

**BEFORE THE HON'BLE PUNJAB STATE ELECTRICITY REGULATORY COMMISSION, CHANDIGARH**

Petition No. 70 of 2012

**IN THE MATTER OF:** Petition for approval of the “**Aggregate Revenue Requirement (ARR) & Determination of Tariff**” for FY 2013-14 under Section 62, 64 and 86 of the Electricity Act, 2003 read with the Regulation 13 of PSERC (Terms and Conditions for Determination of Tariff) Regulations, 2005 (including its amendments) and other applicable relevant regulations and guidelines of the Hon'ble Commission for the Electricity business of Punjab State Transmission Corporation Limited (PSTCL) and State Load Despatch Centre (SLDC).

**AND**

**IN THE MATTER OF:** **Punjab State Transmission Corporation Limited (PSTCL)**  
Regd. Office: PSEB H.O. The Mall, Patiala

Additional submissions on behalf of M/S Punjab State Transmission Corporation Limited (PSTCL)

The Applicant respectfully submits as under: -

1. Punjab State Transmission Corporation Limited (hereinafter referred to as PSTCL) filed its submissions on 3<sup>rd</sup> January, 2013 in Petition No.70 of 2012 containing additional information following Notification Nos. 620 and 632 both dated 24<sup>th</sup> December, 2012 issued by the State Govt. which interalia contained the Opening Balance Sheet of PSTCL as on 16<sup>th</sup> April, 2010.
2. Certain deficiencies in the said additional submissions were brought to the notice of PSTCL by the Hon'ble Commission vide letter no. 9469 dated 4<sup>th</sup> January, 2013 requiring PSTCL to file the revised figures indicating their impact on various sub heads in the prescribed formats of the ARR Petition for FY 2013-14.
3. In compliance to the requirement of Hon'ble Commission, PSTCL submits as under:-

## **I. Projection of Employee Expenses for FY 2012-13 and FY 2013-14**

PSTCL submitted in the ARR for approval of Employee Expenses of Rs. 232.49 Crore for FY 2012-13 and Rs. 273.22 Crore for FY 2013-14 after taking into account Terminal Benefits on “pay as you go” basis which includes Rs. 73.94 Crore towards terminal liability for FY 2012-13 and Rs. 77.29 Crore had been projected for FY 2013-14. Govt. of Punjab has amended the Punjab Power Sector Reforms Transfer Scheme, 2010 vide Notification No. 1/4/04-EB(PR)/620 dated 24.12.2012.

The following is the relevant extract of the Transfer Scheme:-

*“The Terminal Benefit Trusts in respect of pension, gratuity and leave encashment, shall be progressively funded by the Powercom and Transco, respectively as decided by the Punjab State Electricity Regulatory Commission, in the ratio of 88.64 : 11.36, over a period of 15 Financial Years commencing from 1<sup>st</sup> April, 2014. The terminal benefits liability accruing during the period of progressive funding, and thereafter, shall be shared in the same ratio by both corporations. This funding, shall continue even after the absorption of personnel in Transco in terms of sub-clause (12) of clause 6 of the Scheme, and the Trusts shall be administered jointly by both the said Powercom and Transco.*

*Provided that the actual amount of pension, gratuity and leave encashment paid/to be paid on and with effect from 16<sup>th</sup> April, 2010 to 31<sup>st</sup> March, 2014, shall be shared by the Powercom and Transco, in the ratio of 88.64 : 11.36 on yearly basis.”*

Accordingly PSTCL is liable to pay towards the Terminal liability to PSPCL at the rate of 11.36% of the total terminal liability. Based on the figures of PSPCL, PSTCL has worked out Rs. 170 Crore and Rs. 184 Crore for FY 2012-13 and FY 2013-14 respectively as its share of terminal liability. Therefore, the estimated/projected Terminal liability on account of pension, gratuity, leave encashment etc. claimed in the ARR petition of Rs. 73.94 Crore for FY 2012-13 and Rs. 77.29 Crore for FY 2013-14 is revised to Rs. 170 Crore and Rs. 184 Crore.

Taking that into account, employee expenses for FY 2012-13 stands revised from Rs. 232.49 Crore to Rs. 328.55 Crore and from Rs. 273.22 Crore to Rs. 379.93 Crore for FY 2013-14.

For SLDC, after withdrawal of the terminal benefits from its requirement, the employee expenses may be considered as Rs. 7.49 Crore for FY 2012-13 instead of Rs. 9.01 Crore and for FY 2013-14 the same may be considered as Rs. 9.06 Crore instead of Rs. 10.54 Crore as the same has been considered in the petition of PSTCL (STU).

The **Form-F1** of both PSTCL (STU) and SLDC giving the details of revised estimates for FY 2012-13 and revised projections for FY 2013-14 are attached as **Annexure 1(a) & 1(b)** respectively.

## **II. Interest and Finance Charges**

As per the opening Balance Sheet as on 16.4.10, PSTCL has been vested with Short Term/Medium Term Loan of Rs. 600 Crore, Capital liability of Rs. 887.06 Crore and GPF liability of Rs. 173.24 Crore whereas PSTCL has considered only a liability of Rs.887.06 Crores while submitting its ARR Petition.

Accordingly a liability on account of interest due to opening loans has been calculated as under:-

### **A. Short/Medium Term Loan**

A loan of Rs. 600 Crore availed by erstwhile PSEB has been vested with PSTCL as on 16.04.2010 in the Balance Sheet comprising the loan of Rs. 250 Crore from UCO Bank and Rs. 350 Crore from Bank of India. It is submitted that except for the loan of Rs. 887.06 Crore, which has been considered in the ARR Petition, all other loans including the Short Term Loans of Rs. 600 Crore of erstwhile PSEB was being serviced by PSPCL after the unbundling of PSEB. It has been ascertained that PSPCL has repaid both the loans on due dates (the loan of Rs. 250 Crore has been repaid by PSPCL during FY 2010-11 and the other loan of Rs. 350 Crore has been repaid during FY 2011-12) by availing further loans from FIs/Banks. Accordingly the corresponding loan has become payable to PSPCL by PSTCL. The Term loan is to be re-paid to PSPCL on the terms and conditions to be agreed between the two corporations and the loan agreement between the two corporations will be signed in due course of time. As PSTCL is required to service the loan, the terms and conditions in the FRP of PSTCL have been considered. The loan is to be repaid to PSPCL within a period 10 years from FY 2011-12 with a moratorium period of 2 years. The interest rate has been considered at 12.00% p.a. (linked to prevailing PNB Base Rate). Additional interest calculation for FY 2012-13 & FY 2013-14 comes to Rs. 72.13 Crore and Rs. 67.83 Crore respectively.

### **B. GPF Liability**

Rs. 173.24 Crore has been vested with PSTCL as on 16.04.2010. The relevant extract of the Govt. of Punjab notification dated 24.12.2012 regarding GPF Liability is reproduced as under:-

*“The General Provident Fund Trust shall be funded by Powercom and Transco both, as*

*per the apportionment made in the Opening Balance Sheet, on and with effect from 16th April, 2010, and same shall be funded over a period of ten years commencing on and with effect from 1st April, 2013, alongwith interest as applicable.*

*Provided that for the period commencing from 16th April, 2010 to 31st March, 2013, the Powercom and Transco shall be liable to pay interest on the apportioned General Provident Fund Liability, at the rate as applicable for the respective financial years.”*

Accordingly after providing the interest applicable for FY 2010-11 amounting to Rs. 14 Crore and for FY 2011-12 amounting to Rs. 16 Crore, the opening GPF liability as on 01.04.2012 comes to Rs. 204 Crore. Interest has been provided at the rate of 8.80% on GPF outstanding as on 01.04.2012. Additional interest calculation for FY 2012-13 & FY 2013-14 comes to Rs. 17 Crore and Rs. 19 Crore respectively.

The Form F-21 Detailed containing the interest claim on Term Loan of Rs. 600 Crore and on the GPF Liability of Rs. 173.24 Crore (as on 16.04.2010) for FY 2012-13 and FY 2013-14 is attached as **Annexure 2(a)**. With the revision of interest liability as above, the total interest claim is revised to Rs. 294.49 Crore for FY 2012-13 and Rs. 445.67 Crore for FY 2013-14 which is given in the **Form F-21** as **Annexure 2(b)**.

### **III. Return on Equity (ROE)**

Govt. of Punjab vide Notification No. 1/4/04-EB(PR)/632 dated 24.12.2012 has notified that Equity Share Capital of PSTCL will be Rs. 605.83 Crores as on 16.4.2010 which is the full consideration for vesting of the transmission undertakings with PSTCL. Therefore PSTCL is entitled to ROE on the Equity Share Capital of Rs. 605.83 Crore of PSTCL.

The revised ROE on Equity comes from Rs. 75.38 Crore to Rs. 139.01 Crores for FY 2012-13 @ 22.95% (grossed up) and from Rs. 75.38 Crore to Rs. 93.90 Crores for FY 2013-14 @ 15.5%.

The details of ROE are given in Formats **F-15 & F-16** and are attached as **Annexure 3(a) & 3(b)**.

### **IV. Depreciation**

PSTCL while submitting the ARR took the opening balance of Gross Fixed Assets (provisional) as on 01.04.2012 as Rs. 2801.05 Crore and provided depreciation after taking into account the proposed additions during FY 2012-13 & FY 2013-14.

With the notification of opening Balance Sheet, the opening balance of GFA as on

01.04.2012 has been revised to Rs. 2272.68 Crore (detailed calculation attached as Annexure B). Accordingly, the depreciation for FY 2012-13 & FY 2013-14 may be revised from Rs. 188.60 Crore to Rs. 160.71 Crore for FY 2012-13 and from Rs. 267.49 Crore to Rs. 239.59 Crore for FY 2013-14 for PSTCL (excluding SLDC).

The detail of Depreciation is given in **Format F-9** and is attached as **Annexure 4**.

#### **V. Interest on Working Capital**

PSTCL has made claim on interest in working capital based on the ARR of FY 2012-13 (Revised) and FY 2013-14 (Projected). With the above revised figures, the interest on working capital has been revised based on the norms as per the PSERC Tariff Regulations. For FY 2012-13, the interest on working capital works out to Rs. 42.75 Crore instead of Rs. 31.19 Crore for FY 2012-13 and Rs. 58.02 Crore for FY 2013-14 instead of Rs. 42.89 Crore. Similarly, interest on working capital for SLDC is revised to Rs. 1.13 Crore instead of Rs. 1.21 Crore for FY 2012-13 and Rs. 2.02 Crore instead of Rs. 2.16 Crore for FY 2013-14.

The detailed calculation of interest on working capital is given in **Format F-20** and **Format F-15** of SLDC are attached as **Annexure 5(a) & Annexure 5(b)**.

**VI.** Based on the revised figures for both FY 2012-13 and FY 2013-14 as mentioned hereinabove, the revised ARR Summary of both PSTCL (STU) and SLDC separately and in aggregate are given in **Annexure 6**.

**BY THE APPLICANT  
THROUGH**

**Financial Advisor  
Punjab State Transmission Corporation Limited, Patiala**

