghanshyamdham, P.O. Lalkua-262402 Distt Nainital, Uttaranchal
15	Shri Mohinder Singh Bisht	Advocate	High Court of Uttaranchal	Rameshwaram, Mal Rose Villa, Mallital, Nainital
16	Shri S.S. Uniyal & Others			Dehradun
17	Shri S.P.S. Raghav	Chairman & Managing Director	Uttaranchal Power Corporation Ltd.	Urja Bhawan, Kanwali road, Dehradun

8.8. Annexure 6: List of Abbreviations

S. No.	Abbreviation/Acronym	Meaning
1.	A&G	Administrative & General
2.	AAD	Advance Against Depreciation
3.	AC	Alternating current
4.	Act	The Electricity Act, 2003
5.	ADB	Asian Development Bank
6.	AFC	Annual Fixed Charges
7.	APDRP	Accelerated Power Development Reform Programme
8.	AREP	Accelerated Rur al Electrification Programme
9.	ARR	Annual Revenue Requirement
10.	ATC	Annual Transmission Charges
11.	BHP	Brake Horse Power
12.	CEA	Central Electricity Authority
13.	CERC	Central Electricity Regulatory Commission
14.	CPSU	Central Public Sector Undertaking
15.	ckt-km	Circuit kilometer
16.	CoD	Date of Commercial Operation
17.	CWIP	Capital Work in Progress
18.	D.A.	Dearness Allowance
19.	DERC	Delhi Electricity Regulatory Commission
20.	DGM	Deputy General Manager
21.	DM	District Magistrate
22.	EMI	Equated Monthly Instalments
23.	FY	Financial Year
24.	GFA	Gross Fixed Asset
25.	GIS	Government Irrigation System
26.	GoI	Government of India
27.	GoU	Government of Uttaranchal
28.	GoUP	Government of Uttar Pradesh
29.	GPF	General Provident Fund
30.	HP	Himachal Pradesh
31.	HPSEB	Himachal Pradesh State Electricity Board
32.	HT	High Tension
33.	LT	Low Tension
34.	MNP	Minimum Needs Programme
35.	km / bay	Kilometer per bay
36.	Km / SS	Kilometer per sub-station
37.	kV	kilo Volt
38.	kW	kilo Watt
39.	LL / bay	Line Length per bay
40.	LL / SS	Line length per sub-station
41.	MU, MWhr	Million Units
42.	MW	Mega Watt
43.	NABARD	National Bank for Agriculture and Rural Development

S. No.	Abbreviation/Acronym	Meaning
44.	NHPC	National Hydroelectric Power Corporation Ltd.
45.	NREB	Northern Region Electricity Board
46.	NTPC	National Thermal Power Corporation Ltd.
47.	O&M	Operation & Maintenance
48.	p/u, p/unit	paisa/unit
49.	Petitioner	PTCUL
50.	PFC	Power Finance Corporation Limited
51.	PGCIL	Power Grid Corporation of India Limited
52.	PIU	Power Intensive Industrial Units
53.	PLR	Prime Leading Rate
54.	PMGY	Pradhan Mantri Gramin Yojana
55.	PPA	Power Purchase Agreement
56.	PTCUL	Power Transmission Corporation of Uttaranchal Ltd.
57.	PTW	Private Tube wells
58.	R&M	Repair & Maintenance
59.	REC	Rural Electrification Corporation
60.	Regulation (s)	Uttaranchal Electricity Regulatory Commission (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2004.
61.	Re-organisation Act	UP Re-organisation Act, 2000 UP Electricity Reforms Act, 1999
62.	RGGVY	Rajiv Gandhi Gramin Vidyutikaran Yojana
63.	RLA	Residual Life Assessment
64.	RMF	Renovation & Modernization Fund
65.	RoE	Return on Equity
66.	SBI	State Bank of India
67.	SLDC	State Load Dispatch Centre
68.	STU	State Transmission Utility
69.	T&D	Transmission and Distribution
70.	Tariff Year	Financial Year 2006-07
71.	TEC	Techno Economic Clearance
72.	UERC, Commission	Uttaranchal Electricity Regulatory Commission
73.	UJVNL	Uttaranchal Jal Vidyut Nigam Ltd.
74.	Unit / kWh	kWh (kilowatt hour)
75.	UI	Unscheduled Interchange
76.	UP	Uttar Pradesh
77.	UPCL	Uttaranchal Power Corporation Limited
78.	UPERC	Uttar Pradesh Electricity Regulatory Commission
79.	UPJVNL	Uttar Pradesh Jal Vidyut Nigam Ltd.
80.	UPPCL	Uttar Pradesh Power Corporation Limited
81.	UPPSET	Uttar Pradesh Power Sector Employees Trust
82.	UPRVUNL	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited
83.	UPSEB	Uttar Pradesh State Electricity Board
84.	UREDA	Uttaranchal Renewable Energy Development Agency