Order

on

True up for FY 2012-13,

Annual Performance Review for

FY 2013-14

&

ARR for FY 2014-15

For

Power Transmission Corporation of

Uttarakhand Ltd.

April 10, 2014

Uttarakhand Electricity Regulatory Commission

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

Dehradun – 248171

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Before

UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

Petition No.: 25 of 2013

In the Matter of:

Petition filed by Power Transmission Corporation of Uttarakhand Limited for True-up of FY 2012-13 and Annual Performance Review for FY 2013-14.

AND

In the Matter of:

Power Transmission Corporation of Uttarakhand Ltd.

Vidyut Bhawan, Near I.S.B.T. Crossing, Saharanpur Road, Majra, Dehradun-248002

...............Petitioner

Coram

Shri Jag Mohan Lal	**Chairman**
Shri C.S. Sharma	**Member**
Shri K.P. Singh	**Member**

Date of Order: April 10, 2014

Section 64(1) read with Section 61 and 62 of the Electricity Act, 2003 (hereinafter referred to as “the Act”) requires the Generating Companies and the Licensees to file an application for determination of tariff before the Appropriate Commission in such manner and along with such fee as may be specified by the Appropriate Commission through Regulations. In accordance with relevant provisions of the Act, the Commission had notified UERC (Terms and Conditions for Determination of Tariff) Regulations, 2011 for the Control Period FY 2013-14 to FY 2015-16 specifying therein terms, conditions and norms of operation for licensees and generating companies. Based on the Petition filed by Power Transmission Corporation of Uttarakhand Limited (hereinafter referred to as "PTCUL" or "Petitioner" or "the licensee") the Commission had issued the MYT Order dated May 6, 2013 for the Control Period FY 2013-14 to FY 2015-16. As per the provisions of Regulation 13(2) of UERC (Terms and Conditions for Determination of Tariff) Regulations, 2011, PTCUL filed a Petition (Petition No. 25 of 2013 and hereinafter referred to as the "Petition"), giving details of its revised projections of Aggregate Revenue Requirement (ARR) for FY 2014-15, based on true up of FY 2012-13 and Annual Performance Review for FY 2013-14, on November 29, 2013.

The Petition filed by PTCUL had certain infirmities/deficiencies. The Commission, accordingly, vide its letter no. UERC/6/TF-199/13-14/2013/1229 dated December 10, 2013 directed PTCUL to rectify these infirmities/deficiencies and to submit certain additional information necessary for admission of the Petition. PTCUL vide its letter no. 3082/MD/PTCUL/UERC dated December 16, 2013 submitted most of the information sought by the Commission. Based on the submission dated December 16, 2013 made by PTCUL, the Commission vide its Order dated December 20, 2013 admitted the Petition, with the condition that PTCUL shall furnish any further information/clarifications, as deemed necessary by the Commission, during the processing of the Petition and provide such information and clarifications to the satisfaction of the Commission within the time frame, as may be stipulated by the Commission, failing which the Commission may proceed to dispose of the matter as it deems fit based on the information available with it.

This Order, accordingly, relates to APR Petition filed by PTCUL for FY 2013-14 and is based on the original as well as all the subsequent submissions made by PTCUL during the course of the proceedings and the relevant findings contained in the MYT Order dated May 6, 2013.

Tariff determination being the most vital function of the Commission, it has been the practice of the Commission to detail the procedure and explain the underlying principles in determination of tariffs. Accordingly, in the present Order also, in line with past practices, the Commission has tried to detail the procedure and principles followed by it in determining the APR of the licensee. The Annual Transmission Charges of PTCUL are recoverable from the beneficiaries, at present UPCL is the sole beneficiary. As entire ATC of PTCUL is to be paid by UPCL, it has been the endeavour of the Commission in past also, to issue tariff orders for PTCUL concurrently with the issue of order on retail tariffs for UPCL, so that UPCL is able to honour the payment liability towards transmission charges of PTCUL. For the sake of convenience and clarity, this Order has further been divided into following Chapters:

Chapter 1 – Background and Procedural History

Chapter 2 – Stakeholders' Responses & Petitioner's Comments

Chapter 3 –Petitioner's Submissions, Commission's Analysis, Scrutiny and Conclusion on Truing up for FY 2012-13

Chapter 4 – Petitioner's Submissions, Commission's Analysis, Scrutiny and Conclusion on APR for FY 2013-14 and Revised ARR & Tariff for FY 2014-15

Chapter 5 – Commission's Directives

1 Background and Procedural History

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

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

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

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

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

d) To provide open access.

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

In exercise of powers conferred to it under Section 61 of the Electricity Act, 2003, and all other powers enabling it in this behalf, the Commission notified the UERC (Terms and Conditions for Determination of Tariff) Regulations, 2011 on December 19, 2011. These Regulations superseded the UERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2004.

The Commission vide its Order dated May 6, 2013 issued the Order on approval of Business Plan and Multi Year Tariff for PTCUL for the first Control Period FY 2013-14 to FY 2015-16. The Commission, in the approval of Business Plan, approved the Capital Expenditure Plan, Capitalisation Plan, Human Resource Plan and Trajectory of Transmission Loss levels and, in the approval of MYT, approved the Aggregate Revenue Requirement for each year of the Control Period FY 2013-14 to FY 2015-16. In accordance with the Regulation 13(2) of the UERC (Terms and Conditions for Determination of Tariff) Regulations, 2011, the Transmission Licensee is required to file a Petition/application for Annual Performance Review by November 30 of every year.

In compliance with the Regulations, PTCUL filed its Petition for Annual Performance Review for FY 2013-14 on November 29, 2013. Through the above Petition, PTCUL has sought true up for FY 2012-13, review of ARR of FY 2013-14 and FY 2014-15 and Tariff for FY 2014-15 based on the audited accounts for FY 2012-13. The above Petition was admitted by the Commission provisionally vide its Order dated December 20, 2013 with the condition that PTCUL would furnish any further information/clarifications as deemed necessary by the Commission during the processing of the Petition and provide such information and clarifications to the satisfaction of the Commission, within the time frame as may be stipulated by the Commission, failing which the Commission would proceed to dispose of the matter as it deems fit based on the information available with it. The Commission, through its above Admittance Order dated December 20, 2013, to provide transparency to the process of tariff determination and give all stakeholders an opportunity to submit their objections/suggestions/comments on the proposals of the Transmission Licensee, also directed PTCUL to publish the salient points of its proposals in the leading newspapers. The salient points of the proposal were published by the Petitioner in the following newspapers:

Table 1.1: Publication of Notice

S.No.	Newspaper Name	Date Of Publication
1	Dainik Jagran	December 22, 2013
2	Amar Ujala	December 22, 2013
3	Times of India	December 23, 2013

Through above notice, stakeholders were requested to submit their objections/suggestions/ comments latest by January 31, 2014 (copy of the notice is enclosed as **Annexure 1**). The Commission received in all 3 numbers of objections/suggestions/comments in writing on the Petition filed by PTCUL for APR of FY 2013-14. The list of stakeholders who have submitted their objections/suggestions/comments in writing is enclosed as **Annexure-2.**

The Commission sent the copies of salient features of tariff proposals to Members of the State Advisory Committee and the State Government. The salient features of the tariff proposals submitted by PTCUL were also made available on the website of the Commission, i.e., www.uerc.gov.in. The Commission also organized a meeting with the Members of the Advisory Committee on March 14, 2014, wherein, detailed deliberations were held with the Members of the Advisory Committee on the various issues linked with the Petition filed by PTCUL.

Further, for direct interaction with all the stakeholders and public at large, the Commission also held public hearings on the proposals filed by the Petitioner at the following places in the State of Uttarakhand.

Table 1.2: Schedule of Hearing

S. No	Place	Date
1	Nainital	February 17, 2014
2	Rudrapur	February 18, 2014
3	Narendra Nagar	February 21, 2014
4	Dehradun	February 25, 2014

The list of participants who attended the Public Hearing is enclosed at **Annexure-3**.

The objections/suggestions/comments, as received from the stakeholders through mail/post as well as during the course of public hearing were sent to the Petitioner for its response. All the issues raised by the stakeholders and Petitioner's response thereon are detailed in Chapter 2 of this Order. In this context, it is also to underline that while finalizing this Order, the Commission has, as far as possible, tried to address the issues raised by the stakeholders.

Meanwhile, based on the scrutiny of the Petition submitted by PTCUL, the Commission vide its letter no. UERC/6/TF-199/13-14/2013/1229 dated December 10, 2013, and UERC/6/TF-201/13-14/2013/1315 dated December 26, 2013 pointed out certain data gaps in the Petition and sought following additional information/clarifications from the Petitioner:

- Scheme wise details of assets capitalised during FY 2012-13 and also during first 6 months of FY 2013-14 alongwith copies of Electrical Inspector Clearance Certificates.
- Financial and Physical progress of projects estimated to be completed during the remaining 6 months of FY 2013-14.
- Status of Ring Fencing of SLDC and Operationalisation of SCADA.
- Basis of allocating assets of PTCUL to SLDC.
- Monthly Trial Balance for FY 2012-13 and first 6 months of FY 2013-14.
- Details of number of employees working as on April 1, 2012, March 31, 2013 and September 1, 2013.
- Status of implementation of methodology of segregation of UITP & non-UITP expenses.
- Details of receipt and repayments of loans received under various Schemes during FY 2012-13.
- Computation of Guarantee Fee for FY 2012-13.
- Computation of Depreciation on transferred assets and additions during each year from the creation of PTCUL.
- Duly filled in formats as specified in UERC (Terms and Conditions for Determination of Tariff) Regulations, 2011.

So as to have better clarity on the data filed by the Petitioner and to remove inconsistency in the data, a Technical Validation Session (TVS) was also held with the Petitioner's Officers on January 7, 2014, for further deliberations on certain issues related to the Petition filed by PTCUL. Minutes of above Technical Validation Session were sent to the Petitioner vide Commission's letter no. UERC/6/TF-201/13-14/2014/1373 dated January 10, 2014, for its response.

The Petitioner submitted the replies to data gaps vide its letter no. 3082/MD/PTCUL/UERC dated December 16, 2013, letter no. 03/MD/PTCUL/UERC dated January 3, 2014 and replies to

Minutes of TVS vide letter no. 57/MD/PTCUL/UERC dated January 21, 2014. Further data gaps were forwarded by the Commission vide its letter no. UERC/6/TF-201/13-14/2014/1471 dated February 3, 2014 and letter no. UERC/6/TF-201/13-14/2014/1507 dated February 7, 2014. The Petitioner submitted the replies vide its letter no. 184/MD/PTCUL/UERC and letter no. 185/MD/PTCUL/UERC dated February 19, 2014. The submissions made by PTCUL in the Petition as well as in additional submissions have been discussed by the Commission at appropriate places in the Tariff Order along with the Commission's views on the same.

2 Stakeholder's Responses and Petitioner's Comments

The Commission has received suggestions/objections on PTCUL's Petition for APR for FY 2013-14. List of stakeholders who have submitted their objections/suggestions/comments in writing are given at Annexure-2 and the respondents who have participated in the Public Hearings are enclosed at Annexure-3. The Commission has further obtained replies from PTCUL on the objections/suggestions/comments received from the stakeholders. For the sake of clarity, the objections raised by the stakeholders and responses of the Petitioner have been consolidated and summarised issue wise. In the subsequent Chapters of this Order, the Commission has kept in view the objections/suggestions/comments of the stakeholders and replies of the Petitioner while deciding the ARR for PTCUL.

2.1 Project Cost

2.1.1 Stakeholder's Comment

Shri Pankaj Gupta, President, M/s Industries Association of Uttarakhand submitted that PTCUL has been escalating the Project Cost to get the same approved as much as they can from UERC and this is not expected from public utility.

2.1.2 Petitioner's Response

PTCUL submitted that it has been claiming genuine Project Cost as per its annual accounts and transfer scheme notified on May 31, 2004 and it has no intention of escalating the project cost. PTCUL submitted that its ARR has been computed in accordance with UERC Tariff Regulations, 2011.

2.1.3 Commission's Views

As regards the approval of Project Cost for the Petitioner, the Commission carries out detailed prudence check of the Capital Cost of the schemes implemented by the Petitioner. Further, as elaborated in previous Tariff Orders, the Commission has constituted an Expert Committee to examine in detail the admissibility or otherwise of the variation (cost over-run and time over-run) in actual executed cost as compared to approved cost for REC-Old and NABARD schemes.

2.2 Capitalisation of New Assets

2.2.1 Stakeholder's Comment

Shri Pankaj Gupta, President, M/s Industries Association of Uttarakhand submitted that the Commission should continue with the same approach of approving the schemes capitalised by allowing only the minimum of approved cost and the actual cost as per the audit report submitted by the Petitioner as this year PTCUL again has not submitted the reasons for cost and time over-run of the projects and also has not taken the approval of the schemes from the Commission.

2.2.2 Petitioner's Response

PTCUL submitted that the major reasons of the cost and time overruns for the Projects has been submitted to the Commission and the decision of the Expert Committee in this matter is pending. PTCUL submitted that it has considered the closing assets approved by the Commission in the MYT Order for all computations.

2.2.3 Commission's Views

The Commission had constituted an Expert Committee in July, 2011 to examine in detail, the reasons for time and cost over-runs of capital expenditure under various Schemes during the period FY 2004-05 to FY 2010-11. The Expert Committee, on detailed analysis of the information furnished to it by the Petitioner from time to time, submitted its preliminary report on the allowable cost of REC Old and NABARD Schemes to the Commission in March, 2014. The Commission further observed that there are some variations in the information regarding capital expenditure and capitalisation as submitted by the Petitioner as a part of MYT Petition and information as submitted to the Expert Committee. The Commission is of the view that an opportunity needs to be provided to the Petitioner to make its submissions on Expert Committee Report and for reconciling the information as submitted in MYT Petition and as provided to the Expert Committee. Accordingly, the Commission has decided to forward the Expert Committee report to the Petitioner and will then finalise the allowable cost of capitalised assets. For this order, present practice of allowing minimum of approved cost and actual executed cost is being continued.

2.3 Carrying Cost of deficit till FY 2012-13

2.3.1 Stakeholder's Comment

Shri Pankaj Gupta, President, Industries Association of Uttarakhand submitted that non finalization of GFA is due to the delay on account of PTCUL and hence, no carrying cost should be allowed when the GFA is finalized by the Commission.

2.3.2 Petitioner's Response

PTCUL submitted that it has claimed carrying cost as per UERC (Terms and Conditions of Truing up of Tariff) Regulations, 2008. PTCUL submitted that the under recovered amount computed as a result of truing up exercise are in the nature of deferred payments & requires additional funding by the utility. PTCUL submitted that the carrying cost enables the utility to service funding of such deferred payments and, hence, it has proposed the carrying cost on the revenue gap of the past years. PTCUL submitted that the carrying cost is not on account of difference in opening GFA but primarily due to non-consideration of asset capitalisation in FY 2012-13. PTCUL submitted that it has recomputed the ARR for FY 2012-13 and FY 2013-14 as per the audited accounts for FY 2012-13 and given effect for the actual capitalisation during FY 2012-13.

2.3.3 Commission's Views

A view in this matter shall be taken at appropriate time as at this stage, GFA for previous years is not being finalised in this order.

2.4 Abnormal increase in expenses

2.4.1 Stakeholder's Comment

Shri Pankaj Gupta, President, Industries Association of Uttarakhand submitted that PTCUL has projected abnormal increase in expenses and the same would result in Tariff Shock.

2.4.2 Petitioner's Response

PTCUL submitted that the projection of each element of ARR has been detailed in the Tariff Petition. PTCUL further submitted that the projections for the Control Period have been made as per provisions of UERC Tariff Regulations, 2011.

2.4.3 *Commission's Views*

The allowable cost for each element of revised ARR for FY 2014-15 has been arrived at due scrutiny and is detailed in subsequent sections of the Order.

2.5 Frequent Grid Failures

2.5.1 *Stakeholder's Comment*

Shri Pankaj Gupta, President, M/s Industries Association of Uttarakhand submitted that the grid failure is a serious matter and the Commission should direct PTCUL to provide the reasons for grid failures in the past. He further submitted that PTCUL should take steps to avoid such failures in the future.

2.5.2 *Petitioner's Response*

PTCUL submitted that the availability factor of its Transmission System for FY 2011-12 was 99.1% and 99.11% for FY 2012-13. PTCUL submitted that the availability of its Transmission System has been one of the most efficient among the utilities in the country. PTCUL submitted that it was awarded the prestigious "Gold Shield" for FY 2009-10 in the category of "Transmission System Availability" by Ministry of Power, Government of India. PTCUL submitted that its loss levels for the past years have been below 2%. PTCUL submitted that the details of grid failures have been submitted along with the Petition and there have been no failures in FY 2012-13.

2.5.3 *Commission's View*

In compliance with the conditions of licence, PTCUL is required to submit a report to the Commission within 15 days in the event of any "Major Incident". The Commission had issued directions to PTCUL in this matter in its Tariff Order for FY 2012-13. The Petitioner in this regard submitted that report on grid failures would be submitted within 15 days of any major incident as per IEGC/UERC Grid Code.

2.6 Higher actual costs

2.6.1 *Stakeholder's Comment*

Shri Pankaj Gupta, President, M/s Industries Association of Uttarakhand submitted that the actual expenditures of all the utilities are relatively higher than the cost approved by the Commission in its Tariff Orders and in the truing up exercise, the utilities request the Commission to accept the actual cost as pass through in the ensuing year and the same approach can also be seen in this year tariff petition also.

M/s Asahi India Glass Ltd., Roorkee submitted that the Annual Transmission Charges has been increased from Rs. 195.63 Crore in FY 2013-14 to Rs. 309.56 Crore in FY 2014-15.

M/s Uttarakhand Industries Association submitted that the proposed increase of 15% in Transmission charges is not reasonable. M/s Uttarakhand Industries Association submitted that 4 to 5% increase in Transmission charges is only reasonable.

2.6.2 *Petitioner's Response*

PTCUL submitted that the reasons for increase in actual cost over the approved cost for FY 2012-13 is well justified in the APR Petition. PTCUL submitted that the APR Petition has been submitted in accordance with the UERC Tariff Regulations, 2011 and higher expenses in few parameters are due to non consideration of asset capitalisation in FY 2012-13 while approving the ARR for FY 2012-13.

2.6.3 *Commission's View*

The Commission, in this regard, would like to clarify that the actual expenses submitted by the Petitioner are examined in detail while carrying out the truing up of expenses and revenue and only legitimate expenses are allowed.

2.7 O&M Expenses

2.7.1 *Stakeholder's Comment*

Shri Pankaj Gupta, President, M/s Industries Association of Uttarakhand submitted that the significant increase in employee cost is not justifiable. The Commission must issue the same directive to PTCUL as issued to UPCL for getting proper manpower study for assessing the correct estimate of the manpower requirement both in terms of number as well as mix.

Shri Pankaj Gupta, President, M/s Industries Association of Uttarakhand submitted that all major R&M works cannot be expected to be recurring in nature like the normal R&M works and will yield benefit to PTCUL for long terms. He also submitted that such expenses should be capitalized. He submitted that all such expenses should be approved from UERC before they are incurred.

M/s Asahi India Glass Ltd., Roorkee submitted that PTCUL has projected very high R&M and A&G expenses. M/s Asahi India Glass Ltd., Roorkee submitted that there must be proper methodology for computation of annual escalation factor in O&M expenses.

2.7.2 Petitioner's Response

PTCUL submitted that it has reviewed its organizational structure in light of the changing business needs and particularly to strengthen the functions such as Regulatory, Commercial, Engineering, Legal, Human Resources and Finance & Accounts and has developed a detailed manpower planning process defined with adequate focus on short, medium and long term needs. PTCUL further submitted that the current manpower of PTCUL is inadequate for performing day to day operations and hence it has proposed to add further manpower to fill in the vacant posts. PTCUL submitted that the details of the same were provided in the Business Plan along with the MYT Petition and has accordingly been approved by the Commission in its Order on approval of Business Plan and MYT for the Control Period FY 2013-14 to FY 2015-16.

PTCUL submitted that the recording of expenses is undertaken as per the accounting standards.

PTCUL submitted that all cost expenses claimed in the Petition are in line with UERC Tariff Regulations, 2011. PTCUL submitted that the R&M expenses and A&G expenses are based on the audited accounts for FY 2012-13 and appropriately escalated for inflation.

2.7.3 Commission's Views

The Commission, in this regard, would like to clarify that actual Employee, R&M and A&G expenses submitted by the Petitioner, as part of truing up of expenses and revenue based on actual figures, are approved only after due prudence check, and therefore, only legitimate expenses are allowed. The Commission, in this Order, has carried out the provisional truing up of FY 2012-13 and allowed the O&M expenses for FY 2012-13 after prudence check. The Commission, in its Order dated May 6, 2013 on approval of Business Plan and MYT Petition for the Control Period, approved the O&M expenses for the Control Period based on the audited accounts available till FY 2011-12. The Commission, in this Order, as elaborated in Section 4 has revised the O&M expenses approved for FY 2014-15 in the MYT Order dated May 6, 2013 only on account of revision in the Gross Fixed Assets for FY 2012-13 in accordance with the provisions of UERC Tariff Regulations, 2011.

2.8 Views of State Advisory Committee

- The Members objected to the increase in the transmission charges proposed by PTCUL.
- The Members suggested that the utilities should accept the Commission's Tariff Orders, numbers in true spirit and should conduct its operations, accordingly, and should not seek revision in numbers in true up petitions.
- The Members also opined that PTCUL should not be allowed carrying cost on account of the delayed capitalisation of its assets and that too due to reasons/fault attributable to PTCUL.
- They also objected to the increase in employee costs of PTCUL.
- They also stated that the issue of frequent grid failure should be addressed either by providing additional funds to PTCUL or by any other possible means.
- They also opined that there was a huge difference in the expenditures/ARR submitted by PTCUL for previous years in its true up petitions on account of cost overruns which clearly indicates lack of discipline within the organization and the Commission should look into the matter.
- The Members opined that utilities are raising same issues again in its subsequent ARR and Tariff Petitions on which the Commission has already taken the decision and given its ruling in the previous Tariff Orders. Members requested the Commission to issue the suitable directions to the utilities for not raising the issues again which have been settled by the Commission and in case the utilities still raise those issues in its Petition, the Petition should be rejected.

2.8.1 Commission's View

The Commission agrees with the views of the State Advisory Committee members that the utilities are raising same issues again in its subsequent ARR and Tariff Petitions on which the Commission has taken final decision and given its ruling in the previous Tariff Orders. In this regard, **the Commission once again directs the Petitioner not to raise such issues again in the subsequent ARR and Tariff Petitions on which the Commission has already taken the decision and given its ruling in the previous Tariff Orders, failing which, the Commission may reject the Petition upfront.**

3 Commission's Analysis, Scrutiny and Conclusion on Truing up of FY 2012-13

3.1 Truing up of past years from FY 2004-05

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

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

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

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

In accordance with the provisions of the above Regulations, the Commission has already carried out provisional truing up exercise from FY 2004-05 to FY 2011-12 in its previous Tariff Orders based on the provisional accounts submitted by PTCUL for the above financial years.

The Petitioner submitted that the true-up Petition for FY 2004-05 to FY 2010-11 based on audited accounts had been submitted along with the Tariff Petition for FY 2012-13. The Commission, on observing certain discrepancies in the capitalisation of assets, directed the Petitioner to file the truing-up Petition after reconciliation of asset capitalisation figures along with the MYT Petition for the first Control Period. The Petitioner submitted the report of independent Chartered Accountant firm relating to the reconciliation of asset capitalisation along with the MYT Petition. The Commission in its Order dated May 6, 2013 on approval of Business Plan and MYT for FY 2013-14 to FY 2015-16 for the Petitioner decided that it would be inappropriate to carry out true-up of past years until the report on validation of cost and time over run for various Schemes during the period FY 2004-05 to FY 2010-11 is submitted by the Expert Committee constituted by the Commission for this purpose. The Petitioner submitted that since the Expert Committee report was not available at the time of filing of the current Petition, it did not include true-up of FY 2004-05 to FY 2011-12 in this Petition as the Commission has already undertaken provisional true-up for these years.

The Commission had constituted an Expert Committee to examine the time and cost overrun of the NABARD and REC Old Schemes capitalised till FY 2010-11. In this regard, the Commission in its Order dated May 6, 2013 on approval of Business Plan and MYT for the Control Period FY 2013-14 to FY 2015-16 directed the Petitioner to submit the complete information to the Expert Committee within 6 months of the issue of the said Order. The Expert Committee, on detailed analysis of the information furnished to it by the Petitioner from time to time, submitted its report on the allowable cost of REC Old and NABARD Schemes to the Commission on 18 March, 2014. The Petitioner, on the directions of the Commission, during the proceedings on the issuance of the MYT Order for the Control Period FY 2013-14 to FY 2015-16 had submitted the reconciliation statement of scheme wise capitalisation from FY 2004-05 to FY 2010-11 reconciled with the audited accounts for the respective years. The Commission observed that there were some variations in the information, regarding capital expenditure and capitalisation, as submitted by the Petitioner as a part of MYT Petition and information as submitted by it to the Expert Committee in this regard. The Commission is of the view that an opportunity needs to be provided to the Petitioner to make its submissions on Expert Committee Report and for reconciling the information as submitted in MYT Petition and as provided to the Expert Committee. Accordingly, the Commission has decided to forward the Expert Committee report to the Petitioner.

The Commission shall take a view on the allowable cost of REC Old and NABARD Schemes based on the Expert Committee Report and submissions of the Petitioner in this regard and then shall undertake the final truing up from FY 2004-05 onwards in the next APR. The Commission in this Order has, therefore, carried out the provisional truing up for FY 2012-13 based on the audited accounts submitted by the Petitioner.

3.2 Capital cost of Transferred assets

The Commission, in its Order dated May 6, 2013 on approval of Business Plan and MYT for the Petitioner for the Control Period FY 2013-14 to FY 2015-16, approved the opening GFA for PTCUL as Rs. 146.14 Crore as on May 31, 2004. The Commission further directed the Petitioner to expedite the finalization of Transfer Scheme. The Petitioner submitted that it has awarded the consultancy work for determining the appropriate assets/liabilities necessary for finalization of Transfer Scheme pertaining to transmission business and the consultant's report would be submitted to the Government for notification. The Commission, in this Order, has considered the value of old transmission assets transferred to the Petitioner as Rs. 108.26 Crore as on November 9, 2001 which including capitalisation upto May 31, 2004 were considered to have an opening value of Rs. 146.14 Crore as on May 31, 2004 as the Transfer Scheme is yet to be finalised.

3.3 Provisional True up for FY 2012-13

The Commission in its Order dated May 6, 2013 on approval of Business Plan and MYT for FY 2013-14 to FY 2015-16 for the Petitioner also directed the Petitioner not to raise the same contention on the issues on which the Commission had already given its views in the previous Tariff Orders. The Petitioner submitted that in compliance of the above directive, it has not included the final true-up of FY 2004-05 to FY 2011-12 in its Petition and considered the Gross Fixed Assets approved by the Commission in its Order dated May 6, 2013 on approval of Business Plan and MYT for FY 2013-14 to FY 2015-16.

The Petitioner requested for provisional true-up of ARR for FY 2012-13 based on audited accounts. As per UERC (Terms and Conditions for Determination of Tariff) Regulations, 2011, true-up/review of previous years prior to FY 2013-14 for Transmission Licensee would be governed by UERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2004 and UERC (Terms and Conditions for Truing Up of Tariff) Regulations, 2008 as amended from time to time relevant Para of which have already been reproduced in the preceding Para.

In accordance with the provisions of the UERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2004 and UERC (Terms and Conditions for Truing Up of Tariff) Regulations, 2008, the Commission has carried out the provisional truing up exercise for FY 2012-13 based on the audited accounts submitted by PTCUL for FY 2012-13.

3.4 Revision of ARR for FY 2010-11 & FY 2011-12

3.4.1 Capitalisation of LILO of 220 kV Haridwar-Roorkee Line at 400 kV PGCIL Sub-Station, Roorkee under PFC Scheme in FY 2010-11

The Petitioner submitted that under PFC scheme, the Project LILO of 220 kV Haridwar-Roorkee Line at 400 kV PGCIL Sub-Station, Roorkee has been operational since November 24, 2010 but was not considered by the Commission while determining the opening GFA for the Control Period citing that the investment approval with regard to the same had not been completed. The Petitioner submitted that the Commission vide its Order dated May 23, 2013 has provided approval for the investment and as the Project has not been considered in any of the previously issued Tariff Orders, the total impact of the same has been computed separately. The Table below shows the year wise ARR for the Project submitted by the Petitioner:

Table 3.1: GFA and Means of Finance of LILO of 220 kV Haridwar-Roorkee line at 400 kV PGCIL Sub-Station, Roorkee

Particulars	Amount(Rs. Crore)	Remarks
Total Capitalisation	4.64	Date of capitalisation – August 25, 2010
Debt	3.25	70%
Equity	1.39	30%

Table 3.2: ARR for LILO of 220 kV Haridwar-Roorkee line at 400 kV PGCIL Sub-station, Roorkee (Rs. Crore)

Particulars	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
GFA	4.64	4.64	4.64	4.64	4.64
Rate of Depreciation (%)	2.99%	2.99%	2.99%	5.28%	5.28%
Rate of Return on Equity (%)	14%	14%	14%	15.50%	15.50%
Interest Rate on Loan (%)	12%	12%	12%	12%	12%
Rate of Interest on WC	13.00%	13.00%	14.75%	14.45%	14.45%
Depreciation	0.05	0.14	0.14	0.24	0.24
RoE	0.07	0.20	0.19	0.22	0.22
Interest	0.14	0.39	0.39	0.39	0.39
Interest on WC	0.00	0.02	0.02	0.02	0.02
ARR for the Line	**0.25**	**0.74**	**0.74**	**0.87**	**0.87**
Cumulative Gap	0.25	0.99	1.74	2.61	3.48
Carrying Cost @14.45%	0.04	0.09	0.20	0.31	
Total Impact					**4.11**

The Petitioner requested the Commission to provide appropriate mechanism for recovery of the above computed amount on account of capitalisation of LILO of 220 kV Haridwar-Roorkee line at 400 kV PGCIL Sub-station, Roorkee.

The Commission vide its Order dated May 23, 2013 approved the capital investment of LILO of 220 kV Haridwar-Roorkee line at 400 kV PGCIL Sub-station, Roorkee under the PFC Scheme. The Commission has undertaken the provisional truing up of FY 2010-11 and FY 2011-12 in its Order dated May 6, 2013 on approval of Business Plan and MYT for the Control Period FY 2013-14 to FY 2015-16. The Commission in this Order has considered the capitalisation of the said Scheme in FY

2010-11 and has accordingly considered the impact of the said Scheme on the ARR of FY 2010-11 and FY 2011-12 as against the ARR approved in the provisional true-up for the said years in the ARR of FY 2014-15.

3.4.2 REC V – 220 kV Mahuakheraganj S/s

The Commission approved the capitalisation of Rs. 50.25 Crore towards 220 kV S/s Mahuakheraganj S/s in FY 2011-12 as against the approved cost of Rs. 119.87 Crore in the investment plan approval. The Petitioner claimed additional capitalisation of Rs. 59.19 Crore towards 220 kV Mahuakheraganj S/s in FY 2012-13. The Petitioner submitted that the additional capitalisation submitted towards 220 kV Mahuakheraganj S/s in FY 2012-13 is the balance capitalisation of this project. The Commission in its Order dated May 6, 2013 on approval of Business Plan and MYT for the Control Period FY 2013-14 to FY 2015-16 observed that the process of cost capturing and process of capitalisation followed by the Petitioner need to be rectified. The Commission is of the view that considering the asset as put to use in the year in which 50% of the cost is capitalised in the accounts is irrational. Hence, the Commission, for the 220 kV Mahuakheraganj S/s, has reinstated the capitalisation of Rs. 50.25 Crore approved in FY 2011-12 to FY 2012-13 along with the actual capitalisation in FY 2012-13. **The Petitioner is directed to strengthen its system of cost capturing of expenses failing which the Commission would recognise the capitalisation of the project only when entire or substantial expenditure evidencing completion of work has been incurred.** Accordingly, the Commission has not considered the capitalisation of 220 kV Mahuakheraganj S/s in FY 2011-12.

The difference in ARR considered by the Commission for FY 2010-11 and FY 2011-12 on account of the above two factors is as shown in the Table below:

Table 3.3: Difference in ARR for FY 2010-11 and FY 2011-12 considered by the Commission

S. No.	Particulars	FY 2010-11	FY 2011-12
1	ARR approved in provisional true-up	113.06	148.79
2	ARR after including capitalisation of PFC Scheme in FY 2010-11	113.58	147.36
3=2-1	Difference	0.52	-1.43

The above difference along with carrying cost is being allowed to be recovered in the ARR for FY 2014-15.

The Petitioner is cautioned not to undertake any investment in future without seeking prior approval of the Commission as mandated by the Licensee Conditions and the Tariff Regulations notified by the Commission from time to time failing which the investment would

be recognized only from the date on which the approval is accorded by the Commission.

3.5 Capitalisation in FY 2012-13

The Petitioner submitted that the transfer scheme is yet to be finalized and the recommendations of the Expert Committee constituted by the Commission are also awaited. The Petitioner submitted that for the purpose of true-up of FY 2012-13, the opening GFA value for the said financial year had been considered as the closing GFA of FY 2011-12 as approved by the Commission in the MYT Order. The Petitioner submitted that as per the Audited Accounts for FY 2012-13, the additional capitalisation in FY 2012-13 is Rs. 122.52 Crore. The Table below shows the Scheme wise additional capitalisation during FY 2012-13 submitted by the Petitioner:

Table 3.4: Proposed Scheme wise capitalisation in FY 2012-13 (Rs. Crore)

S. No.	Scheme	Capitalisation in FY 2012-13
1	REC II	1.44
2	REC I & III	8.98
3	NABARD	1.67
4	REC IV	22.85
5	REC V	59.41
6	REC XI	16.91
7	REC IX	4.48
8	PFC	0.58
9	Capital R&M works	4.72
10	Deposit works	1.47
11	**Total Capitalisation**	**122.52**

The Commission for the purpose of this Order has considered the minimum of the approved project cost and the actual project cost capitalised in FY 2012-13. In the subsequent Paras, the Commission has discussed the approved cost for each Scheme.

3.5.1 REC I & III Scheme (Also referred as REC Old Scheme)

The Petitioner submitted the capitalisation of Rs. 8.98 Crore in REC Old Scheme in FY 2012-13. The Commission observed that the capitalisation submitted for some of the projects in REC Old Scheme in FY 2012-13 is beyond the cut-off date as specified in the UERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2004. The Commission asked the Petitioner to submit the reasons for claiming additional capitalisation beyond the cut-off date for those projects. The Petitioner submitted that the additional capitalisation claimed towards those projects is on account of additional works within the scope of such projects.

Regulation 15 of the UERC (Terms and Conditions for Determination of Transmission Tariff)

Regulations, 2004 provides that:

"(1) The capital expenditure within the original scope of work actually incurred after the date of commercial operation and upto the cut off date may be admitted by the Commission subject to prudence check.

(a) Deferred liabilities,

(b) Works deferred for execution,

(c) Procurement of initial capital spares in the original scope of works subject to the ceiling norm of 1.5% of the original project cost.

(d) Liabilities to meet award of arbitration or compliance of the order or decree of a court, and

(e) On account of change in law.

Provided that original scope of works along with estimates of expenditure shall be submitted along with the application for provisional tariff.

Provided further that a list of the deferred liabilities and works deferred for execution shall be submitted along with the application for final tariff after the date of commercial operation of transmission system

(2) Subject to provisions of sub-regulation (3) of this regulation, the capital expenditure of the following nature actually incurred after the cut-off date may be admitted by the Commission, subject to prudence check:

(a) Deferred liabilities relating to works/services within the original scope of work,

(b) Liabilities to meet award of arbitration or compliance of the order or decree of a court,

(c) On account of change in law, and

(d) Any additional works/service which have become necessary for efficient and successful operation of the project but not included in the original project cost.

(3) Any expenditure on minor items/assets brought after the cut off date like tools and tackles, personal computers, furniture, air-conditioners, voltage stabilizers, refrigerators, coolers, fans, T.V., washing machine, heat-convectors, mattresses, carpets, etc. shall not be considered for additional capitalisation for determination of tariff with effect from 1.4.2004.

Note

The list of items is illustrative and not exhaustive.

………."

In accordance with the above stated Regulation, the Commission has considered the capitalisation of those Projects, for which the total amount of capitalisation allowed till FY 2011-12 has not exceeded the approved cost as per the DPR and the additional capitalisation for FY 2012-13 has been allowed keeping in view the aforesaid approved cost as the ceiling limit. The project-wise original approved cost as per the DPR and the actual cost submitted by the Petitioner and the capitalisation considered by the Commission for truing up purposes is as shown in the Table given below:

Table 3.5: Additional Capitalisation approved for REC Old Scheme in FY 2012-13 (Rs. Crore)

Project	Approved Cost	Year of first time capitalisation	Total capitalisation approved by the Commission upto FY 2011-12	Additional Capitalisation submitted by PTCUL in FY 2012-13	Additional Capitalisation approved for FY 2012-13	Remarks
Increasing Capacity of 220 kV S/s Chamba	2.69	FY 2004-05	2.56	0.01	0.01	-
220 kV Single Circuit Maneri Bhali-II to Rishikesh Line	33.36	FY 2010-11	39.34	0.02	0.00	Payment of final bill to contractor
132 kV S/s Satpuli	7.27	FY 2011-12	7.95	8.96	0.00	-
Total	**43.32**		**49.85**	**8.98**	**0.01**	

As regards 132 kV S/s Satpuli, the Commission has approved the capitalisation towards this project in FY 2011-12 during truing up of FY 2011-12. The Petitioner in this Petition is claiming the capitalisation towards this project in FY 2012-13. **The Commission cautions the Petitioner to be careful in submitting factual information**. Prima-facie, it appears that the Petitioner has capitalised this project twice in its Accounts, in FY 2011-12 and FY 2012-13. The Commission has already approved the captalisation towards this project in FY 2011-12 and hence is not accepting capitalisation claimed in FY 2012-13 at this stage. **The Commission directs the Petitioner to reconcile the capitalisation towards this project and submit the reasons for submitting the capitalisation twice, in the APR Petition for FY 2014-15.** In case it emerges that this project was incorrectly capitalised in FY 2011-12, appropriate retrospective adjustment would be made in cost allowed there against. The Commission shall take a view on the allowable cost for REC Old Scheme after receipt of the final report of the Expert Committee constituted by the Commission to examine in detail, the reasons for time and cost over-runs of capital expenditure.

3.5.2 NABARD Scheme

The Petitioner submitted the capitalisation of Rs. 1.67 Crore in NABARD Scheme in FY 2012-13. The Commission observed that the capitalisation submitted for NABARD Scheme in FY 2012-13 is beyond the cut-off date as specified in the UERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2004. The Commission asked the Petitioner to submit the reasons for claiming additional capitalisation beyond the cut-off date for those projects. The Petitioner submitted that the additional capitalisation claimed towards those projects is on account of additional works within the scope of such projects. In accordance with the provisions of Regulation 15 of the UERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2004, the Commission has approved the additional capitalisation of those Projects for which the total capitalisation allowed till FY 2011-12 has not exceeded the approved cost as per the DPR and the additional capitalisation for FY 2012-13 has been allowed keeping in view the aforesaid approved cost as the ceiling limit. The project-wise original approved cost as per the DPR and the actual cost submitted by the Petitioner and the additional capitalization considered by the Commission for truing up purposes is as shown in the Table given below:

Table 3.6: Additional Capitalisation approved for NABARD Scheme in FY 2012-13 (Rs. Crore)

Project	Approved Cost	Year of first time capitalisation	Total capitalisation approved by the Commission upto FY 2011-12	Additional Capitalisation submitted by PTCUL in FY 2012-13	Additional capitalisation approved for FY 2012-13	Remarks
400 kV S/s Kashipur	84.89	FY 2006-07	84.89	0.19	0.00	Construction of road at substation
132 kV S/s Bhagwanpur	7.99	FY 2007-08	8.33	0.12	0.00	Miscellaneous civil works at substation
132 kV S/s Mangalore	7.99	FY 2009-10	8.23	0.40	0.00	Miscellaneous civil works at substation
132 kV S/s Ramnagar	6.97	FY 2006-07	6.97	0.78	0.00	Construction of road at substation
132 kV S/s Sitarganj	8.68	FY 2008-09	9.00	0.18	0.00	Construction of tube well at substation
Total	**116.52**		**117.42**	**1.67**	**0.00**	

The Commission shall take a view on the allowable cost for NABARD Scheme after receipt of the final report of the Expert Committee constituted by the Commission to examine in detail, the reasons for time and cost over-runs of capital expenditure.

Continuing with the approach adopted in the earlier Tariff Orders, the Commission while carrying out the truing up for FY 2012-13 has considered additional receipts from PFC for gap funding of NABARD Scheme which have been dealt with while calculating interest charges of the Petitioner.

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

The Petitioner submitted the capitalisation of Rs. 1.44 Crore in REC II Scheme in FY 2012-13. The Commission observed that the capitalisation submitted for REC II Scheme in FY 2012-13 is towards additional capitalisation for some of the projects. The Commission asked the Petitioner to submit the reasons for claiming additional capitalisation for those projects. The Petitioner submitted that the additional capitalisation claimed towards those projects is on account of additional works within the scope of such projects. For the projects which have been capitalised for the first time in FY 2012-13, the Commission has approved the capitalisation as minimum of the approved cost and actual cost in line with the approach adopted in the MYT Order. The project-wise original approved cost as per the DPR and the actual cost submitted by the Petitioner and the capitalisation considered by the Commission for truing up purposes is as shown in the Table given below:

Table 3.7: Capitalisation approved for REC II Scheme for FY 2012-13 (Rs. Crore)

Project	Approved Cost	Audited expenditure	Cost approved by the Commission
Construction of SLDC at Dehradun and Construction of 2 No. Sub-SLDC at Kashipur and Rishikesh	51.92	0.67	0.67
Augmentation of Almora-Pithoragarh Line from 66 kV to 132 kV	5.74	0.46	0.00
Total	**57.66**	**1.13**	**0.67**

The Commission has considered the capitalization towards "Construction of SLDC at Dehradun and Construction of 2 No. Sub-SLDC at Kashipur and Rishikesh" as these works pertain to SLDC works. The Commission has not considered the capitalisation towards "Augmentation of Almora-Pithoragarh Line from 66 kV to 132 kV" as the Electrical Inspector Clearance Certificate for this scheme has not been submitted by the Petitioner.

In accordance with the provisions of Regulation 15 of the UERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2004, the Commission has approved the additional capitalisation of those Projects for which the total capitalisation allowed till FY 2011-12 has not exceeded the approved cost as per the DPR and the additional capitalisation for FY 2012-13 has been allowed keeping in view the aforesaid approved cost as the ceiling limit. The project-wise original approved cost as per the DPR and the actual cost submitted by the Petitioner and the additional capitalization considered by the Commission for truing up purposes is as shown in the Table given below:

Table 3.8: Additional capitalisation approved for REC II Scheme in FY 2012-13 (Rs. Crore)

Project	Approved Cost	Year of first time capitalisation	Total Capitalisation approved by the Commission upto FY 2011-12	Additional Capitalisation submitted by PTCUL in FY 2012-13	Additional Capitalisation approved for FY 2012-13	Remarks
132 kV Substation Laksar	13.22	FY 2007-08	11.52	0.07	0.07	Construction of tube well at substation
132 kV Line from 400 kV S/s Kashipur to Bazpur	5.64	FY 2009-10	7.94	0.01	0.00	Payment towards crop compensation
220 kV Kashipur – Barhani D/C Line	17.93	FY 2010-11	16.55	0.21	0.21	Payment towards crop compensation and final bills
220 kV S/C Barhani-Pantnagar Line	19.50	FY 2010-11	19.50	0.02	0.00	Payment towards crop compensation and final bills
Total	**56.29**		**55.51**	**0.31**	**0.28**	

3.5.4 *REC IV Scheme*

The Petitioner submitted the capitalisation of Rs. 22.85 Crore in REC IV Scheme in FY 2012-13. The Commission observed that the capitalisation submitted for REC IV Scheme in FY 2012-13 is towards additional capitalisation for some of the projects. The Commission asked the Petitioner to submit the reasons for claiming additional capitalisation for those projects. The Petitioner submitted that the additional capitalisation claimed towards those projects is on account of additional works within the scope of such projects. For the projects which have been capitalised for the first time in FY 2012-13, the Commission has approved the capitalisation as minimum of the approved cost and actual cost in line with the approach adopted in the MYT Order. Further, the Commission observed that the capitalisation submitted for some of the projects is very low in comparison to the approved cost. In this regard, the Commission asked the Petitioner to submit the reason for claiming such small amounts of capitalisation and still putting the project to use. The project-wise original approved cost as per the DPR and the actual cost submitted by the Petitioner and the capitalization considered by the Commission for truing up purposes is as shown in the Table given below:

Table 3.9: Capitalisation approved for REC IV Scheme in FY 2012-13 (Rs. Crore)

Project	Approved Cost	Audited expenditure	Cost approved by the Commission
132 kV Purkul - Bindal Link Line	5.96	0.49	0.00
132 kV S/s Sitarganj (SIDCUL)	23.54	14.54	14.54
132 kV Bay at Kicha	1.61	0.42	0.42
132 kV D/C Line from 132 kV S/s SIDCUL to 132 kV Sitarganj Kicha Line	5.71	6.75	5.71
Total	**36.82**	**22.20**	**20.67**

The Petitioner submitted that the capitalisation claimed towards 132 kV Purkul–Bindal Link Line is towards Right of Way land cost and the construction of this Line is under progress. The Commission cannot accept this as valid capitalisation. The petitioner is in business of transmission and can only capitalise transmission assets after they have been put to use and not a piece of land as an asset. The Commission in past has also noticed piecemeal capitalisation where half of the cost of a transmission line was capitalised in one year and other half next year. **The Commission directs the petitioner to furnish detailed write-up within one month of this order on their asset capitalisation, store accounting and cost capturing and changes they propose therein to weed out such faulty capitalisation.** Further, the Petitioner submitted that the capitalisation claimed towards 132 kV Bay at Kicha is the actual payment made towards construction of this bay. The Petitioner submitted that final invoice is awaited and the rest amount shall be released after clearance of the dispute.

In accordance with the provisions of Regulation 15 of the UERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2004, the Commission has approved the additional capitalisation of those Projects for which the total capitalisation allowed till FY 2011-12 has not exceeded the approved cost as per the DPR and the additional capitalisation for FY 2012-13 has been allowed keeping in view the aforesaid approved cost as the ceiling limit. The Capitalisation approved by the Commission for REC IV in FY 2012-13 is as shown in the Table given below:

Table 3.10: Additional Capitalisation approved for REC IV Scheme in FY 2012-13 (Rs. Crore)

Project	Approved Cost	Year of first time capitalisation	Total capitalisation approved by the Commission up to FY 2011-12	Additional capitalisation submitted by PTCUL in FY 2012-13	Additional capitalisation approved in FY 2012-13	Remarks
220 kV Chamba - Ghansali Line	17.90	FY 2011-12	17.90	0.35	0.00	Payment of price variation to the contractor
220 kV D/C Bhilangana III-Ghansali Line	21.91	FY 2011-12	10.90	0.30	0.00	Payment of price variation to the contractor
Total	**39.81**		**28.80**	**0.65**	**0.00**	

The Commission has not considered the additional capitalisation towards 220 kV D/C Bhilangana III-Ghansali Line as the Petitioner has preferred an Appeal on the Commission's Order dated April 29, 2013 on approval of capital investment of 220 kV Ghansali substation and other associated lines & bay works before the Hon'ble ATE and the judgment on the same is awaited.

3.5.5 *REC V Scheme*

The Petitioner submitted the capitalisation of Rs. 59.41 Crore in REC V Scheme in FY 2012-13. The Commission observed that the capitalisation submitted for REC V Scheme in FY 2012-13 is towards additional capitalisation. The Commission asked the Petitioner to submit the reasons for claiming additional capitalisation for those projects. The Petitioner submitted that the additional capitalisation claimed towards those projects is on account of additional works within the scope of such projects. In accordance with the provisions of Regulation 15 of the UERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2004, the Commission has approved the additional capitalisation of those Projects for which the total capitalisation allowed till FY 2011-12 has not exceeded the approved cost as per the DPR and the additional capitalisation for FY 2012-13 has been allowed keeping in view the aforesaid approved cost as the ceiling limit. The Capitalisation approved by the Commission for REC V in FY 2012-13 is as shown in the Table given below:

Table 3.11: Additional capitalisation approved for REC V Scheme in FY 2012-13 (Rs. Crore)

Project	Approved Cost	Year of first time capitalisation	Total capitalisation approved by the Commission upto FY 2011-12	Additional capitalisation submitted by PTCUL in FY 2012-13	Additional capitalisation approved in FY 2012-13	Remarks
220 kV S/s Mahuakheraganj	119.87	FY 2011-12	0.00	59.19	109.40	Capitalisation approved for FY 2011-12 in the Order dated May 6, 2013 is shifted to FY 2012-13
LILO of 132 kV Kashipur-Takurdwara Line at 220/132 kV S/s Mahuakheraganj	4.55	FY 2011-12	2.78	0.22	0.22	Payment towards crop compensation and payment of price variation
Total	**124.42**		**2.78**	**59.41**	**109.66**	

3.5.6 *REC IX Scheme*

The Petitioner submitted the capitalisation of Rs. 4.48 Crore in REC IX Scheme in FY 2012-13. The Commission has approved the capitalisation as minimum of the approved cost and actual cost in line with the approach adopted in the MYT Order. The project-wise original approved cost as per the DPR and the actual cost submitted by the Petitioner and the capitalization considered by the Commission for truing up purposes is as shown in the Table given below:

Table 3.12: Capitalisation approved for REC IX Scheme in FY 2012-13 (Rs. Crore)

Project	Approved Cost	Capitalisation submitted by PTCUL in FY 2012-13	Capitalisation approved in FY 2012-13	Remarks
Stringinging of 2nd Circuit of Berhani-Pantnagar Line	11.48	4.48	4.48	Completed cost of the project as submitted by the Petitioner
Total	**11.48**	**4.48**	**4.48**	

3.5.7 *REC XI Scheme*

The Commission, vide its Order dated November 24, 2011, approved the investment plan of REC IV in which Head Quarter Building of PTCUL was considered in REC IV. The Petitioner stated that REC however did not approve the financing of the same under REC IV. Therefore, the Petitioner submitted a separate proposal to REC which the financial institution approved and accordingly, the Petitioner submitted the capitalisation towards Head Quarter Building in FY 2012-13 under the Scheme REC XI. Since the Commission has not approved any investment plan, for the Petitioner, under Scheme REC XI, the Petitioner was asked to submit the reasons for considering the Head Quarter Building under REC XI to which the Petitioner submitted that Scheme REC XI is only the nomenclature used for its internal accounting. The Commission has considered the capitalisation of Head Quarter Building under REC XI. The Commission has approved the capitalisation as minimum of the approved cost and actual cost in line with the approach adopted in the MYT Order. The original approved cost as per the DPR and the actual cost submitted by the Petitioner and the capitalisation considered by the Commission for truing up purposes is as shown in the Table given below:

Table 3.13: Capitalisation approved for REC XI Scheme in FY 2012-13 (Rs. Crore)

Project	Approved Cost	Capitalisation submitted by PTCUL in FY 2012-13	Capitalisation approved in FY 2012-13
HQ Building PTCUL	17.56	16.91	16.91
Total	**17.56**	**16.91**	**16.91**

3.5.8 *Other than Schemes*

(a) The Petitioner submitted the capitalisation of Rs. 0.58 Crore towards PFC Computer equipment in FY 2012-13. The Commission for the purpose for the truing up has considered the capitalisation of PFC Computer equipment as submitted by the Petitioner.

(b) The Petitioner submitted the capitalisation of Rs. 4.72 Crore towards capital R&M works in FY 2012-13. The Commission asked the Petitioner to submit the details of such capital R&M works. The Petitioner submitted the details of the capital R&M works capitalised in FY 2012-13 as shown in the table below:

Table 3.14: Details of capital R&M works submitted by the Petitioner for FY 2012-13

(Rs. Crore)

Name of the Unit	Name of Work/Asset	Amount
ETD Dehradun	Contraction of relining wall & security fencing at 132 kV Purkul	0.10
	Revetment wall of tower no. 132A of 220 kV Khodri-RKS line	0.06
	Revetment wall 132 kV Purkul-Dhalipur line	0.09
	Revetment wall 220 kV Khodri-RKS line	0.01
	Revetment wall 220 kV Chibro-Khodri line	0.11
	Revetment wall Tower No 132(A) Kulhal Majra line	0.08
	Installation LED lights	0.00
	LED, LED light	0.05
	Transfer from Stock A/c & others	0.16
	TOTAL	**0.66**
ETD Haldwani	T&P	0.12
	Furniture and fixture	0.00
	TOTAL	0.12
ETD Rishikesh	245 kV SF-6 Circuit Breaker (1 No.)	0.13
	245 kV SF-6 Circuit Breaker (5 No.)	0.65
	TOTAL	0.78
ECD Haldwani	Construction of store division office at 220 kV S/s kamaluaganj	0.22
	Construction of store division office at 220 kV S/s pantnagar	0.23
	TOTAL	**0.45**
400 kV Rishikesh	Clamp of Moose Conductor , and T&P Items	0.31
	Water Purify	0.00
	Line Revetment	0.48
	Establizer for AC	0.01
	Split AC for Control Room	0.05
	T&P for Erector Hostel	0.01
	Desktop (Computer)	0.00
	TOTAL	**0.86**
400 kV Kashipur	Transfer from Stock A/c & others	0.00
ECD Roorkee	Office Building	0.99
ET&C Haldwani	T&P	0.02
E T&C Roorkee	Automatic Relay Test Kit (CMC-356)	0.26
O&M Div, Srinagar	Transfer from Stock A/c & others	0.04
	TOTAL	**0.04**
220 kV Pantnagar	T&P	0.04
	Fire fighting system at Pantnagar S/s	0.47
	TOTAL	**0.51**
220 kV O&M Haridwar	Furniture & Fixture	0.00
	Computer	0.00
	TOTAL	0.01
	GRAND TOTAL	**4.72**

Most of the works like Furniture and fixture, Construction of store division office at 220 kV S/s kamaluaganj, Construction of store division office at 220 kV S/s pantnagar, Water Purify, Establizer for AC, Split AC for Control Room, Office Building, Fire fighting system at Pantnagar S/s, Computer do not relate to capital R&M works and are works related to additional capitalisation. **Accordingly, PTCUL is directed to correct the treatment of such works and prepare a scheme and get the same approved by the Commission from the ensuing years.**

The Commission for the purpose of truing up has considered the capitalisation of capital R&M works as submitted by the Petitioner.

3.6 GFA including additional capitalisation

Considering the GFA approved by the Commission till FY 2011-12 on truing up in the Order dated May 6, 2013 on approval of MYT for FY 2013-14 to FY 2015-16, the GFA for FY 2012-13 and revised capitalisation for FY 2010-11 and FY 2011-12 approved in this Order, the GFA considered by the Commission is as shown in the Table given below:

Table 3.15: GFA including Additional Capitalisation approved by the Commission for FY 2012-13 (Rs. Crore)

Particulars	FY 2012-13		
	Approved in the Tariff Order	Claimed	Approved on Truing up
Opening value	645.02	654.29	608.68
Scheme wise addition during the year			
REC Old	-	8.98	0.01
NABARD	-	1.67	-
REC New	-	1.44	0.95
REC IV	-	22.85	20.68
REC V	-	59.41	109.66
PFC (Computer equipment)	-	0.58	0.58
REC IX	-	4.48	4.48
REC XI	-	16.91	16.91
PFC-Capital R&M works	-	4.72	4.72
Deposit works	-	1.47	1.47
System strengthening	-	-	-
Total addition during the year	**-**	**122.52**	**159.46**
Less: Deletions during the year	-	3.45	3.45
Closing value	**645.02**	**773.36**	**764.69**

3.7 Financing of Capital Assets

Regulation 15(5) of the UERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2004 on financing of projects, stipulates that:

"(5) (a) In case of all projects, debt-equity ratio as on the date of commercial operation shall be

70:30 for determination of tariff. Where equity employed is more than 30%, the amount of equity for the purpose of tariff shall be limited to 30% and the balance amount shall be considered as the normative loan.

Provided that in case of the projects where actual equity employed is less than 30%, the actual debt and equity shall be considered for determination of tariff.

(b) The debt and equity amounts arrived at in accordance with clause (a) shall be used for calculating interest on loan, return on equity, Advance Against Depreciation and Foreign Exchange Rate Variation."

The Petitioner, in its computations, considered the Debt Equity ratio of REC Old as 75.50: 24.50 and for NABARD as 78:22 while the Commission had approved the same as 82:18 and 81:19 respectively. The Commission asked the Petitioner to submit the supporting documents and computation for the revised Debt Equity ratio for REC Old and NABARD Schemes. The Commission also asked the Petitioner to submit the sanction letters of other Schemes. The Petitioner submitted the sanction letters of all the Schemes. In the sanction letter dated December 14, 2007 for NABARD Scheme the revised Debt Equity ratio works out to 81:19 as against the Petitioner's submission of 78:22. Hence, the Commission has considered the debt equity ratio of 81:19 for NABARD Scheme. The Petitioner has not submitted any supporting documents for substantiating the revised Debt Equity ratio of REC Old Scheme. In view of the above, the Commission is of the opinion that the Petitioner has been given ample opportunity to substantiate its claim of revised Debt Equity ratio for REC Old and in the absence of supporting documents, the Commission has retained the Debt Equity ratio of 82:18 approved in the previous Tariff Orders. The means of finance approved for various Schemes is as shown in the Table given below:

Table 3.16: Approved Means of Finance

Scheme	Grant	Loan	Equity	Total
REC Old Scheme	-	82%	18%	100%
NABARD Scheme	-	81%	19%	100%
REC New Scheme	-	100%	-	100%
REC IV	-	70%	30%	100%
REC V	-	70%	30%	100%
REC IX	-	70%	30%	100%
REC XI	-	70%	30%	100%
PFC	-	70%	30%	100%
Other Works (Normative)	-	70%	30%	100%

Based on the above, the Commission has determined the debt and equity components for each Scheme for FY 2012-13 as shown in the Table given below:

Table 3.17: Approved Means of Finance for FY 2012-13 (Rs. Crore)

Particulars	Cap. Res.	Grant	Loan	Equity	Total
Opening value	81.47	62.34	384.05	80.82	**608.68**
Scheme wise addition during the year					
REC Old		-	0.01	0.00	0.01
NABARD		-	-	-	-
REC New		-	0.95	-	0.95
REC IV		-	14.47	6.20	20.68
REC V		-	76.76	32.90	109.66
PFC (Computer equipment)		-	0.41	0.17	0.58
REC IX		-	3.14	1.34	4.48
REC X		-	-	-	-
REC XI		-	11.84	5.07	16.91
PFC-Capital R&M works		-	3.30	1.42	4.72
Deposit works		1.47	-	-	1.47
System strengthening		-	-	-	-
Total addition during the year	**-**	**1.47**	**110.88**	**47.11**	**159.46**
Less: Deletions during the year	3.45				3.45
Closing value	**78.02**	**63.81**	**494.93**	**127.93**	**764.69**

3.8 Annual Transmission Charges

Regulation 16 of the UERC Tariff Regulations, 2004 specify that:

"(1) The tariff for transmission of electricity on intra-state transmission system shall comprise of the recovery of annual transmission charges (ATC) consisting of:

(a) Interest on Loan Capital

(b) Depreciation including Advance against depreciation

(c) Return on equity

(d) Operation & Maintenance expenses

(e) Interest on working capital

(2) Income, other than that through charges permitted by the Commission, and involving utilisation of the transmission licensee's assets may be suitably accounted for by the Commission while determining the tariff."

3.8.1 Interest on Loan Capital

The Petitioner submitted that for computation of interest and finance charges, the closing balance of loans as approved by the Commission in the provisional true-up of FY 2011-12 has been considered as the opening loan balance for FY 2012-13. The Petitioner submitted that based on the audited accounts of FY 2012-13, an addition of Rs. 84.56 Crore in loans towards assets capitalised during FY 2012-13 has been considered. The Petitioner submitted that the interest for FY 2012-13 has been computed considering the effective interest rate of 10.50% on the gross loans as per the audited accounts. The Petitioner requested the Commission to approve the proposed interest charges for FY 2012-13 as shown in the Table below:

Table 3.18: Proposed Interest charges for true-up of FY 2012-13 (Rs. Crore)

S. No.	Particulars	Approved in Tariff Order	Actual
1	Opening balance of Loans	246.57	299.61
2	Addition	16.95	84.56
3	Repayment	54.75	72.53
4	Closing balance of Loans	99.61	311.64
5	Effective Interest rate		10.50%
6	**Interest**	**25.31**	**32.72**

Regulation 17(1) of UERC (Terms & Conditions for Determination of Transmission Tariff) Regulations, 2004 stipulates as follows:

"Interest on loan capital shall be computed loan-wise including on loans arrived at in the manner indicated in regulation 15(5)".

The Commission has worked out the Interest and Finance Charges considering the loan amount corresponding to the assets capitalised based on the approved means of finance. The Commission has considered the actual interest rates for FY 2012-13. The repayment of loans for working out the interest on REC loans – Old REC, New REC, REC-IV, REC-V have been taken as lower of the normative repayments after the date of capitalisation worked out by the Commission and actual repayments due as per drawl schedule. For normative loans considered for funding of other Schemes, the Commission has considered a weighted average interest rate of other long term loans for that particular year and a normative repayment period of 10 years. The Commission has also computed interest on loan disbursed by PFC for shortfall of NABARD Loan to the extent required in accordance with the approach adopted in the previous Tariff Orders.

The Commission has also computed the guarantee fee to be paid by the Petitioner on the outstanding loan as 1% of the closing balance of REC Old, NABARD and REC IV Scheme.

Based on the loans and repayment considered and interest rates adopted by the Commission, the interest charges approved by the Commission for FY 2012-13 is as shown in the Table given below:

Table 3.19: Interest and Finance Charges approved by the Commission for FY 2012-13 (Rs. Crore)

Particulars	Opening Balance			Capitalised during the year	Repayment during the year	Closing Balance			Rate of Interest	Interest
	Cumulative loan	Cumulative repayment	Net Loan			Cumulative loan	Cumulative repayment	Net Loan		
REC Old	89.05	29.12	59.93	0.01	8.90	89.06	38.02	51.03	11.44%	6.35
NABARD	158.50	99.09	59.41	-	33.82	158.50	132.91	25.59	7.44%	3.16
REC New	82.80	13.39	69.41	0.95	8.28	83.75	21.67	62.08	11.44%	7.52
REC IV	16.98	0.29	16.69	14.47	1.70	31.45	1.99	29.47	10.66%	2.46
REC V	1.95	-	1.95	76.76	0.19	78.71	0.19	78.52	10.87%	4.37
PFC	3.25	0.22	3.03	-	0.22	3.25	0.43	2.81	12.00%	0.35
PFC Computer equipment	-	-	-	0.41	-	0.41	-	0.41	11.39%	0.02
REC IX	-	-	-	3.14	-	3.14	-	3.14	6.92%	0.11
REC XI	-	-	-	11.84	-	11.84	-	11.84	6.92%	0.41
PFC-Capital R&M works	23.14	-	23.14	3.30	2.31	26.45	2.31	24.13	11.39%	2.69
System strengthening	8.38	2.82	5.55	-	0.84	8.38	3.66	4.72	10.50%	0.54
PFC Gap funding	28.48	0.16	28.32	17.97	0.93	46.44	1.09	45.35	11.50%	4.24
Total	**412.53**	**145.09**	**267.44**	**128.85**	**57.20**	**541.37**	**202.28**	**339.09**		**32.22**

Also the Commission has approved the Guarantee Fee of Rs. 1.06 Crore for FY 2012-13. Accordingly the Interest and Finance Charges approved by the Commission is Rs. 33.28 Crore as against Rs. 33.03 Crore claimed by the Petitioner.

3.8.2 Depreciation including Advance against depreciation

As regards depreciation, the Petitioner submitted that the depreciation has been computed by the similar methodology as approved by the Commission for the true-up of FY 2011-12 in the MYT Order. Further, for assets created out of consumer contribution, grants and deposit works, depreciation has not been considered in accordance with Regulations 18(1)(a) of UERC (Terms and Conditions of Transmission Tariff) Regulations, 2004. The Petitioner requested the Commission to approve the proposed depreciation for FY 2012-13, as shown in the Table below:

Table 3.20: Proposed Depreciation for true-up of FY 2012-13 (Rs. Crore)

S. No.	Particulars	Approved in Tariff Order	Actual
1	Opening GFA	645.02	654.29
2	Less: Grants	90.08	62.34
3	Opening depreciable GFA	554.93	591.95
4	Addition in GFA	-	122.52
5	Less: Grants	-	1.47
6	Depreciable assets of addition	-	121.05
7	Depreciation rate	2.99%	2.99%
8	**Depreciation**	**16.59**	**19.51**

Regulation 18 of the UERC (Terms & Conditions for Determination of Transmission Tariff) Regulations, 2004 stipulates as follows:

"(1) For the purpose of tariff, depreciation shall be computed in the following manner, namely:

(a) The value base for the purpose of depreciation shall be the historical cost, excluding capital subsidy/grant, of the asset capitalised.

(b) Depreciation shall be calculated annually based on straight line method over the useful life of the asset and at the rates prescribed in Appendix I to these regulations.

The residual life of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the historical capital cost of the asset. Land is not a depreciable asset and its cost shall be excluded from the capital cost while computing 90% of the historical cost of the asset. The historical capital cost of the asset shall include additional capitalisation on account of Foreign Exchange Rate Variation up to 31.3.2004 already allowed by the Central or State Government/Commission.

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

The Commission, in accordance with the approach adopted in the previous Tariff Orders approved the depreciation by considering the weighted average depreciation rate of 2.99% on depreciable GFA for FY 2012-13. Since the Opening GFA for FY 2012-13 has been revised based on the revision in capitalisation on account of truing up for FY 2012-13 and also capitalisation of "LILO of 220 kV Haridwar-Roorkee Line at 400 kV PGCIL S/s Roorkee" under PFC scheme in FY 2010-11 has been considered in this Order, therefore, approved depreciation on truing up of FY 2012-13 has increased from that of approved depreciation in ARR Order for FY 2012-13. The approved depreciation is as shown in the Table given below:

Table 3.21: Depreciation approved by the Commission for FY 2012-13 (Rs. Crore)

Particulars	Opening GFA	Grants	Depreciable GFA	Additions	Grants in additions	Depreciable GFA in additions	Depreciation
Transferred assets	81.47	-	81.47	-	-	-	2.44
Scheme wise assets							
REC Old	108.67	-	108.67	0.01	-	0.01	3.25
NABARD	196.69	-	196.69	-	-	-	5.88
REC New	82.80	-	82.80	0.95	-	0.95	2.49
REC IV	24.26	-	24.26	20.68	-	20.68	1.03
REC V	2.78	-	2.78	109.66	-	109.66	1.72
PFC	4.64	-	4.64	-	-	-	0.14
PFC (Computer equipment)	-	-	-	0.58	-	0.58	0.01
REC VIII	-	-	-	-	-	-	-
REC IX	-	-	-	4.48	-	4.48	0.07
REC XI	-	-	-	16.91	-	16.91	0.25
PFC-Capital R&M works	33.06	-	33.06	4.72	-	4.72	1.06
Deposit works	62.34	62.34	-	1.47	1.47	-	-
System strengthening	11.97	-	11.97	-	-	-	0.36
Total	**608.68**	**62.34**	**546.34**	**159.46**	**1.47**	**157.99**	**18.70**

3.8.2.1 *Advance against depreciation*

The Petitioner submitted that the depreciation expenses are not adequate to meet the repayment of loan for FY 2012-13 and hence advance against depreciation has been considered in line with UERC (Terms and Conditions of Transmission Tariff) Regulations, 2004 considering the figures approved by the Commission in the MYT Order towards loan balances, cumulative repayment, and depreciation in the provisional true-up of FY 2011-12. The Table below shows the proposed advance against depreciation for FY 2012-13 submitted by the Petitioner:

Table 3.22: Proposed Advance against depreciation for true-up of FY 2012-13 (Rs. Crore)

S. No.	Particulars	Approved in Tariff Order	Claimed for truing up
1	1/10th of the Loan(s)	37.80	52.56
2	Repayment of the Loan(s) as considered for working out Interest on Loan	54.75	72.53
3	Minimum of the above	37.80	52.56
4	Less: Depreciation during the year	16.59	19.51
5	(A) =3-4	21.21	33.05
6	Cumulative repayment of the Loan(s) as considered for working out interest on Loan	236.78	217.40
7	Less: Cumulative depreciation	97.81	96.07
8	(B)=6-7	138.97	121.33
9	**Advance Against Depreciation (Minimum of A & B)**	**21.21**	**33.05**

Regulation 19 of the UERC (Terms & Conditions for Determination of Transmission Tariff) Regulations, 2004 stipulates as follows:

> *"In addition to allowable depreciation, the transmission licensee shall be entitled to an advance against depreciation, computed in the manner given hereunder.*
>
> *AAD = Loan repayment amount as per regulation 17 subject to a ceiling of 1/10th of loan amount as per regulation 15(5) minus depreciation as per schedule.*
>
> *Provided that Advance Against Depreciation shall be permitted only if the cumulative repayment up to a particular year exceeds the cumulative depreciation up to that year;*
>
> *Provided further that Advance Against Depreciation in a year shall be restricted to the extent of difference between cumulative repayment and cumulative depreciation up to that year.*
>
> *On repayment of entire loan, the remaining depreciable value shall be spread over the balance useful life of the asset."*

The Commission worked out the allowable Advance Against Depreciation (AAD) in accordance with the provisions of UERC Tariff Regulations, 2004. The Commission has considered the loans corresponding to capitalised GFA under each scheme as detailed above in the financing portion irrespective of actual loans. The Commission noted that due to moratorium available on repayments of the loans taken under different schemes, the actual repayment is linked with the date of release of the loan tranche irrespective of actual date of capitalisation of asset created. As the Commission is considering loans only on the date of capitalisation for working out interest, the repayments only after the loan is recognized upon capitalisation of asset can be considered. Accordingly, for those tranches of loan where the actual repayment starts on or after the date of capitalisation, the Commission has considered actual repayments and for tranches of loan where repayments starts before the date of capitalisation, repayments have been assumed to start from the date of loan capitalisation over the approved loan tenure and therefore, the repayments have, been taken as lower of the two i.e. normative repayments after the date of capitalisation and actual repayments due as per the drawl schedule. On the basis of the above, the Commission has worked the advance against depreciation for FY 2012-13 as shown in the Table given below:

Table 3.23: Advance Against Depreciation approved by the Commission for FY 2012-13 (Rs. Crore)

S. No.	Particulars	Approved in the Tariff Order	Claimed	Approved on truing up
1	1/10th of the Loan	37.80	52.56	52.00
2	Repayment of the Loan(s) as considered for working out interest on Loan	54.75	72.53	57.20
3	**Minimum of the above**	37.80	52.56	52.00
4	Less: Depreciation during the year	16.59	19.51	18.70
5	(A) = 3 - 4	21.21	33.05	33.30
6	Cumulative Repayment of the Loan(s) as considered for working out Interest on Loan	236.78	217.40	201.35
7	Less: Cumulative Depreciation	97.81	96.07	90.72
8	(B) = 6 - 7	138.97	121.33	110.63
9	**Advance Against Depreciation (Minimum of A & B)**	**21.21**	**33.05**	**33.30**

3.8.3 Return on Equity

The Petitioner submitted that Return on Equity for FY 2012-13 has been computed in accordance with Regulation 20 of UERC (Terms and Conditions of Transmission Tariff) Regulations, 2004. The Commission, in the Tariff Order for FY 2012-13, did not allow any return on equity utilised for creation of assets funded out of PDF. The Petitioner submitted that the equity contribution from Government of Uttarakhand towards all Schemes except REC Old and NABARD Schemes has been from Government's budgetary allocation. The Petitioner submitted that equity contribution towards the Schemes during FY 2011-12 have been considered in addition to the opening Equity of Rs. 3.59 Crore considered by the Commission for provisional true-up of FY 2011-12. The Petitioner requested the Commission to approve the proposed Return on Equity for FY 2012-13 as shown in the Table given below:

Table 3.24: Proposed Return on Equity for true-up of FY 2012-13 (Rs. Crore)

S. No.	Particulars	Amount
1	Opening Equity base of FY 2011-12 (as per MYT Order) eligible for Return	3.59
2	Equity corresponding to assets capitalised during FY 2011-12	31.86
3	Closing Equity of FY 2011-12 (Opening Equity for FY 2012-13)	35.45
4	Rate of Return on Equity	14%
5	**Return on Equity**	**4.96**

The Commission has not been allowing Return on Equity on funds deployed by the GoU out of PDF fund for various reasons recorded in the previous Tariff Orders. The Commission, in its Order dated May 6, 2013 on approval of Business Plan and MYT for the Control Period FY 2013-14 to FY 2015-16, directed the Petitioner to submit the supporting documents regarding the equity contribution from the budgetary allocation. The Petitioner submitted the approvals of Government of Uttarakhand regarding the equity allocation for the years FY 2010-11, FY 2011-12 and FY 2012-13. The Petitioner also submitted that it has not received any funds from PDF since FY 2010-11.

The Commission asked the Petitioner to submit the PDF funds in the closing equity for FY 2009-10. The Petitioner submitted that out of the closing equity of Rs. 172.10 Crore as on March 31, 2010, the contribution from PDF is only Rs. 129.05 Crore. The break-up of closing equity of FY 2009-10 submitted by the Petitioner is as shown in the Table given below:

Table 3.25: Break up of closing equity of FY 2009-10 (Rs. Crore)

PDF			Under ADB Head	Directly as share capital	Total
REC Old	**NABARD**	**REC-IV**			
48.49	59.75	20.81	38.04	5.00	**172.10**

The Commission has gone through the submissions of the Petitioner. Based on the equity received from Government of Uttarakhand for the years FY 2010-11, FY 2011-12, FY 2012-13 as shown in Table below, the Commission is convinced that the equity allocation had been from budgetary allocation for these years excluding REC-Old, NABARD and REC-IV Schemes.

Table 3.26: Actual Equity based on audited Accounts (Rs. Crore)

S. No.	Particulars	FY 2010-11	FY 2011-12	FY 2012-13
1	Opening Equity	172.10	187.22	227.41
2	Addition during the year	15.12	40.19	56.33
3	Closing Equity	187.22	227.41	283.74

The total opening equity for FY 2012-13 is Rs. 80.82 Crore. Out of this total opening equity, the equity portion corresponding to REC Old, NABARD and REC IV Schemes is Rs. 65.09 Crore. The total equity funded from PDF and the opening equity for FY 2012-13 is as shown in the Table given below:

Table 3.27: Eligible equity for return for FY 2012-13 (Rs. Crore)

Scheme	Equity funded from PDF	Opening Equity considered for FY 2012-13	Eligible equity for return
REC Old	48.49	19.62	0.00
NABARD	59.75	38.19	0.00
REC IV	20.81	7.28	0.00
REC V	0.00	0.84	0.84
PFC	0.00	1.39	1.39
PFC Computer equipment	0.00	0.00	0.00
REC IX	0.00	0.00	0.00
PFC Capital R&M works	0.00	9.91	9.91
System Strengthening	0.00	3.59	3.59
Total	**129.05**	**80.82**	**15.73**

Accordingly, the Commission has allowed Return on Equity in accordance with the UERC Tariff Regulations, 2004 excluding the Equity portion corresponding to that funded from PDF. The Return on Equity approved by the Commission is as shown in the Table given below:

Table 3.28: Return on Equity approved by the Commission for FY 2012-13 (Rs. Crore)

Particulars	Approved in the Tariff Order	Claimed	Approved on truing up
Eligible Equity for return	1.24	35.45	15.73
Rate of Return on Equity	14%	14%	14%
Return on Equity	0.17	4.96	2.20

3.8.4 Operation and Maintenance (O&M) Expenses

The Petitioner submitted that O&M expenses comprises of Employee expenses, Administrative and General (A&G) expenses and Repair and Maintenance (R&M) expenses. The Table below shows the O&M expenses for FY 2012-13 submitted by the Petitioner:

Table 3.29: Proposed O&M expenses for true-up of FY 2012-13 (Rs. Crore)

S. No.	Particulars	Approved in Tariff Order	Actual
1	Employee expenses	58.75	49.40
2	R&M expenses	13.45	20.51
3	A&G expenses	14.27	14.14
4	Additional O&M expenses for new assets	1.79	-
5	**Total**	**88.26**	**84.06**

As regards employee expenses, the Petitioner submitted that the actual employee expenses were lower as compared to approved expenses primarily due to the fact that no prior period items were recorded on account of pay revision during the year. As regards R&M expenses, the Petitioner submitted that the Commission had considered the base figures of FY 2010-11 for approving the R&M expenses for FY 2012-13 and higher actual expenses was on account of additional repair and maintenance activities on the old transmission assets transferred during unbundling. The Petitioner submitted that due to large addition of assets during FY 2011-12 and FY 2012-13, the actual R&M expenses for FY 2012-13 has increased. The Petitioner submitted that the actual A&G expenses are in line with the approved expenses. The Petitioner requested the Commission to allow the O&M expenses for FY 2012-13 as per the audited accounts.

The Commission observed that the terminal benefits (part of employee expenses) for FY

2012-13 are 22% of the basic salary and D.A. The Commission asked the Petitioner to submit the reasons for such high terminal benefits. The Petitioner submitted that the major reason for rise in the terminal benefits is the actuarial valuation of gratuity being done by LIC in FY 2012-13. The Petitioner submitted that earlier, the provision of gratuity payable to EPF employees was made on the basis of half month salary which was approximately Rs. 86.00 Lakh in FY 2011-12 and upto March 31, 2012, the provision of gratuity in books of account was Rs. 3.27 Crore and post the actuarial valuation undertaken by LIC, it was evaluated that the provision should be Rs. 5.27 Crore upto March 31, 2013. The Petitioner submitted that the difference of the short provision amount of Rs. 2.00 Crore (Rs. 5.27 Crore – Rs. 3.27 Crore) has been done in the books of account of FY 2012-13. The Commission observed from the documentary evidence submitted by the Petitioner that LIC had vide its letter dated 24.05.2013 informed PTCUL of the valuation carried out by it and the premium estimate for the 1st year worked out to Rs. 5.27 Crore. Accordingly, it is clear that the Petitioner had created an additional provision to meet the expenditure to be incurred in ensuing year on this account. A mere provisioning in anticipation of an expected expenditure in future cannot become eligible for pass through as an actual expense in a true up exercise. Hence, the Commission has disallowed Rs. 2.00 Crore from the actual employee expenses in truing up of FY 2012-13. However, the Commission would consider the same in the year when the scheme would be adopted by PTCUL and actual expenses incurred less provisioning already allowed with carrying cost thereon would be allowed.

The Commission observed that there has been a substantial increase in R&M expenses for FY 2012-13 as against that approved in the Tariff Order. The Commission had approved the R&M expenses of Rs. 18.53 Crore for FY 2011-12 in the provisional truing up of FY 2011-12 in its Order dated May 6, 2013. The Commission observes that the actual R&M expenses for FY 2012-13 are slightly higher than actual R&M expenses for FY 2011-12. As the total actual O&M expenses are lower than that approved in the Tariff Order for FY 2012-13, the Commission approves the O&M expenses of Rs. 82.06 Crore for FY 2012-13 (Rs. 84.06 Crore as per the audited accounts for FY 2012-13 less Rs. 2 Crore) while carrying out the truing up as shown in the Table given below:

Table 3.30: O&M expenses approved for FY 2012-13 (Rs. Crore)

S. No.	Particulars	Approved in Tariff Order	Claimed	Approved
1	Employee expenses	58.75	49.40	47.40
2	R&M expenses	13.45	20.51	20.51
3	A&G expenses	14.27	14.14	14.14
4	Additional O&M expenses for new assets	1.79	-	-
5	**Total**	**88.26**	**84.06**	**82.06**

3.8.5 Interest on Working Capital

The Petitioner submitted that the working capital for FY 2012-13 has been computed in accordance with the Regulation 21 of UERC (Terms & Conditions for determination of Transmission Tariff) Regulations, 2004. The Petitioner further submitted SBI PLR as on April 1, 2012 has been considered as the interest rate for calculating the interest on working capital in accordance with the Regulations. The Table below shows the interest on working capital computation for FY 2012-13 submitted by the Petitioner:

Table 3.31: Proposed Interest on Working Capital for true-up of FY 2012-13 (Rs. Crore)

S. No.	Particulars	Actual
1	O&M expenses for one month	7.01
2	Spares (1% of historical cost)	9.94
3	Receivables (2 months)	30.19
4	**Total working capital**	**47.14**
5	Interest rate	14.75%
6	**Interest on Working Capital**	**6.95**

3.8.5.1 Additional Working Capital Requirement towards TDS deductions by UPCL

The Petitioner submitted that the payments received by PTCUL from UPCL are subject to the provisions of Tax Deducted at Source (TDS) under Section 194J (Fees for professional or technical services) of the Income Tax Act, 1961 as the payment for transmission and wheeling charges are considered as 'fees for technical services'. The Petitioner submitted that 10% TDS is applicable under the current provisions of Section 194J of the Income Tax Act, 1961. The Petitioner submitted that as the transmission business is regulated and the tariff is determined based on cost plus regime there is no scope for any margins for covering any shortfall in revenue collection and additional interest burden due to revenue deferment on account of the TDS deduction. The Petitioner submitted that for FY 2012-13, UPCL deducted Rs. 15.13 Crore towards TDS and deposited with the tax authorities and as a result it had been able to collect only 90% of the invoice generated. The Petitioner submitted that this TDS amount would be refunded in FY 2014-15. The Petitioner requested the Commission to allow additional interest on the amount deducted on account of TDS by UPCL to enable it to tide over the working capital issues on this account. The Table below shows the additional interest on Working Capital on account of TDS deduction submitted by the Petitioner:

Table 3.32: Proposed Additional interest on working capital on account of TDS deduction (Rs. Crore)

S. No.	Particulars	FY 2012-13
1	Opening TDS amount	-
2	Addition during the year	15.13
3	Closing TDS amount	15.13
4	**Average**	**7.57**
5	Interest rate on Short-term Working Capital Loans (SBI PLR)	14.75%
6	**Additional Working Capital interest liability**	**1.12**

The Petitioner requested the Commission to approve the interest on Working Capital of Rs. 8.07 Crore for FY 2012-13 including the additional interest on account of TDS incidence.

Regulation 21 of UERC (Terms & Conditions for determination of Transmission Tariff) Regulations, 2004 states that interest on Working Capital should be calculated as under:

"Working Capital shall cover:

a) Operation and Maintenance expenses for one month;

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

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

(2) Rate of interest on working capital shall be on normative basis and shall be equal to the short-term Prime Lending Rate of State Bank of India as on 1.4.2004 or on 1st April of the year in which the project or part thereof, as the case may be, is declared under commercial operation, whichever is later. The interest on working capital shall be payable on normative basis notwithstanding that the transmission licensee has not taken working capital loan from any outside agency."

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

"Subject to rules made under sub-section (2A), where, in the case of any income of any person or sum payable to any person, income-tax is required to be deducted at the time of credit or, as the case may be, at the time of payment at the rates in force under the provisions of sections 192, 193, 194, 194A, 194C, 194D, 194G, 194H, 194-I. 194J, 194K, 194LA and 195, the Assessing Officer is satisfied that the total income of the recipient justifies the deduction of income-tax at any lower rates or no deduction of income-tax, as the case may be, the Assessing Officer shall, on an application made by the assessee in this behalf, give to him such certificate as may be appropriate."

As per the UERC Tariff Regulations, 2004 the interest on Working Capital is provided on normative basis irrespective of actual working capital loan. Further, the Regulations does not provide for including any element towards TDS deduction as part of working capital. Considering these aspects, the Commission has computed the Interest on Working Capital in accordance with the provisions of Regulations and the Interest on Working Capital approved by the Commission for FY 2012-13 is as shown in the Table given below:

Table 3.33: Interest on Working Capital approved for FY 2012-13 (Rs. Crore)

Particulars	Approved in Tariff Order	Claimed	Approved on truing up
O&M expenses for one month	7.35	7.01	6.84
Maintenance Spares	9.31	9.94	9.69
Receivables (2 months)	26.66	30.19	29.13
Working Capital	**43.33**	**47.14**	**45.65**
Rate of Interest	13.25%	14.75%	14.75%
IWC	**5.74**	**6.95**	**6.73**

3.8.6 Non Tariff Income

The Petitioner submitted that actual non tariff income for FY 2012-13 is Rs. 1.51 Crore as against Rs. 1.24 Crore approved by the Commission. In this regard, the Petitioner requested the Commission to approve the actual non-tariff income. The Commission has approved the actual non tariff income of Rs. 1.51 Crore for FY 2012-13.

3.8.7 Annual Transmission Charges

The component-wise break-up of Annual Transmission Charges approved by the Commission for FY 2012-13 after truing up is given in the Table given below:

Table 3.34: Annual Transmission Charges for FY 2012-13 (Rs. Crore)

S. No.	Particulars	Approved in the Tariff Order	Claimed	Approved on Truing up
1	Employee expenses	58.75	49.40	47.40
2	A&G expenses	14.27	14.14	14.14
3	R&M expenses	13.45	20.51	20.51
4	Additional O&M expenses towards new assets	1.79	-	-
5	**O&M expenses (=1+2+3+4)**	**88.26**	**84.06**	**82.06**
6	Depreciation	16.59	19.51	18.70
7	Advance Against Depreciation	21.21	33.05	33.30
8	Interest and finance charges	29.24	33.03	33.28
9	Return on Equity	0.17	4.96	2.20
10	Interest on Working Capital	5.74	8.07	6.73
11	Non Tariff Income	1.24	1.51	1.51
12	**ARR**	**159.98**	**181.17**	**174.76**
13	**Gap/(Surplus)**	**-**	**21.19**	**14.79**

3.9 Revenue Gap for FY 2012-13

As against the approved ARR of Rs. 159.98 Crore for FY 2012-13, the Petitioner claimed ARR on truing up of Rs. 181.17 Crore and accordingly the revenue gap for FY 2012-13 as Rs. 21.19 Crore. The Petitioner requested the Commission to allow the carry forward of the revenue gap along with carrying cost in the ARR of FY 2014-15.

Based on the analysis elaborated above, as against the approved ARR of Rs. 159.98 Crore for FY 2012-13, the Commission approved the trued up ARR of Rs. 174.76 Crore and accordingly the revenue gap of Rs. 14.79 Crore for FY 2012-13 alongwith carrying cost to be recovered in the ARR of FY 2014-15.

The total impact of revision in capitalisation for FY 2010-11 and FY 2011-12 and the truing up of FY 2012-13 is as shown in the Table given below:

Table 3.35: Total gap including carrying cost (Rs. Crore)

Particulars	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Opening (Surplus)/Gap	0.00	0.55	-0.90	14.85
Addition	0.52	-1.43	14.79	0.00
Carrying Cost	0.03	-0.02	0.96	2.15
Closing (Surplus)/Gap	0.55	-0.90	14.85	16.99
Interest Rate	11.75%	13.00%	14.75%	14.45%

Thus, an amount of Rs. 16.99 Crore is allowed to be recovered in the ARR of FY 2014-15 on account of provisional truing up of FY 2012-13 and the impact of considering the capitalization of PFC Scheme "LILO of 220 kV Haridwar-Roorkee Line at 400 kV PGCIL S/s Roorkee" in FY 2010-11 and revision in capitalisation of REC V (220 kV Mahuakheraganj S/s) in FY 2011-12.

4 Commission's Analysis, Scrutiny and Conclusion on APR for FY 2013-14 and Revised ARR & Tariff for FY 2014-15

4.1 Annual Performance Review

The Commission vide its Order dated May 6, 2013 approved the MYT Petition of the Petitioner for the Control Period FY 2013-14 to FY 2015-16 based on the Audited Accounts available till FY 2011-12. Regulation 13(1) of the UERC (Terms and Conditions for Determination of Tariff) Regulations, 2011 stipulate that under the MYT framework, the performance of the Transmission Licensee shall be subject to Annual Performance Review.

Regulation 13(3) of the UERC (Terms and Conditions for Determination of Tariff) Regulations, 2011 specifies that:

"The scope of Annual Performance Review shall be a comparison of the performance of the Applicant with the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges and shall comprise the following:-

a) A comparison of the audited performance of the applicant for the previous financial year with the approved forecast for such previous financial year and truing up of expenses and revenue subject to prudence check including pass through of impact of uncontrollable factors;

b) Categorisation of variations in performance with reference to approved forecast into factors within the control of the applicant (controllable factor) and those caused by factors beyond the control of the applicant (un-controllable factors);

c) Revision of estimates for the ensuing financial year, if required, based on audited financial results for the previous financial year;

d) Computation of sharing of gains and losses on account of controllable factors for the previous year."

The Commission vide its Order dated May 6, 2013 on approval of Business Plan and MYT Petition for the Control Period approved the ARR for the Control Period based on the audited accounts till FY 2011-12. The Petitioner, in this Petition, proposed the revision of estimates for FY 2013-14 and FY 2014-15 based on the audited accounts for FY 2012-13. The Petitioner, based on the revised ARR for FY 2013-14, also proposed a revenue gap to be recovered in FY 2014-15.

The Commission in this Order has carried out the Truing up of FY 2012-13 in accordance with the UERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2004 and UERC (Terms and Conditions for Truing Up of Tariff) Regulations, 2008. The Commission has approved the Capitalisation for FY 2012-13 based on the audited accounts for FY 2012-13. In accordance with Regulation 13(3) of the UERC Tariff Regulations, 2011 the scope of annual performance review is limited to the revision of estimates for the ensuing year, if required, based on the audited financial results for the previous year and does not provide for the revision of estimates for the current year and give effect on this account in the estimates of the ensuing year. The Commission shall carry out the truing up of FY 2013-14 based on the audited accounts for FY 2013-14 and give effect on this account in the ARR of FY 2015-16 in accordance with Regulation 13(3) of the UERC Tariff Regulations, 2011. Hence the Commission under the provisions of Regulation 13(3) of the UERC Tariff Regulations, 2011 has revised the ARR for FY 2014-15 based on the approved capitalisation for FY 2012-13. The Commission has computed certain expenses for FY 2013-14 based on the revised GFA for FY 2012-13 as approved in the truing up only to facilitate the computations for FY 2014-15. The approach adopted by the Commission in the approval of each element of ARR for FY 2014-15 is elaborated in the subsequent paragraphs.

4.2 Capital Expenditure and Capitalisation for FY 2013-14 and FY 2014-15

The Commission vide its Order dated May 6, 2013 on approval of Business Plan and MYT Petition of the Petitioner for the Control Period FY 2013-14 to FY 2015-16 approved the capital expenditure and capitalisation for each year of the Control Period. The Petitioner submitted that after the issuance of the MYT Order, there has been no additional in-principle approval for capital expenditure schemes for the Control Period. The Petitioner further submitted that few additional capital R&M Schemes are planned during FY 2014-15. The Petitioner submitted that the actual capitalisation during the first 6 months of FY 2013-14 is Rs. 48.83 Crore and based on the 6 months progress of FY 2013-14, it is estimated to achieve the capitalisation target approved by the Commission for FY 2013-14. The Table below shows the list of projects estimated to be completed during balance 6 months of FY 2013-14 submitted by the Petitioner:

Table 4.1: Projects estimated to be completed in balance 6 months of FY 2013-14 submitted by the Petitioner

Scheme	Particulars	Project/ Revised Cost (Rs. Crore)	Actual Expenditure (up to August, 2013) (Rs. Crore)	Estimated Date of Completion
REC II	LILO 132 kV Almora Pithoragarh line at 220 kV S/s at Pithoragarh (Power Grid)	5.46	7.64	October, 2013
REC II	132 kV S/s Srinagar II	19.77	14.13	February, 2014
REC IV	132 kV Purkul-Bindal Link line	5.24	4.2	December, 2013
REC IV	LILO of 220 kV Rishikesh Khodri Line at 220 kV S/s Dehradun	1.09	0.55	December, 2013
REC IV	220 kV S/s Dehradun (320 MVA) involving works of (2x160 MVA of 220/132 kV and 2x40 MVA of 132/33 kV)	51.73	37.03	November, 2013
REC IV	LILO of 132 kV Purkul Dhalipur Line at 220 kV S/s Dehradun	0.80	0.00	November, 2013
REC IV	LILO of 132 kV Kulhal Majra Line at 220 kV S/s Dehradun	0.80	0.00	November, 2013
REC IV	132 kV S/s Hardwar road Dehradun (80 MVA)	24.93	3.81	December, 2013
REC IV	LILO of 132 kV Majra Rishikesh Line at 132 kV S/s Haridwar	1.74	0.08	December, 2013
REC V	220 kV D/C Line from 400 kV S/s Kashipur to Mahuakheraganj (10 km)	15.45	12.64	February, 2014
REC V	2 No. 132 kV Bay at Purkul & Bindal	1.91	1.38	December, 2013
REC V	2 No. 220 kV BAY AT 400 kV S/s Kashipur	5.48	3.59	December, 2013
REC IX	Stringing of second circuit of 220 kV D/C line on Single Zebra conductor from Barehni to Pantnagar	8.74	4.5	December, 2013
Total		**143.14**	**89.55**	-

The Table below shows the additional capital R&M works proposed to be undertaken in FY 2014-15 as submitted by the Petitioner:

Table 4.2: Capital R&M works proposed to be undertaken in FY 2014-15

S. No.	Particulars	Budgeted Cost (Rs. Crore)
	<u>**Capital R&M Works not included in business plan**</u>	
1	Increasing capacity of 220 kV Sub-Station, Chamba by Replacement of 220/33 kV 25 MVA T/F-I with 220/33 kV 50 MVA Transformer.	3.70
2	Increasing Capacity/Replacement of 132/33 kV 20 MVA Transformer by New 132/33 kV 40 MVA Transformer at 132 kV Sub-Station Srinagar Garhwal.	3.05
3	Increasing capacity/Replacement of 02 no.132/66 kV 3x5 MVA T/F by 02 Nos. 132/66 kV 20 MVA AutoT/F at 132 kV S/s Srinagar.	6.11
4	**Total Capital R&M Works**	**12.86**

The Petitioner requested the Commission to consider the above additional capital R&M Schemes proposed for FY 2014-15. The Table below shows the summary of proposed capital expenditure and capitalisation for FY 2013-14 and FY 2014-15 submitted by the Petitioner:

Table 4.3: Summary of proposed Capital expenditure and capitalisation in the Petition (Rs. Crore)

Particulars	FY 2013-14	FY 2014-15
Capital Expenditure		
Approved Capex	183.54	265.16
Add: Additional Capital R&M Schemes		12.86
Revised Capex	**183.54**	**278.02**
Capitalization		
Approved Capitalization	117.98	167.77
Add: Additional Capitalization on account of R&M Schemes	-	12.86
Revised Capitalization	**117.98**	**180.63**

The Commission had approved the capitalisation of Rs. 117.98 Crore for FY 2013-14 and Rs. 167.77 Crore for FY 2014-15 in the MYT Order dated May 6, 2013. The Commission is of the view that it would not be appropriate to revise the capitalisation for the Control Period as approved in the Business Plan and MYT Order based on the estimated figures submitted by the Petitioner. The Commission has not considered the capitalisation claimed towards the capital R&M works as capital investment should be undertaken only after the approval of the Commission as mandated by the Licensee Conditions and the Tariff Regulations notified by the Commission from time to time. In this regard, Para 11 of the Transmission and Bulk Supply Licence provides that:

"11.1 The Licensee shall not make any investment under any scheme or schemes except in an economical and efficient manner and in terms of this Licence and in accordance with the Regulations, guidelines, directions and orders the Commission may issue from time to time.

11.2 The Licensee shall promptly notify the Commission, schemes pertaining to the Transmission System which the Licensee from time to time proposes to implement together with relevant details, including the estimated cost of such schemes, with requisite break-up and proposed investment plans. The Licensee shall furnish to the Commission such further details and clarifications as to the schemes proposed, as the Commission may require from time to time…..

11.3 The Licensee shall make an application to the Commission for obtaining prior approval of the Commission for schemes involving major investments as per the procedure which the Commission may specify from time to time and demonstrate to the satisfaction of the Commission ………"

Further, Regulation 17(7) of the UERC Tariff Regulations, 2011 provides that:

"The Transmission Licensee Or Distribution Licensees or SLDC are required to file petition for "in-principle" approval of all projects/schemes whose capital cost is more than Rs. 2.5 Crs in a manner specified in Regulation 23.

Provided that where the Commission has given an "in-principle" acceptance to the estimated capital cost and financing plan, it shall act as a guiding factor for applying prudence check on the actual capital expenditure."

Also, the Commission observes that the Petitioner has not filed the Petition for in-principle approval for the capital investment for the above capital R&M works in accordance with the License Conditions and UERC Tariff Regulations, 2011. The Commission shall consider the variation in capitalisation for each year during the truing up for the respective year based on the audited accounts.

A major area of concern of the Commission has been tardy implementation of works by the Petitioner. The transmission system as it exists, is over stressed and has been the cause of not only poor quality of supply in far flung areas but also of curtailment in supply for want of adequate capacity. It has been observed that during 5 year period of FY 2008-09 to FY 2012-13, the length of transmission lines in kilometer increased at an average rate of 3.2% and augmentation of transformation capacity by a mere 2.2%. In the corresponding period, the retail sale increased at an average rate of 11%. The extremely poor growth in transmission assets viewed in context of growth in retail sale makes inadequacy of transmission capacity more pronounced.

The Commission has been receiving the representation/complaints from generators regarding the poor transmission infrastructure which is causing loss of generation. The Commission has also been receiving complaint from various high tension consumers that the line works to connect to the grid Sub-station has been inordinately delayed and that their connection is on adhoc/temporary basis or on lower voltage which is not proper as per the limits specified by the Commission. The Commission had constituted an Expert Committee to examine the cost and time over run for the works executed by the Petitioner. This was done with a view to arrive at the prudent cost eligible to be admitted by the Commission. The Expert Committee has also thrown up issues relating to their procurement process and that in the same time schedule, major equipment like transformers were procured at cost which substantially vary from each other. The cost attributable to delays in execution if not found prudent by the Commission, is going to be disallowed and such disallowances will have adverse impact on financial viability of the Petitioner.

In most of the cases, the Petitioner has been assigning forest clearances and RoW as reasons for delays in execution of works. The Commission cannot concede that these problems are unique to the State. They exist across the country and are being handled/overcome much more effectively than is being done by the Petitioner. There appears to be something amiss either in methodology being pursued or in sincerity of efforts. The Commission has a distinct impression that these two difficulties are being used by the field functionaries of the Petitioner to cover up inefficiency and poor effort level. **The Commission directs the Petitioner to review the gamut of approaching bottlenecks resulting in delayed implementation vis-a-vis practices in other better performing transmission utilities and take required corrective actions to improve the pace of execution of the works.** In case the Petitioner is feeling impeded by any Government policies or by any Regulation prescribed by this Commission, they should approach the State Government or this Commission requesting for remedies in this regard. A concerted effort has now become necessary to improve transmission system quickly lest it starts discouraging generation capacity addition and addition of new consumers. The Commission, therefore, decides to undertake quarterly review in third week of the month following the end of the quarter.

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

(a) Actions taken to improve the pace of implementation pursuant to directions given above.

(b) Physical and financial progress of each of the ongoing works including deposit works, schedule thereof and reasons for delay where works have spilled over beyond the schedule.

4.3 Gross Fixed Assets

The Commission in its Order dated May 6, 2013 on approval of MYT Petition for the Petitioner for the Control Period FY 2013-14 to FY 2015-16 approved the opening GFA of Rs. 654.29 Crore. The Commission has revised this opening GFA for FY 2013-14 on account of revised closing GFA for FY 2012-13 as approved in the truing up of FY 2012-13 to Rs. 764.69 Crore. The revised GFA approved by the Commission for FY 2014-15 is as shown in the Table given below:

Table 4.4: Revised GFA approved by the Commission for FY 2014-15

(Rs. Crore)

Particulars	FY 2013-14		FY 2014-15	
	Approved in the MYT Order	Revised	Approved in the MYT Order	Revised
Opening Value	654.29	764.69	772.27	882.68
Additions in the year				
REC Old Schemes	110.62	110.62	157.30	157.30
NABARD Schemes				
REC New Schemes				
REC-IV scheme				
REC-V Scheme				
PFC-Capital R&M works				
REC IX				
Deposit Works	0.00	0.00	0.00	0.00
APDRP	0.00	0.00	0.00	0.00
Other system strengthening Schemes	7.37	7.37	10.47	10.47
Total Additions during the year	**117.98**	**117.98**	**167.77**	**167.77**
Less Deletions during the year	0.00	0.00	0.00	0.00
Closing Value	**772.27**	**882.68**	**940.04**	**1050.45**

4.4 Capital Structure

The Commission, in its Order dated May 6, 2013 on approval of Business Plan and MYT Petition for the Control Period FY 2013-14 to FY 2015-16, has considered the overall approved capitalisation for each year of the Control Period and from the same, segregated the system strengthening schemes separately and the balance Capitalisation has been considered under the Schemes funded by Financial Institutions. The Commission has considered the debt-equity ratio of 70:30 for Other system strengthening Schemes. For the balance capitalisation considered under the said Schemes, the Commission has considered the weighted average debt-equity ratio of such schemes considering the additional capitalisation in the past years. In line with the same approach, the Commission has approved the revised Debt and Equity components on account of capitalisation approved for FY 2012-13 in the truing up of FY 2012-13. The revised means of finance computed for FY 2013-14 and FY 2014-15 are as shown in the Tables given below:

Table 4.5: Means of Finance for FY 2013-14 based on revised GFA (Rs. Crore)

Particulars	Cap. Res.	Grant	Loan	Equity	Total
Opening Value	78.02	63.81	494.93	127.93	**764.69**
Additions in the year					
REC Old Schemes	-				
NABARD Schemes	-				
REC New Schemes	-				
REC-IV scheme	-	-	91.81	18.81	110.62
REC V scheme	-				
PFC -Capital R&M works	-				
REC IX	-				
Other system strengthening Schemes	-	-	5.16	2.21	7.37
Total Additions during the year	-	-	**96.97**	**21.02**	**117.99**
Less Deletions during the year	-	-	-	-	-
Closing Value	**78.02**	**63.81**	**591.90**	**148.95**	**882.68**

Table 4.6: Approved Means of Finance for FY 2014-15 (Rs. Crore)

Particulars	Cap. Res.	Grant	Loan	Equity	Total
Opening Value	78.02	63.81	591.90	148.95	**882.68**
Additions in the year					
REC Old Schemes	-				
NABARD Schemes	-				
REC New Schemes	-				
REC-IV scheme	-	-	130.56	26.74	157.30
REC V scheme	-				
PFC -Capital R&M works	-				
REC IX	-				
Other system strengthening Schemes	-	-	7.33	3.14	10.47
Total Additions during the year	-	-	**137.89**	**29.88**	**167.77**
Less Deletions during the year	-	-	-	-	-
Closing Value	**78.02**	**63.81**	**729.79**	**178.83**	**1050.45**

4.5 Annual Transmission Charges

The Commission in its MYT Order dated May 6, 2013 has approved the Annual Transmission Charges for each year of the Control Period FY 2013-14 to FY 2015-16 in accordance with the UERC Tariff Regulations, 2011. The Commission for the purpose of this Order has revised the Annual Transmission Charges for FY 2014-15 only on account of revision in GFA of FY 2012-13 from that considered in the approval of MYT Order dated May 6, 2013. Further, the Commission is approving the ARR of SLDC separately for the Control Period FY 2013-14 to FY 2015-16 based on the Petition filed by the Petitioner. The Commission, in its MYT Order dated May 6, 2013, has approved the SLDC charges as an integral part of the Annual Transmission Charges for the Petitioner. As FY 2013-14 is already over, the ARR approved for SLDC function for FY 2013-14 is only for indicative purposes and the same shall be considered during the truing up of FY 2013-14. As regards FY 2014-

15, the Commission has deducted the ARR approved for SLDC function from the revised ARR of the Petitioner for FY 2014-15. The approach adopted by the Commission in approving each component of the Annual Transmission Charges is elaborated below.

4.5.1 Operation and Maintenance (O&M) Expenses

The Commission, in its Order dated May 6, 2013 on approval of Business Plan and MYT Petition for the Control Period FY 2013-14 to FY 2015-16, approved the O&M expenses in accordance with the UERC Tariff Regulations, 2011. In the said Order, the Commission has considered the CPI Inflation as 8.75% and WPI Inflation as 7.77%. The Petitioner submitted that as FY 2012-13 is complete and audited accounts of FY 2012-13 as well as CPI and WPI indices for the year are available, it is proposing the revised O&M expenses for FY 2013-14 and FY 2014-15 based on the latest available information. The Commission is of the view that it would not be appropriate to revise every component of annual fixed charges as approved in MYT Order based on latest actual data available as this would defeat the whole purpose of having a Multi Year Tariff. Hence, the Commission has not considered any revision in CPI Inflation and WPI Inflation from that approved in the MYT Order in this Order and would be considered at the time of truing up. The Commission has revised the O&M expenses only on account of the revised GFA for FY 2012-13 approved in the truing up of FY 2012-13.

4.5.1.1 Employee expenses

The Petitioner submitted that the actual gross employee expenses and capitalised employee expenses of FY 2012-13 has been considered for projecting the employee expenses for FY 2013-14. The Petitioner submitted that the average CPI growth has been considered as 9.82% in line with the actuals during the last 3 years i.e., from FY 2010-11 to FY 2012-13 as compared to 8.75% approved by the Commission in the MYT Order. The Petitioner submitted that the growth factor (Gn) of employees has been considered as approved by the Commission in the Business Plan for the respective years.

The Table below shows the proposed employee expenses for FY 2013-14 and FY 2014-15 submitted by the Petitioner:

Table 4.7: Proposed employee expenses (Rs. Crore)

Particulars	FY 2012-13	FY 2013-14	FY 2014-15
Actual Gross Employee expenses	55.66		
CPI Inflation		9.82%	9.82%
Growth Factor (Gn)		3.96%	10.42%
Gross Employee expenses		63.55	77.06
Capitalisation @ 11.25%	6.26	7.15	8.67
Net Employee expenses	**49.40**	**56.40**	**68.39**
Less: SLDC Employee expenses			3.35
Revised PTCUL Employee expenses		**56.40**	**65.04**
Approved Employee expenses (as per MYT Order)		54.19	65.07

The Petitioner submitted that as the petition for SLDC business for FY 2014-15 is being filed separately, the employee expenses towards SLDC business have been reduced from the total employee expenses of PTCUL for FY 2014-15.

The Commission in its Order dated May 6, 2013 on approval of Business Plan and MYT for the Control Period FY 2013-14 to FY 2015-16 approved the Employee expenses in accordance with the UERC Tariff Regulations, 2011. In accordance with the approach elaborated above, the Commission is not approving the revision in employee expenses for FY 2014-15 on account of the actual employee expenses for FY 2012-13 and the CPI Indices for FY 2012-13. Any variation in actual employee expenses as against the approved expenses shall be dealt with the provisions of the UERC Tariff Regulations, 2011 at the time of truing up of respective years based on the Audited Accounts.

The employee expenses approved by the Commission for FY 2014-15 are as shown in the Table given below:

Table 4.8: Employee expenses approved for FY 2014-15 (Rs. Crore)

Particulars	MYT Order	Revised Proposed	Approved
Employee expenses	65.07	65.04	65.07

4.5.1.2 *Repair and Maintenance Expenses*

The Petitioner submitted that in the MYT Regulations 2011, the R&M expenses have been specified as percentage of GFA and as the opening GFA for Control period has undergone revision on account of addition in assets during FY 2012-13, the R&M expenses have been revised considering the revised opening GFA. The Petitioner further submitted that the average increase in WPI for immediately preceding three years has reduced from 7.77% approved by the Commission to 6.67% and therefore, the WPI inflation rate of 6.67% as per the MYT Regulations, 2011 have been considered for projection of R&M expense. The Petitioner submitted that it has considered the k factor of 3.18% as approved in the MYT Order.

The Table below shows the proposed R&M expenses for FY 2013-14 and FY 2014-15 submitted by the Petitioner:

Table 4.9: Proposed R&M expenses (Rs. Crore)

Particulars	Assumption	FY 2013-14	FY 2014-15
Revised Opening GFA		773.36	877.73*
k factor	3.18%		
WPI Inflation	6.67%		
Revised R&M expenses		**26.23**	**29.77**
Approved R&M expenses		22.45	26.50

**The allocated SLDC assets have been reduced in FY 2014-15 while determining the R&M expenses*

The Commission in its Order dated May 6, 2013 on approval of Business Plan and MYT for the Control Period FY 2013-14 to FY 2015-16 approved the R&M expenses in accordance with the UERC Tariff Regulations, 2011. The Commission recognizes the fact that with additions in the gross block the repair and maintenance expenses of the Petitioner are bound to vary from that approved in the MYT Order. The Commission, in the MYT Order, has approved the k factor (R&M expenses as % of GFA) of 3.18% considering the actual R&M expenses for FY 2009-10 to FY 2011-12. Because of the approved revision in GFA for FY 2010-11 by considering capitalisation of "LILO of 220 kV Haridwar-Roorkee Line at 400 kV PGCIL Sub-Station, Roorkee", under PFC Scheme, the Commission has approved the revision in k factor to 3.17%. The R&M expenses approved by the Commission for FY 2014-15, on account of revision in GFA and on account of truing up for FY 2012-13, are as shown in the Table given below:

Table 4.10: R&M expenses approved for FY 2014-15 (Rs. Crore)

Particulars	MYT Order	Revised Proposed	Approved
R&M expenses	26.50	29.77	30.18

4.5.1.3 *Administrative and General (A&G) expenses*

The Petitioner submitted that it has computed the revised A&G expenses for FY 2013-14 and FY 2014-15 based on the actual A&G expenses for FY 2012-13. The Petitioner submitted that the average increase in WPI of 6.67% for immediately preceding three years has been considered for the purpose of escalation of A&G expenses and the actual license fee paid during FY 2013-14 has been considered along with an additional amount of Rs. 2 Crore towards insurance of transmission assets. The Petitioner submitted that for protection of the transmission assets against the natural calamities like the one recently occurred in the State of Uttarakhand, the requirement of insurance of the transmission assets is very important as it would be beneficial to the consumers in safeguarding their interest against such calamities. The Petitioner requested the Commission to include this amount in the A&G expenses for the Control Period. The Table below shows the proposed A&G expenses for FY 2013-14 and FY 2014-15 submitted by the Petitioner:

Table 4.11: Proposed A&G expenses (Rs. Crore)

Particulars	Assumptions	FY 2013-14	FY 2014-15
Revised A&G expenses based on last 3 years A&G expenses*		9.54	10.18
Add:			
New initiative		1.00	1.00
License Fee		1.15**	1.25
Insurance of Assets		2.00	2.00
Gross A&G expenses		**13.69**	**14.43**
Less: Capitalisation	10%	1.37	1.44
Revised A&G expenses		**12.32**	**12.99**
Less: A&G expenses allocated to SLDC			0.43
Net A&G expenses for PTCUL		**12.32**	**12.56**
Approved A&G expenses (as per MYT Order)		11.25	12.07

** Excluding License fee and Government Guarantee Fee*

***Actual License fee paid by PTCUL for FY 2013-14 and escalation of 9% considering a growth rate of 9% in capacity handled during the Control Period*

The Commission in its Order dated May 6, 2013 on approval of Business Plan and MYT for the Control Period FY 2013-14 to FY 2015-16 approved the A&G expenses in accordance with the UERC Tariff Regulations, 2011. In accordance with the approach elaborated above, the Commission is not approving the revision in A&G expenses for FY 2014-15 on account of the actual A&G expenses for FY 2012-13 and the WPI Indices for FY 2012-13. However, the Commission has provisionally approved the insurance cost of Rs. 2.00 Crore in light of the recent natural calamity that occurred in the State of Uttarakhand. Any variation in actual A&G expenses as against the approved expenses shall be dealt with the provisions of the UERC Tariff Regulations, 2011 at the time of truing up of respective years based on the Audited Accounts. The A&G expenses approved by the Commission for FY 2014-15 are as shown in the Table below:

Table 4.12: A&G expenses approved for FY 2014-15 (Rs. Crore)

Particulars	MYT Order	Revised Proposed	Approved
A&G expenses	12.07	12.56	12.07
Insurance cost	-		2.00
Total A&G expenses	**12.07**	**12.56**	**14.07**

4.5.1.4 O&M expenses

Based on the above, the O&M expenses approved by the Commission for FY 2014-15 are as shown in the Table given below:

Table 4.13: O&M expenses approved for FY 2014-15 (Rs. Crore)

Particulars	MYT Order	Revised Proposed	Approved
Employee expenses	65.07	65.04	65.07
R&M expenses	26.50	29.77	30.18
A&G expenses	12.07	12.56	14.07
O&M expenses	**103.64**	**107.37**	**109.32**

4.5.2 Depreciation

The Petitioner submitted that in the MYT Petition, it had proposed opening assets for the Control Period based on the audited accounts for FY 2011-12 and proposed addition during FY 2012-13 but the Commission had not considered the GFA as per the audited accounts due to non-finalization of the transfer scheme and issues pertaining to time and cost overruns in the projects for which a separate Expert Committee has been appointed. The Petitioner submitted that the Commission had approved opening GFA for the Control Period after prudence check of various schemes and associated costs.

The Petitioner, further, submitted that the Commission had not considered any capitalisation during FY 2012-13 while determining the opening GFA for the Control period. The Petitioner submitted that as per the audited accounts, capitalisation of assets during FY 2012-13 was Rs. 122.52 Crore and, therefore, it has revised the opening GFA for the Control Period only to the extent of actual assets capitalized during FY 2012-13 for determination of various components of ARR. The Petitioner requested the Commission to consider the impact of the Expert Committee recommendations while considering the opening GFA of for the first year of Control Period, i.e. FY 2013-14.

The Petitioner submitted that for computing the opening asset base, it has considered the closing GFA for FY 2011-12 as approved by the Commission in the MYT Order and added the actual assets capitalised during FY 2012-13 as per the audited accounts. The Petitioner submitted that it has considered full depreciation on opening GFA and depreciation for half year on additions during the year considering the average depreciation rate of 5.28% as specified in the UERC (Terms and Conditions for Determination of Tariff) Regulations, 2011. The Petitioner submitted that no depreciation has been considered on assets created out of deposit works. The Table below shows the proposed depreciation for FY 2013-14 and FY 2014-15 submitted by the Petitioner:

Table 4.14: Proposed Depreciation (Rs. Crore)

Particulars	FY 2011-12 (As per MYT Order)	FY 2012-13	FY 2013-14	FY 2014-15
Opening GFA	486.48	654.29	777.36	891.34
Less: SLDC Assets	-	-	-	13.61
Less: Grants	39.32	62.34	63.81	63.81
Opening Depreciable GFA	**447.16**	**591.95**	**709.55**	**813.92**
Addition in GFA	184.20	122.52	117.98	180.63
Less: Grants	23.02	1.47	-	-
Depreciable assets of addition	**161.18**	**121.04**	**117.98**	**180.63**
Less: Deletion during the year	16.40	3.45	-	-
Depreciation Rate (%)	2.99%	2.99%	5.28%	5.28%
Revised Depreciation	**15.78**	**19.51**	**40.58**	**47.74**
Approved Depreciation in MYT Order	-	-	34.37	41.91

The Petitioner submitted that the assets allocated to SLDC have been reduced from opening GFA of FY 2014-15 while computing the depreciation of PTCUL but a few common assets (i.e. head office PTCUL, space utilized by SLDC at other offices, etc.) are still unallocated to SLDC and hence, not included in SLDC total assets. The Petitioner requested the Commission to approve the revised depreciation charges for the MYT period, as proposed in the Table above.

The Commission in its Order dated May 6, 2013 on approval of Business Plan and MYT Petition for the Control Period FY 2013-14 to FY 2015-16 approved the deprecation on depreciable GFA considering the average rate of 5.28% as specified by the UERC Tariff Regulations, 2011. The Commission in this Order is approving the revised depreciation for FY 2014-15 considering the GFA for FY 2013-14 and FY 2014-15 on account of the revised capitalisation of FY 2012-13 approved in the truing up of FY 2012-13 and also capitalisation of "LILO of 220 kV Haridwar-Roorkee Line at 400 kV PGCIL S/s Roorkee" under PFC scheme in FY 2010-11 has been considered in this Order therefore, the depreciation approved by the Commission for FY 2014-15 is as shown in the Table given below:

Table 4.15: Depreciation approved by the Commission for FY 2014-15 (Rs. Crore)

Particulars	FY 2014-15						
	Opening GFA (A)	**Grants** (B)	**Depreciable opening GFA** (C=A-B)	**Additions during the year** (D)	**Grants** (E)	**Depreciable GFA of additions** (F=D-E)	**Depreciation** 5.28% x (C+(F/2))
Old Assets	78.02	-	78.02	-	-	-	4.12
Additions							
REC Old Schemes NABARD Schemes REC New Schemes REC-IV scheme REC-V Scheme PFC-Capital R&M Works REC IX	721.51	-	721.51	157.30	-	157.30	42.25
Deposit Works	63.81	63.81	-	-	-	-	-
Other than Schemes	19.34	-	19.34	10.47	-	10.47	1.30
Total	**882.68**	**63.81**	**818.87**	**167.77**	**-**	**167.77**	**47.67**

The Commission in its Order dated May 06, 2013 on approval of Business Plan and MYT for the Control Period FY 2013-14 to FY 2015-16 approved the depreciation of Rs. 41.91 Crore for FY 2014-15. The Commission, in this Order, has approved the revised depreciation of Rs. 47.67 Crore due to the revised GFA in FY 2012-13 on account of provisional truing up of FY 2012-13.

4.5.3 Interest on Loans and Finance Charges

The Petitioner submitted that for the purpose of projection of interest on term-loans for FY 2013-14 and FY 2014-15, it has considered the opening loans for FY 2013-14 based on the loan amount corresponding to the assets capitalised in each year considering the approved means of finance by the Commission in the MYT Order and the loan portion of the assets capitalised during FY 2012-13. The Petitioner further submitted that the actual effective weighted average interest rate of 11.59% as per first 6 months of FY 2013-14 has been considered as against the approved interest rate of 10.06%, in the MYT Order. The Petitioner submitted that the new loans carry a higher rate of interest resulting in increase in effective interest rate. The Petitioner requested the Commission to consider the incidental interest rate for approval of interest and finance charges for FY 2013-14 and FY 2014-15. The Petitioner submitted that the repayment of loans for each year has been considered as equivalent to the revised depreciation for FY 2013-14 and FY 2014-15. The Table below shows the proposed interest charges for FY 2013-14 and FY 2014-15 submitted by the Petitioner:

Table 4.16: Proposed Interest and finance charges
(Rs. Crore)

Particulars	FY 2013-14	FY 2014-15
Opening Loan	311.64	366.65
Less: Loan Allocated to SLDC	-	13.61
Opening Loans (PTCUL)	311.64	353.04
Addition	95.59	144.93
Repayment	40.58	47.69
Closing	366.65	450.23
Effective Interest Rate	11.59%	11.59%
Revised Interest	**39.32**	**47.35**
Approved Interest	29.87	37.68

The Petitioner submitted that as the Petition of SLDC for FY 2014-15 is being filed separately as per the directive of the Commission, the loan allocated to SLDC has been reduced from the opening loans of PTCUL for FY 2014-15. The Petitioner submitted that the Government Guarantee on loans has been considered to be at similar level as approved by the Commission in MYT Order. The Petitioner further submitted that the actual amount would vary in line with the capitalization of the schemes on which government guarantee is applicable and requested the Commission to consider the actual amount at the time of truing-up for the respective years.

The Commission in its Order dated May 6, 2013 on approval of Business Plan and MYT Petition for the Control Period FY 2013-14 to FY 2015-16 approved the interest charges considering the actual interest rates for FY 2011-12 and approved means of finance. The Commission in the said Order had decided that any variation in interest rate shall be considered during the truing up exercise based on the Audited Accounts for the respective year. The Commission in this Order has approved the revision in interest charges only on account of revised GFA for FY 2014-15. The interest charges approved by the Commission for FY 2014-15 are as shown in the Table given below:

Table 4.17: Interest charges approved by the Commission for FY 2014-15 (Rs. Crore)

<table>
<tr><th>S. No.</th><th>Particulars</th><th>Opening balance</th><th>Loan Capitalised</th><th>Repayments</th><th>Closing Balance</th></tr>
<tr><td>1</td><td>REC Old Schemes</td><td rowspan="9">395.94</td><td rowspan="8">130.56</td><td rowspan="9">47.67</td><td rowspan="9">486.16</td></tr>
<tr><td>2</td><td>NABARD Schemes</td></tr>
<tr><td>3</td><td>REC New Schemes</td></tr>
<tr><td>4</td><td>REC-IV scheme</td></tr>
<tr><td>5</td><td>REC V scheme</td></tr>
<tr><td>6</td><td>PFC-Capital R&M works</td></tr>
<tr><td>7</td><td>REC IX</td></tr>
<tr><td>8</td><td>PFC Gap funding</td></tr>
<tr><td>9</td><td>Other than Schemes</td><td>7.33</td></tr>
<tr><td></td><td>Total</td><td>395.94</td><td>137.89</td><td>47.67</td><td>486.16</td></tr>
<tr><td></td><td>Interest Rate</td><td></td><td></td><td></td><td>10.06%</td></tr>
<tr><td></td><td>Interest</td><td></td><td></td><td></td><td>44.37</td></tr>
</table>

The Commission in its Order dated May 06, 2013 on approval of Business Plan and MYT for the Control Period FY 2013-14 to FY 2015-16 approved the interest charges of Rs. 37.68 Crore for FY 2014-15. The Commission, in this Order, has approved the revised interest charges of Rs. 44.37 Crore due to revised GFA in FY 2012-13 on account of provisional truing up of FY 2012-13.

The Commission has approved the Guarantee Fee of Rs. 1.74 Crore for FY 2014-15 in the MYT Order. The Commission in this Order has considered the same as approved in the MYT Order.

4.5.4 *Return on Equity*

The Commission had not allowed Return on Equity contribution from the Power Development Fund. The Petitioner submitted that the equity contribution for Schemes other than REC Old and NABARD has been funded from budgetary allocation and the equity attributable to these schemes is eligible for return on equity during FY 2012-13 and during the Control Period. The Petitioner submitted that for equity on assets prior to FY 2011-12, it has continued with the equity considered by the Commission in the MYT Order. The Petitioner requested the Commission to revise the eligible equity for return on finalization of transfer scheme and recommendations of the Expert Committee. The Petitioner submitted that for assets created from all schemes other than REC Old and NABARD during FY 2011-12 and FY 2012-13 it has considered the actual equity portion of the assets capitalized for the purpose of determining the opening level of Equity for the first year of the Control Period. The Petitioner submitted that MAT would be applicable from FY 2013-14. The Table below shows the proposed Return on Equity for FY 2013-14 and FY 2014-15 submitted by the Petitioner:

Table 4.18: Proposed Return on Equity for FY 2013-14 and FY 2014-15 (Rs. Crore)

Particulars	FY 2013-14	FY 2014-15
Opening Equity base eligible for Return	68.65	91.04
Less: Equity Allocated to SLDC	-	-
Opening Equity (PTCUL)	68.65	91.04
Rate of Return	15.50%	15.50%
Effective rate of Return (after grossing up for MAT)	19.38%	19.38%
Return on Equity	**13.30**	**17.64**

The Commission while carrying out the truing up of FY 2012-13 has approved the Return on Equity on that portion of overall equity component which has not been funded from PDF. The Commission has followed the same approach for determining the equity for FY 2014-15. The Commission asked the Petitioner to submit the Return on Equity and Income Tax separately as the

UERC Tariff Regulations, 2011 specify the Return on Equity of 15.50% on post tax basis. Accordingly, the Petitioner submitted the Return on Equity and Income Tax separately. Regulation 35 of the UERC Tariff Regulations, 2011 specify that the income tax, on the income stream of the regulated business of the Transmission Licensee, shall be reimbursed based on the actual income tax paid, at the time of truing up. In accordance with the provisions of Regulation 35 of the UERC Tariff Regulations, 2011, the Commission has not allowed Income Tax for FY 2014-15. The actual income tax, if any, shall be approved in the truing up for the respective years of the Control Period based on the Audited Accounts based on the documentary evidence furnished by the Petitioner with regard to the actual income tax paid. The allowable equity for return considered by the Commission is shown in the Table below:

Table 4.19: Eligible equity for return for FY 2014-15 (Rs. Crore)

Scheme	Equity funded from PDF	Opening Equity for FY 2014-15	Eligible equity for return
REC Old	48.49	23.91	0.00
NABARD	59.75	38.19	0.00
REC IV	20.81	16.42	0.00
REC V	0.00	41.10	41.10
PFC	0.00	1.70	1.70
PFC Computer equipment	0.00	0.21	0.21
REC IX	0.00	1.64	1.64
REC XI	0.00	6.18	6.18
PFC Capital R&M works	0.00	13.81	13.81
System Strengthening	0.00	5.80	5.80
Total	**129.05**	**148.95**	**70.43**

The Return on Equity allowed by the Commission is shown in the Table below:

Table 4.20: Return on Equity approved by the Commission for FY 2014-15 (Rs. Crore)

Particulars	MYT Order	Revised Proposed	Approved
Opening Equity base eligible for Return	5.80	91.04	70.43
Rate of Return	15.50%	15.50%	15.50%
RoE	0.90	14.11	10.92

4.5.5 *Non Tariff Income*

The Petitioner submitted that non-tariff income has been considered in line with the approved non-tariff income in the MYT Order i.e., Rs. 1.30 Crore and Rs. 1.37 Crore for FY 2013-14 and FY 2014-15, respectively. The Commission has considered the Non tariff income for FY 2014-15 as approved in the MYT Order.

4.5.6 *Interest on Working Capital*

The Petitioner submitted that interest on working capital has been worked out based on norms specified under Regulation 34(2) of MYT Regulations, 2011. The Petitioner submitted that SBI PLR of 14.45% as on April 1, 2013 has been considered as the rate of interest for calculation of interest on working capital. The Table below shows the proposed Interest on Working Capital for FY 2013-14 and FY 2014-15 submitted by the Petitioner:

Table 4.21: Proposed Interest on Working Capital for FY 2013-14 and FY 2014-15 (Rs. Crore)

Particulars	FY 2013-14	FY 2014-15
Computation of Working Capital		
O&M Expenses of one month	7.91	8.95
Maintenance spares	14.24	16.11
Two months receivables	33.29	39.23
Working Capital	**55.45**	**64.29**
Rate of interest on working capital	14.45%	14.45%
Interest on Working Capital	**8.01**	**9.29**

4.5.6.1 *Additional Working Capital Requirement towards TDS deductions by UPCL*

The Petitioner submitted that the payments received by PTCUL from UPCL are subject to the provisions of Tax Deducted at Source (TDS) under Section 194J of the Income Tax Act as the payment for transmission and wheeling charges are considered as 'fees for technical services'. The Petitioner submitted that according to the current provisions of Section 194J, 10% TDS is applicable and this would lead to cash flow deferment as 10% of the invoice generated each month would be withheld by UPCL and deposited with the authorities. The Petitioner submitted that as the transmission business is regulated and the tariff is determined based on cost plus regime there is no scope for any margins for covering any shortfall in revenue collection and additional interest burden due to revenue deferment being implied due to the TDS deduction. The Petitioner requested the Commission to allow additional interest on the amount deducted on account of TDS by UPCL to enable it to tide over the working capital issues on this account. The Petitioner submitted that as the TDS deducted in one year would be refunded after the finalization of the accounts of PTCUL, the opening balance on account of TDS deducted by UPCL during FY 2012-13 is considered. The Table below shows the proposed additional interest on working capital due to TDS for FY 2013-14 and FY 2014-15 submitted by the Petitioner:

Table 4.22: Proposed additional interest on Working Capital due to TDS Rs. Crore)

Particulars	FY 2013-14	FY 2014-15
Opening amount	15.13	34.69
Addition during the Year	19.56	23.54
Adjustment at the time of assessment	-	15.13
Closing amount	34.69	43.10
Interest Rate on Short-term WC loans	14.45%	14.45%
Addition WC interest liability	**3.60**	**5.62**

The Petitioner requested the Commission to approve the interest on Working Capital for FY 2013-14 and FY 2014-15, including additional interest on working capital on account of TDS incidence.

The Commission has computed the Interest on Working Capital in accordance with the UERC Tariff Regulations, 2011. Further, the Commission has not approved the additional Interest on Working Capital on account of TDS by UPCL similar to the approach adopted in the true up of FY 2012-13. The Interest on Working Capital approved by the Commission for FY 2014-15 is as shown in the Table below:

Table 4.23: Interest on Working Capital approved for FY 2014-15 (Rs. Crore)

Particulars	MYT Order	Revised Proposed	Approved
Computation of Working Capital			
O&M Expenses of one month	8.64	8.95	9.11
Maintenance spares	15.55	16.11	16.40
Two months receivables	32.11	39.23	35.95
Working capital	56.30	64.29	61.46
Rate of Interest	14.50%	14.45%	14.75%
Interest on Working Capital (Rs. Crore)	**8.16**	**9.29**	**9.06**
Additional IWC due to TDS impact	-	5.62	0.00

4.5.7 *Revenue gap*

The Table below shows the revenue gap on account of true-up of FY 2012-13 and APR of FY 2013-14 submitted by the Petitioner:

Table 4.24: Proposed Revenue Gap for FY 2012-13 and FY 2013-14 (Rs. Crore)

Particulars	FY 2012-13	FY 2013-14
Approved ARR	159.98	195.63
Proposed Revised ARR	181.17	235.86
Revenue Gap/(Surplus)	21.19	40.23

The Petitioner requested the Commission to allow recovery of the revenue gap on account of true-up of FY 2012-13 and APR of FY 2013-14 in the transmission charges approved for FY 2014-15 along with carrying cost on the under-recovered amount in line with UERC (Terms and Conditions for Truing Up of Tariff) Regulations, 2008. The Table below shows the carrying cost on revenue gap on account of true-up of FY 2012-13 and APR of FY 2013-14 submitted by the Petitioner:

Table 4.25: Proposed Revenue gap on account of true-up of FY 2012-13 and APR of FY 2013-14 (Rs. Crore)

Particulars	FY 2012-13	FY 2013-14	FY 2014-15	Total
Opening Revenue Gap (including carrying cost)	0.00	22.75	69.18	-
Addition	21.19	40.23	-	-
Closing Revenue Gap	21.19	62.98	-	-
Interest Rate	14.75%	14.45%	14.45%	-
Carrying Cost	**1.56**	**6.19**	**5.00**	**12.75**

The Petitioner requested the Commission to include the carrying cost of Rs. 12.75 Crore in the ARR for FY 2014-15 for recovery through transmission charges.

The Commission allows the revenue gap of Rs. 16.99 approved in Para 3.9 on truing up of FY 2012-13 and the impact of capitalisation of PFC Scheme in FY 2010-11 on ARR of FY 2010-11 and FY 2011-12 as against that approved in the provisional truing up to be recovered in the ARR of FY 2014-15.

4.5.8 Annual Transmission Charges

The Table below shows the revised Annual Transmission Charges approved by the Commission for FY 2014-15:

Table 4.26: Revised Annual Transmission Charges approved by the Commission for FY 2014-15 (Rs. Crore)

Particulars	MYT Order	Revised Proposed	Approved
Net O&M expenses	103.65	107.38	109.32
Interest charges	37.68	47.35	44.37
Guarantee Fee	1.74	1.74	1.74
Depreciation	41.91	47.74	47.67
Interest on Working Capital	8.16	9.29	9.06
Interest on Additional WC due to TDS	-	5.62	-
Return on Equity	0.90	14.11	10.92
Income Tax	-	3.53	-
Less: Non-Tariff Income	1.37	1.37	1.37
Add : True up of previous years including carrying cost	-	74.17	16.99
Less: ARR approved for SLDC	-	-	6.02
Aggregate Revenue Requirement (ARR) of PTCUL	**192.67**	**309.56**	**232.68**

4.6 Recovery of Annual Transmission Charges

Having considered the submissions made by PTCUL, the response of the stakeholders in context of Petitioner's proposals for ARR and under the relevant provisions of the Electricity Act, 2003 and Regulations of the Commission, the Commission hereby approves that:

- **Power Transmission Corporation of Uttarakhand Ltd., the transmission licensee in the State will be entitled to recover Annual Transmission Charges for FY 2014-15 from its beneficiaries in accordance with the provisions of the Regulations.**
- The payments, however, shall be subject to adjustment, in case any new beneficiary (including long/medium term open access customer) is using the Petitioner's system, by an amount equal to the charges payable by that beneficiary in accordance with the UERC (Terms & Conditions of Intra-State Open Access) Regulations, 2010. In that case, the charges recoverable from the new beneficiary(ies), including long/medium term open access customers, shall be refunded to UPCL in accordance with the said Regulations.

The Annual Transmission Charges approved for FY 2014-15 will be applicable with effect from April 01, 2014.

5 Commission's Directives

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

5.1 Compliance of Directives Issued in MYT Order dated May 6, 2013

The Commission had issued certain directions in the MYT Order dated May 6, 2013, as detailed in the respective Sections. They are summarized here:

5.1.1 Electrical Inspector Certificate

The Petitioner is directed to energise/capitalise the HT/EHT works only after obtaining clearance by the Electrical Inspector.

Petitioner's Submissions

The Petitioner submitted that it is undertaking all rigorous efforts for obtaining the clearance from the electrical inspector on time before energization/capitalization of the asset.

Fresh Directive

The Petitioner is directed to energise/capitalise the HT/EHT works only after obtaining clearance by the Electrical Inspector failing which the Commission would not approve the capitalisation of those projects.

5.1.2 Depreciation

Pro-rata depreciation on assets capitalized during the year would not be admissible in case the asset is capitalized at the year end. For validation of the same, pre-requisite would be the capitalization policy as well as the fixed asset register showing the date of additions made in the assets during the year. The Petitioner is once again directed to take note of the above pre-requisite and submit the same along with the next filing and also claim depreciation based on the rates specified in the Regulations for each class of asset.

Petitioner's Submissions

The Petitioner submitted that the depreciation policy is mentioned in the notes to accounts and significance of accounting policies in the audited accounts of FY 2012-13. The Petitioner submitted that the revised depreciation rates as per the UERC Tariff Regulations, 2011 have been adopted from FY 2013-14 onwards.

5.1.3 Capital cost of transferred assets

The Commission, if justified that there is lack of sincere effort on part of the Petitioner to get the Transfer Scheme finalised within a reasonable time limit, might not consider any further revision in capital cost of transferred asset in the interest of the Consumers of the State. Hence, the Commission directs the Petitioner to expedite its efforts for getting the Transfer Scheme finalised within six months from the date of this Order.

Petitioner's Submissions

The Petitioner submitted that it has awarded the consultancy work for determining the appropriate assets/ liabilities for finalization of transfer scheme pertaining to transmission business on January 9, 2013 and a copy of the contract has been enclosed as Annexure to the this Petition. The Petitioner submitted that the report of the firm is expected to be finalized by January, 2014 which would be further submitted to the Government for notification.

Fresh Directive

The Commission directs the Petitioner to get the Transfer Scheme finalised and submit the same to the Commission along with its Petition for Annual Performance Review of FY 2014-15.

5.1.4 Truing-up of Previous Years

The Commission directs PTCUL to make sincere and all out efforts for submitting required information so that the Expert Committee could expedite the examination of capital cost of the Schemes capitalised during the period FY 2004-05 to FY 2010-11. The Commission based on the analysis of the detailed information to be submitted by PTCUL will approve the completed Capital Cost for the schemes capitalised during FY 2004-05 to FY 2010-11 and consider the impact of the same as part of Annual Performance Review for FY 2013-14.

Petitioner's Submissions

The Petitioner submitted that all information required to be submitted to the Expert Committee has been submitted vide Letter No. 2061/MD/PTCUL/UERC dated July 25, 2013.

5.1.5 Operation &Maintenance Expenses

PTCUL is directed to maintain a separate account for UITP Schemes to ensure that no expenses related thereto do not devolve on the consumers in the State. Further, PTCUL is also directed to submit a methodology to segregate the expenses into UITP and non-UITP works within 3 months of the date of order along with the Action Plan and the time frame in which the above directions will be complied by it.

Petitioner's Submissions

The Petitioner submitted that the compliance to the directive has been submitted vide letter no. 2293/MD/PTCUL/UERC dated August 14, 2013. The Petitioner submitted that the methodology for segregation of UITP and non-UITP has been formulated and approved by MD, PTCUL in FY 2013-14. The Petitioner submitted that the actual expenditure is currently being booked under normal heads and at the end of the year the same would be transferred to UITP heads as per the approved methodology and would also be submitted to the Commission.

5.1.6 SLDC Charges

The Commission directs PTCUL to submit a final compliance report on ring fencing of SLDC and file a separate Petition for SLDC while filing the Annual Performance Review for FY 2013-14.

Petitioner's Submissions

The Petitioner submitted that the compliance to the directive has been submitted vide letter no. 2730/MD/PTCUL/UERC dated October 15, 2013. The Petitioner submitted that the separate Petition has been filed for ARR of SLDC. The Petitioner submitted that the approval for creation of separate representative board structure for SLDC is awaited from Government of Uttarakhand. The Petitioned submitted that other requirements in line with the Pradhan Committee's recommendations are being implemented

Fresh Directive

The Commission directs PTCUL to submit a final compliance report on ring fencing of SLDC while filing the Annual Performance Review for FY 2014-15.

5.1.7 Transmission Losses

The Commission directs the Petitioner to devise and develop, in consultation with the beneficiary, a suitable infrastructure and mechanism, for collection and collation of information required for calculation of voltage-wise losses in various parts and availability, in accordance with the Regulations and submit a report thereon within a period of three months from this Order.

Petitioner's Submissions

The Petitioner submitted that the compliance to the directive has been submitted vide letter no. 2293/MD/PTCUL/UERC dated August 14, 2013. The Petitioner submitted that the voltage wise losses are being calculated using the infrastructure and measurements used for energy accounting. The Petitioner submitted that the major beneficiary of its transmission system is UPCL and the energy account is finalised in consultation with UPCL by holding monthly joint energy account meetings.

5.1.8 Timely filing of the Tariff/APR/Truing up Petition

In view of the Judgment of Hon'ble ATE, and to ensure the timely Tariff Determination, the Commission, perforce is processing the Business Plan Petition and MYT Petition simultaneously and, accordingly, the Commission has decided to club the Petitions for approval of Business Plan and Multi Year Tariff and is issuing this single Order on approval of Business Plan and Multi Year Tariff. However, Commission would like to caution the Petitioner that such delays in future filing of APR and truing up petition during this control period would be dealt with as per Hon'ble APTEL's directions. Furthermore, this would be treated as non-compliance of relevant provisions of various regulations and may entail appropriate punitive action against the Petitioner.

Petitioner's Submissions

The Petitioner submitted that the APR petition for FY 2013-14 has been filed as per the time-frame specified in UERC Tariff Regulations, 2011.

5.1.9 Views of the State Advisory Committee (Para 2.8.1)

The Commission agrees with the views of the State Advisory Committee members that the utilities are raising same issues again in its subsequent ARR and Tariff Petitions on which the Commission has taken final decision and given its ruling in the previous Tariff Orders. **In this regard, the Commission once again directs the Petitioner not to raise such issues again in the subsequent ARR and Tariff Petitions on which the Commission has already taken the decision and given its ruling in the previous Tariff Orders, failing which, the Commission may reject the Petition upfront.**

Petitioner's Submissions

The Petitioner submitted that it has taken adequate care not to raise any irrelevant issues on which the Commission has taken the decision/pending decision. The Petitioner submitted that the opening GFA as approved by the Commission in the MYT Order has been considered for truing up of FY 2012-13 and APR for the Control Period in view of the provisional transfer scheme as well as pending recommendations of the Expert Committee report. The Petitioner requested the Commission to provide adequate relief on this account in case the pending matters are decided post the submission of this Petition.

5.1.10 Submission of consistent information in proper format

Employee expenses

The Petitioner is hereby cautioned to ensure consistency in its submissions as such discrepancies would delay the regulatory process and also directs to reconcile the two sets of figures.

Administrative & General Expenses

The Commission cautions the Petitioner to ensure consistency in its submission as such inconsistency would lead to unnecessary delays in the regulatory process.

Petitioner's Submissions

The Petitioner submitted that it has taken all endeavours to provide consistent information in the formats to the APR Petition for FY 2013-14.

5.1.11 Submission of information to the Expert Committee

Truing up of past year expenses

The Commission directs PTCUL to ensure that all required information be submitted to the Committee within 6 months of this order so that the Expert Committee could expedite the examination of capital cost of the Schemes capitalised during the period FY 2004-05 to FY 2010-11.

Value of opening assets and additional capitalisation

The Petitioner is directed to ensure compliance of instructions given in Section-4 in this regard.

Petitioner's Submissions

The Petitioner submitted that all information required to be submitted to the Expert Committee has been submitted vide Letter No. 2061/MD/PTCUL/UERC dated July 25, 2013.

5.1.12 Guarantee Fee

PTCUL is directed to negotiate with the financial institutions not to insist on Government guarantee.

Petitioner's Submissions

The Petitioner submitted that as per the directive of the Commission, it has initiated correspondence in this regard with the financial institutions and at present no Government guarantee is being provided on new sanctioned loans.

Fresh Directive

The Commission directs the Petitioner to submit the response received from the financial institutions in this regard along with Petition for Annual Performance Review of FY 2014-15.

5.1.13 R&M expenses

The Commission directs the Petitioner to carry out a benchmarking study of R&M expenses as percentage of closing Gross Fixed Assets of previous year, i.e. FY 2012-13 duly considering the R&M expenses of Transmission Utilities in other States of India, with the geographical conditions similar to the State of Uttarakhand and submit the same along with the truing up Petition for FY 2012-13.

Petitioner's Submissions

The Petitioner submitted that with regards to the benchmarking study of R&M expense as percentage of closing GFA of previous year, the states with similar geographical conditions are Himachal Pradesh (HP) and Jammu & Kashmir (J&K) but the transmission utility structuring of these States are not similar to that of PTCUL, as outlined below:

Himachal Pradesh: The Petitioner submitted that transmission utility of Himachal Pradesh i.e. HPPTCL was created on August 27, 2008, which is much later post unbundling of HPSEB as compared to PTCUL and only a few transmission lines were transferred to HPPTCL and majority of the transmission network was retained by HPSEB Ltd. The Petitioner submitted that this could be best ascertained by audited accounts for FY 2010-11 for HPPTCL which states that the opening GFA was only Rs. 40.60 Lakh. The Petitioner submitted that HPPTCL is undertaking all Greenfield transmission projects and has very limited existing network.

Jammu & Kashmir: The Petitioner submitted that In case of Jammu & Kashmir, the transmission and distribution function is both handled by J&KPDD and the bifurcation of R&M expense between the transmission and distribution functions is undertaken purely based on the proportion of assets of these functions. The Petitioner submitted that the actual information on the R&M expense for the transmission function is not available.

The Petitioner submitted that considering the above limitations, no reliable baseline data is available for benchmarking of the R&M expense of PTCUL with other states with similar geographical conditions.

5.1.14 A&G expenses

The Commission directs the Petitioner to submit the capitalisation policy of its A&G expenses along with the Petition for truing up of FY 2012-13.

Petitioner's Submissions

The Petitioner submitted that as per the present practice it is capitalizing the total A&G expense of the project unit as per the actual trial submitted by the concerned units.

5.1.15 Number of employee

The Commission directs the Petitioner to submit the Grade wise employee status during the Annual Performance Review/truing up exercise.

Petitioner's Submissions

The Petitioner submitted that the grade-wise employee details in provided in the formats to the Petition.

5.1.16 Availability of AC System, HVDC bi-pole links and HVDC back-to-back stations

The Commission directs the Petitioner to submit the Availability of its AC System, HVDC bi-pole links and HVDC back-to-back stations separately during the truing up exercise.

Petitioner's Submissions

The Petitioner vide its letter no. 2920/MD/PTCUL/UERC dated November 8, 2013 submitted the system availability for the month of September, 2013.

5.1.17 Capitalisation of partially completed schemes

It has been observed that in certain cases 50% cost of a line has been capitalised in one year and balance in another year. It is irrational as half of the line cannot be put to use which is a prerequisite for capitalisation. It also suggests that the process of cost capturing and process of capitalisation followed by the Petitioner is not correct. The Commission directs the Petitioner to get the entire gamut examined and take necessary corrective steps.

Petitioner's Submissions

The Petitioner submitted that in cases where a project has been capitalised in more than one year, it is due to the delay in receipt of final bills from the contracting firms. The Petitioner submitted that the civil works completed after commissioning of the project and which do not affect the commissioning are capitalised in subsequent years after first time capitalisation. The Petitioner submitted that it has created a separate project wing and since then, such cases have reduced. The Petitioner submitted that the capitalisation issues highlighted by the Commission are against the projects completed prior to formation of project wing. The Petitioner submitted that necessary instructions have been issued to the concerned units for timely submission of bills against completed works and also to transfer the CWIP expenditure to fixed assets as soon as the projects are commissioned.

Fresh Directive

The Commission also directs the Petitioner to take appropriate action to capitalise the works in the books of accounts in the same year of commissioning. Further, the Commission also directs the Petitioner to submit the detailed reasons for any additional capitalisation claimed for future years in accordance with the applicable Tariff Regulations.

5.1.18 Return on Equity on funds deployed by GoU out of PDF

The Petitioner is directed to bring up the above mentioned evidence within 6 month of the date of Order. The Commission shall take a final view in the matter in the 1st APR of the control period.

Petitioner's Submissions

The Petitioner submitted that the equity for all schemes except REC Old and NABARD have been funded purely from Govt of Uttarakhand budgetary support during FY 2011-12 and FY 2012-13 and has enclosed the equity contribution letters issued by the Government of Uttarakhand in this regard.

5.1.19 Compliance of Order dated April 29, 2013

PTCUL is directed to ensure compliance of the same.

Petitioner's Submissions

The Petitioner submitted that it has preferred an Appeal against the Commission's Order dated April 29, 2013 and is pending with the Hon'ble ATE and the compliance shall be undertaken post the issuance of judgement.

5.2 Fresh Directives

5.2.1 Prior approval for Capital Investment (Para 3.4.2)

The Petitioner is cautioned not to undertake any investment in future without seeking

prior approval of the Commission as mandated by the Licensee Conditions and the Tariff Regulations notified by the Commission from time to time failing which the investment would be recognized only from the date on which the approval is accorded by the Commission.

5.2.2 *System of cost capturing (Para 3.4.2)*

The Petitioner is directed to strengthen its system of cost capturing of expenses failing which the Commission would recognise the capitalisation of the project only when entire or substantial expenditure evidencing completion of work has been incurred.

5.2.3 *REC Old Scheme (132 kV S/s Satpuli) (Para 3.5.1)*

The Commission cautions the Petitioner to be careful in submitting factual information. The Commission directs the Petitioner to reconcile the capitalisation towards this project and submit the reasons for submitting the capitalisation twice, in the APR Petition for FY 2014-15.

5.2.4 *REC IV Scheme (Para 3.5.4)*

The Commission directs the petitioner to furnish detailed write-up within one month of this order on their asset capitalisation, store accounting and cost capturing and changes they propose therein to weed out such faulty capitalisation.

5.2.5 *Capitalisation of R&M works (Para 3.5.8)*

Accordingly, PTCUL is directed to correct the treatment of such works and prepare a scheme and get the same approved by the Commission from the ensuing years.

5.2.6 *Capital Expenditure and Capitalisation for FY 2013-14 and FY 2014-15 (Para 4.2)*

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

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

(a) Actions taken to improve the pace of implementation pursuant to directions given above.

(b) Physical and financial progress of each of the ongoing works including deposit works, schedule thereof and reasons for delay where works have spilled over beyond the schedule.

The Annual Transmission Charges approved for FY 2014-15 will be applicable with effect from April 01, 2014 till further orders.

(K.P. Singh) **Member**	**(C.S. Sharma)** **Member**	**(Jag Mohan Lal)** **Chairman**

6 Annexures

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

POWER TRANSMISSION CORPORATION OF UTTARAKHAND LIMITED
(A Govt. of Uttarakhand Undertaking)
Vidyut Bhawan, Saharanpur Raod, Majra, Near ISBT, Dehradun – 248001, Uttarakhand
Phone: 0135-2642006 Fax: 0135-2643460

PUBLIC NOTICE

Inviting Comments on the Petition filed by PTCUL for approval of the proposedTransmission Charges for FY 2014-15

Salient Points of the ARR/Tariff Petition

1. Power Transmission Corporation of Uttarakhand Limited (PTCUL), a Transmission licensee in the State of Uttarakhand has filed a petition before the Commission for approval of provisional truing up for the FY 2012-13 & Annual Performance Review (APR) for FY 2013-14 and the proposed Transmission Charges for FY 2014-15. The summary of the proposals of the intra-State network for FY 2012-13, FY 2013-14 & FY 2014-15 is given in the following table.

Summary of the ARR of PTCUL for the intra-State network - Rs. Crore.

S. No.	Particulars	FY 2012-13 (True up)		FY 2013-14 (APR)		FY 2014-15 (Ensuing Year)	
		Approved	Revised Estimates	Approved	Revised Estimates	Approved	Proposed
1	Depreciation	16.59	19.51	34.37	40.58	41.91	47.74
2	Advance Against Depreciation	21.21	33.05	-	-	-	-
3	Interest on Long Term Loans	29.24	32.13	29.87	39.32	37.68	47.35
4	Return on Equity	0.17	4.96	0.56	13.30	0.90	17.64
5	O&M Expenses	88.26	84.06	87.90	94.96	103.65	107.38
6	Guarantee Fees	-	0.89	1.29	1.29	1.74	1.74
7	Interest on Working Capital	5.74	6.95	6.83	8.01	8.16	9.29
8	Interest on Working Capital due to TDS	-	1.12	-	3.60	-	5.62
9	**Gross Expenditure**	**161.22**	**182.68**	**160.81**	**201.05**	**194.04**	**236.76**
10	Less : Non Tariff Income	1.24	1.51	1.30	1.30	1.37	1.37
11	**Aggregate Revenue Requirement (ARR)**	**159.98**	**181.17**	**159.51**	**199.75**	**192.67**	**235.39**
12	Gap on account of Provisional True up for FY 2012-13	-	-	-	-	-	21.19
13	Gap on account of Review of FY 2013-14	-	-	-	-	-	40.23
14	Carrying Cost on Gap for FY 2012-13 & FY 2013-14	-	-	-	-	-	12.75
15	Add. True up of previous years including carrying cost	-	-	36.11	36.11	-	-
16	**Annual Transmission Charges**	**159.98**	**181.17**	**195.63**	**235.86**	**192.67**	**309.56**

2. The recovery of the Transmission charges from UPCL, the sole beneficiary of the intra-state transmission network, is proposed equally each month.
3. PTCUL has proposed a total hike of 5.82% over the approved transmission charges for FY 2013-14 (including the truing up impact). In case, the entire claim of PTCUL including that of truing up of previous years is accepted by the Commission, additional hike of 2.78% in consumer tariff shall be required over and above the hike proposed by UPCL.
4. Detailed proposals can be seen free of cost on any working day at the Commission's office or at the office of Managing Director, Power Transmission Corporation of Uttaranchal Limited, Vidyut Bhawan, Saharanpur Road, Majra, Near ISBT, Dehradun - 248001, Uttarakhand.
   Relevant extracts can also be obtained from the above mentioned offices of the Petitioner.
5. The proposals are also available at the website of the Commission (www.uerc.gov.in) and at PTCUL's website (www.ptcul.org).
6. Objections/suggestions are sought from the consumers and other stakeholders on the above proposals. These may be sent to the Secretary, Uttarakhand Electricity Regulatory Commission, either in person, or by post at Vidyut Niyamak Bhawan, Near I.S.B.T., P.O. Majra, Dehradun or through e-mail to uttaranchalerc@rediffmail.com as a statement of objections or comments with copies of the documents and evidence in support thereof so as to reach the Secretary by 31.01.2014.

Managing Director

6.2 Annexure-2 : List of Respondents

Sl.	Name	Designation	Organization	Address
1.	Sh. Pankaj Gupta	President	M/s Industries Association of Uttarakhand	C/o Satya Industries, Mohabbewala Industrial Area, Dehradun
2.	Sh. Munish Talwar	-	M/s Asahi India Glass Ltd.	Integrated Glass Plant, Village-Latherdeva Hoon, Manglaur-Jhabrera Road, P.O. Jhabrera, Tehsil Roorkee, Distt. Haridwar, Uttarakhand
3.	Sh. Mahesh Sharma	-	M/s Uttarakhand Industrial Welfare Association	Off. G-31, UPSIDC, Industrial Area, Selaqui, Dehradun, Uttarakhand

6.3 Annexure-3 : List of Participants in Public Hearings

List of Participants in Hearing at Nainital on 17.02.2014

Sl. No.	Name	Designation	Organization	Address
1.	Sh. Ranjeet Singh Bisht	-	-	Oak Cottage Compound, Mallital, Nainitalk
2.	Sh. Y.S. Chowdhury	Manager	M/s Uttaranchal Tea Co. (Pvt.) Ltd.	Pingalkot, Post-Kausani Tea Estate, Distt.- Bageshwar
3.	Sh. Shyam Singh	-	-	Bhawani Niwas, Ayarpata, Mallital, Nainital
4.	Sh. Rajendra Singh Thaguna	-	-	Talla Kisnapur, Tallital, Nainital
5.	Ms. Esha Shah	-	-	Opp. Jila Panchayat, Mall Road, Nainital
6.	Sh. Dinesh Sah	President	M/s Nainital Hotel's & Restaurant Association	India Hotel, Nainital
7.	Sh. D.N. Bhatt	-	-	Talla Kishanapur, Tallital, Nainital
8.	Sh. Sudhir Kumar Kansal	-	-	Kansal Bhawan, Bailvaidiyar Compound, Mallital, Nainital

List of Participants in Hearing at Rudrapur on 18.02.2014

Sl. No.	Name	Designation	Organization	Address
1.	Sh. Rakesh Kumar	-	M/s Syndicate Auto Components	Plot No.-37, Sector-11, SIDCUL, Pantnagar, Udham Singh Nagar
2.	Sh. G.S. Dangi	-	M/s KLT Automotive & Tubolar Auto Component	Plot No.-20, Sector-11, SIDCUL, Pantnagar, Udham Singh Nagar
3.	Sh. Shivgiri	-	M/s Rojee Tasha Stamping	Plot No.-25 & 26, Sector-11, SIDCUL, Pantnagar, Udham Singh Nagar
4.	Sh. Vikas Jindal	President	Kumaon Garhwal Chamber of Commerce & Industry	Chamber House, Industrial Estate, Bazpur Road, Kashipur, Distt.- Udham Singh Nagar
5.	Sh. Alok Goyal	Secretary	Kumaon Garhwal Chamber of Commerce & Industry	Chamber House, Industrial Estate, Bazpur Road, Kashipur, Distt.- Udham Singh Nagar
6.	Sh. Pawan Agrawal	-	Kumaon Garhwal Chamber of Commerce & Industry	Chamber House, Industrial Estate, Bazpur Road, Kashipur, Distt.- Udham Singh Nagar
7.	Sh. Sanjay Adlakha	-	M/s Pioneer Polyleather	Plot No.-74, Sector-4, SIDCUL, Pantnagar, Udham Singh Nagar
8.	Sh. A.K. Singh	-	M/s Perfect Dynamics Auto Pvt. Ltd.	Fulsunga, Transit Camp, Rudrapur, Udham Singh Nagar
9.	Sh. Sukhram	-	M/s Sanjay Techno Plast Pvt. Ltd.	Pant Nagar Plant : Khata No. 182, Khasra No. 301 Min., Village-Fulsunga, Tehsil-Kichha, Rudrapur, Distt. Udham Singh Nagar, Uttarakhand-263153
10.	Sh. Suresh Kumar	President (Works)	M/s La Opala RG Ltd.	B-108, Eldeco Sidcul Industrial Park, Sitarganj, Udhamsingh Nagar
11.	Sh. P.K. Katiyar	-	M/s Innovative Textiles Ltd.	B-8, Phase-1, ESIP, Sitarganj, Distt. Udham Singh Nagar
12.	Sh. Viresh Kumar Singh	Coordinator-HR	SIDCUL Entrepreneur Welfare Society	C/o Shirdi Industries Ltd. Plot No.-1, Sector-9, IIE, SIDCUL, Pantnagar, Udham Singh Nagar
13.	Sh. Ajay Rai	-	M/s Auto Comp Pans Pvt. Ltd.	Plot No.-38-39, Sector-11, IIE, SIDCUL, Pantnagar, Udham Singh Nagar
14.	Sh. S.C. Joshi	-	M/s Bajaj Motors Ltd.	Plot No. 41, Sector-11, IIE, SIDCUL, Pantnagar, Uttarakhand
15.	Sh. Praveen Kumar	-	M/s Om Industry	Plot No. 46, Sector-7, IIE, SIDCUL, Pantnagar, Uttarakhand
16.	Sh. P.C. Saini	Sr. Engineer-Fab/Maint.	M/s C&S Himoinsa (P) Ltd.	12-A, Sector-9, IIE, SIDCUL, Pantnagar-263153, Uttarakhand
17.	Sh. Umesh Sharma	-	M/s Voltas Ltd.	Plot No. 2-5, Sector-8, IIE, SIDCUL, Pantnagar, Uttarakhand
18.	Sh. N.L. Pant	-	M/s Aurangabad	Plot No. 6, Sector-10, IIE, SIDCUL,

List of Participants in Hearing at Rudrapur on 18.02.2014

Sl. No.	Name	Designation	Organization	Address
			Electricals Ltd.	Pantnagar, Uttarakhand
19.	Sh. Mohit Mahtolia	-	M/s HCL Infosystems Ltd.	Plot No. 12, 27-28, Sector-5, IIE, SIDCUL, Pantnagar, Uttarakhand
20.	Sh. R.S. Yadav	-	M/s India Glycols Ltd.	A-1, Industrial Area, Bazpur Road, Kashipur, Distt. Udham Singh Nagar-244713
21.	Sh. Amit Kapoor	-	M/s Minda Corporation	Plot No. 9, Sector-10, IIE, SIDCUL, Pantnagar, Uttarakhand
22.	Sh. Himanshu Gupta		M/s Bhawani Industries	Plot No. 65, Sector-11, SIDCUL, Panatnagar, Uttarakhand
23.	Sh. P.K. Mishra	-	M/s Wills India Ltd.	Plot No. 56, Sector-11, IIE, SIDCUL, Pantnagar, Uttarakhand
24.	Sh. Sanjay Kumar	-	M/s Perfect Dynamics Auto Pvt. Ltd.	Village – Fulsunga, Post – Transit Camp, Tehsil – Kichha, Rudrapur, Dist. Udhamsingh Nagar
25.	Sh. Vineet Saran	-	M/s Autoline Industries Ltd.	Plot No. 8, Sector-11, SIDCUL, Pant Nagar, Udham Singh Nagar–263153, Uttarakhand
26.	Sh. D.S. Rana	-	M/s Interarch Pvt. Ltd.	Plot No. 14, Sector-2, SIDCUL, Pant Nagar, Udham Singh Nagar
27.	Sh. Vitthal Rav	-	M/s Kusalava International Ltd.	Plot No. 10, Sector-2, SIDCUL, Pant Nagar, Udham Singh Nagar
28.	Sh. Ashok Bansal	-	M/s. Rudrapur Solvents Pvt. Ltd.	Lalpur, Kichha, Rudrapur, Distt.- Udhamsingh Nagar
29.	Sh. S.S. Rawat	-	M/s Nestle India Ltd.	Plot No.-1A, Sector-1, IIE, Pantnagar, Rudrapur, Udham Singh Nagar–263145
30.	Sh. Jai Bhagwal Agrawal	Director	M/s Kashi Vishwanath Steels Ltd.	Narain Nagar Industrial Estate, Nainital Road, Kashipur-244713, Distt. Udham Singh Nagar
31.	Sh. Rajeev Gupta	-	M/s Galwalia Ispat Udyog Ltd.	Narain Nagar Industrial Estate, Nainital Road, Kashipur-244713, Distt. Udham Singh Nagar
32.	Sh. Sushil Sharma	-	M/s Kashi Vishwanath Textile Mill Ltd.	Works : 5th Km. Stone, Ramnagar Road, Kashipur-244713, Udham Singn Nagar
33.	Sh. Subhash Chandra	-	M/s Kiran Udhyog Pvt. Ltd.	Plot No. 34, Sector-11, Tata Complex, SIDCUL, Pantnagar, Udham Singh Nagar
34.	Sh. Jitendra Singh	-	M/s Kiran Udhyog Pvt. Ltd.	Plot No. 34, Sector-11, Tata Complex, SIDCUL, Pantnagar, Udham Singh Nagar
35.	Sh. Govind Singh Bisht	-	M/s Lucas TVS Ltd.	Plot No. 55, Sector-11, TML Vendor Park, Pantnagar, Udham Singh Nagar
36.	Sh. Atul Kumar Gupta	-	M/s Uttaranchal Ispat Ltd.	Plot No. D-1 to D-8, Pipalia Industrial Area, Gram-Jagannathpur, Bazpur,

List of Participants in Hearing at Rudrapur on 18.02.2014

Sl. No.	Name	Designation	Organization	Address
				Distt. Udham Singh Nagar
37.	Sh. Surendra Giridhar	Chairman	BDMS	House No. 11, Vimsquare, Kichha Road, Rudrapur, Udham Singh Nagar
38.	Sh. R.B. Biradar	General Manager	M/s Radico Khaitan Ltd.	Plot No. A-2/B-3, Bazpur Industrial Area, Phase-1, PO-Sultanpuri Patti, Bazpur, Distt. Udham Singh Nagar-262123
39.	Sh. Shyam Lal Bansal	-	M/s Shree Raj Builders	Near Hotel Midtown, Rudrapur, Udham Singh Nagar
40.	Sh. A.K. Sharma	-	M/s Mahalaxmi Polypack Pvt. Ltd.	Plot No. 3, Sector-9, SIDCUL, Rudrapur, Udham Singh Nagar
41.	Sh. H.D. Arora	-	-	D1, D2, 27/1, Civil Lines, Rudrapur, Udham Singh Nagar
42.	Sh. Puran Singh	-	-	Baanskheda Kalan, Fauzio Ka Dera, Raipur, Civil Lines, Rudrapur, Udham Singh Nagar
43.	Sh. Kulwant Singh	-	-	Baanskheda Kalan, Fauzio Ka Dera, Raipur, Civil Lines, Rudrapur, Udham Singh Nagar

List of Participants in Hearing at Narendra Nagar on 21.02.2014

Sl. No.	Name	Designation	Organization	Address
1.	Sh. Pyar Singh Kaintora	-	-	Kumar Khera, P.O.-Narendra Nagar, Narendra Nagar
2.	Sh. Sanjay Agrawal	President	M/s Industries Association of Uttarakhand	Aditya Industries, UPSIDC Ind. Area, Dhalwala, Rishikesh-249201, Uttarakhand
3.	Sh. Lokesh Makhija	Secretary	M/s Industries Association of Uttarakhand	Aditya Industries, UPSIDC Ind. Area, Dhalwala, Rishikesh-249201, Uttarakhand
4.	Sh. Jaipal Singh	-	-	Village & P.O.-Timli, Khaneti, Distt. Tehri, Uttarakhand
5.	Sh. Surendra Singh	-	-	Village & P.O.-Timli, Khaneti, Distt. Tehri, Uttarakhand
6.	Sh. Rajendra Singh Rana	Former Chairman	Nagarpalika	Near Kunjapuri Hotel, Narendra Nagar, Distt. Tehri, Uttarakhand
7.	Sh. Ajay Dhamanda	Hon'ble MP's Representative	-	34, Main Market, Narendra Nagar, Uttarakhand

List of Participants in Hearing at Dehradun on 25.02.2014

Sl. No.	Name	Designation	Organization	Address
1	Sh. Pankaj Gupta	President	M/s Industries Association of Uttarakhand	C/o Satya Industries, Mohabbewala Industrial Area, Dehradun
2	Sh. Rajiv Agarwal	Sr. Vice-President	M/s Industries Association of Uttarakhand	C/o Satya Industries, Mohabbewala Industrial Area, Dehradun
3	Sh. Rakesh Bhatia	President	M/s Uttarakhand Industrial Welfare Association	Off. G-31, UPSIDC, Industrial Area, Selaqui, Dehradun, Uttarakhand
4	Sh. Manoj Gupta	-	M/s Uttarakhand Industrial Welfare Association	Off. G-31, UPSIDC, Industrial Area, Selaqui, Dehradun, Uttarakhand
5	Sh. Mahesh Sharma	-	M/s Uttarakhand Industrial Welfare Association	Off. G-31, UPSIDC, Industrial Area, Selaqui, Dehradun, Uttarakhand
6	Sh. Arvind Jain	-	-	6, Ram Leela Bazaar, Dehradun
7	Sh. Sandeep Bhatt	-	-	35, Tyagi Road, Dehradun
8	Sh. R.S. Bisht	-	-	1347/22, Langha Road, Industrial Area, Sahaspur, Dehradun
9	Sh. Anil Marwah	General Secretary	M/s Prantiya Industries Association Uttarakhand	222/5, Gandhi Gram, Dehradun-248001
10	Sh. Lokesh Lohia	Member	Confederation of Indian Industry	Northern Region, 30/1, Rajpur Road, Dehradun-248001
11	Sh. Sunil	-	M/s Asahi India Glass Ltd.	Integrated Glass Plant, Village-Latherdeva Hoon, Manglaur-Jhabrera Road, P.O. Jhabrera, Tehsil Roorkee, Distt. Haridwar, Uttarakhand
12	Sh. Ramesh Srivastava	-	M/s Asahi India Glass Ltd.	Integrated Glass Plant, Village-Latherdeva Hoon, Manglaur-Jhabrera Road, P.O. Jhabrera, Tehsil Roorkee, Distt. Haridwar
13	Sh. Harindra Garg	Chairman	SIDCUL Manufacturing Association-Uttarakhand	SIDCUL, Haridwar
14	Sh. Mukesh Chauhan	-	-	Village-Nayagaon, Pelio, Post Off.-Nayagaon, Dehradun
15	Sh. Ram Swaroop Saini	-	-	Gram & P.O.-Jassowala, Tehsil-Vikas Nagar, Dehradun
16	Sh. Naveen Kumar			Village-Nayagaon, Pelio, Post Off.-Nayagaon, Dehradun

List of Participants in Hearing at Dehradun on 25.02.2014

Sl. No.	Name	Designation	Organization	Address
17	Sh. R.N. Mathur	President	Mussoorie Hotel Association	Price Hotel, Mussoorie, Dehradun
18	Sh. G.S. Manchanda	Proprietor	Hotel India	Gandhi Chowk, Mussoorie, Dehradun
19	Sh. Nityanand	-	-	Gram Nakraunda, P.O.-Nakraunda, Dehradun
20	Sh. R.K. Gupta	-	M/s Alps Industries Ltd.	Plot No. 1-A, Sector-10, IIE, SIDCUL, Roshnabad Road, Haridwar-249403
21	Sh. Yogendra Singh Rathi	-	-	D-125, Race Course, Dehradun
22	Sh. Vijay Singh	Member	Bhartiya Kisan Club	Village-Sultanpuri Sabatwali, Post-Ghabreda, Roorkee, Haridwar-247665
23	Sh. Katar Singh	Chairman	Bhartiya Kisan Club	Village-Sultanpuri Sabatwali, Post-Ghabreda, Roorkee, Haridwar-247665
24	Sh. G.S. Shukla	-	-	65-Vijay Park, Dehradun
25	Sh. Vijay Shankar Nautiyal	-	-	Village-Devipur, P.O.-Ummedpur, Via Prem Nagar, Dehradun
26	Sh. Vishwamitra Gogia	-	-	36-Panchsheel Park, Chakrata Road, P.O.-New Forest, Dehradun