



Petition for Aggregate Revenue Requirement (ARR)

&

Determination of Tariff

For

FY 2014-15

Volume-I

Main Text and Formats

Submitted to

Punjab State Electricity Regulatory Commission

Chandigarh

By

PUNJAB STATE TRANSMISSION CORPORATION LIMITED
(PSTCL)

Regd. Office: PSEB H.O.

The Mall, Patiala

Acronym

S. No	Acronym used	Details
1.	A&G	Administrative and General
2.	AFC	Annual Fixed Cost
3.	APTEL	Appellate Tribunal of Electricity
4.	ARR	Aggregate Revenue Requirement
5.	BBMB	Bhakra Beas Management Board
6.	CEA	Central Electricity Authority
7.	CERC	Central Electricity Regulatory Commission
8.	CPI	Consumer Price Index
9.	CTU	Central Transmission Utility
10.	CWIP	Capital Work in Progress
11.	GFA	Gross Fixed Assets
12.	LTOA	Long Term Open Access
13.	MAT	Minimum Alternate Tax
14.	O&M	Operations and Maintenance
15.	OA	Open Access
16.	PBT	Profit Before Tax
17.	PGCIL	Power Grid Corporation of India Limited
18.	PLR	Prime Lending Rate
19.	PSEB	Punjab State Electricity Board
20.	PSERC	Punjab State Electricity Regulatory Commission
21.	PSPCL	Punjab State Power Corporation Limited
22.	PSTCL	Punjab State Transmission Corporation Limited
23.	R&M	Repairs and Maintenance
24.	RoE	Return on Equity
25.	SBAR	State Bank of India Advance Rate
26.	SBI	State Bank of India
27.	SLDC	State Loan Despatch Centre
28.	STOA	Short term Open Access
29.	STU	State Transmission Utility
30.	ULDC	Unified Load Dispatch & Communication
31.	WPI	Wholesale Price Index

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

Filing No.....

Case No.....

IN THE MATTER OF: Petition for approval of the “**Aggregate Revenue Requirement (ARR) & Determination of Tariff**” for FY 2014-15 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

The Applicant respectfully submits as under: -

1. BACKGROUND AND BRIEF HISTORY

1.1. Background

1.1.1. Government of Punjab had, in exercise of its powers under section 131, 132, 133 and other applicable provisions of the Electricity Act, 2003 notified the Punjab Power Sector Reforms Transfer Scheme, 2010. (Transfer Scheme) vide Notification no. 1/9/08-EB (PR)/196 dated 16.4.2010

1.1.2. The Punjab State Transmission Corporation Limited (hereinafter referred to as PSTCL) is one of the Successor entities of erstwhile Punjab State Electricity Board (PSEB) which has been constituted under Companies Act, 1956 on 16th April 2010 after restructuring of PSEB by Government of Punjab vide its Notification No. 1/9/08-EB (PR)/196 (also known as Transfer Scheme) dated 16th April 2010.

1.1.3. Punjab State Transmission Corporation Ltd. (PSTCL) has been notified as the State Transmission Utility (STU) and has been vested with the State Load Despatch functions till further orders of the State Government, from the date of transfer under the Transfer Scheme.

1.2. First Amendment in Transfer Scheme notified by Government of Punjab

1.2.1. On 24th December 2012, Government of Punjab amended the Transfer Scheme vide

notification number 1/4/04-EB (PR)/620 known as Punjab Power Sector Reforms Transfer (First Amendment) Scheme, 2012. Following are the relevant salient features of the aforesaid amendments:

1.2.2. In clause 6, a sub-clause (8-A) is substituted as given below:

“(8-A) The funding of the Terminal Benefit Trusts in respect of pension, gratuity and leave encashment of the personnel, shall be a charge on the tariff of Powercom and Transco, respectively, on yearly basis, as may be decided by the Punjab State Electricity Regulatory Commission.”

1.2.3. In clause 6, following sub-clauses shall be inserted as given below:

“(10-A) Notwithstanding anything contained in sub clauses (4), (7), (8), (9) and (10), - 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 01st 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. Thus, funding, shall continue even after the absorption of personnel in Transco and the trust shall be administered jointly by 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 16th April, 2010 to 31st March, 2014, shall be shared by the Powercom and Transco, in the ratio of 88.64:11.36 on yearly basis.

(10-B) 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 the 16th April, 2010, and the same shall be funded over a period of ten years commencing on and with effect from the 01st April 2013, along with 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.

(10-C) The Powercom and Transco, shall be liable to pay Interest, as applicable to General Provident Fund from time to time, on the net accruals (on monthly basis) of the General Provident Fund amount on and with effect from the 16th April 2010, to the date of issuance of this notification, and thereafter all the General Provident Fund matters, shall be settled through Trust.

(10-D) Until otherwise directed by the State Government, the Powercom and Transco shall maintain common Trust for pension, gratuity and other terminal benefit liabilities and General Provident Fund, instead of individual trusts for each of the companies and all the contributions shall be made to such Trusts in the aforesaid manner.”

1.2.4. The Government of Punjab notified the final opening balance sheet for Transco (PSTCL) as

well as Powercom (PSPCL) as on the 16th April 2010. The final opening balance sheet for PSTCL, as notified by the Punjab State Govt., is reproduced below for reference:

Table 1: Final opening balance sheet of PSTCL (As on 16.4.2010)

All figures in Rs. Cr.

Particulars	Amount
<i>Net Assets:</i>	
Gross Block	4,822.11
Less: Accumulated Depreciation	1,032.91
Net Fixed Assets	3,789.20
Capital Expenditure in Progress	349.53
Assets not in use	0.69
Deferred Costs	0.60
<i>Net Current Assets</i>	
<i>(A) Total Current Assets</i>	161.79
Less: Current Liabilities	
(a) Security deposit from consumers	0.00
(b) Other current liabilities	187.53
<i>(B) Total Current Liabilities</i>	187.53
<i>Net Current Assets (A-B)</i>	(25.74)
Subsidy receivables from Government	---
Net Assets	4,114.28
<i>Financed By:</i>	
Short/Medium term loans	600.00
Payment due on capital liabilities	0.32
Capital liabilities	887.06
Equity	605.83
GP Fund and NPF Liability	173.24
Reserve	1,847.83
Total Funds	4,114.28

2. CONTENTS OF THIS PETITION

2.1. Introduction

2.1.1. In accordance with Regulation 13 of the PSERC (Terms and Conditions for Determination of Tariff) Regulations, 2005, and its subsequent amendments thereof, PSTCL is filing the Petition for truing up of ARR for FY 2010-11 & FY 2011-12, review of aggregate revenue requirement (ARR) for the FY 2013-14 and the approval of the Aggregate Revenue Requirement (ARR) and Tariff Determination for the FY 2014-15 for Transmission and SLDC function of PSTCL

2.2. Sections in the Petition

2.2.1. **True up for FY 2010-11:** In this section, the Petitioner has submitted the ARR based on the actual expenses and income as per the audited annual accounts for FY 2010-11. In this section, the Petitioner has also presented its submissions regarding certain critical aspects influencing the true-up expenses for FY 2010-11.

2.2.2. **True up for FY 2011-12:** In this section, the Petitioner has submitted the ARR based on the actual expenses and income as per the audited annual accounts for FY 2011-12. In this section, the Petitioner has also presented its submissions regarding certain critical aspects influencing the true-up expenses for FY 2011-12.

2.2.3. **True up for FY 2012-13:** The Petitioner respectfully submits that the annual accounts for FY 2012-13 are still in the process of finalization / audit. Thus, PSTCL respectfully submits to the Hon'ble Commission that the truing up exercise for FY 2012-13 may be undertaken by the Hon'ble Commission only after the finalization of audited annual accounts. The audited accounts for FY 2012-13 shall be submitted to the Hon'ble Commission as soon as these are audited and available for truing up. PSTCL further requests that audit of accounts for FY 2012-13 may take some more time as the opening balance sheet as on 16th April 2010 was notified only on 24th December 2012 by Government of Punjab and since then accounts of FY 2010-11 and FY 2011-12 have been audited and submitted for true up exercise in this petition.

2.2.4. **Review of ARR for FY 2013-14:** In this section, the Petitioner has submitted the revised estimates for 2013-14 for various heads of expenditures based on the half year actual data and the projections for next half of FY 2013-14.

2.2.5. **Projection of ARR for FY 2014-15:** In this section, the Petitioner has submitted the projections of expenses and the determination of revenue requirement for FY 2014-15 in order to determine the Tariff for the said year. This section comprises of several sub-sections describing the basis and forecasts for FY 2014-15.

TRUE UP FOR FY 2010-11

3. TRUING UP OF FY 2010-11 FOR PSTCL

3.1. Background

3.1.1. The Hon'ble Commission in its Tariff Order for FY 2010-11 pronounced on 23rd April 2010 for erstwhile PSEB had approved the ARR of Rs. 14,140.34 Cr. The Hon'ble Commission has apportioned the ARR of Rs. 647.30 Cr. including revenue gap of previous years for Transmission function out of Rs. 14140.34 Cr. PSTCL in its Tariff Petition for FY 2011-12 submitted the revised estimates of Rs. 702.19 Cr. for FY 2010-11 against which the Commission reviewed it to Rs. 401.97 Cr. in its Tariff Order for FY 2011-12 pronounced on dated 09th May 2011.

3.1.2. In this chapter, the Petitioner has prepared the true up for FY 2010-11 on the basis of PSERC (Terms and Conditions for Determination of Tariff) Regulations, 2005 and its subsequent amendments. Since the annual audited accounts have been finalized, the Petitioner is submitting the actual figures of expenses based on the audited annual accounts. The Petitioner is also submitting its rationale for some of the key heads of expenditure which critically impacts the overall financial health of the company. The following sections describe the various components of ARR as well as performance of PSTCL in FY 2010-11.

3.2. Description of the Transmission System

Details of the PSTCL transmission system as on 16th April 2010 and 31st March 2011 is tabulated below:

Table 2: Transmission system of PSTCL during FY 2010-11

S. No.	Particulars	Opening (As on 16.04.2010)	Addition during the year	Closing (As on 31.03.2011)
Transmission Lines (Circuit km)				
1.	220 kV			
	Single Conductor	1,486.16	335.81	1,821.97
	Double Conductor	2,834.94	108.05	2,942.99
	Sub - Total	4,321.10	443.86	4,764.96
2.	132 kV			
	Single Conductor	2,219.98	8.29	2,228.27
	Double Conductor	881.12	-	881.12
	Sub - Total	3,101.10	8.29	3,109.39
	Grand Total	7,422.20	452.15	7,874.35
Substations (Nos.)				
1.	220 kV	50	6	56

S. No.	Particulars	Opening (As on 16.04.2010)	Addition during the year	Closing (As on 31.03.2011)
2.	132 kV	78	(1)*	77
	Total	128	5	133
Transmission Substation Bays (Nos.)				
1.	220 kV	335	19	354
2.	132 kV	415	6	421
3.	66 kV	379	9	388
	Total	1129	34	1163

(*) One substation of 132 kV has been upgraded to 220 kV sub-station.

- 3.2.1. As can be seen from the above table, the Petitioner submits that during the year, it has added around 452 Circuit km of Transmission Lines, 5 substations and 34 bays.
- 3.2.2. The Petitioner submits that the total substation capacity as on 16th April 2010 was 15,660.14 MVA. The addition in substation capacity during FY 2010-11 was 1,468.83MVA and thus the total substation capacity as on 31st March 2011 was 17,128.97MVA. Details of the substation capacity is provided below:

Table 3: Substation Capacity of PSTCL during FY 2010-11 in MVA

S. No.	Particulars	Capacity as on 16.04.2010	Capacity Addition during the year	Capacity as on 31.03.2011
1.	Substation Capacity	15,660.14	1,468.83	17,128.97

3.3. Transmission System Capacity

- 3.3.1. The Hon'ble Commission in its Tariff Order for approval of ARR for FY 2010-11 for erstwhile PSEB had determined the Transmission System Capacity of 7,790.50 MW for FY 2010-11. This is the gross sum of generation capacities connected to the transmission licensee as per PSERC Tariff Regulations.
- 3.3.2. The Petitioner submits to the Hon'ble Commission that now in the true-up, as per the actual generating capacities and central sector allocation, the gross transmission capacity of the state as on 31st March 2011 is 6899 MW and the net transmission capacity is 6409 MW. Detailed breakup of this capacity is provided below:

Table 4: Transmission capacity in MW during FY 2010-11

Name of Project	As on 31 st March 2011	
	Gross Installed Capacity (MW)	Net Installed Capacity / Net Share (MW)
GNDTP, Bathinda	440	392
GGSSTP, Ropar	1260	1153
GHTP, Lehra Mohabbat (Unit # 1 & 2) (Stage-I)	420	384
GHTP, Lehra Mohabbat (Unit # 3 & 4) (Stage-II)	500	458
TOTAL THERMAL	2620	2386
Shanan	60	60
	50	50
	110	109
UBDC-I	45	45
UBDC-II	46.35	46
UBDC TOTAL	91.35	91
**RSPP	600	
Less 20% J&K and 4.6% HP share from RSD	(147.6)	
Net RSD share of Punjab	452.4	451
ASHP	134	133
MHP-1&2	90	90
MHP-3&4	117	117
MHP Total	207	207
TOTAL HYDRO	994.75	991
TOTAL(HYDRO+THERMAL)	3614.75	3377
PEDA & Others including Jalkheri	79.85	72
Micro Hydel	5.6	5.6
Total Installed Capacity within the State	3700.2	3454
NTPC		
Singrauli	200	176.8
Rihand-I	110	95.9
Rihand-II	102	90.9
Anta(G)	49	45.3
Auraiya(G)	83	76.7
Dadri(G)	132	122.0
Unchahar-I	36	31.2
Unchahar-II	60	52.0

Name of Project	As on 31 st March 2011	
	Gross Installed Capacity (MW)	Net Installed Capacity / Net Share (MW)
Unchahar-III	17	14.8
Total	789	705.6
NTPC ER		
Farakha	22	19.7
Kahalgaon-I	51	44.2
Kahalgaon-II	120	107.2
Total ER	194	171.1
NHPC		
Bairasul	84	79.0
Salal	184	173.2
Tanakpur	17	15.9
Chamera-I	55	51.9
Chamera-II	30	28.2
Uri	66	62.1
Dhauliganga	28	26.4
Dulhasti	32	30.4
SEWA-II	7	6.3
Total	502	473.4
*NJPC	152	143.1
Tehri	77	72.6
NPCIL		
NAPP	51	43.5
RAPP#3	50	42.7
RAPP#4	50	42.7
RAPP-C (#5 & 6)	46	39.1
Total	197	167.9
Tala (Non-Firm: unallocated)	30	28.3
Total Central Sector	1940	1762
BBMB		
***Bhakra	684	648.5
Dehar	475	450.6
Pong	99	93.5
Total	1258	1193
Grand Total	3198	2955
Total Transmission Capacity	6898	6409

3.4. Transmission System Availability

3.4.1. In the Tariff Petition submitted by the Petitioner for approval of ARR and Transmission Tariff for FY 2011-12, the Petitioner submitted that the Transmission System Availability for the Period of October to November was 99.64% for 220 kV & 99.76 for 132 kV level.

3.4.2. Now, the Petitioner submits to the Hon'ble Commission that it has maintained the overall Transmission System Availability of 99.85% in FY 2010-11 which is above 99% so as to enable optimum utilization of Transmission Assets in the state of Punjab. For FY 2010-11, following table provides the voltage wise transmission system availability for each quarter of FY 2010-11:

Table 5: Transmission System Availability during FY 2010-11

S. No.	Particulars	Q-I	Q-II	Q-III	Q-IV	Annual
1.	220 kV	99.77%	99.94%	99.94%	99.91%	99.89%
2.	132 kV	99.82%	99.84%	99.70%	99.93%	99.82%
3.	Overall	99.85%				

3.4.3. The Petitioner respectfully submits to the Hon'ble Commission that the transmission system availability of PSTCL is comparable to that of other states. Following table provides a brief snapshot of transmission system availability of some of the other Indian States:

Table 6: Transmission System Availability for other states for FY 2010-11

S. No.	Name of the states	Transmission System Availability
1.	Chhattisgarh	99.93%
2.	Madhya Pradesh	99.13%
3.	Gujarat	99.69%
4.	Maharashtra	99.63%
5.	Punjab	99.85%

3.5. Transmission Losses

3.5.1. In its Tariff Petition for FY 2011-12, the Petitioner submitted to the Hon'ble Commission that the energy accounting of the transmission network of PSTCL is not possible due to the absence of some of the sub-station energy meters at the secondary side of 220/66 kV power transformers. The Hon'ble Commission in its Tariff Order for FY 2011-12, had undertaken a comparative analysis of the similar STUs and observed that the transmission losses for those STUs vary from 2.1% to 4.9%. The Hon'ble Commission provisionally approved 2.5% as the transmission loss for the Petitioner for FY 2010-11 keeping the view in mind that the PSTCL transmit energy at a higher voltage level thereby resulting in lower transmission losses and decided to revisit the losses again while performing the true-up activity for FY 2010-11.

- 3.5.2. The Petitioner submits that the process of energy metering is still in progress and is expected to be completed by 31st December 2013. It is humbly prayed to the Hon'ble Commission that till the system of energy accounting is in place, the transmission losses of similarly placed STUs should be considered for allowing the transmission losses of PSTCL.
- 3.5.3. The Petitioner submits to the Hon'ble Commission that various transmission utilities of the country have their transmission losses in the range of 3.74%- 5.45%.

Table 7: Actual Transmission Losses for FY 2010-11 for different states (%)

All figures in percentage (%)

S. No.	State / Transmission Utility	Transmission Loss for FY 2010-11
1.	Chhattisgarh	4.18%
2.	Rajasthan	4.27%
3.	Gujarat	3.85%
4.	Madhya Pradesh	3.74%
5.	Karnataka	3.82%
6.	Jammu & Kashmir	5.45%

- 3.5.4. In view of the above, the Petitioner prays to the Hon'ble Commission to approve the transmission losses of 4.5%, as submitted in previous petitions of PSTCL.

3.6. Employee Cost (Salary and other expenses)

- 3.6.1. The Petitioner in the Tariff Petition for approval of ARR for FY 2011-12 has submitted the Employee Expenses of Rs. 243.26 Cr. (Including arrears of Rs. 44.36 Cr) for FY 2010-11. Details of revised estimates of employee expenses submitted by the Petitioner is provided below:

Table 8: Revised estimates for Salary and other expenses submitted for FY 2010-11

All figures in Rs. Cr.

S. No.	Particulars	Revised Estimation by PSTCL
	Salaries & Allowances	
1.	Basic pay	156.11
2.	Dearness allowance	69.15
3.	House rent allowance	15.37
4.	Fixed medical allowance	2.42
5.	Medical reimbursement charges	1.00
6.	Over time payment	4.00
7.	Other allowances	4.00
8.	LODA	0.00
9.	Workman Compensation	0.20

S. No.	Particulars	Revised Estimation by PSTCL
10.	Bonus	0.00
11.	Total	252.25
12.	Amount capitalized	53.35
13.	Net amount	198.90
14.	Add: arrears	44.36
15.	Grand Total	243.26

- 3.6.2. The Hon'ble Commission in its Tariff Order for FY 2011-12 dated 09th May 2011 had considered the employee expenses for FY 2010-11 as per PSERC Tariff Regulations. For the computation of employee expenses (salary & other expenses), the Commission has taken the base of FY 2009-10 of employee expenses of erstwhile PSEB and bifurcated these expenses in proportion to the average number of employees of PSPCL and PSTCL. Thus, the approved 'salary and other employee expenses' for PSTCL for FY 2009-10 worked out to Rs.92.05 Cr. Applying the WPI of 7.55% to the base figure of Rs. 92.05 Cr, the employee expenses of PSTCL work out to Rs. 99.00 Cr for FY 2010-11.
- 3.6.3. The Commission in its Tariff Order for FY 2010-11 had disallowed Rs. 6.69 crore from approved employee expenses for FY 2010-11 on account of continuing failure of PSTCL to finalize the study on rationalization of manpower. Hence the employee expenses of Rs. 92.31 Cr. as revised estimates for FY 2010-11 were allowed by the Hon'ble Commission.
- 3.6.4. It is submitted that since the annual audited accounts have been finalized for FY 2010-11, the Petitioner requests the Hon'ble Commission to approve the employee expenses based on the audited annual accounts. As per the Accounts, the Petitioner submits to the Hon'ble Commission that it has incurred Rs. 141.38 Cr. on salary & other employee expenses after adjusting the recovery of establishment cost from PSPCL on account of construction of 66 kV transmission system on their behalf. After deducting Rs. 39.02 Cr. of capitalization from Rs. 141.38 Cr., the net salary and other expenses come out to be Rs. 102.36 Cr. (Including Rs. 42.37 Lakh for the SLDC function). The following table provided the detailed Salary and Other Expenses for FY 2010-11:

Table 9: Salary and other employee expenses for FY 2010-11 as per audited accounts

All figures in Rs. Cr.

S. No.	Particulars	Details
1.	Salaries	103.52
2.	Overtime	3.17
3.	Dearness Allowance	42.12
4.	Other Allowances	18.40
5.	Bonus	0.63
6.	Sub Total[1+2+3+4+5]	167.84
7.	Medical Expenses reimbursement	1.07

S. No.	Particulars	Details
8.	Leave Travel Assistance / Concession	0.85
9.	Payment under Workmen Compensation Act	0.08
10.	Sub Total [7+8+9]	2.00
11.	Electricity Concession to PSTCL Employees	1.68
12.	Staff Welfare Expenses	0.21
13.	Sub Total [11+12]	1.88
14.	Less: Establishment cost recoverable on execution of 66 KV works	30.35
15.	Total Salary and Other Employee Expenses [6+10+13-14]	141.38
16.	Less: Employee costs capitalized	39.02
17.	Net Salary and Other Employee Expenses [15-16]	102.36

3.6.5. The Petitioner thus requests the Hon'ble Commission to allow Rs. 102.36 Cr. as the salary and other employee expenses for FY 2010-11 as true up.

3.6.6. Meanwhile, with regard to the manpower, the Petitioner submits to the Hon'ble Commission that as on 16th April 2010, the total sanctioned posts for PSTCL were 6,347 against which the Company had only 3,717 employees. Also, at the end of FY 2011, total number of employees in PSTCL was 4032 against the sanctioned post of 6,697. Details of the same are provided below:

Table 10: Sanctioned and Actual Employees for FY 2010-11

S. No.	Particulars	PSTCL employees as on 16 th April 2010	Net Addition / Reduction employees	PSTCL employees as on 31 st March 2011
1.	Sanctioned	6,347	350	6,697
2.	Actual	3,717	315	4,032

3.6.7. Thus, for FY 2010-11 the Petitioner submits that the employee cost is not on the higher side as only around 60% of the sanctioned posts were filled by the company. Moreover, the employee strength of 4,032 also consists of the manpower who was working on the 66 kV voltage level of the state.

3.6.8. The Petitioner submits to the Hon'ble Commission that the staffing norms for Operation & Maintenance of 132 kV and 220 kV sub stations had been fixed by the Board of Directors. The staffing norms are as given below:

Table 11: Staffing norms for O&M of 220 kV and 132 kV substations

S. No.	Name of Post	132 kV Substation	220 kV Substation
1.	SSE/AEE	1	1
2.	JE-1 (S/Stn.)	1	4
3.	SSO / JE-2 (S/Stn.)	3	0
4.	SSA	4	4
5.	RTM	4	4
6.	Telephonist/LDC	1	2
7.	Oil Cleaner	1	1
8.	Chowkidar	1	0
9.	Peon	1	1
10.	Electrician Gr. 2 (Electrical)	1	1
11.	UDC	-	1
12.	Crane Operator (Where crane is provided)	-	1
13.	Mali	-	1
14.	Sweeper	-	1
15.	Fitter / Mechanical Mistri	-	1
	Total	18	23

3.6.9. However, the Petitioner brings this to the kind notice of the Hon'ble Commission that these norms are on a lower side as compared to the other state utilities. A brief snapshot of the staffing norms for 220 kV and 132 kV substations of PSTCL as compared with other state utilities is as given below:

Table 12: Comparison of the staffing norms for 220 & 132 kV substations for different states

All figures in Numbers

S. No.	Substation	Punjab	Uttaranchal	West Bengal
1.	220 kV	23	32	25
2.	132 kV	18	22	22

3.6.10. The Petitioner submits that the average number of 132 kV substations and 220 kV substations for FY 2010-11 were 78 and 53 respectively. On applying the staffing norms, the total number of staff for O&M for substation for FY 2010-11 comes out to be 2,614.

3.6.11. The Petitioner submits that line maintenance staff for the transmission lines of PSTCL at different voltage levels was also required. Taking the industry norms of strength of 18 staff for line maintenance of 350 ckt km, total manpower required for line maintenance for PSTCL for FY 2010-11 comes out to be 393.

- 3.6.12. Thus, there would be requirement of 3007 employees (2614 + 393) just for maintenance activities. On adding the manpower requirements for other functions like Projects, Corporate office, Planning, establishment, accounting, finance, testing etc, the total manpower requirement would be much higher than actual employee strength of 4,032 for FY 2010-11.
- 3.6.13. Thus, the Petitioner submits to the Hon'ble Commission that the number of employees for FY 2010-11 is not on the higher side and thereby requests the Hon'ble Commission to approve the cost of salary and other expenses as per the audited annual accounts.

3.7. Terminal Benefits

- 3.7.1. The Petitioner in the Tariff Petition for approval of ARR of FY 2011-12 has submitted the Terminal Benefits of Rs. 27.69 Cr for FY 2010-11 on the basis of actual payment during the year without considering the sharing defined as per the Transfer Scheme. Details of revised estimates of Terminal Benefits as submitted by the Petitioner is provided below:

Table 13: Revised estimates of Terminal Benefits submitted for FY 2010-11

All figures in Rs. Cr.

Sr. No.	Particulars	Revised Estimation by PSTCL
	Terminal Benefits	
1.	Leave encashment	9.70
2.	Gratuity	14.30
3.	Commutation of pension	0.00
4.	Ex-gratia	0.00
5.	Total	24.00
6.	Pension Payments	
7.	Basic pension	2.49
8.	Dearness pension	1.12
9.	Dearness allowance	0.00
10.	Any other expenses	0.00
11.	FMA	0.08
12.	Total	3.69
13.	Grand Total	27.69

- 3.7.2. The Commission in its Tariff Order dated 09th May 2011 has approved the Terminal Benefits of Rs. 27.69 Cr. as submitted by the Petitioner.
- 3.7.3. Now, as per the annual accounts the total Terminal Benefits come out to be Rs. 129.96 Cr. detailed breakup of the same is reproduced below of the kind perusal of the Hon'ble Commission:

Table 14: Terminal Benefits for FY 2010-11 as per the annual audited accounts

All figures in Rs. Cr.

S. No.	Particulars	Amount
1.	Share of Pension, Gratuity & Medical	112.51
2.	Earned Leave Encashment	13.60
3.	Other Terminal Benefits	3.85
4.	Total Terminal Benefits	129.96

3.7.4. The Petitioner submits that the terminal benefits as per the annual accounts (Rs. 129.96 Cr.) are higher than that approved by the Hon'ble Commission (Rs. 27.69 Cr.), mainly on account of the amended Transfer Scheme vide notification number 1/4/04EB (PR)/620 notified by the Government of Punjab on 24th December 2012 according to which the actual amount of pension, gratuity and leave encashment paid / to be paid on and with effect from 16th April, 2010 to 31st March, 2014, shall be shared by the PSPCL and PSTCL, in the ratio of 88.64:11.36 on yearly basis. This resulted in the increased contribution of terminal benefits by PSTCL as compared to that approved by the Hon'ble Commission in the revised estimates. The expenditure on terminal benefits of PSPCL will be reduced to the extent of increase in PSTCL expenses, thereby keeping the overall expenditure, of both PSTCL and PSPCL, on terminal benefits same.

3.7.5. Thus, the Petitioner requests the Hon'ble Commission to allow the Terminal Benefits of Rs. 129.96 Cr. for FY 2010-11 as true up.

3.7.6. Thus, the Petitioner requests the Hon'ble Commission to allow the Overall Employee cost including Terminal Benefits of Rs. 232.32 Cr. for FY 2010-11 as true up.

3.8. Repair and Maintenance (R&M) Expenses

3.8.1. The Petitioner in the Tariff Petition for approval of ARR of FY 2011-12 submitted the R&M Expenses of Rs. 52.38 Cr. (Including R&M on SLDC assets of Rs. 2.74 Cr.) for FY 2010-11. The details of the revised estimates of R&M expenses for FY 2010-11 as submitted by the Petitioner in the Tariff Petition of FY 2011-12 is provided below:

Table 15: Revised estimates of R&M expenses submitted for FY 2010-11

All figures in Rs. Cr.

Sr. No.	Particulars	Revised Estimates by PSTCL
1.	Plant and Machinery	27.47
2.	Buildings including Renovation	4.06
3.	Hydraulic and Civil Works	0.63
4.	Lines Cable & Net Work etc.	6.27

Sr. No.	Particulars	Revised Estimates by PSTCL
5.	Vehicles	0.24
6.	Furniture & Fixtures	0.12
7.	Office Equipments	0.00
8.	Operating Expenses	0.00
9.	Total	38.79
10.	Less capitalized	-
11.	Net Expenses	38.79
12.	Add: R&M for assets added during the year	10.85
13.	Grand Total	49.64
14.	Add: R&M expenses for SLDC Assets	2.74
15.	Total R&M expenses for PSTCL	52.38

3.8.2. The Hon'ble Commission in its Tariff Order for FY 2011-12 dated 09th May 2011 had approved R&M expenses of Rs. 48.26 Cr. only. The Commission had computed R&M expenses for FY 2010-11 as per Regulation 28 (4) (a) of the PSERC (Terms and Conditions for Determination of Tariff) (1st amendment) Regulations, 2009. For the computation of R&M expenses the Commission had taken the base of FY 2009-10 of erstwhile PSEB and bifurcated these expenses in proportion to the GFA of PSPCL and PSTCL as on 01st April 2010. Thus, the approved R&M Expenses for PSTCL for FY 2009-10 worked out to Rs.41.88 Cr. Applying the WPI of 7.55% to the base figure, the R&M expenses of PSTCL for FY 2010-11 work out to be Rs. 45.04 Cr. In addition to that, the Commission also allowed the additional R&M of Rs. 3.22 Cr. on account of additional capitalization of Rs. 302.03 Cr. for FY 2010-11.

3.8.3. Now for true-up of ARR for FY 2010-11, the Petitioner is submitting the actual R&M expenses incurred as per the audited annual accounts for FY 2010-11. As per the accounts, R&M expenses for FY 2010-11 comes out to be Rs. 17.08 Cr. After deducting the capitalized R&M expenses of Rs. 0.75 Cr. for FY 2010-11, the net R&M expenses comes out to be Rs. 16.33 Cr (Including Rs. 1.73 Cr. for the SLDC function). This also includes the expenses on account of R&M activities on the assets which are added during FY 2010-11. Detailed R&M expenses are provided below:

Table 16: R&M Expenses for FY 2010-11 as per the annual audited accounts

All figures in Rs. Cr.

S. No.	R&M Expenses (Rs. Cr.)	FY 2010-11
1.	Plant and Machinery	14.18
2.	Buildings	1.18
3.	Civil Works	0.14
4.	Lines Cable & Net Work etc.	0.68
5.	Vehicles	0.90

S. No.	R&M Expenses (Rs. Cr.)	FY 2010-11
6.	Furniture and Fixtures	0.0005
7.	Office Equipment	0.0024
8.	Total [1+2+3+4+5+6+7]	17.08
9.	Less : Expenses Capitalized	0.75
10.	Net R&M Expenses [8-9]	16.33

- 3.8.4. The Petitioner further submits to the Hon'ble Commission that it has done a comparative study of the R&M expenses as a percentage of average GFA for FY 2010-11 for different STUs. The same has been provided in the following table:

Table 17: Comparative study of R&M Expenses for FY 2010-11 across states

All figures in percentage (%)

S. No.	Name of the States	R&M expenses as a percentage of average GFA (%)
1.	Madhya Pradesh	0.69%
2.	Rajasthan	1.30%
3.	Chhattisgarh	1.65%
4.	Gujarat	1.67%
5.	Punjab	0.33%

- 3.8.5. It is evident from the above that the PSTCL has spent very less amount as R&M expenses in FY 2010-11. This was mainly due to the fact that the company has been formed as on 16th April 2010 after the unbundling of erstwhile PSEB followed by the subsequent phase of stabilization and thus, the Petitioner was left with very less time to conduct the R&M activities and thus the amount spent on the R&M activities was less.

3.9. Administrative & General Expenses

- 3.9.1. The Petitioner in the Tariff Petition for approval of ARR for FY 2011-12 has submitted the A&G Expenses of Rs. 16.75 Cr. (Including Rs. 0.81 Cr. on account of SLDC and additional A&G expenses of Rs. 3.64 Cr. for the assets added during FY 2010-11). Detailed A&G expenses submitted by the Petitioner for FY 2010-11 in the Tariff Petition for FY 2011-12 are tabulated hereunder as:

Table 18: Revised estimates of A&G expenses submitted for FY 2010-11

All figures in Rs. Cr.

S. No.	Particulars	Revised Estimates by PSTCL
1.	Rent, Rates & Taxes	1.07
2.	Insurance	0.02
3.	Telephone, Postage, Telegram and Telex	0.50
4.	Consultancy Fees	1.10
5.	Technical Fees	0.00

S. No.	Particulars	Revised Estimates by PSTCL
6.	Other professional charges	1.20
7.	Conveyance & Travel expenses	5.00
8.	Electricity & Water Charges	1.00
9.	Others	2.16
10.	Outsourcing Expenses	2.24
11.	Freight	0.11
12.	Other material related expenses	2.79
13.	Lease Rental	0.56
14.	Total	17.75
15.	Less: Capitalization	4.64
16.	Net A&G Expenses	13.11
17.	Add: A&G for assets added during the year	3.64
18.	Total A&G Expenses	16.75

3.9.2. The Hon'ble Commission in its Tariff Order for FY 2011-12 dated 09th May 2011 had approved A&G Expenses of Rs. 9.64 Cr. only. The Commission had computed A&G expenses for FY 2010-11 as per Regulation 28 (4) (a) of the PSERC (Terms and Conditions for Determination of Tariff) (1st amendment) Regulations, 2009. For the computation of A&G expenses the Commission had taken the base of FY 2009-10 of erstwhile PSEB and bifurcated these expenses in proportion to the GFA of PSPCL and PSTCL as on 01st April 2010. Thus, the approved A&G Expenses for PSTCL for FY 2009-10 worked out to Rs.8.36 Cr. Applying the WPI of 7.55% to the base figure of FY 2009-10, the A&G expenses of PSTCL work out to Rs. 8.99 Cr. for FY 2010-11. In addition to that, the Commission also allowed the additional A&G of Rs. 0.65 Cr. on account of additional capitalization of Rs. 302.03 Cr. in FY 2010-11.

3.9.3. Now for true-up of ARR for FY 2010-11, the Petitioner is submitting the actual A&G expenses incurred as per the audited annual account for FY 2010-11. As per the accounts, A&G expenses for FY 2010-11 comes out to be Rs. 12.04 Cr. A&G expenses capitalized were Rs. 3.89 Cr. for FY 2010-11 and thus the net A&G expenses comes out to be Rs. 8.15 Cr (Including Rs. 28.99 Lakh for SLDC function). This also includes the expenses on account of A&G activities on the assets which are added during FY 2010-11. Detailed A&G expenses are provided below:

Table 19: Administrative & General Expenses for FY 2010-11 as per the accounts

All figures in Rs. Cr.

S. No.	A&G Expenses (Rs. Cr.)	FY 2010-11
1.	Rent, Rates & Taxes	0.63
2.	Insurance	0.01

S. No.	A&G Expenses (Rs. Cr.)	FY 2010-11
3.	Telephone, Postage, Telegram and Telex	0.60
4.	Legal Charges	0.07
5.	Consultancy/Technical Charges	0.09
6.	Conveyance & Travel Charges	5.63
7.	Fees & Subscription including petition charges	0.36
8.	Books & Periodicals	0.01
9.	Printing & Stationery	0.16
10.	Advertisement/Publicity expenses	0.27
11.	Electricity/Water Charges	0.58
12.	Expenses on Training	0.45
13.	Hospitality	0.02
14.	Conference Expenses	0.02
15.	Miscellaneous/Contingency Expenses	1.69
16.	Mobile set purchase expenses	0.04
17.	Other Expenses	0.02
18.	Freight	0.15
19.	Other Purchase related expenses	4.19
20.	Gross A&G Expenses	15.00
21.	Less: A&G expenses recoverable on execution of 66KV works	2.96
22.	Total A&G Expenses	12.04
23.	Less: Administration & General capitalized	3.89
24.	Net A&G Expenses	8.15

3.9.4. The Petitioner submits to the Hon'ble Commission that as per the schedule 19 of the audited annual accounts for FY 2010-11, there are other debits of Rs. 2.18 Cr. for FY 2010-11. The Petitioner requests to the Hon'ble Commission to approve Rs. 2.18 Cr. as other debits for FY 2010-11. Details of the same are provided hereunder as:

Table 20: Other debits for FY 2010-11 as per the audited annual accounts

All figures in Rs. Cr.

S. No.	Particulars	Amount
1.	Miscellaneous losses written off	0.18
2.	Preliminary Expenses written off	2.00
3.	Total	2.18

3.9.5. Thus, the Petitioner requests the Hon'ble Commission to approve the A&G expenses of Rs. 10.33 Cr. (Rs. 8.15 Cr. + Rs. 2.18 Cr.) for FY 2010-11 as per the audited annual accounts.

3.9.6. The Petitioner further submits to the Hon'ble Commission that it has done a comparative

study of the A&G expenses as a percentage of average GFA for FY 2010-11 for different STUs. The same has been provided in the following table:

Table 21: Comparative study of A&G Expenses for FY 2010-11 across states

All figures in percentage (%)

S. No.	Name of the States	A&G expenses as a percentage of average GFA (%)
1.	Madhya Pradesh	0.38%
2.	Rajasthan	0.97%
3.	Chhattisgarh	1.64%
4.	Gujarat	0.75%
5.	Punjab	0.21%

3.9.7. Thus from the above it is evident that the PSTCL has spent very less amount as A&G expenses in FY 2010-11. This was mainly due to the fact that the company has been formed as on 16th April 2010 after the unbundling of erstwhile PSEB followed by the subsequent phase of stabilization and thus, the Petitioner was left with a very less time to conduct the A&G activities and thus the amount spent on the A&G activities was less.

3.10. CERC Norms for O&M Expenditure for Transmission System

3.10.1. The Petitioner submits to the Hon'ble Commission that the total O&M expenses incurred by the Petitioner for FY 2010-11 as per the audited annual accounts are even lesser than O&M expenses to be computed as per Regulation 19 (g) of the CERC (Terms and Conditions of Tariff) Regulations, 2009. According to CERC norms computation of O&M expenses for FY 2010-11 is as follows:

Table 22: CERC norms for computation of O&M expenses for FY 2010-11

CERC Norms for Transmission		FY 2010-11
Norms for sub-station (Rs Lakh per bay)		
765 kV		77.56
400 kV		55.40
220 kV		38.78
132 kV and below		27.70
Norms for AC and HVDC lines (Rs Lakh per km)		
Single Circuit (Twin & Triple Conductor)		0.378
Single Circuit (Single Conductor)		0.189

3.10.2. Based on the above mentioned norms and the status of the transmission lines and bays of substation for FY 2010-11, the Petitioner has computed the O&M expenses for FY 2010-11, detailed computation of which is given below:

Table 23: O&M expenses for Substation Bays for FY 2010-11 as per CERC Norms

S. No.	Particulars	Details
Substation Bays with PSTCL (Nos.) during FY 2010-11 (Average)		
1.	220 kV	345
2.	132 kV and below	802
CERC Norms (Rs. Lakh/bay)		
1.	220 kV	38.78
2.	132 kV and below	27.70
O&M Expenses as per Norms (Rs. Cr.)		
1.	220 kV	133.60
2.	132 kV and below	222.02
	Total O&M Expenses for Bays	355.61

Table 24: O&M expenses for Transmission Lines for FY 2010-11 as per CERC Norms

S. No.	Particulars	Details
Transmission Lines with PSTCL (Ckt. Km.) during FY 2010-11 (Average)		
1.	Single Circuit (Single Conductor) (Ckt Km)	3,878.19
2.	Single Circuit (Twin & Triple Conductor) (Ckt Km)	3,770.09
CERC Norms (Rs. Lakh/Ckt. Km)		
1.	Single Circuit (Single Conductor) (Ckt Km)	0.189
2.	Single Circuit (Twin & Triple Conductor) (Ckt Km)	0.378
O&M Expenses as per Norms (Rs. Cr.)		
1.	Single Circuit (Single Conductor) (Ckt Km)	7.33
2.	Single Circuit (Twin & Triple Conductor) (Ckt Km)	14.25
	Total O&M Expenses for Lines	21.58

- 3.10.3. The Petitioner submits that the total O&M expenses as per the CERC norms come out to be Rs. 377.19 Cr. (Rs. 355.61 Cr. + Rs. 21.58 Cr.) for FY 2010-11.
- 3.10.4. Thus, it could be seen that the O&M Expense as per the audited accounts for FY 2010-11 are Rs. 256.80 Cr. which is much less than the O&M expenses of Rs. 377.19 Cr. as per the CERC norms.
- 3.10.5. Thus, the Petitioner re-emphasizes the fact that the O&M expenses for the Petitioner (Including employee expenses) are on the lower side. This is mainly on account of lower R&M activities and lower employee base against those sanctioned and thus the Petitioner hereby requests the Hon'ble Commission to approve the O&M expenses submitted by the Petitioner.

3.11. Investment

3.11.1. For FY 2010-11, the Petitioner submits that it had made Investment of Rs. 505.09 Cr out of which, Rs. 316.24 Cr. was converted to Gross Fixed Assets and the remaining was carried over as Capital Work in Progress for the next year. Details of Capital Work in Progress (CWIP) is as provided below:

Table 25: Details of Capital Work in Progress (CWIP) for FY 2010-11

All figures in Rs. Cr.

S. No.	Particulars	Opening WIP as per PSTCL opening balance sheet (As on 16.04.2010)	Addition during FY 11	Transferred to Assets	Closing WIP as on 31 March 2011
1.	Land and Land Rights	2.72	-	-	2.72
2.	Buildings	8.18	6.75	5.49	9.45
3.	Other Civil Works	1.13	-	-	1.13
4.	Plant & Machinery	168.04	261.46	225.80	203.70
5.	Line and Cable Networks	175.16	43.96	72.53	146.59
6.	Vehicles	0.03	-	-	0.03
7.	Furniture & Fixtures	0.05	-	-	0.05
8.	Office Equipments	0.08	0.39	0.03	0.44
9.	Contract in progress - Talwandi Sabo	-	179.05	-	179.05
10.	Revenue expenses reclassified pending allocation over capital works	2.24			2.24
11.	Working of machinery for capital works	(5.44)			(5.44)
12.	Advances to Supplier - Capital	(2.66)	13.49	12.40	(1.57)
	Total	349.53	505.09	316.24	538.39

3.11.2. The Petitioner submits the financial details of the assets added during FY 2010-11 which are tabulated below:

Table 26: Details of Gross Fixed Assets added during FY 2010-11

All figures in Rs. Cr.

S. No.	Particulars	Opening GFA as per PSTCL opening balance sheet (From 16.04.2010)	Addition during FY 11	Reduction during the year	Net Addition during FY 11	Closing GFA as on 31 March 2011
1	Land and Land Rights	2,925.01	1.28	0.01	1.28	2,926.28
2	Buildings	107.63	5.69	-	5.69	113.32
3	Other Civil Works	5.75	-	-	-	5.75
4	Plant & Machinery	1,290.30	237.56	5.38	232.18	1,522.47
5	Line and Cable Networks	483.99	72.61	0.25	72.36	556.35
6	Vehicles	7.26	0.35	0.10	0.25	7.51
7	Furniture & Fixtures	1.91	0.08	-	0.08	1.99
8	Office Equipments	0.27	0.79	-	0.79	1.06
	Total	4,822.11	318.36*	5.74	312.62	5,134.73

*Includes value of assets directly purchased and booked under assets and not routed through WIP.

3.12. Depreciation Charges

3.12.1. The Petitioner in the Tariff Petition for approval of ARR for FY 2011-12 has submitted the revised estimates of depreciation of Rs. 120.71 Cr for FY 2010-11. For computing the depreciation, the Petitioner had considered

- The opening gross fixed assets of Rs. 2040 Cr. as on 01st April 2009, as per the book of accounts available then.
- GFA addition of Rs. 76.39 Cr. in FY 2009-10 and Rs. 623.73 for FY 2010-11.
- Depreciation rate of 5%

3.12.2. The Hon'ble Commission in its Tariff Order for FY 2011-12 dated 09th May 2011 had approved the Depreciation of Rs. 101.63 Cr. For computation of depreciation, the Commission had considered the opening GFA of Rs. 2,112.92 Cr. for FY 2010-11 and the average rate of depreciation at 4.81%.

3.12.3. For the true-up of ARR for FY 2010-11, the Petitioner submits that the Depreciation as per the annual audited accounts of FY 2010-11 comes out to be Rs. 72.65 Cr. as per the details provided below:

Table 27: Depreciation Charges for FY 2010-11 as per the accounts

All figures in Rs. Cr.

S. No.	Particulars	Details
1.	Depreciation	72.84
2.	Small and Low Value items written-off	0.0002
3.	Total	72.85
4.	Less : Depreciation Capitalized	0.20
5.	Add: Prior Period Expenses / Losses	-
6.	Total	72.65

3.12.4. The Petitioner submits that PSTCL has calculated the depreciation in its annual accounts as per the following policy:

- (a) Depreciation is provided on Straight Line Method (SLM) at the rates specified in the Schedule XIV to the Companies Act, 1956. In respect of depreciable assets for which no rate has been specified (including the assets of SLDC), rates notified by CERC are adopted.
- (b) The fixed assets are depreciated up to 90% of the original cost after taking 10% as residual value of assets except lease hold assets.
- (c) Temporary erections are depreciated fully (100%) in the year of acquisitions/capitalization by taking WDV as Rs. 1/- for control purpose.
- (d) Depreciation on additions to/ deductions from fixed assets during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposal.
- (e) Assets costing up to Rs. 5000/- are fully depreciated in the year of acquisition except where specific classification has been prescribed for the purpose of depreciation under the classification 'Furniture & Fixtures' and 'Office Equipment'.

3.12.5. The Petitioner further submits that by adopting the above mentioned policy there is no difference in the depreciation calculated as per the CERC Regulations, 2009 and calculated as per the books of the accounts.

3.12.6. Apart from the above, it is further submitted that as per Regulation no. 17 (4) of CERC Regulations 2009 - the depreciation is required to be calculated annually based on Straight Line Method and at the rates specified in Appendix-III to the Regulations of CERC for the assets of generating and transmission system. Provided that the remaining depreciable value as in 31st March of the year closing after a period of 12 years from the date of commercial

operation shall be spread over the balance useful life of the asset.

- 3.12.7. On the basis of above regulations accumulated depreciation as on 16.04.2010 (on the date of unbundling of erstwhile PSEB) for each category of asset cannot be calculated. Since electricity boards are charging depreciation as per the rates notified by Govt. of India time to time under the Annual Electricity Accounts Rules 1985.
- 3.12.8. Moreover, in these regulations under regulation 16.16 it is also clarified that to bring uniformity in the rates of depreciation, while providing a higher rates of depreciation during the initial years of useful life of the projects, the CERC decides to specify rates of depreciation for various assets in a separate schedule. The depreciation rates for different assets have been so assigned as to arrive at the weighted average rate approximating 5.28%. the depreciation rates as given in Appendix III of the regulation have no bearing on the useful life of projects as defined in regulation 3(42) – i.e. 35 years in case of transmission lines.
- 3.12.9. Therefore, keeping in view the above, it is submitted that the depreciation charged by PSTCL in books of accounts of Rs. 72.65 Cr is same as per rates given in Appendix- III of the CERC regulations.
- 3.12.10. In view of the above, the Petitioner requests the Hon'ble Commission to approve the depreciation of Rs. 72.65 Cr. for FY 2010-11 as per annual audited accounts.

3.13. Interest Charges

- 3.13.1. The Petitioner in the Tariff Petition for approval of ARR for FY 2011-12 has submitted the Interest charges of Rs. 91.82 Cr. (Net of capitalization of Rs.29.88 Cr.). Detailed Interest Charges submitted by the Petitioner for FY 2010-11 in the Tariff Petition for FY 2011-12 are tabulated hereunder as:

Table 28: Revised estimation of Interest Charges submitted for FY 2010-11

All figures in Rs. Cr.

Particulars	Opening Balance	Addition during the year	Repayment during the year	Closing Balance	Amount of Interest
OBC	314.29	0	45.27	269.02	29.04
LIC	302.30	0	40.92	261.38	33.25
REC	253.61	801.09	23.45	1,031.25	59.41
Total	870.20	801.09	109.64	1,561.66	121.70
Less: capitalization					29.88
Net Interest					91.82

- 3.13.2. However, the Hon'ble Commission in its Tariff Order has allowed the Interest of only Rs. 96.99 Cr (Net of capitalization of Rs. 4.57 Cr.). This was mainly due to the fact that the Hon'ble Commission had considered the loan required during FY 2010-11 as only Rs. 398.55 Cr. against the loan requirement of Rs. 801.99 Cr as submitted by the Petitioner.

3.13.3. Moreover, the Commission has also disallowed Rs. 24.77 Cr. on account of diversion of capital funds towards revenue purpose. Thus, the Commission allowed the Net Interest charges of Rs. 72.22 Cr. for FY 2010-11.

3.13.4. Now, the Petitioner submits that as per the Audited Annual accounts, total loans outstanding for PSTCL for FY 2010-11 as on 31st March 2011 were Rs. 1,841.30 Cr. During FY 2010-11 starting from 16th April 2010, PSTCL had received the loan of Rs. 288.35 Cr. and re-paid loan of Rs. 107.36 Cr. Source-wise details of the same are provided below:

Table 29: Loan schedule for FY 2010-11

All figures in Rs. Cr

S. No.	Sources of Loans	Opening loans as on 16.04.2010	Loans received during the year	Loans repaid during the year	Balance loans as on 31.03.2011
1.	REC	274.06	274.68	24.78	523.95
2.	OBC	310.71	-	41.66	269.05
3.	LIC	302.30	-	40.92	261.38
4.	Bank of India	350.00	-	-	350.00
5.	Loans from PSPCL	250.00			250.00
6.	Loan from GPF Trust	173.25	13.67	-	186.92
	Total	1,660.31	288.35	107.36	1,841.30

3.13.5. The Petitioner submits that it had incurred the Interest Charges of Rs. 123.97 Cr on account of loans procured in FY 2010-11. The details of the same are provided below:

Table 30: Interest and Finance Charges for FY 2010-11 as per the annual accounts

All figures in Rs. Cr.

S. No.	Interest on Loans (Rs. Cr.)	FY 2010-11
	Interest On Loans:	
1.	Life Insurance Corporation	29.07
2.	Rural Electrification Corporation	35.47
3.	Commercial Banks	74.18
4.	Interest on General Provident Fund Trust	13.66
5.	Interest on Loans from PSPCL	0.30
6.	Sub - Total [1+2+3+4+5]	152.68
	Other interest & finance charges:	
7.	Lease Rentals on Lease Hold Assets	0.37
8.	Other Charges	0.01
9.	Sub - Total [7+8]	0.38
10.	Total [6+9]	153.06

S. No.	Interest on Loans (Rs. Cr.)	FY 2010-11
11.	Less : Interest Capitalized	29.10
12.	Net Interest [10-11]	123.97

3.13.6. The Petitioner requests the Hon'ble Commission to approve the Interest and Finance charges of Rs. 123.97 Cr. for FY 2010-11 as per the audited annual accounts.

3.14. Diversion of Funds

3.14.1. The Petitioner submits that in the Tariff Order dated 09th May 2011, the Commission had deducted Rs. 24.77 Cr. from the approved interest charges of PSTCL on account of diversion of capital funds towards revenue purposes. Of this amount, Rs. 14.47 Cr. was to the account of the Government of Punjab and balance Rs. 10.30 Cr. was to the account of PSTCL.

3.14.2. The Hon'ble Commission in its Order dated 22nd August 2013 against the review petition no. 27 of 2003 filed by PSTCL against the Tariff Order for FY 2013-14, has stated that

“Interest cost on the amount of diverted funds of Rs. 42.56 Cr. attributable to Government of Punjab had not been claimed by the utility in its ARR petition for FY 2013-14 or in any subsequent submission. Hence, interest cost was not allowed to the utility in the tariff order for FY 2013-14.

Interest on Diversion of Funds attributable to Government of Punjab will be considered during true-up based on Audited Annual Accounts of the utility”

3.14.3. In view of the above, the Petitioner submits to the Hon'ble Commission to take a prudent view of the Review Order stated above and allow Interest on Diversion of Funds attributable to Government of Punjab based on the audited annual accounts submitted along with this petition.

3.14.4. However, the Petitioner reiterates that the PSTCL has been formed on 16th April 2010 and on that date there was no diversion of capital funds as per the opening balance sheet of PSTCL.

3.15. Interest on Working Capital

3.15.1. The Petitioner in its Tariff Petition for approval of ARR of FY 2011-12 has computed the Interest on Working Capital to be Rs. 21.25 Cr for FY 2010-11.

3.15.2. The Petitioner had computed the Working Capital requirement as per the Regulation 30 (1) of PSERC (Terms and Conditions of Determination of Tariff) Regulations 2005 which states that

“For generation and transmission business, the working capital shall be as per CERC norms.”

3.15.3. Hon'ble Central Electricity Regulatory Commission notified 19th January, 2009, Regulation 18 (c) of which states that,

“18. Interest on Working Capital. (1) The working capital shall cover:

(c) in case of hydro generating station and transmission system.

(i) Receivables equivalent to two months of fixed cost.

(ii) Maintenance spares @ 15% of operation and maintenance expenses specified in Regulation 19;

(iii) Operation and maintenance expenses for one month.”

3.15.4. Apart from the above, the Petitioner has considered the rate of interest as per the Regulation 30 of PSERC (Terms and Conditions of Determination of Tariff) Regulations 2005 which states that,

“The rate of interest on working capital shall be equal to the short term Prime Lending Rate of State Bank of India of the relevant year.....”

3.15.5. Accordingly, the Petitioner had considered the Interest on Working Capital as 11.75% which is SBI PLR as on 01st April 2010.

3.15.6. The Hon’ble Commission in its Tariff Order dated 09th May 2011 had approved the methodology provided above and on the basis of the same approved Rs. 12.75 Cr. as the Interest on Working Capital.

3.15.7. Now in the true-up, the Petitioner had computed the Working Capital Requirement However, the Petitioner has used the Interest Rate as per Regulation 30 of PSERC Tariff Regulations, 2005 and Regulation 18 (c) of CERC MYT Regulations, 2009 and accordingly,

(a) Working Capital requirement comes out to be Rs. 153.48 Cr.

(b) Interest Rate on Working Capital comes out to be 11.75%.

3.15.8. Thus, the Interest on working Capital for FY 2010-11 as per the true-up comes out to be Rs. 18.03 Cr.

Table 31: Interest on Working Capital for FY 2010-11

All figures in Rs. Cr.

S. No.	Interest on Working Capital	Revised Estimates (Petitioner’s Submission)	Revised Estimates (Approved by the Commission)	Submitted now for True-up (As per CERC Norms)
1.	Receivables equivalent to two months of fixed cost	107.08	67.00	93.05
2.	Maintenance spares @ 15% of operation and maintenance expenses	44.36	26.69	38.85
3.	Operation and	24.64	14.83	21.58

S. No.	Interest on Working Capital	Revised Estimates (Petitioner's Submission)	Revised Estimates (Approved by the Commission)	Submitted now for True-up (As per CERC Norms)
	maintenance expenses for one month			
4.	Total [1+2+3]	176.08	108.52	153.48
5.	Rate of Interest	11.75%	11.75%	11.75%
6.	Interest on Working Capital [4+5]	20.69	12.75	18.03
7.	Interest on Working Capital on account of SLDC	0.56		
8.	Total	21.25		

3.15.9. The Petitioner requests the Hon'ble Commission to approve the Interest on Working Capital of Rs. 18.03 Cr. for FY 2010-11.

3.16. Return on Equity (RoE)

3.16.1. In its Tariff Petition for approval of ARR and Tariff for FY 2011-12, the Petition had taken recourse of PSERC Tariff Regulations 2005. As per the said Regulations, RoE for Transmission function shall be guided by the CERC (Terms and conditions of Tariff) Regulations, 2004 as amended from time to time. On 19th January 2009, CERC has notified CERC (Terms and Conditions of Tariff) Regulations, 2009, the clause 15 of which states that,

"15. Return on Equity. (1) Return on equity shall be computed in rupee terms, on the equity base determined in accordance with Regulation 12.

(2) Return on equity shall be computed on pre-tax basis at the base rate of 15.5% to be grossed up as per clause (3) of this Regulation:

Provided that in case of projects commissioned on or after 1st April, 2009, an additional return of 0.5% shall be allowed if such projects are completed within the timeline specified in Appendix-II:

Provided further that the additional return of 0.5% shall not be admissible if the project is not completed within the timeline specified above for reasons whatsoever.

(3) The rate of return on equity shall be computed by grossing up the base rate with the normal tax rate for the year 2008-09 applicable to the concerned generating company or the transmission licensee, as the case may be:

Provided that return on equity with respect to the actual tax rate applicable to the generating company or the transmission licensee, as the case may be, in line with the provisions of the relevant Finance Acts of the respective year during the tariff period shall

be tried up separately for each year of the tariff period along with the Tariff Petition filed for the next tariff period.

(4) Rate of return on equity shall be rounded off to three decimal points and be computed as per the formula given below:

Rate of pre-tax return on equity = Base rate / (1-t)

Where t is the applicable tax rate in accordance with clause (3) of this Regulation.”

- 3.16.2. Based on the above, the Petitioner in the petition had considered the effective rate of return to be 23.48% (15.50%/(1-33.99%)) and thus the RoE was computed to be Rs. 77.14 Cr. However, the Hon’ble Commission stated in section 2.9 of the Tariff Order dated 09th May 2012 stated that,

“The Commission notes that PSTCL has been unable to effect requisite improvements in critical performance parameters. Accordingly, the Commission finds no justification for allowing RoE at a higher rate and thus, allows RoE of Rs. 45.99 Cr. @ 14% of the total equity of Rs. 328.50 Cr. of PSTCL.”

Thus, the Commission approved Rs. 45.99 Cr, as the RoE as revised estimates for FY 2010-11.

- 3.16.3. Aggrieved by the order of Hon’ble Commission, the Petitioner filed a petition (Appeal No. 76 of 2011) in Hon’ble Appellate Tribunal of Electricity (APTEL) wherein the Petitioner submitted that

“(12) The Commission erred in calculating the return on equity at 14% instead of 15.5% claimed by the appellant. Regulation 25 of the Tariff Regulations, 2005 provides that the State Commission shall, in computation of Return on Equity be guided by the Central Regulations, 2004, as amended from time to time. The Central Regulations, 2009, Regulation 15 (2) provides that Return on Equity shall be computed on pre-tax basis at the base rate of 15.5% to be grossed up as per the clause (3) of the said Regulations subject to the rider that that an additional return of 0.5% shall be allowed in the case of projects being commissioned on or after 1st of April, 2009 if the projects are completed within the timeframe as specified in Appendix-II.”

Hon’ble APTEL in its judgment dated 02nd March 2012 stated that,

*“(43) So far, we have covered one aspect of the matter. **Given the language employed in Regulation 25 of the State Regulations, 2005 we have held that the principles adopted in Regulation 25 was in the light of the Regulation 21 (iii) of the CERC Regulations, 2004 and with the change of the Regulations of the CERC, the CERC Regulations, 2009, will apply.** This is Regulation 15 of the CERC Regulations, 2009.....” (Emphasis Added)*

“..... Answer is two fold, namely,:

a) *Analysis of Regulation 25 of the State Regulations, 2005 as made above makes it clear that it was the intention of the Authority that passed the order impugned to follow the CERC Regulations, 2009.* The State Commission was quite conscious of the necessity of following the norms, principles and methodologies enunciated by the CERC. The norms, principles and methodologies must be such as are prevalent at a given point of time.

b) It is also the settled position of law that if two interpretations are possible then the interpretation which is beneficial to the subject should be accepted.” (Emphasis Added)

3.16.4. Thus, keeping in mind the CERC Regulations 2009 and decision of Hon’ble APTEL, the Petitioner has taken consideration of the following while computing the RoE for true up of ARR for FY 2010-11:

- (a) Opening Equity has been taken to be Rs. 605.83 Cr. as per the final opening balance sheet notified by Government of Punjab dated 24th December 2012.
- (b) During the year FY 2010-11, the Petitioner submits that, the company has received Rs. 5 Lakh from the issue of share capital. Thus, the closing equity comes out to be Rs. 605 .88 Cr. as per the closing balance sheet for FY 2010-11.
- (c) As per the section 15 of CERC Tariff Regulations 2009 mentioned above, the Petitioner has considered the rate of RoE to be 15.50%. The Petitioner requests the Commission to approve the rate of return to be 15.50% as per CERC norms as against the return of 14% approved by the Hon’ble Commission in the Tariff Order dated 09th May 2012 as this would also help the Petitioner to generate more funds for the growth and expansion purposes.
- (d) However, as can be seen from the annual audited accounts of FY 2010-11, the Petitioner has a negative PBT of Rs. (38.75) Cr. and thus it does not incur any tax liability. Hence, the Petitioner is not grossing up the rate of return with the corporate tax / MAT rate as per the section 15 of the CERC Tariff Regulations 2009.

3.16.5. As per the aforementioned considerations, the Petitioner computed the RoE for FY 2010-11 to be Rs. 93.91 Cr. Detailed computation of the same is provided below:

Table 32: Return on Equity for FY 2010-11

All figures in Rs. Cr.

S. No.	Particulars	Revised estimates as per PSTCL	Revised Estimates approved	Submitted as per the True Up
1.	Opening Equity	328.5	328.50	605.83
2.	Equity addition during the year	0.00	0.00	0.05
3.	Closing Equity [1+2]	328.50	328.50	605.88
4.	Average Equity [(1+3)/2]	328.50	328.50	605.86

S. No.	Particulars	Revised estimates as per PSTCL	Revised Estimates approved	Submitted as per the True Up
5.	Rate of Return	15.50%	14%	15.50%
6.	Tax Rate	33.99%	0.00%	0.00%
7.	Adjusted Rate of return [5/(1-6)]	23.48%	14%	15.50%
8.	RoE [4x7]	77.14	45.99	93.91

3.16.6. Hence, the Petitioner humbly requests the Hon'ble Commission to allow the RoE for FY 2010-11 to be Rs. 93.91 Cr.

3.17. ULDC Charges

3.17.1. The Petitioner respectfully submits the Hon'ble Commission that it has incurred the ULDC charges of Rs. 10.59Cr. as per the audited annual accounts of FY 2010-11. The Petitioner thus requests the Hon'ble Commission to allow the same for FY 2010-11. Details of ULDC charges incurred by the Petitioner is provided hereunder as:

Table 33: ULDC Charges for FY 2010-11

All figures in Rs. Cr.

S. No.	Particulars	As per the Audited Annual Accounts
1.	ULDC Charges - SLDC own share	2.68
2.	ULDC Charges - BBMB share	1.30
3.	ULDC Charges - Central Sector share	6.61
4.	Total ULDC Charges	10.59

3.18. Non-Tariff Income

3.18.1. In the Tariff Order issued by the Hon'ble Commission for FY 2011-12 dated 09th May 2011, the Hon'ble Commission approved the Non-Tariff Income for FY 2010-11 of Rs. 8.52 Cr. for Transmission function (Including Rs. 2.15 Cr. as non-tariff income from SLDC) as submitted by the Petitioner.

3.18.2. Now as per the audited annual accounts, Non-Tariff income for PSTCL comes out to be Rs. 19.80 Cr. (Including Rs. 2.35 Cr. as non-tariff income from SLDC) details of which are provided below as:

Table 34: Non-Tariff Income for FY 2010-11 as per the annual accounts

All figures in Rs. Cr.

S. No.	Other Income	FY 2010-11
1.	Interest on Staff Loans & advances	0.0038

S. No.	Other Income	FY 2010-11
2.	Income from trading (Sale of scrap etc.)	0.12
3.	Income from staff welfare activities	0.01
4.	Misc. receipts	19.67
5.	Total	19.80

3.18.3. Thus, the Petitioner respectfully requests the Hon'ble Commission to allow Rs. 19.80 Cr. as Non-Tariff Income.

3.19. Transmission Charges from Open Access Consumers

3.19.1. The Petitioner submits to the Hon'ble Commission that it has received Rs. 5.67 Cr. as transmission charges from open access customers as per the audited annual accounts for FY 2010-11 and thus requests the Hon'ble Commission to approve the same for FY 2010-11.

3.20. Annual Revenue Requirement

3.20.1. The following table summarizes the aggregate revenue required for FY 2010-11 for the actual expenses incurred as per the audited annual accounts for FY 2010-11 as well as the PSERC Tariff Regulations 2005 and its subsequent amendments:

Table 35: Annual Revenue Requirement for FY 2010-11

All figures in Rs. Cr.

S. No.	Aggregate Revenue Requirement	Revised estimates as per PSTCL	Revised Estimates approved	Submitted as per the True Up
1.	Salary and other expenses	243.26	92.31	102.36
2.	Terminal Benefits	27.69	27.69	129.96
3.	R&M Expenses	52.38	48.26	16.33
4.	A&G Expenses	16.75	9.64	10.33
5.	ULDC Charges	--	--	10.59
6.	Interest & Finance Charges	91.82	72.22	123.97
7.	Interest on Working Capital	21.25	12.75	18.03
8.	Return on Equity	77.14	45.99	93.91
9.	Depreciation	120.71	101.63	72.65
10.	Total Fixed Charges (Total Revenue Requirement)	650.99	410.49	578.13
11.	Less: Non Tariff Income	8.52	8.52	19.80
12.	Net Fixed Charges (Aggregate Revenue Requirement)	642.47	401.97	558.33
13.	Transmission Charges from Open Access Customers	NA	NA	5.67

S. No.	Aggregate Revenue Requirement	Revised estimates as per PSTCL	Revised Estimates approved	Submitted as per the True Up
14.	Net Fixed Charges (Aggregate Revenue Requirement)	NA	NA	552.66

3.20.2. The Petitioner thus requests the Hon'ble Commission to allow the ARR of Rs. 552.66 Cr. for FY 2010-11.

3.21. Revenue Surplus / (Gap) for PSTCL

3.21.1. The following tables computes the Revenue Surplus / (Gap) for FY 2010-11 based on the total actual fixed costs incurred and the revenue earned by the Petitioner:

Table 36: Revenue Surplus / (Gap) for FY 2010-11

All figures in Rs. Cr.

S. No.	Aggregate Revenue Requirement	FY 2010-11
1.	Total Fixed Charges (Total Revenue Requirement)	578.13
2.	Less: Non Tariff Income	19.80
3.	Transmission Charges from Open Access Customers	5.67
4.	Net Fixed Charges (Aggregate Revenue Requirement)	552.66
5.	Transmission charges from PSPCL	401.97
6.	Revenue surplus / (gap)	(150.69)

3.21.2. Thus the Petitioner has a revenue gap of Rs. 150.69 Cr. and requests the Hon'ble Commission to allow the same.

TRUE UP FOR FY 2011-12

4. TRUING UP OF FY 2011-12 FOR TRANSMISSION FUNCTION (STU)

4.1. Background

- 4.1.1. The Petitioner submits that from 01.04.2011, STU and SLDC have started maintaining separate accounts and thus it has started filing separate sections for both from FY 2011-12 onwards.
- 4.1.2. In this section, the Petitioner submits the true up of FY 2011-12 for STU and for SLDC in subsequent section.
- 4.1.3. The Hon'ble Commission in its Tariff Order for FY 2011-12, pronounced on 09th May 2011 for Transmission function, approved the ARR of Rs. 468.10 Cr. against the ARR of Rs. 769.19 Cr. as submitted by the Petitioner. PSTCL in its Tariff Petition for FY 2012-13 submitted the revised estimates of Rs. 731.17 Cr. for FY 2011-12 against which the Commission has approved Rs. 570.72 Cr. in its Tariff Order for FY 2012-13 dated 16th July 2012.
- 4.1.4. The Petitioner has prepared the true up for FY 2011-12 on the basis of PSERC (Terms and Conditions for Determination of Tariff) Regulations, 2005 and subsequent amendments. Since the annual accounts are now finalized, the Petitioner has submitted the actual figures based on the annual accounts. The Petitioner also submits its rationale for the key heads of expenditure which critically impact the overall financial health of the company. This section further describes the various components of ARR as well as the performance of PSTCL in FY 2011-12 for transmission function.

4.2. Description of the Transmission System

- 4.2.1. Details of the transmission system of PSTCL as on 01st April 2011 and 31st March 2012 is tabulated below:

Table 37: Transmission system of PSTCL during FY 2011-12

S. No.	Particulars	Opening (As on 1 st April 2011)	Addition during the year	Closing (As on 31 st March 2012)
Transmission Lines (Circuit kms)				
1.	220 kV			
	Single Conductor	1,821.97	(44.04)	1,777.93
	Double Conductor	2,942.99	314.41	3,257.40
	Sub Total	4,764.96	270.37	5,035.33
2.	132 kV			
	Single Conductor	2,228.27	38.36	2,266.63
	Double Conductor	881.12	(36.66)	844.46
	Sub Total	3,109.39	1.70	3,111.09
	Grand Total	7,874.35	272.07	8,146.42

S. No.	Particulars	Opening (As on 1 st April 2011)	Addition during the year	Closing (As on 31 st March 2012)
Substations (Nos)				
1.	220 kV	56	6	62
2.	132 kV	77	-	77
	Total	133	6	139
Transmission Substation Bays (Nos)				
1.	220 kV	354	33	387
2.	132 kV	421	4	425
3.	66 kV	388	23	411
	Total	1,163	60	1223

4.2.2. As can be seen from the above table, the Petitioner has added, during the year, around 272.07 circuit km of Transmission Lines, 6 Substations and 60 Bays.

4.2.3. The Petitioner submits that the total substation capacity as on 1st April 2011 was 17,128.97 MVA and addition in substation capacity during FY 2011-12 was 1,756.70 MVA. Details of the substation capacity is provided below:

Table 38: Substation Capacity of PSTCL during FY 2011-12 in MVA

S. No.	Particulars	Capacity as on 01.04.2011	Capacity Addition during the year	Capacity as on 31.03.2012
1.	Substation Capacity	17,128.97	1,756.70	18,885.67

4.3. Transmission System Capacity

4.3.1. Hon'ble Commission in its Tariff Order dated 9th May 2011 had determined the Transmission System Capacity of 7990.18 MW for FY 2011-12. This is the gross sum of generation capacities connected to the transmission system.

4.3.2. The Petitioner submits to the Hon'ble Commission that the gross and net transmission capacities of the State, as on 31st March 2012, are 7157 MW and 6689 MW respectively, considering the State generating capacities and Central sector allocations. Detailed breakup of these capacities are provided below:

Table 39: Generation capacity in MW during FY 2011-12

Name of Project	As on 31 st March 2012	
	Gross Installed Capacity / Share (MW)	Net Installed Capacity / Net Share (MW)
GNDTP, Bathinda	440	392
GGSSTP, Ropar	1260	1153
GHTP, Lehra Mohabbat (Unit # 1 & 2) (Stage-I)	420	384
GHTP, Lehra Mohabbat (Unit # 3 & 4) (Stage-II)	500	458
TOTAL THERMAL	2620	2386
Shanan	110	109
UBDC-I	45	45
UBDC-II	46.35	46
**RSPP	600	
Less 20% J&K and 4.6% HP share from RSD	-147.6	
Net RSD share of Punjab	452.4	451
ASHP	134	132.85
MHP-1&2	90	90
MHP-3&4	117	117
MHP Total	207	207
TOTAL HYDRO	995	991
TOTAL(HYDRO+THERMAL)	3615	3377
PEDA & Others including Jalkheri	88.55	79
Micro Hydel	5.6	5.6
Total Installed Capacity within the State	3709	3462
NTPC		
Singrauli	200	178.9
Rihand-I	110	97.1
Rihand-II	102	92
Anta(G)	49	45.8
Auraiya(G)	83	77.7
Dadri(G)	132	123.5
Unchahar-I	36	31.6
Unchahar-II	60	52.6
Unchahar-III	17	14.9
Total NTPC	789	714
NTPC ER		
Farakha	22	20

Name of Project	As on 31 st March 2012	
	Gross Installed Capacity / Share (MW)	Net Installed Capacity / Net Share (MW)
Kahalgaon-I	51	44.7
Kahalgaon-II	120	108.5
Total ER	194	173.2
NHPC		
Bairasul	84	79.9
Salal	184	175.2
Tanakpur	17	16.1
Chamera-I	55	52.5
Chamera-II	30	28.6
Uri	66	62.9
Dhauliganga	28	26.7
Dulhasti	32	30.8
SEWA-II	10	9.5
Total	505	482.2
*NJPC	152	144.8
Tehri	77	73.5
NPCIL		
NAPP	51	44
RAPP#3	50	43.2
RAPP#4	50	43.2
RAPP-C (#5 & 6)	46	39.5
Total NPCL	197	169.9
Koteshwar HEP (Unit I)	6	6.1
Dadri NCTPS Stage-II Non-Firm: unallocated	7	5.9
Pragati III (Bawana) PPCL	137	128.3
MUNDRA Ultra mega project	95	91.6
Indira Gandhi STPS Jhajjar (Unit-I) Non Firm: unallocated	2	1.8
Tala (Non-Firm: unallocated)	30	28.6
Total Central Sector	2191	2020
BBMB		
Bhakra	684	656.2
Dehar	475	456.0
Pong	99	94.6
Total	1258	1207
Grand Total	3448	3227
Total Transmission Capacity	7157	6689

4.4. Transmission System Availability

- 4.4.1. The petitioner submits to the Hon'ble Commission that the overall Transmission System Availability in FY 2011-12 was 99.79%. This reflects the optimum utilization of Transmission Assets.
- 4.4.2. For FY 2011-12, following table provides the voltage wise transmission system availability for each quarter of FY 2011-12:

Table 40: Transmission System Availability during FY 2011-12

S. No.	Particulars	Q-I	Q-II	Q-III	Q-IV	Annual
1.	220 kV	99.84%	99.90%	99.86%	99.81%	99.85%
2.	132 kV	99.49%	99.83%	99.83%	99.84%	99.75%
3.	Overall	99.79%				

- 4.4.3. The Petitioner respectfully submits to the Hon'ble Commission that the transmission system availability of PSTCL is better/ comparable to that of other Indian States. Following table provides a snapshot of transmission system availability of some of the other Indian States:

Table 41: Transmission System Availability for other states for FY 2011-12

All figures in percentage (%)

S. No.	Name of the states	Transmission System Availability
1.	Chhattisgarh	99.92%
2.	Madhya Pradesh	99.23%
3.	Gujarat	99.53%
4.	Maharashtra	99.72%
5.	Punjab	99.79%

4.5. Transmission Losses

- 4.5.1. In its Tariff Petition for FY 2011-12, the Petitioner had submitted to the Hon'ble Commission that the energy accounting of the transmission network of PSTCL is not possible due to the absence of some of the sub-station energy meters at the secondary side of 220/66 kV power transformers. The Hon'ble Commission in its Tariff Order for FY 2011-12 had undertaken a comparative analysis of the similar STUs and observed that the transmission losses for those STUs vary from 2.1% to 4.9%. The Hon'ble Commission provisionally approved 2.5% as the transmission loss for the Petitioner for FY 2011-12 keeping the view in mind that the PSTCL transmit energy at a higher voltage level thereby resulting in lower transmission losses and decided to revisit the losses again while performing the true-up activity for FY 2011-12.
- 4.5.2. The Petitioner submits that the process of energy metering is still in progress and is expected

to be completed by 31st December 2013. Considering the same, it is humbly prayed to the Hon'ble Commission that till the complete energy accounting is in place, the transmission losses of similarly placed STUs should be considered for allowing the transmission losses of PSTCL.

- 4.5.3. The Petitioner submits to the Hon'ble Commission that various transmission utilities of the country have their transmission losses in the range of 3.51% - 4.41%.

Table 42: Transmission Losses for FY 2011-12 for different states (%)

All figures in percentage (%)

S. No.	State / Transmission Utility	Transmission Loss for FY 2011-12
1.	Chhattisgarh	4.12%
2.	Rajasthan	4.41% (Provisional)
3.	Gujarat	3.94%
4.	Madhya Pradesh	3.51% (Submitted for True-up)

- 4.5.4. In view of the above, the Petitioner prays to the Hon'ble Commission to approve the transmission losses of 4.5%, as submitted in previous petitions, of PSTCL.

4.6. Employee Cost (Salary and other expenses)

- 4.6.1. The Petitioner, in its tariff petition for approval of ARR for FY 2011-12, submitted the Employee Expenses of Rs. 248.31 Cr. (including arrears of Rs. 34.89 Cr). For making such provisions, the Petitioner had considered the average increase of 8.79% over the base year (FY 2010-11) expenses.
- 4.6.2. The Hon'ble Commission in its Tariff Order for FY 2011-12 dated 09th May 2011 had computed the employee and other employee expenses by taking the base of FY 2010-11. Hon'ble Commission bifurcated approved 'salary and other expenses' into SLDC and transmission function separately in proportion to their average number of employees. On the bifurcated expenses for transmission function, Rs. 96.45 Cr., which was considered as base, the Commission applied WPI of 8.91% to compute the salary and other expenses. The same for FY 2011-12 had been computed as Rs. 105.04 Cr. In case of arrears of Rs. 34.89 Cr., the Hon'ble Commission approved Rs. 24.95 Cr. for transmission by reducing the arrears claimed by the Petitioner by 28.48%. Thus, the total 'salaries and other expenses', allowed for the transmission function, were Rs. 129.99 Cr.
- 4.6.3. In its tariff petition for FY 2012-13, the Petitioner submitted the revised 'salary and other expenses' for FY 2011-12 as Rs. 147.68 Cr. (including arrear of Rs. 20.73 Cr.) by using the escalation factor of 10% on actual employee cost for first half of FY 2011-12 (H1). The Hon'ble Commission, in its Tariff Order dated 16th July 2012, considered the revised estimates of Rs. 96.45 Cr. for FY 2010-11 (Base Year) and applying the WPI of 7.4%, thus computed the revised estimates for FY 2011-12 as Rs. 103.59 Cr.

4.6.4. The Petitioner had also claimed the pay revision arrears of Rs. 24.26 Cr. later vide its letter dated 6th February 2012. However, Hon'ble Commission approved Rs. 19.78 Cr. considering a reduction factor of 17.22%. In case of arrear, the Hon'ble Commission has approved Rs. 19.31 Cr. by reducing the arrears claimed by the Petitioner by 17.22%. Thus, the total 'salaries and other expenses' allowed for the transmission function were Rs. 142.68 Cr.

Table 43: Salary & other Expenses for FY 2011-12 submitted in the earlier petitions

All figures in Rs. Cr.

Sr. No.	Particulars	Estimation by PSTCL(STU)	Revised Estimation by PSTCL(STU)
	Salaries & Allowances		
1.	Basic pay	160.13	114.47
2.	Dearness allowance	89.05	55.10
3.	House rent allowance	15.58	0.00
4.	Fixed medical allowance	2.35	2.88
5.	Medical reimbursement charges	0.47	1.10
6.	Over time payment	4.40	3.26
7.	Other allowances	4.83	18.98
8.	LODA	0.00	0.00
9.	Workman Compensation	0.00	0.00
10.	Bonus	0.00	0.00
11.	Total	276.78	195.80
12.	Amount capitalized	63.36	68.85
13.	Net amount	213.42	126.95
14.	Add: arrears	34.89	23.33
15.	Grand Total	248.31	151.01

4.6.5. It is submitted that since the annual accounts are finalized, the Petitioner requests the Hon'ble Commission to approve the actual employee expenses based on the annual accounts. As per the Accounts, the Petitioner submits to the Hon'ble Commission that it has incurred the salary & other employee expenses of Rs. 199.24 Cr. After reducing the capitalization of Rs. 51.44 Cr., establishment cost recoverable on execution of 66 kV works of Rs. 33.71 Cr, the net 'salary and other expenses' worked out as Rs. 114.09 Cr. Following table provides the detailed salary and other expenses for FY 2011-12:

Table 44: Salary and other employee expenses for FY 2011-12 as per the annual accounts (STU)

All figures in Rs. Cr.

S. No.	Particulars	Details
1.	Salaries	100.13
2.	Overtime	3.24
3.	Dearness Allowance	51.37
4.	Other Allowances	18.93
5.	Bonus	-
6.	Sub Total[1+2+3+4+5]	173.68
7.	Medical Expenses reimbursement	0.94
8.	Leave Travel Assistance / Concession	0.33
9.	Payment under Workmen Compensation Act	0.07
10.	Sub Total [7+8+9]	1.34
11.	Electricity Concession to PSTCL Employees	1.9
12.	Staff Welfare Expenses	0.43
13.	Sub Total [11+12]	2.33
14.	Less: Establishment cost recoverable on execution of 66 KV works	33.71
15.	Total Salary and Other Employee Expenses [6+10+13-14]	143.64
16.	Less: Employee costs capitalized	51.44
17.	Net Salary and Other Employee Expenses [15-16]	92.20
18.	Add: Arrears	21.89
19.	Add: Prior Period Expenses	0.00
20.	Grand Total [20 = 17+18+19]	114.09

- 4.6.6. The Petitioner requests the Hon'ble Commission to allow Rs. 114.09 Cr. as the salary and other employee expenses for FY 2011-12 for transmission function as the true up.
- 4.6.7. The petitioner submits to the Hon'ble Commission that as on 01st April 2011, the total sanctioned posts for PSTCL were 6,697 against which the company had only 4,032 employees. On transfer of 66 kV works to PSPCL on 30.11.2011, sanctioned posts on 31st March 2012 in PSTCL was 5602. Against this, the actual number of employees was only 3122. Details of the same are provided below:

Table 45: Sanctioned and Actual Employees for FY 2011-12

S. No.	Particulars	PSTCL employees as on 1 st April 2011	Net Addition / Reduction of employees	PSTCL employees as on 31 st March 2012
1.	Sanctioned	6,697	(1095)	5,602
2.	Actual	4,032	(910)	3,122

- 4.6.8. The Petitioner, considering the above scenario, submits that the employee cost is on the lower side as only ~56% of the sanctioned posts were populated as on 31st March 2012.
- 4.6.9. The Petitioner submits that total number of staff for O&M of substations for FY 11-12, considering the norms as discussed in section 3.6.8 for true up for FY 2010-11 above, works out to be 2,743. Similarly, the normative O&M staff for line maintenance at various voltage levels, considering the industry norms, comes out to be 412. As per this, the total normative employees, engaged in operation & maintenance activities, works out to be 3155 (2743 + 412).
- 4.6.10. The Petitioner submits that it could be easily inferred that the total manpower strength (actual) of PSTCL (3,122) during FY 2011-12 was even lesser than the normative strength of O&M function. On adding the manpower requirements for other functions like Projects, Corporate office, Planning, Establishment, Accounts, Finance, Testing, etc, the total manpower requirement would be much higher than the actual employee strength of 3,122 for FY 2011-12.
- 4.6.11. In view of the above, the Petitioner submits to the Hon'ble Commission that the PSTCL was understaffed during FY 2011-12. Accordingly the Petitioner requests the Hon'ble Commission to approve the actual cost of salary and other expenses as per the annual accounts.

4.7. Terminal Benefits

- 4.7.1. The Petitioner, in its earlier submitted Tariff Petition for approval of ARR for FY 2011-12, had submitted the Terminal Benefits of Rs. 32.83 Cr. on the basis of actual payment during the year without considering the sharing defined as per the Transfer Scheme. The same was allowed by the Hon'ble Commission in its Tariff Order dated 09th May 2011.
- 4.7.2. In its revised estimates for FY 11-12, PSTCL submitted Terminal Benefits of Rs. 58.79 Cr. Of this, the Hon'ble Commission had allowed Rs. 56.89 for FY 2011-12 in its Tariff Order dated 16th July 2012.

Table 46: Terminal benefits for FY 2011-12 submitted in the previous petitions

All figures in Rs. Cr.

S. No.	Particulars	Estimation by PSTCL(STU)	Revised Estimation by PSTCL(STU)
	Terminal Benefits		
1.	Leave encashment	8.42	9.37
2.	Gratuity	12.94	16.46
3.	Commutation of pension	0.00	0.00
4.	Workman Compensation	-	0.04
5.	Ex-gratia	0.00	0.00
6.	Fringe Benefit Tax	-	0.00
7.	Total	21.36	25.87
8.	Pension Payments		
9.	Basic pension	7.26	28.40
10.	Dearness pension	4.14	-0.01
11.	Dearness allowance	0.00	0.00
12.	Any other expenses	0.00	4.53
13.	Fixed Medical Allowance (FMA)	0.07	0.00
14.	Total	11.47	32.92
15.	Grand Total	32.83	58.79

4.7.3. As per the annual accounts, the total Terminal Benefits comes out to be Rs. 142.96 Cr. Break-up of the same is produced below for the kind perusal of the Hon'ble Commission.

Table 47: Terminal Benefits for FY 2011-12 for Transmission as per annual accounts

All figures in Rs. Cr.

S. No.	Particulars	Details
1.	Share of Pension, Gratuity & Medical	128.25
2.	Earned Leave Encashment	12.98
3.	Other Terminal Benefits	1.73
4.	Total Terminal Benefits	142.96

4.7.4. The Petitioner submits that the actual terminal benefits of Rs. 142.96 Cr. are much higher than Rs. 56.89 Cr. which had been earlier approved by the Hon'ble Commission. This increase is mainly on account of the provisions of the amended Transfer Scheme, vide notification number 1/4/04-EB (PR)/620 notified by the Government of Punjab on 24th December 2012, according to which the actual amount of pension, gratuity and leave encashment paid / to be paid on and with effect from 16th April, 2010 to 31st March, 2014, shall be shared by the Powercom and Transco, in the ratio of 88.64: 11.36 on yearly basis. The same resulted in the increased contribution of terminal benefits by PSTCL as compared

to that approved by the Hon'ble Commission in the revised estimates. The expenditure on terminal benefits of PSPCL will be reduced to the extent of increase in PSTCL expenses, thereby keeping the overall expenditure, of both PSTCL and PSPCL, on terminal benefits same.

4.7.5. Thus, the Petitioner requests the Hon'ble Commission to allow the Terminal Benefits of Rs. 142.96 Cr. for FY 2011-12 as true up.

4.8. Repair and Maintenance (R&M) Expenses

4.8.1. The Petitioner, in its Tariff Petition for FY 2011-12, submitted the R&M expenses of Rs. 97.15 Cr. The Hon'ble Commission approved the same as Rs. 55.89 Cr, considering the Regulation 28 (4) (b) of the PSERC Tariff Regulations, in its Tariff Order dated 09th May 2011. For computing the above, the Hon'ble Commission had considered the base R&M Expenses of Rs. 51.48 Cr. (FY 2010-11) grossed up with the WPI of 8.91%.

4.8.2. In the revised estimates of FY 2011-12, the Petitioner submitted the R&M expenses of Rs. 61.22 Cr. for Transmission function against which the Hon'ble Commission allowed the R&M expense of Rs. 59.63 Cr. in its Tariff Order dated 16th July 2012. The Hon'ble Commission while approving the R&M expenses considered the base expenses of Rs. 51.32 Cr., as determined in review of FY 2010-11, grossed up with the WPI rate of 7.4%. This worked out as Rs. 55.12 Cr. In addition to this, Hon'ble Commission also approved Rs. 4.51 Cr. on account of the asset addition during the year.

Table 48: R&M expenses for FY 2011-12 submitted in the previous petitions

All figures in Rs. Cr.

S. No.	Particulars	Estimation by PSTCL(STU)	Revised Estimation by PSTCL(STU)
1.	Plant and Machinery	45.38	44.08
2.	Buildings including Renovation	26.22	5.09
3.	Hydraulic and Civil Works	0.65	0.63
4.	Lines Cable & Net Work etc.	8.12	2.11
5.	Vehicles	0.25	3.97
6.	Furniture & Fixtures	0.14	0.00
7.	Office Equipments	0.00	0.01
8.	Operating Expenses	0.00	0.00
9.	Total Expenses	80.76	55.89
10.	Less capitalized	0.00	0.35
11.	Net Expenses	80.76	55.54
12.	Add: Prior Period Expenses	0.00	(0.13)
13.	Add: R&M for assets added during the year	16.39	5.81

S. No.	Particulars	Estimation by PSTCL(STU)	Revised Estimation by PSTCL(STU)
14.	Grand Total (Transmission)	97.15	61.22

4.8.3. For true-up of ARR of FY 2011-12, the Petitioner is submitting the actual R&M expenses incurred, as per the annual account for FY 2011-12. As per the accounts, R&M expenses for FY 2011-12 comes out to be Rs. 26.85 Cr. After reducing the capitalization of R&M expenses of Rs. 0.93 Cr. and adding prior period adjustments of Rs. 0.04 Cr., the final R&M expenses worked out as Rs. 25.96 Cr for FY 11-12. Detailed R&M expenses are provided below:

Table 49: R&M Expenses for FY 2011-12 as per the annual accounts (STU)

All figures in Rs. Cr.

S. No.	R&M Expenses (Rs. Cr.)	FY 2011-12
1.	Plant and Machinery	23.20
2.	Buildings	2.01
3.	Civil Works	0.33
4.	Lines Cable & Net Work etc.	0.36
5.	Vehicles	0.96
6.	Furniture and Fixtures	0.000292
7.	Office Equipment	0.000625
8.	Total [1+2+3+4+5+6+7]	26.85
9.	Less : Expenses Capitalized	0.93
10.	Net R&M Expenses [8-9]	25.92
11.	Add: Prior Period Adjustments	0.04
12.	Final R&M Expenses	25.96

4.8.4. The Petitioner further submits to the Hon'ble commission that it has done a comparative study of the R&M expenses as a percentage of average GFA for FY 2011-12 for different STUs. The same has been provided in the following table:

Table 50: Comparative study of R&M Expenses for FY 2011-12 across other states

All figures in percentage (%)

S. No.	Name of the States	R&M expenses as a percentage of average GFA (%)
1.	Madhya Pradesh	0.83%
2.	Rajasthan	1.21%
3.	Chhattisgarh	1.37%
4.	Gujarat	1.76%
5.	Punjab	0.50%

4.8.5. From the above table, it is evident that the PSTCL had spent less amount on R&M activities in FY 2011-12. This was mainly due to the fact that PSTCL being a newly incorporated

entity focused more on stabilization.

4.9. Administrative & General Expenses

- 4.9.1. The Petitioner, in its tariff petition for FY 2011-12, submitted the A&G expenses of Rs. 21.44 Cr. (including Rs. 4.37 Cr. on account of assets added during the year). The Hon'ble Commission had computed the A&G expenses as Rs. 11.17, considering the Regulation 28 (4) (b) of the PSERC Tariff Regulations, in its Tariff Order dated 09th May 2011. For computing the above, the Hon'ble Commission had considered the base A&G Expenses of Rs. 10.29 Cr. (as approved by the Hon'ble Commission for FY 2010-11) grossed up with WPI of 8.91%. The Hon'ble Commission did not allow any A&G expenses on the asset added during the year.
- 4.9.2. The Petitioner, in its revised estimates of FY 2011-12, submitted the A&G expenses of Rs. 23.69 Cr. (including Rs. 2.25 Cr. on account of A&G expenses on assets added during the year) against which the Hon'ble Commission allowed the A&G expenses of Rs. 12.18 Cr. for FY 2011-12 in its Tariff Order dated 16th July 2012. The Hon'ble Commission while approving the A&G expenses considered the base expenses of Rs. 10.26 Cr., as determined in review of FY 2010-11, grossed up with the WPI rate of 7.4%. The same worked out to be Rs. 11.02 Cr. In addition to this, the Hon'ble Commission also approved Rs. 0.91 Cr. on account of the asset addition during the year and Petitioner's claim towards expenses of annual license fee of Rs. 0.25 Cr.

Table 51: A&G expenses for FY 2011-12 submitted in the previous petitions (STU)

All figures in Rs. Cr.

S. No.	Particulars	Estimates by PSTCL(STU)	Revised Estimates by PSTCL(STU)
1.	Rent, Rates & Taxes	1.18	1.13
2.	Insurance	0.02	1.01
3.	Telephone, Postage, Telegram and Telex	0.49	0.45
4.	Consultancy Fees	1.21	0.92
5.	Technical Fees & Other professional charges	2.27	0.02
6.	Conveyance & Travel expenses	5.46	8.32
7.	Electricity & Water Charges	0.95	0.29
8.	Others	2.19	2.73
9.	Outsourcing Expenses	4.92	3.87
10.	Freight	0.12	0.12

S. No.	Particulars	Estimates by PSTCL(STU)	Revised Estimates by PSTCL(STU)
11.	Other material related expenses	3.07	2.79
12.	License Fees	-	0.25
13.	ARR Petition Fees	-	0.25
14.	Lease Rental	0.62	0.90
15.	Auditor's Fees	-	0.07
16.	400 kV Outsourcing expenses	-	0.45
17.	Total	22.49	23.57
18.	Less: Capitalization	5.42	2.13
19.	Net A&G Expenses	17.07	21.44
20.	Add: A&G for assets added during the year	4.37	2.25
21.	Total A&G Expenses	21.44	23.69

- 4.9.3. For true-up of ARR for FY 2011-12, the Petitioner submits the actual A&G expenses incurred as per the annual account for FY 2011-12. As per the accounts, the same comes out as Rs. 15.97 Cr. A&G expenses capitalized were Rs. 5.26 Cr. and prior period expenses were Rs. 1.19 lakhs for FY 2011-12 and thus the net A&G expenses come out as Rs. 10.72 Cr. Detailed A&G expenses are provided below:

Table 52: A&G Expenses for FY 2011-12 as per annual accounts (STU)

All figures in Rs. Cr.

S. No.	A&G Expenses (Rs. Cr.)	FY 2011-12
1.	Rent, Rates & Taxes	0.90
2.	Insurance	0.01
3.	Telephone, Postage, Telegram and Telex	0.44
4.	Legal Charges	0.17
5.	Audit Charges	0.04
6.	Consultancy/Technical Charges	0.19
7.	Conveyance & Travel Charges	7.65
8.	Fees & Subscription	0.56
9.	Books & Periodicals	0.00
10.	Printing & Stationery	0.39
11.	Advertisement/Publicity expenses	0.37
12.	Electricity/Water Charges	1.26
13.	Expenses on Training	-
14.	Hospitality	0.02

S. No.	A&G Expenses (Rs. Cr.)	FY 2011-12
15.	Conference Expenses	0.03
16.	Miscellaneous/Contingency Expenses	1.50
17.	Mobile set purchase expenses	0.02
18.	outsourcing expenses	1.73
19.	Other Expenses	0.01
20.	Freight	0.09
21.	Other Purchase related expenses	3.76
22.	Gross A&G Expenses	19.14
23.	Less: A&G expenses recoverable on execution of 66KV works	3.17
24.	Total A&G Expenses	15.97
25.	Less: Administration & General capitalized	5.26
26.	Add: Prior period expenses / losses	0.0119
27.	Total A&G expenses	10.72

- 4.9.4. The Petitioner submits to the Hon'ble Commission that as per the annual accounts for FY 2011-12, there are other debits of Rs. 0.12 Cr. for FY 2011-12. The Petitioner requests to the Hon'ble Commission to approve the same. Details of the same are provided hereunder as:

Table 53: Other debits for FY 2011-12 as per the annual accounts (STU)

All figures in Rs. Cr.

S. No.	Particulars	Amount
1.	Miscellaneous losses and write offs	0.12
2.	Total	0.12

- 4.9.5. Considering the same, the Petitioner requests the Hon'ble Commission to approve the A&G expenses of Rs. 10.84 Cr. (Rs. 10.72 Cr. + Rs. 0.12 Cr.) for FY 2011-12.
- 4.9.6. The Petitioner further submits to the Hon'ble commission that it has done a comparative study of the A&G expenses, as a percentage of average GFA for FY 2011-12, for different STUs. The same has been provided in the following table:

Table 54: Comparative study of A&G Expenses for FY 2011-12 across states

All figures in percentage (%)

S. No.	Name of the States	A&G expenses as a percentage of average GFA (%)
1.	Madhya Pradesh	0.54%
2.	Rajasthan	0.50%
3.	Chhattisgarh	1.32%
4.	Gujarat	0.83%

S. No.	Name of the States	A & G expenses as a percentage of average GFA (%)
5.	Punjab	0.20%

4.9.7. From the above table, it is evident that the PSTCL had spent less amount as A&G expenses in FY 2011-12. This was mainly due to the fact that PSTCL being a newly incorporated entity focused more on stabilization.

4.10. Normative O&M Expenditure for Transmission System for FY 2011-12

4.10.1. The Petitioner submits to the Hon'ble Commission that the total actual O&M expenses incurred by the Petitioner for FY 2011-12, as per the annual accounts, are much lesser than the O&M expenses computed as per Regulation 19 (g) of the CERC (Terms and Conditions of Tariff) Regulations, 2009. The computation for O&M expenses considering the CERC norms is provided as below:

Table 55: CERC norms for computation of O&M expenses for FY 2011-12

CERC Norms for Transmission		FY 2011-12
Norms for sub-station (Rs Lakh per bay)		
765 kV		81.99
400 kV		58.57
220 kV		41.00
132 kV and below		29.28
Norms for AC and HVDC lines (Rs Lakh per km)		
Single Circuit (Bundled conductor with four or more sub-conductors)		0.600
Single Circuit (Twin & Triple Conductor)		0.400
Single Circuit (Single Conductor)		0.200

4.10.2. Based on the above mentioned norms and the status of the transmission lines and substation bays for FY 2011-12, the Petitioner has computed the O&M expenses for FY 2011-12 as given below:

Table 56: O&M expenses for Substation Bays for FY 2011-12 as per CERC Norms

S. No.	Particulars	Details
Substation Bays with PSTCL (Nos.) during FY 2011-12 (Average)		
1.	220 kV	371
2.	132 kV and below	823
CERC Norms (Rs. Lakh/bay)		
1.	220 kV	41.00
2.	132 kV and below	29.28
O&M Expenses as per Norms (Rs. Cr.)		
1.	220 kV	151.91

S. No.	Particulars	Details
2.	132 kV and below	240.83
	Total O&M Expenses for Bays	392.73

Table 57: O&M expenses for Transmission Lines for FY 2011-12 as per CERC Norms

S. No.	Particulars	Details
Transmission Lines with PSTCL (Ckt. Km.) during FY 2011-12 (Average)		
3.	Single Circuit (Single Conductor) (Ckt Km)	4,047.40
4.	Single Circuit (Twin & Triple Conductor) (Ckt Km)	3,962.99
CERC Norms (Rs. Lakh/Ckt. Km)		
3.	Single Circuit (Single Conductor) (Ckt Km)	0.200
4.	Single Circuit (Twin & Triple Conductor) (Ckt Km)	0.400
O&M Expenses as per Norms (Rs. Cr.)		
3.	Single Circuit (Single Conductor) (Ckt Km)	8.09
4.	Single Circuit (Twin & Triple Conductor) (Ckt Km)	15.85
	Total O&M Expenses for Lines	23.95

- 4.10.3. The Petitioner submits that the total O&M expenses as per the CERC norms come out to be Rs. 416.68 Cr. (Rs. 392.73 Cr. + Rs. 23.95 Cr.) for FY 2011-12.
- 4.10.4. It could be seen that the actual O&M expense for STU as per the annual accounts for FY 2011-12 are Rs. 293.85 Cr., which is much lesser than the normative O&M expenses of Rs. 416.68 Cr.
- 4.10.5. The Petitioner re-emphasizes the fact that its actual O&M expenses are on the lower side mainly on account of lower R&M and A&G activities and lower employee base. Thus the Petitioner requests the Hon'ble Commission to approve the submitted actual O&M expenses.

4.11. Investment

- 4.11.1. For FY 2011-12, the Petitioner submits that it had made Investment of Rs. 922.66 Cr and Rs. 213.11 Cr. was converted to Gross Fixed Assets. The remaining investment was carried over as Capital Work in Progress for the next year. Details of Capital Work in Progress (CWIP) is provided as below:

Table 58: Details of Capital Work in Progress (CWIP) for STU for FY 2011-12

All figures in Rs. Cr.

S. No.	Particulars	Opening WIP for STU as per opening balance sheet (As on 01.04.2011)	Addition during FY 12	Transferred to Assets	Closing WIP as on 31.03.2012
1.	Land and Land Rights	2.72	-	-	2.72
2.	Buildings	9.45	3.27	3.47	9.25
3.	Other Civil Works	1.13	0.07	-	1.20
4.	Plant & Machinery	203.70	298.39	107.07	395.02
5.	Line and Cable Networks	146.59	109.57	27.12	229.04
6.	Vehicles	0.03	0.30	0.30	0.03
7.	Furniture & Fixtures	0.05	-	0.02	0.03
8.	Office Equipments	0.44	1.26	0.01	1.69
9.	Contract in progress - Talwandi Sabo	179.05	430.70	-	609.75
10.	Revenue expenses reclassified pending allocation over capital works	2.24	43.56	45.80	-
11.	Working of machinery for capital works	(5.44)	17.09	11.65	-
12.	Advances to Supplier - Capital	(1.57)	18.45	17.67	(0.79)
	Total	538.39	922.66	213.11	1,247.94

4.11.2. The Petitioner submits the financial details of the assets added during FY 2011-12 as tabulated below:

Table 59: Details of Gross Fixed Assets added for STU during FY 2011-12

All figures in Rs. Cr.

S. No.	Particulars	Opening GFA as on 01.04.2011	Addition during FY 12	Reduction during the year	Closing GFA as on 31 March 2012
1	Land and Land Rights	2,926.28	0.14	-	2,926.43
2	Buildings	113.32	8.20	6.21	115.31
3	Other Civil Works	5.75	-	-	5.75
4	Plant & Machinery	1,517.20	397.86	291.50	1623.56
5	Line and Cable Networks	556.35	96.19	69.86	582.67
6	Vehicles	7.51	0.71	1.12	7.10
7	Furniture & Fixtures	1.99	0.08	0.02	2.05
8	Office Equipments	0.98	1.34	0.01	2.31
	Total	5,129.37	504.52*	368.72	5265.17

*Includes value of assets directly purchased and booked under assets and not routed through WIP.

4.12. Depreciation Charges

4.12.1. The Petitioner, in its tariff petition for approval of ARR for FY 2011-12, projected the depreciation of Rs. 151.80 Cr for FY 2011-12. For computing the depreciation, the Petitioner had considered following:

- (a) The opening gross fixed assets of Rs. 2740.58 Cr. as on 01st April 2011
- (b) GFA addition of Rs. 627.62 Cr. in FY 2011-12
- (c) Depreciation rate of 5%

4.12.2. The Hon'ble Commission, in its Tariff Order for FY 2011-12 dated 09th May 2011, approved the Depreciation of Rs. 115.80 Cr. For computation of the same, the Commission had considered the opening GFA of Rs. 2,407.48 Cr. for FY 2010-11 and the average rate of depreciation as 4.81%.

4.12.3. In its revised estimates for FY 2011-12, the Petitioner submitted the depreciation of Rs. 132.80 Cr. considering the following:

- (a) The opening gross fixed assets of Rs. 2276.34 Cr. as on 01st April 2011
- (b) GFA addition of Rs. 477.55 Cr. in FY 2011-12
- (c) Depreciation rate as 5.28%

4.12.4. The Hon'ble Commission, in its Tariff Order dated 16th July 2012, approved the depreciation charges as Rs. 127.11 for FY 2011-12

- 4.12.5. For the true-up of ARR for FY 2011-12, the Petitioner submits that as per annual accounts for FY 2011-12, the depreciation charges comes out as Rs. 92.79 Cr. as per the details provided below:

Table 60: Depreciation Charges for STU for FY 2011-12 as per annual accounts

All figures in Rs. Cr.

S. No.	Particulars	Details
1.	Depreciation	89.85
2.	Total	89.85
3.	Less : Depreciation Capitalized	0.04
4.	Add: Prior Period Expenses / Losses	2.98
5.	Total	92.79

- 4.12.6. As also mentioned in section-3.12.4 of the True up Petition for FY 2010-11, the Petitioner submits that by adopting the depreciation policy followed by the Petitioner, there is no difference in the depreciation calculated as per the CERC Regulations, 2009 and calculated as per the books of the accounts.
- 4.12.7. The Petitioner thus requests the Hon'ble Commission to approve the depreciation of Rs. 92.79 Cr. for FY 2011-12.

4.13. Interest Charges

- 4.13.1. The Petitioner, in the Tariff Petition for approval of ARR for FY 2011-12, has submitted the Interest charges of Rs. 138.04 Cr. (with Net capitalization of Rs. 35.57 Cr.). Detailed Interest Charges submitted by the Petitioner for FY 2011-12 are tabulated hereunder as:

Table 61: Interest Charges projected by the Petitioner for FY 2011-12

All figures in Rs. Cr.

Particulars	Opening Balance	Addition during the year	Repayment during the year	Closing Balance	Amount of Interest
OBC	269.02	0.00	57	211.85	23.64
LIC	261.38	0.00	40.92	220.47	28.75
REC	1,031.25	1,270.29	41.50	2,260.04	121.22
Total	1,561.66	1,270.29	139.59	2,692.36	173.61
Less: capitalization					35.57
Net Interest					138.04

- 4.13.2. The Hon'ble Commission, in its Tariff Order, has allowed the Interest of Rs. 70.72 Cr (Net capitalization of Rs. 15.78 Cr.). This was mainly due to the fact that the Hon'ble Commission had disallowed Interest of Rs. 26.90 Cr. on account of diversion of capital funds.

4.13.3. In its revised submission, the Petitioner had estimated the Interest charges of Rs. 158.80 Cr. (Net capitalization of Rs. 15.43 Cr.) including guarantee charges of Rs. 1.50 Cr. payable/paid to Punjab Government, in response to which the Hon'ble Commission had allowed Rs. 113.76 Cr.

4.13.4. The Petitioner submits that, as per the annual accounts, the total long term loans outstanding for transmission function for FY 2011-12 as on 31st March 2012 were Rs. 2540.59 Cr. During FY 2011-12 starting from 1st April 2011, PSTCL had received the loan of Rs. 839.40 Cr. and re-paid loan of Rs. 139.69 Cr. Source-wise details of the same are provided as follows:

Table 62: Loan schedule for FY 2011-12 (STU)

All figures in Rs. Cr

S. No.	Sources of Loans	Opening loans as on 01.04.2011	Loans received during the year	Loans repaid during the year	Balance loans as on 31.03.2012
1.	REC	523.96	658.49	41.52	1,140.93
2.	OBC	269.05	(0.24)	57.26	211.55
3.	LIC	261.38	0.00	40.91	220.47
4.	BOI/Loans from PSPCL	600	115.86	0.00	715.86
5.	Loan from GPF	186.49	15.29	0.00	201.78
6.	SBOP, MTL	0.00	50.00	0.00	50.00
	Total	1840.88	839.4	139.69	2540.59

4.13.5. The Petitioner submits that, as per the annual accounts, it has incurred the Interest Charges of Rs. 167.17 Cr. The details of the same are provided below:

Table 63: Interest and Finance Charges for FY 2011-12 as per the annual accounts (STU)

All figures in Rs. Cr.

S. No.	Interest on Loans (Rs. Cr.)	FY 2011-12
	Interest On Loans:	
1.	Life Insurance Corporation	26.15
2.	Rural Electrification Corporation	93.05
3.	Commercial Banks	30.22
4.	Interest on Loans from PSPCL	76.07
5.	Interest on General Provident Fund Trust	14.61
6.	Sub - Total [1+2+3]	149.42
	Other interest & finance charges:	

S. No.	Interest on Loans (Rs. Cr.)	FY 2011-12
7.	Lease Rentals on Lease Hold Assets	0.76
8.	Guarantee Charges	1.50
9.	Other Charges	0.02
10.	Sub - Total [4+5+7+8+9]	92.98
11.	Total [6+10]	242.39
12.	Less : Interest Capitalized	75.24
13.	Net Interest [13-14]	167.15
14.	Add: Prior Period Adjustments	0.02
15.	Grand Total [15+16]	167.17

4.13.6. The Petitioner thus requests the Hon'ble Commission to approve the submitted Interest and Finance charges of Rs. 167.17 Cr. for FY 2011-12 as per the annual accounts.

4.14. Diversion of Funds

4.14.1. The Petitioner submits to the Hon'ble Commission that in the Tariff Order dated 16th July 2012 had disallowed Rs. 24.39 Cr. from the approved interest charges of PSTCL for FY 2011-12 on account of diversion of capital funds towards revenue purposes. Of this amount, Rs. 14.09 Cr. was to the account of the Government and balance Rs. 10.30 Cr. was to the account of PSTCL.

4.14.2. The Hon'ble Commission in its Order dated 22nd August 2013 against the review petition no. 27 of 2003 filed by PSTCL against the Tariff Order for FY 2013-14, has stated that

“Interest cost on the amount of diverted funds of Rs. 42.56 Cr. attributable to Government of Punjab had not been claimed by the utility in its ARR petition for FY 2013-14 or in any subsequent submission. Hence, interest cost was not allowed to the utility in the tariff order for FY 2013-14.

Interest on Diversion of Funds attributable to Government of Punjab will be considered during true-up based on Annual Accounts of the utility”

4.14.3. In view of the above, the Petitioner submits to the Hon'ble Commission to take a prudent view of the Review Order stated above and allow Interest on Diversion of Funds attributable to Government of Punjab based on the annual accounts submitted along with this petition.

4.14.4. However, the Petitioner reiterates that the PSTCL has been formed on 16th April 2010 and on that date there was no diversion of capital funds as per the opening balance sheet of PSTCL.

4.15. Interest on Working Capital

4.15.1. The Petitioner had computed the Working Capital requirement as per the Regulation 30 (1)

of PSERC (Terms and Conditions of Determination of Tariff) Regulations, 2005 which specifies that the computation of working capital shall be as per CERC norms.

- 4.15.2. The Petitioner, in its tariff petition for approval of ARR of FY 2011-12, has computed the Interest on Working Capital as Rs. 25.07 Cr. for FY 2011-12.
- 4.15.3. The Hon'ble Commission, in its Tariff Order dated 09th May 2011, approved Rs. 15.47 Cr. as the Interest on Working Capital.
- 4.15.4. In the revised estimates for FY 2011-12, the Petitioner submitted the Interest on Working Capital as Rs. 19.79 Cr. @ 12.50% as per the Regulation 18 (1) (c) of CERC Tariff Regulations 2009. The Hon'ble Commission approved Rs. 20.60 Cr. as Interest on Working Capital @ 13.00% which is SBI PLR as on 01st April 2011, in line with the Regulation 30 of PSERC (Terms and Conditions of Determination of Tariff) Regulations, 2005.
- 4.15.5. For true up of FY 2011-12, the Petitioner has used the interest rate as per the Regulation 30 of PSERC Regulations as mentioned above. Accordingly, the Interest on Working Capital for transmission function comes out as Rs. 23.13 Cr for FY 2011-12.

Table 64: Interest on Working Capital for FY 2011-12 (STU)

All figures in Rs. Cr.

S. No.	Interest on Working Capital	Projected by PSTCL	Approved by the Commission	Revised estimates as per PSTCL	Revised Estimates approved	Submitted as per the True Up
1.	Receivables equivalent to two months of fixed cost	128.20	78.02	78.02	95.12	109.36
2.	Maintenance spares @ 15% of operation and maintenance expenses	54.76	34.48	51.63	40.71	44.08
3.	Operation and maintenance expenses for one month	30.42	19.16	28.69	22.62	24.49
4.	Total [1+2+3]	213.39	131.66	158.34	158.45	177.93
5.	Rate of	11.75%	11.75%	12.50%	13.00%	13.00%

S. No.	Interest on Working Capital	Projected by PSTCL	Approved by the Commission	Revised estimates as per PSTCL	Revised Estimates approved	Submitted as per the True Up
	Interest					
6.	Interest on Working Capital [4x5]	25.07	15.47	19.79	20.60	23.13

4.15.6. The Petitioner thus requests the Hon'ble Commission to approve the Interest on Working Capital of Rs. 23.13 Cr. or FY 2011-12.

4.16. Return on Equity (RoE)

4.16.1. In the tariff petition for approval of ARR for FY 2011-12, the Petitioner had adopted the methodology as per Regulation 25 of PSERC (Terms and Conditions of Determination of Tariff) Regulations, 2005 which specifies the calculation of RoE as per the CERC (Terms and conditions of Tariff) Regulations, 2004 as amended from time to time. The same has been previously discussed under section-3.16.1 of true up for FY 2010-11 of this petition.

4.16.2. Accordingly, the Petitioner had claimed the RoE of Rs. 77.14 Cr. for the transmission function for FY 2011-12 @ 15.5% grossed up by the tax rate of 33.99%. However, the Hon'ble Commission approved RoE of Rs. 45.99 Cr. for Transmission function by applying a rate of 14% on the equity base of Rs. 328.50 Cr.

4.16.3. In its revised estimates for ARR and Tariff for FY 2011-12, the Petitioner claimed a Return on Equity of Rs. 89.09 Cr. for the transmission function for FY 2011-12 @ 15.5% (pre-tax) to be grossed up to 23.48% on the opening equity of Rs. 379.42 Cr. However, the Hon'ble Commission approved Rs. 50.92 Cr as the RoE @ 15.50% on the Equity amount of Rs. 328.50 Cr. as revised estimates for FY 2011-12.

4.16.4. While computing the RoE for true up of ARR for FY 2011-12, the Petitioner has considered the following,

- (a) The Petitioner has not segregated the equity between STU and SLDC, thus whole of the equity has been allocated to STU.
- (b) Opening as well as Closing Equity has been taken as Rs. 605.88 Cr. as per the annual account for FY 2011-12.
- (c) The Petitioner has considered the rate of RoE to be 15.50% as per PSERC regulations mentioned above.
- (d) However, as can be seen from the annual accounts of FY 2011-12, the Petitioner has a negative PBT of Rs. (-) 22.29 Cr. and thus it do not incur any tax liability. Hence, the Petitioner is not grossing up the rate of return with the corporate tax / MAT rate

as per the as per PSERC regulations mentioned above.

- 4.16.5. Thus, as per the aforementioned considerations, the Petitioner computed the RoE for FY 2011-12 to be Rs. 93.91 Cr. Detailed computation of the same is provided below:

Table 65: Return on Equity for FY 2011-12 (STU)

All figures in Rs. Cr.

S. No.	Particulars	Submitted as per the True Up
1.	Opening Equity	605.88
2.	Equity addition during the year	0.00
3.	Closing Equity [1+2]	605.88
4.	Average Equity [(1+3)/2]	605.88
5.	Rate of Return	15.50%
6.	Tax Rate	0.00%
7.	Adjusted Rate of return [5/(1-6)]	15.50%
8.	RoE [4x7]	93.91

- 4.16.6. Thus, the Petitioner humbly requests the Hon'ble Commission to allow the RoE of Rs. 93.91 Cr. for FY 2011-12

4.17. Non-Tariff Income

- 4.17.1. The Petitioner in its tariff petition has projected the non tariff income of Rs. 9.76 Cr. for transmission for FY 2011-12 and the same was approved by the Hon'ble Commission for FY 2011-12 dated 09th May 2011.

- 4.17.2. In the revised estimates for FY 2011-12, the Petitioner estimated the non tariff income of Rs. 13.05 Cr., which was approved by the Hon'ble Commission in its Tariff Order dated 16th July 2012.

- 4.17.3. Now as per the annual accounts, Non-Tariff income for transmission function of PSTCL comes out to be Rs. 14.68 Cr.

- 4.17.4. Thus, the petitioner respectfully requests the Hon'ble Commission to allow Rs. 14.68 Cr. as Non-Tariff Income.

4.18. Transmission Charges from Open Access Consumers

- 4.18.1. The Petitioner submits to the Hon'ble Commission that it has received Rs. 27.81 Cr. as transmission charges from open access customers as per the annual accounts for FY 2011-12 and thus requests the Hon'ble Commission to approve the same for FY 2011-12.

4.19. Annual Revenue Requirement

- 4.19.1. The following table summarizes the aggregate revenue required for FY 2011-12 for the

actual expenses incurred as per the annual accounts for FY 2011-12 as well as the PSERC Tariff Regulations 2005 and its subsequent amendments:

Table 66: Annual Revenue Requirement (ARR) for FY 2011-12 – (STU)

All figures in Rs. Cr.

S. No.	Aggregate Revenue Requirement	Approved by PSERC	Revised estimates as per PSTCL	Revised Estimates approved	Submitted as per the True Up
1.	Salary and other expenses	129.99	200.53	142.68	114.09
2.	Terminal Benefits	32.83	58.79	56.89	142.96
3.	R&M Expenses	55.89	61.22	59.63	25.96
4.	A&G Expenses	11.17	23.69	12.18	10.84
5.	Interest & Finance Charges	70.72	158.80	113.76	167.17
6.	Interest on Working Capital	15.47	19.79	20.60	23.13
7.	Return on Equity	45.99	89.09	50.92	93.91
8.	Depreciation	115.80	132.80	127.11	92.79
9.	Total Fixed Charges (Total Revenue Requirement)	477.86	744.72	583.77	670.85
10.	Less: Non Tariff Income	9.76	13.05	13.05	14.68
11.	Net revenue requirement	468.10	731.67	570.72	656.17
12.	Less: Transmission Charges from Open Access Customers				27.81
13.	Net Fixed Charges (ARR)				628.36

4.19.2. The Petitioner thus requests the Hon'ble Commission to allow the ARR of Rs. 628.36 Cr. for FY 2011-12.

4.20. Revenue Surplus / (Gap) for transmission

4.20.1. The following tables computes the Revenue Surplus / (Gap) for FY 2011-12 based on the total actual fixed costs incurred and the revenue earned by the Petitioner:

Table 67: Revenue Surplus / (Gap) for FY 2011-12 for STU

All figures in Rs. Cr.

S. No.	Aggregate Revenue Requirement	FY 2011-12
1.	Total Fixed Charges (Total Revenue Requirement)	670.85
2.	Less: Non Tariff Income	14.68
3.	Less: Transmission Charges from Open Access Customers	27.81
4.	Net Fixed Charges (Aggregate Revenue Requirement)	628.36
5.	Transmission charges from PSPCL	468.10
6.	Revenue surplus / (gap)	(160.26)

4.20.2. Thus the Petitioner has a revenue gap of Rs. 160.26 Cr., for transmission function, and requests the Hon'ble Commission to allow the same.

5. TRUING UP OF FY 2011-12 FOR STATE LOAD DESPATCH CENTRE

5.1. Background

- 5.1.1. Section 31(2) of the Electricity Act, 2003, provides that the SLDC shall be operated by a Government company / authority / corporation constituted by or under any State Act and that until such company / authority / corporation is notified by the State Government, the State Transmission Utility (STU) shall operate the SLDC. Accordingly, Government of Punjab, Department of Power vide Notification No. 1/9/08-EB(PR)/196 dated 16.4.2010 issued the Punjab Power Sector Reforms Transfer Scheme, 2010 and vested the State Load Despatch functions with PSTCL till further orders of the State Government from the date of transfer.
- 5.1.2. The Petitioner submits that as mentioned in section 4.1.1, the Petitioner has submitted the separate section for true-up of SLDC from FY 2011-12 onwards. The same is being discussed under this section.
- 5.1.3. Hon'ble Commission, in its Tariff Order for FY 2011-12 for SLDC dated 09th May 2011, had approved the ARR of Rs. 23.35 Cr. against the ARR of Rs. 26.76 Cr. as submitted by the Petitioner. PSTCL in its tariff petition for FY 2012-13 submitted the revised estimates of Rs. 22.81 Cr. for FY 2011-12 against which the Hon'ble Commission has approved Rs. 15.83 Cr. in its Tariff Order for FY 2012-13 dated 16th July 2012.
- 5.1.4. In this section, the Petitioner has prepared the true up for FY 2011-12, for SLDC function, on the basis of PSERC Tariff Regulations, 2005 and subsequent amendments. Since the annual accounts are now finalized, the Petitioner has submitted the actual figures based on the annual accounts. The Petitioner also submits its rationale for the key heads of expenditure which critically impact the overall financial health of the company. This section further describes various components of ARR for SLDC function in FY 2011-12.

5.2. Salary and other Expenses

- 5.2.1. In its Petition for approval of ARR for FY 2011-12, the Petitioner submitted the salary and other expenses of Rs. 4.43 Cr. in response to which the Hon'ble Commission approved Rs. 3.21 Cr. in its Tariff Order dated 09th May 2011.
- 5.2.2. In its petition for the revised estimates for FY 2011-12, the Petitioner submitted the salary and other expenses of Rs. 7.11 Cr. in response to which the Hon'ble Commission approved Rs. 3.45 Cr. in its Tariff Order dated 16th July 2012.
- 5.2.3. For true-up of FY 11-12, the Petitioner submits the Salary and other expenses as Rs. 6.60 Cr., as per the annual accounts. Details of the same are provided below. The Petitioner also submits to the Hon'ble Commission that the capitalized salary and other expenses have not been segregated into STU and SLDC, thus the same has been considered for STU only.

Table 68: Salary and other employee expenses for SLDC for FY 2011-12 as per the accounts

All figures in Rs. Cr.

S. No.	Particulars	Details
1.	Salaries	3.18
2.	Overtime	-
3.	Dearness Allowance	1.78
4.	Other Allowances	0.64
5.	Bonus	-
6.	Sub Total[1+2+3+4+5]	5.60
7.	Medical Expenses reimbursement	0.01
8.	Leave Travel Assistance / Concession	0.11
9.	Payment under Workmen Compensation Act	-
10.	Sub Total [7+8+9]	0.12
11.	Electricity Concession to PSTCL Employees	-
12.	Staff Welfare Expenses	0.0009
13.	Sub Total [11+12]	0.0009
14.	Less: Establishment cost recoverable on execution of 66 KV works	-
15.	Add: Arrears	0.88
16.	Total Salary and Other Employee Expenses [6+10+13-14]	6.60
17.	:Less: Employee costs capitalized	-
18.	Net Salary and Other Employee Expenses [15-16]	6.60

5.3. Terminal Benefits

- 5.3.1. In its Petition for approval of ARR for FY 2011-12, the Petitioner had submitted the Terminal Benefits of Rs. 0.11 Cr. The same was approved by the Hon'ble Commission in its Tariff Order 09th May 2011.
- 5.3.2. In its petition for the revised estimates for FY 2011-12, the Petitioner submitted the Terminal Benefits of Rs. 0.63 Cr. The same was approved by the Hon'ble Commission in its Tariff Order 16th July 2012.
- 5.3.3. As per the annual accounts, the total (STU + SLDC) Terminal Benefits comes out to be Rs. 142.96 Cr., as discussed under section-3.7 of True-up for STU for FY 2010-11. The Petitioner also submits to the Hon'ble Commission that the total Terminal Benefits have not been segregated into STU and SLDC, thus the same has been considered for STU only.
- 5.3.4. Considering the same, the Petitioner is not claiming any Terminal Benefits pertaining to SLDC function for FY 2011-12.

5.4. R&M expenses

- 5.4.1. The Petitioner, in its Petition for approval of ARR for FY 2011-12, submitted the R&M expenses, for FY 2011-12, of Rs. 4.86 Cr. in response to which the Hon'ble Commission approved Rs. 0.17 Cr. in its Tariff Order dated 09th May 2011.

- 5.4.2. The Petitioner, in its petition for the revised estimates for FY 2011-12, submitted the R&M expenses, for FY 2011-12, of Rs. 2.24 Cr. in response to which the Hon'ble Commission approved Rs. 0.17 Cr. in its Tariff Order dated 16th July 2012.
- 5.4.3. For true-up of FY 2011-12, the Petitioner has submitted the actual R&M expenses as Rs. 1.93 Cr., as per the annual accounts, the details of which are provided below:
- 5.4.4. Table 69: R&M Expenses for SLDC for FY 2011-12 as per the annual accounts

All figures in Rs. Cr.

S. No.	R&M Expenses (Rs. Cr.)	FY 2011-12
1.	Plant and Machinery	1.90
2.	Buildings	0.02
3.	Civil Works	-
4.	Lines Cable & Net Work etc.	-
5.	Vehicles	0.0039
6.	Furniture and Fixtures	-
7.	Office Equipment	-
8.	Total [1+2+3+4+5+6+7]	1.93
9.	Less : Expenses Capitalized	-
10.	Net R&M Expenses [8-9]	1.93

5.5. A&G Expenses

- 5.5.1. The Petitioner, in its Petition for approval of ARR for FY 2011-12, submitted the A&G expenses, for FY 2011-12, of Rs. 5.43 Cr. in response to which the Hon'ble Commission approved only Rs. 0.033 Cr. in its Tariff Order dated 09th May 2011.
- 5.5.2. The Petitioner, in its petition for the revised estimates for FY 2011-12, submitted the A&G expenses, for FY 2011-12, of Rs. 0.836 Cr. in response to which the Hon'ble Commission had approved only Rs. 0.033 Cr. in its Tariff Order 16th July 2012.
- 5.5.3. For true-up of FY 2011-12, the Petitioner has submitted the actual A&G expenses as Rs. 0.56 Cr., as per the annual accounts, the details of which are provided below. The petitioner also submits to the Hon'ble Commission that the capitalized A&G expenses has not been segregated into STU and SLDC, thus the whole capitalization has been considered for STU only.

Table 70: A&G Expenses for SLDC for FY 2011-12 as per the accounts

All figures in Rs. Cr.

S. No.	A&G Expenses (Rs. Cr.)	FY 2011-12
1.	Rent, Rates & Taxes	-
2.	Insurance	-
3.	Telephone, Postage, Telegram and Telex	0.03

S. No.	A&G Expenses (Rs. Cr.)	FY 2011-12
4.	Legal Charges	0.0009
5.	Consultancy/Technical Charges	-
6.	Conveyance & Travel Charges	0.07
7.	Fees & Subscription	0.03
8.	Books & Periodicals	-
9.	Printing & Stationery	0.01
10.	Advertisement/Publicity expenses	-
11.	Electricity/Water Charges	0.31
12.	Expenses on Training	-
13.	Hospitality	-
14.	Conference Expenses	-
15.	Miscellaneous/Contingency Expenses	0.06
16.	Mobile set purchase expenses	0.0022
17.	Outsourcing Expenses	0.05
18.	Freight	-
19.	Other Purchase related expenses	-
20.	Total	0.56

5.6. Investment

5.6.1. For FY 2011-12, the Petitioner submits that it had made Investment of Rs. 0.13 Cr and the same was converted to Gross Fixed Assets.

5.6.2. The Petitioner submits the financial details of the assets added during FY 2011-12 for SLDC, which are tabulated below:

Table 71: Details of Gross Fixed Assets added during FY 2011-12 for SLDC

All figures in Rs. Cr.

S. No.	Particulars	Opening GFA as on 1 st April 2011	Addition during FY 12	Closing GFA as on 31 st March 2012
1	Land and Land Rights			-
2	Buildings			-
3	Other Civil Works			-
4	Plant & Machinery	5.27		5.27
5	Line and Cable Networks	0.00		0.00
6	Vehicles	-		-
7	Furniture & Fixtures	0.01	0.04	0.05
8	Office Equipments	0.08	0.09	0.17
	Total	5.36	0.13	5.50

5.7. Depreciation Charges

- 5.7.1. The Petitioner, in its Tariff Petition for approval of ARR for FY 2011-12, claimed the depreciation charges, for FY 2011-12, of Rs. 0.67 Cr. in response to which the Hon'ble Commission had approved Rs. 0.37 Cr. in its Tariff Order dated 09th May 2011.
- 5.7.2. The Petitioner, in its Petition for the revised estimates for FY 2011-12, submitted the depreciation charges, for FY 2011-12, of Rs. 0.36 Cr. The same was approved by the Hon'ble Commission in its Tariff Order dated 16th July 2012.
- 5.7.3. For True up of FY 2011-12, the Petitioner submits that the Depreciation as per the annual accounts of FY 2011-12 comes out to be Rs. 0.82 Cr.
- 5.7.4. The Petitioner thus requests the Hon'ble Commission to approve the depreciation of Rs. 0.82 Cr. for FY 2011-12 for SLDC.

5.8. Interest Charges

- 5.8.1. The Petitioner submits to the Hon'ble Commission that there are no separate loans for SLDC function of PSTCL, hence, the petitioner is not claiming any separate interest charges for SLDC function.

5.9. Interest on Working Capital

- 5.9.1. The Petitioner had computed the Working Capital requirement as per the regulation 30 (1) of PSERC (Terms and Conditions of Determination of Tariff) Regulations 2005 which specifies the computation of working capital shall be per CERC norms.
- 5.9.2. For true-up of FY 2011-12 for SLDC function, the Petitioner has considered the interest rate, as per Regulation 30 of PSERC (Terms and Conditions of Determination of Tariff) Regulations 2005, which is 13% (SBI PLR as on 01st April 2011). On the basis of it, the Interest on Working Capital for SLDC function comes out as Rs. 0.79 Cr. for FY 2011-12.
- 5.9.3. Detailed computation of Interest on Working Capital is provided below as:

Table 72: Interest on Working Capital for SLDC for FY 2011-12

All figures in Rs. Cr.

S. No.	Interest on Working Capital	Projected by PSTCL
1.	Receivables equivalent to two months of fixed cost	3.99
2.	Maintenance spares @ 15% of operation and maintenance expenses	1.36
3.	Operation and maintenance expenses for one month	0.76
4.	Total [1+2+3]	6.11
5.	Rate of Interest	13.00%

S. No.	Interest on Working Capital	Projected by PSTCL
6.	Interest on Working Capital [4x5]	0.79

5.10. ULDC Charges

- 5.10.1. In its Petition for approval of ARR for FY 2011-12, the Petitioner projected ULDC charges of Rs. 18.91 Cr. in its additional submission and the same was approved by the Hon'ble Commission in its Tariff Order dated 09th May 2011.
- 5.10.2. In its petition for the revised estimates for FY 2011-12, the Petitioner projected ULDC charges of Rs. 10.59 Cr. in its additional submission and the same was approved by the Hon'ble Commission in its Tariff Order 16th July 2012.
- 5.10.3. For true-up of FY 2011-12, the Petitioner respectfully submits the Hon'ble Commission that it has incurred the ULDC charges of Rs. 17.11 Cr. as per the annual accounts of FY 2011-12.
- 5.10.4. The Petitioner requests the Hon'ble Commission to allow the same for FY 2011-12. Details of the same is provided hereunder as:

Table 73: ULDC Charges for FY 2011-12 (SLDC)

All figures in Rs. Cr.

S. No.	Particulars	As per the Annual Accounts
1.	ULDC Charges - SLDC own share	2.81
2.	ULDC Charges - BBMB share	1.59
3.	ULDC Charges - Central Sector share	12.71
4.	Total ULDC Charges	17.11

5.11. Non Tariff Income

- 5.11.1. In its Tariff Petition for revised estimates for ARR of FY 2011-12, the Petitioner submitted that it had not received any non tariff income during FY 2011- 12 for SLDC function. The Commission, accordingly, did not consider the same for SLDC function.
- 5.11.2. For true-up of FY 2011-12, the Non-Tariff income for SLDC, as per annual accounts, comes out as Rs. 3.85 Cr. and hereby requests the Hon'ble Commission to approve the same.

5.12. Revenue from Open Access Consumers

- 5.12.1. The Petitioner submits to the Hon'ble Commission that it has received Rs. 14.76 Cr. as operating charges from open access customers as per annual accounts and hereby requests the Hon'ble Commission to approve the same.

5.13. Annual Revenue requirement for FY 2011-12 for SLDC

- 5.13.1. The following table summarizes the aggregate revenue required for SLDC for FY 2011-12 for the actual expenses incurred as per the annual accounts for FY 2011-12 as well as the

PSERC Tariff Regulations 2005 and its subsequent amendments:

Table 74: Annual Revenue Requirement (ARR) for FY 2011-12 for SLDC

All figures in Rs. Cr.

S. No.	Aggregate Revenue Requirement	Projected by PSTCL	Approved by PSERC	Revised estimates as per PSTCL	Revised Estimates approved	Submitted as per the True Up
1.	Employee and other expenses	4.54	3.32	7.74	4.08	6.60
2.	Terminal Benefits					
3.	R&M Expenses	4.86	0.17	2.24	0.17	1.93
4.	A&G Expenses	5.43	0.03	0.84	0.03	0.56
5.	ULDC Charges	18.91	18.91	10.59	10.59	17.11
6.	Interest & Finance Charges	0.33	0.55	0.14	0.14	-
7.	Interest on Working Capital	0.93	-	0.80	0.46	0.79
8.	Return on Equity	-	-	0.11	0.00	-
9.	Depreciation	0.67	0.37	0.36	0.36	0.82
10.	Total Revenue Requirement	35.67	23.35	22.81	15.83	27.81
11.	Less: Non Tariff Income	0.00	0.00	0.00	0.00	3.85
12.	Net Revenue Requirement	35.67	23.35	22.81	15.83	23.96

5.13.2. The Petitioner thus requests the Hon'ble Commission to allow the ARR of Rs. 23.96 Cr. FY 2011-12 for SLDC.

5.14. Revenue Surplus / (Gap) for SLDC

5.14.1. The following tables computes the Revenue Surplus / (Gap) for SLDC for FY 2011-12 based on the total actual fixed costs incurred and the revenue earned by the Petitioner:

Table 75: Revenue Surplus / (Gap) for FY 2011-12 for SLDC

All figures in Rs. Cr.

S. No.	Aggregate Revenue Requirement	FY 2011-12
1.	Total Fixed Charges (Total Revenue Requirement)	27.81
2.	Less: Non Tariff Income	3.85
3.	Less: Operating Charges from Open Access Customers	14.76
4.	Net Fixed Charges (Aggregate Revenue Requirement)	9.20
5.	Operating charges from PSPCL	23.35
6.	Revenue surplus / (gap)	14.15

5.14.2. Thus the Petitioner has a revenue surplus of Rs. 14.15 Cr., for SLDC, and requests the Hon'ble Commission to allow the same.

5.15. Revenue Surplus / (Gap) for PSTCL (STU+SLDC) as a whole for FY 2011-12

5.15.1. The following tables computes the Revenue Surplus / (Gap) for PSTCL (STU+SLDC) as a whole for FY 2011-12 based on the total actual fixed costs incurred and the revenue earned by the Petitioner:

Table 76: Revenue Surplus / (Gap) for FY 2011-12 for PSTCL

All figures in Rs. Cr.

S. No.	Aggregate Revenue Requirement	STU	SLDC	PSTCL
1.	Total Fixed Charges (Total Revenue Requirement)	670.85	27.81	698.66
2.	Less: Non Tariff Income	14.68	3.85	18.53
3.	Less: (i) Transmission Charges from Open Access Customers and (ii) Operating Charges from Open Access Customers	27.81	14.76	42.56
4.	Net Fixed Charges (Aggregate Revenue Requirement)	628.36	9.20	637.57
5.	Less: (i) Transmission Charges from PSPCL and (ii) Operating charges from PSPCL	468.10	23.35	491.45
6.	Revenue surplus / (gap)	(160.26)	14.15	(146.12)

5.15.2. Thus the Petitioner has a revenue gap of Rs. 146.12 Cr., for PSTCL (STU+SLDC), as a whole and requests the Hon'ble Commission to allow the same.

TRUE UP FOR FY 2012-13

6. TRUING UP OF FY 2012-13 FOR TRANSMISSION AND SLDC

6.1. True up for FY 2012-13

6.1.1. The Petitioner would also like to respectfully submit that since the annual accounts for FY 2012-13 are not finalized; it is not submitting the petition for the approval of ARR for FY 2012-13. Also, clause-9 (2) of PSERC (Terms and Conditions for Determination of Tariff) Regulations, 2005 states that,

*“9. REVIEW AND TRUING UP ... After audited accounts of a year are made available, the Commission shall undertake similar exercise as above with reference to the final actual figures as per the audited accounts. **This exercise with reference to audited accounts shall be called Truing Up.**” (Emphasis supplied)*

6.1.2. PSTCL submits that the Truing-up exercise may be undertaken only on the basis of audited annual accounts. Since the accounts for FY 2012-13 are not audited, it is respectfully submitted that the Truing-up exercise may be undertaken by the Hon’ble Commission for the FY 2012-13 after the finalization of audited annual accounts.

6.1.3. PSTCL further submits that the Hon’ble Commission in their Tariff Order dated April 10, 2013 accepted our submission for undertaking truing up after the availability of audited accounts.

6.1.4. Thus PSTCL respectfully submits to the Hon’ble Commission that the truing up exercise for FY 2012-13 may be undertaken by the Hon’ble Commission only after the finalization of audited annual accounts.

REVIEW OF ARR FOR FY 2013-14

7. REVIEW OF ARR FOR FY 2013-14 FOR TRANSMISSION FUNCTION

7.1. Background

7.1.1. The Hon'ble Commission in its Tariff Order dated 10th April 2013 had approved the ARR for FY 2013-14 of Rs. 1235.94 Cr. for Transmission function of PSTCL including revenue gap and carrying cost for FY 2012-13.

7.1.2. The Petitioner submits that it has now computed the revised estimate of ARR for FY 2013-14 based on the actual figures of first half and projection for remaining half of FY 2013-14. The Petitioner has projected the expenses for various heads for FY 2013-14 on the basis of data for FY 2011-12, other past trends, regulatory norms and activities that are planned and programmed to be taken up during the remaining period of FY 2013-14.

7.1.3. The Petitioner submits that it has prepared this Petition on the basis of PSERC (Terms and Conditions for Determination of Tariff) Regulations, 2005 and its subsequent amendments thereof.

7.2. Description of the Transmission System

7.2.1. Details of the transmission system of PSTCL during FY 2013-14 (Actual for H1 and estimated for H2) is tabulated below:

Table 77: Transmission system of PSTCL during FY 2013-14

S. No.	Particulars	Opening (As on - 1.04.2013)	Addition during H1	Closing (As on 30.09.2013)	Addition during H2	Closing (As on 31.03.2014)
Transmission Lines (Circuit km)						
1.	400 kV					
	Single Conductor	-	-	-		
	Double Conductor	-	367.75	367.75	200.00	567.75
	Sub - Total	-	367.75	367.75	200.00	567.75
2.	220 kV					
	Single Conductor	1,795.55	33.13	1,828.68	10.00	1838.68
	Double Conductor	3,350.91	153.10	3,504.01	265.00	3769.01
	Sub - Total	5,146.46	186.23	5,332.69	275.00	5607.69
3.	132 KV					

S. No.	Particulars	Opening (As on - 1.04.2013)	Addition during H1	Closing (As on 30.09.2013)	Addition during H2	Closing (As on 31.03.2014)
	Single Conductor	2,291.10	25.00	2,316.10		2316.10
	Double Conductor	796.10	-	796.10		796.10
	Sub - Total	3,087.20	25.00	3,112.20		3112.20
	Grand Total	8,233.66	578.98	8,812.64	475	9287.64
Substations (Nos.)						
1.	400 kV	1	0	1	3	4
2.	220 kV	70	9	79	10	89
3.	132 kV	78	(1)*	77	0	77
	Total	149	8	157	13	170
Transmission Substation Bays (Nos.)						
1.	400 kV	4	-	4	14	18
2.	220 kV	432	14	446	18	464
3.	132 kV	439	3	442	0	442
4.	66 kV	480	24	504	17	521
	Total	1355	41	1396	49	1445

* One substation of 132 kV has been upgraded to 220 kV sub-station.

- 7.2.2. As can be seen from the table above, the Petitioner submits that during the first half of FY 2013-14, it had added around 579 Circuit km of Transmission Lines, 9 Substations and 41 Bays.
- 7.2.3. The Petitioner submits that it is planning to add 475 Circuit km of Transmission Lines, 13 Substations and 49 Bays during second half of FY 2013-14. The estimated transmission system as on 31st March 2014 would be 9288 Circuit km of Transmission Lines, 170 Substations and 1445 Bays.
- 7.2.4. The Petitioner submits that the total substation capacity as on 1st April 2013 was 23,261.17 MVA. The addition in substation capacity during first half of FY 2013-14 (H1) was 2,135.50 MVA and estimated addition during second half would be 3799.5 MVA. Thus the substation capacity at the end of FY 2013-14 (31st March 2014) is expected to be 29,196.17 MVA. There would be addition of 5935 MVA substation capacity during the FY 2013-14.

7.3. Transmission System Availability

- 7.3.1. The Petitioner submits that it has maintained the Transmission System Availability for first

two quarters for FY 2013-14 well above the normative annual transmission availability factor of 98%, as provided in the Regulation 10 of the second amendment to PSERC Tariff Regulations 2005 notified on 17th September 2012. The following table provides the voltage wise transmission system availability for the first two quarters of FY 2013-14:

Table 78: Transmission System Availability for first two quarters of FY 2013-14 (%)

S. No.	Particulars	Quarter I	Quarter II
1.	220 kV	99.89%	99.69%
2.	132 kV	99.63%	99.76%
3.	Overall	99.74%	

- 7.3.2. The Petitioner submits to the Hon’ble Commission that it is the constant endeavor of the company to maintain its transmission system upgraded in order to provide hassle free and continuous transmission of electricity. As discussed in the previous sections as well, the Petitioner has been able to maintain the availability of its transmission system above the normative annual transmission availability factor of 98% since its inception on 16th April 2010. Following table provides the snapshot of the transmission system availability maintained by the Petitioner over the years:

Table 79: Transmission System Availability over the years (%)

S. No.	Year	Transmission system availability
1.	FY 2010-11	99.85%
2.	FY 2011-12	99.79%
3.	FY 2012-13(P)	99.89%
4.	FY 2013-14 (First two quarters)	99.74%

- 7.3.3. The Petitioner submits to the Hon’ble Commission that as per the second amendment of Regulation 10 of PSERC Tariff Regulations 2005 notified on 17th September 2012,

“Amendment of Regulation 10 -Excess or Under Recovery with respect to Norms and Targets A new clause (3) shall be added as under: (3) The Transmission licensee shall be paid transmission charge (inclusive of incentive) for a calendar month for a transmission system or part thereof”

- 7.3.4. Thus, the Petitioner submits to the Hon’ble Commission that in the light of the aforementioned Regulation, the Petitioner humbly prays to the Hon’ble Commission to allow incentive to the Petitioner while undertaking the True up of ARR for FY 2013-14.

7.4. Transmission System Capacity

- 7.4.1. The Petitioner submits to the Hon’ble Commission that in tariff petition for approval of ARR for FY 2013-14, the Petitioner projected the transmission capacity of the system for FY

2013-14 as 13,385.35 MW based on the generating capacity connected / likely to be connected to the transmission system from State generating stations and share from Central Generating Stations and others. The Hon'ble Commission in its Tariff Order for approval of ARR for FY 2013-14 had approved transmission capacity of 11,140 MW for FY 2013-14.

- 7.4.2. The Petitioner submits to the Hon'ble Commission that based on the actual transmission capacity of Punjab as on 30th September 2013, along with the capacity addition plan described below, the Petitioner has estimated the Gross Transmission Capacity as on 31st March 2014 to be 9,418 MW. Detailed source wise breakup is provided below as:

Table 80: Projected Generation capacity in MW for FY 2013-14

Name of Project	As on 31 st March 2014 (Projected)	
	Gross Installed Capacity / Share (MW)	Net Installed Capacity / Net Share (MW)
GNDTP, Bathinda	440	392
GGSSTP, Ropar	1,260	1,153
GHTP, Lehra Mohabbat (Unit # 1 & 2) (Stage-I)	420	384
GHTP, Lehra Mohabbat (Unit # 3 & 4) (Stage-II)	500	458
TOTAL THERMAL	2,620	2,386
Shanan	110	109
UBDC-I	45	45
UBDC-II	46.35	46
**RSPP	600	
Less 20% J&K and 4.6% HP share from RSD	(148)	
Net RSD share of Punjab	452	451
ASHP	134	133
MHP-1&2	90	90
MHP-3&4	117	117
MHP Total	207	207
TOTAL HYDRO	995	991
TOTAL(HYDRO+THERMAL)	3,615	3377
NRSE Projects	469	421
Micro Hydel	6	6
Total Installed Capacity within the State	4089	3804
Central Sector Allocations		
Singrauli	200	178.73
Rihand-I	110	96.98

Name of Project	As on 31 st March 2014 (Projected)	
	Gross Installed Capacity / Share (MW)	Net Installed Capacity / Net Share (MW)
Rihand-II	102	91.89
Rihand-III	41	37.24
Anta(G)	49	45.78
Auraiya(G)	83	77.58
Dadri(G)	132	123.34
Unchahar-I	36	31.56
Unchahar-II	60	52.59
Unchahar-III	17	14.91
Farakha	22	19.94
Kahalgaon-I	51	44.71
Kahalgaon-II	120	108.37
Bairasul	84	79.84
Salal	184	175.07
Nathpa Jhakri HPS	152	144.65
Tehri Stage-I (4 Units)	77	73.45
Tanakpur	17	16.08
Chamera-I	55	52.43
Chamera-II	30	28.56
Chamera – III	18	17.28
Uri	66	62.83
Dhauliganga	28	36.65
Dulhasti	32	30.74
SEWA-II	10	9.53
NAPS	51	43.98
RAPP#3&4	100	86.24
RAPP(#5 & 6)	46	39.50
Koteshwar HEP (Unit I)	6	6.07
Durgapur DVC TPS	200	179.54
Pragati III (Bawana) PPCL	137	128.13
Sasan	93	89.61
MUNDRA Ultra mega project	475	457.66
MALANA – 2 (PTC)	86	82.03
Indira Gandhi STPS Jhajjar (Unit-I) Non Firm: unallocated	2	1.81
Tala (Non-Firm: unallocated)	30	28.60
Total Central Sector	3003	2784
BBMB	1163	1115

Name of Project	As on 31 st March 2014 (Projected)	
	Gross Installed Capacity / Share (MW)	Net Installed Capacity / Net Share (MW)
Share of PSPCL in other plants		
Uri-II HEP	39	37.39
Pragati-III (Bawana)PPCL	75	70.09
Parbati-III HEP	20	19.17
Sasan Ultra Mega TPS	223.34	215.19
Rampur HEP	21	20.13
Budhil HEP	70	67.11
Rajpura TPS	660	627
Talwandi Sabo TPS	660	627
Total	1768.34	1716
Grand Total	10,023.34	9,418

7.4.3. For creating a robust transmission system, there would be higher requirement of the resources and accordingly the ARR has been projected in the following sections.

7.5. Transmission Losses

7.5.1. As mentioned in the section-4.5.1. in the True up section of FY 2011-12, the Petitioner submits that the process of energy metering is still in progress and is expected to be completed by 31st December 2013. It is humbly prayed to the Hon'ble Commission that till the system of energy accounting is in place, the transmission losses of similarly placed STUs should be considered for allowing the transmission losses of PSTCL.

7.5.2. In view of the above, the Petitioner prays to the Hon'ble Commission to approve the transmission losses of 4.5%, as submitted in previous petitions, of PSTCL.

7.6. Capital Expenditure Plan for Transmission Function

7.6.1. Introduction

The Petitioner is submitting a Comprehensive Transmission Plan (Investment Plan) for Transmission Function to the Hon'ble Commission. This plan has the details of the works taken up and completed by PSTCL during the first six months of FY 2013-14 and to be taken up during the remaining period of FY 2013-14. Following sections explains the progress of various undergoing schemes as well as description of various schemes which are planned to be undertaken during the remaining period of FY 2013-14.

7.6.2. 400 kV transmission works

Talwandi Sabo Thermal Power Project

- (a) In order to meet the growing load demand of power in the State of Punjab, Talwandi Sabo Power Project was envisaged with a capacity addition of 1980 MW (3x 660 MW). The power from this project is to be transferred within the State of Punjab and the Transmission system has accordingly been planned to cater to the major load growth centres in Punjab by formation of a 400kV main ring in the State.
- (b) The objective of the project is to provide adequate transmission arrangement to meet the dispersal of power from the bulk consumption points to major load centres with reliability and security, along with interconnections in Northern Regional Grid.
- (c) The generation from Talwandi Sabo is likely to materialize during FY 2013-14 and FY 2014-15. For evacuation of power from this generation project, 400kV transmission lines have to be connected to major pockets of various load centres of Punjab from the new 400kV grid substations at Dhuri, Nakodar, Makhu & Mukatsar. Further, the transmission system is to be integrated with Northern Regional System at Moga and Amritsar substations of POWERGRID for reliable operation of the power projects.
- (d) Estimated cost of this transmission project was Rs. 1607.95 Cr. However, the revised cost is estimated to be Rs. 1213.41 Cr. (including IDC). The work is being executed by PGCIL on cost plus basis.
- (e) The works covered under the project along with the date of commissioning/anticipated date of commissioning are as under:

Table 81: Talwandi Sabo Thermal Power Project – Transmission Lines

Sr. No.	Name of Line	Line Length (Km)	Date of commissioning / anticipated date of commissioning
1.	400kV Talwandi Sabo-Nakodar DC line with LILO of one ckt. of 400kV Talwandi Sabo -Nakodar line at Moga.	166	31.03.2014
2.	400kV Talwandi Sabo-Mukatsar DC line	100.3	30.11.2013
3.	400kV Talwandi Sabo-Dhuri line	87.6	21.08.2012
4.	400kV Mukatsar-Makhu DC line	95.5	30.04.2014
5.	400kV Makhu-Amritsar DC line	64.5	30.11.2013

Table 82: Talwandi Sabo Thermal Power Project – Substations

Sr. No.	Name of Sub-station	Capacity (MVA)	Date of commissioning/ anticipated date of commissioning
1.	400/220kV Mukatsar (New)	2x315	31.12.2013
2.	400/220kV Makhu (New)	2x315	30.11.2013
3.	400/220kV Nakodar (New)	2x315	31.12.2013
4.	400/220kV Dhuri (New)	2x500	21.08.2012

(f) **Financial Progress**

The total revised estimated cost of the project is Rs 1213.41 Cr. Amount of Rs. 854.54 Cr has been incurred upto 31st March 2013 out of which Rs. 150.04 Cr has been converted into GFA. During FY 2013-14, expenditure of Rs 68.86 Cr has been booked up to 30th September 2013. The expected fund requirement for the remaining part of the current financial year is Rs. 160 Cr. and it is estimated that Rs. 513.57 Cr will be converted into GFA during second half of FY 2013-14. The project is tied up with REC for funding purpose. Following table provides a brief snapshot of the financial progress in first half and estimation of second half of FY 2013-14:

Table 83: Financial Progress of Talwandi Sabo Thermal Power Project – Substations and Lines

All figures in Rs. Cr.

S. No.	Particulars	Amount
1	Investment made during first half of FY 2013-14	68.86
3	Transferred to asset during first half of FY 2013-14	0.00
4	Net Closing CWIP as on 30.09.2013	773.37
5	Investment made during second half of FY 2013-14	160.00
6	Transferred to asset during second half of FY 2013-14	513.57
7	Net Closing CWIP as on 31.03.2014	419.80

Rajpura Thermal Power Project

- Rajpura Thermal Power Project of capacity 1400 MW (2x700 MW) was envisaged to meet the growing demand of the state. The power from this project is to be transferred within the State of Punjab and the Transmission system has accordingly been planned to cater to the major load growth centres in Punjab by formation of a 400kV main ring in the State.
- The objective of the project is to provide adequate transmission arrangement to meet to dispersal of power from this bulk consumption points to major load centres with reliability and security, along with interconnections in Northern Regional Grid.
- The generation from Rajpura is likely to come on stream during the FY 2013-14. For evacuation of power from this generation project, 400kV transmission lines have to be connected to major pockets of various load centres of Punjab from the newly constructed 400kV grid substation at Rajpura. The estimated cost of this transmission project is Rs. 538.98 Cr. The work is being executed by PSTCL, on turnkey basis, with engineering consultancy from PGCIL. The works covered under the project are as under:

Table 84: Rajpura Thermal Power Project – Transmission Lines

Sr. No.	Name of Line	Line Length (Km)	Date of commissioning / anticipated date of commissioning
1.	400kV Rajpura TPS-Nakodar D/C line	139.517	30.11.2013
2.	400kV Rajpura TPS-Rajpura S/stn. D/C line	8.944	17.06.2013
4.	400kV Dhuri S/stn.-Rajpura S/stn. D/C line	86.019	17.06.2013
5.	400kV Makhu-Nakodar D/C line	52.469	31.12.2013

Table 85: Rajpura Thermal Power Project – Substations

Sr. No.	Name of Sub-station	Capacity (MVA)	Date of commissioning/ anticipated date of commissioning
1.	400/220kV Rajpura (New)	2x500MVA	30.06.2014

(a) **Financial Progress**

The total estimated cost of the project is Rs 538.98 Cr. out of which an amount of Rs. 345.41 Cr. has been incurred upto 31st March 2013. During FY 2013-14, expenditure of Rs 53.58 Cr. has been incurred up to 30th September 2013 while the expected fund requirement for the remaining part of the FY 2013-14 is Rs. 80.00 Cr. The Petitioner submits that it is estimated Rs. 370.00 Cr will be converted into GFA during second half of FY 2013-14. The project is tied up with REC for funding purpose. Following table provides a brief snapshot of the financial progress in first half and that estimated for second half of FY 2013-14:

Table 86: Financial Progress of Rajpura Thermal Power Project – Substations and Lines

All figures in Rs. Cr.

S. No.	Particulars	Amount
1	Investment made during first half of FY 2013-14	53.58
2	Transferred to asset during first half of FY 2013-14	0.00
3	Net Closing CWIP as on 30.09.2013	398.96
4	Investment made during second half of FY 2013-14	80.00
5	Transferred to asset during second half of FY 2013-14	370.00
6	Net Closing CWIP as on 31.03.2014	108.96

7.6.3. **220 kV transmission works**

The Petitioner submits to the Hon'ble Commission that in order to strengthen the transmission system of PSTCL and to cater the needs of electricity of consumers, various 220 kV transmission work is in progress/ planning. The opening CWIP as on 01.04.2013 was Rs 405.17 Cr. During first half of FY 2013-14, the Petitioner has invested Rs. 142.70 Cr. in these schemes and out of the total investment, works amounting to Rs. 0.44 Cr. have been completed / transferred to assets during the first half of FY 2013-14. During the second

half, the Petitioner is planning to invest around Rs. 291.06 Cr. and the expected capitalization is Rs. 628.85- Cr. Following table provides a brief snapshot of the financial progress in first half and that estimated for second half of FY 2013-14:

Table 87: Financial Progress of 220 kV Transmission Works

All figures in Rs. Cr.

S. No.	Particulars	Amount
1	Investment made during first half of FY 2013-14	142.70
2	Transferred to asset during first half of FY 2013-14	0.44
3	Net Closing CWIP as on 30.09.2013	547.43
4	Investment to be made during second half of FY 2013-14	291.06
5	Transferred to asset during second half of FY 2013-14	628.85
6	Net Closing CWIP as on 31.03.2014	209.63

7.6.4. 132 kV transmission works:

The Petitioner submits to the Hon'ble Commission that in order to strengthen the transmission system of PSTCL, 132 kV transmission work is in progress / planning. During first half of FY 2013-14, the Petitioner has invested Rs. 12.50 Cr. in these schemes. However, no work has been converted to assets during the said period. During the second half, the Petitioner is planning to invest around Rs. 27.90 Cr. and the expected capitalization is Rs. 51.41 Cr. Following table provides a brief snapshot of the financial progress in first half and that estimated for second half of FY 2013-14:

Table 88: Financial Progress of 132 kV Transmission Works

All figures in Rs. Cr.

S. No.	Particulars	Amount
1	Investment made during first half of FY 2013-14	12.50
3	Transferred to asset during first half of FY 2013-14	0.00
4	Net Closing CWIP as on 30.09.2013	41.35
5	Investment to be made during second half of FY 2013-14	27.90
6	Transferred to asset during second half of FY 2013-14	51.41
7	Net Closing CWIP as on 31.03.2014	17.84

Details of the capital works and capitalization have been provided in Annexure-1 of Volume-II of the Petition.

7.6.5. Other Capital Works:

- (a) PSTCL has planned to introduce Enterprises Resource Planning (ERP) in order to have a comprehensive and integrated automation of all its functions thereby resulting in the efficient operations of the company. PSTCL has already taken the

necessary steps in this direction. PSTCL has hired a consultant for preparation of IT Road Map, DPR, selection of implementation partner, finalization of design & data centre, preparation of budgetary estimate, RFP etc. The project is expected to be completed in a period of 2-3 years and the total cost of the project is estimated to be around Rs. 22 Cr. Presently, the project is in its initial stage and a financial estimate of around Rs. 10 Lakh is required to be made during the second half of FY 2013-14. In the subsequent years, the balance budget will be required depending upon the implementation stage of the project.

- (b) Thus, there would be requirement of funds for various other IT measures like computers & peripherals, GIS mapping, procurement of P&M equipments for Diagnostic and Oil Lab set up at Ludhiana etc. Consolidated funds required during the second half of FY 2013-14 (H2) for the above mentioned IT initiatives would be Rs. 15.00 Cr.

7.6.6. Summary of Investments

- (a) The detailed capital investment discussed in the aforementioned sections is summarised below:

Table 89: Summary of proposed Capital Investment Plan for FY 2013-14 (H2)

All figures in Rs. Cr.

Sr. No.	Particulars	Investment for FY 2013-14 (H1)	Capitalization for FY 2013-14 (H1)	Proposed Investment for FY 2013-14 (H2)	Proposed Capitalization for FY 2013-14 (H2)
1.	400 kV Transmission Works	122.44		240.00	883.57
2.	220 kV Transmission Works	142.70	0.44	291.06	628.85
3.	132 kV Transmission Works	12.50	-	27.90	51.41
4.	ERP and Others	-	-	15.00	15.00
5.	Total	277.64	0.44	573.96	1578.83

- (b) The Petitioner submits to the Hon'ble Commission that during first half of FY 2013-14, the Petitioner has received Rs. 67,664 as consumer contribution towards Capital Works.

7.6.7. Thus, based on the above sections, the Petitioner humbly prays to the Hon'ble Commission

to approve the Capital Investment of Rs. 851.60 Cr, and Capitalization of Rs. 1578.83 Cr. for FY 2013-14.

7.7. Employees for Transmission Function

7.7.1. The Petitioner submits to the Hon'ble Commission that during the first half of FY 2013-14, there were 245 employee additions including new recruitments and 208 retirements/transfers in the transmission function of PSTCL. The total employees as on 30th September 2013 were 3248.

7.7.2. The Petitioner submits to the Hon'ble Commission that during the second half of FY 2013-14, it is going to recruit 103 new employees for transmission function of PSTCL. 76 employees are expected to retire. Details of the employee for first and second half of FY 2013-14 are as provided below:

Table 90: Employee details FY 2013-14 for STU

Particulars	FY 2013-14 (H1) – Actual	FY 2013-14 (H2) – Estimated
Opening	3211	3248
Addition	245	103
Retirement	208	76
Closing	3248	3275

7.7.3. The Petitioner submits that as discussed in the previous sections, generation capacity is expected to be added by the end of the year and thus there would be requirement of a robust transmission system to handle such capacity. Hence, it is imperative that there would be requirement of the additional manpower to efficiently maintain the transmission system of the state.

7.7.4. However, it is also submitted that the actual employees of 3,248 as on 30th September 2013 are on the lower side as compared to the employee requirement as per the staffing norms for Operation & Maintenance of 132 kV and 220 kV sub stations as discussed in section-3.6.8 of this petition. The Board of Directors of PSTCL have also fixed the staffing norms for 400 kV substation, the details of which are given below:

Table 91: Staffing norms for O&M of 400 kV substation

S. No.	Name of Post	400 kV Substation
1.	Sr. XEN / Addl. SE	1
2.	AEE / Mtc.	1
3.	AE/Op	4
4.	AAE S/Stn. Mtc.	1
5.	AAE S/Stn. Op.	4
6.	SSA	4
7.	Electrician	4

S. No.	Name of Post	400 kV Substation
8.	UDC	1
9.	Peon	2
	Total	22

7.7.5. On applying the above discussed staffing norms on the average number of 132 kV, 220 kV & 400 kV substations, the total employees for O&M activities for substations comes out to be 3310 for FY 2013-14. Detailed calculation is provided below as:

Table 92: Calculation of manpower based on the staffing norms for substation

S. No.	Particulars	132 kV	220 kV	400 kV
1	Manpower Norms per substation	18	23	22
2	Average substations during the year	78	80	3
3	Total Manpower Requirement	1404	1840	66
4	Grand Total	3310		

7.7.6. Similarly, there would be requirement of line maintenance staff for the transmission lines of PSTCL at different voltage levels. Taking the industry norms of strength of 18 staff for line maintenance of 350 ckt km, total manpower required for line maintenance for PSTCL for first six months of FY 2013-14 comes out to be 438. Detailed computation is provided below:

Table 93: Calculation of manpower based on the staffing norms for Transmission lines

S. No.	Particulars	132 kV	220 kV	400 kV
1	Manpower Norms per 350 ckt km	18	18	18
2	Average transmission lines during the year (ckt km)	3,099.70	5,377.13	283.88
3	Total average transmission lines	8760.71		
4	Total Manpower Requirement	451		

7.7.7. Thus, there would be requirement of 3761 employees (3310 + 451) just for maintenance activities which is around 9.50% more than the actual employee strength of 3,248 as on 30th September 2013 and projected employee strength of 3275 as on 31st March 2014. In addition to that, there would be additional manpower requirement for other functions like Projects, Corporate, Planning, establishment, accounting, finance, testing, etc. Thus, the current employee strength of PSTCL is quite less as compared to that required considering the transmission network of the state and hence utility is understaffed.

7.8. Employee Cost (Salary and other expenses)

7.8.1. In its tariff petition for approval of ARR for FY 2013-14, the Petitioner had projected the

Salary and other expenses of Rs. 195.93 Cr. for Transmission function (Net of Capitalization of Employee Expenses of Rs. 26.40 Cr. and addition of arrears of Rs. 12.87 Cr.). The Petitioner had also submitted that the employee cost of Rs. 28.99 Cr. on account of recruitment of new employees has also been included in the total employee cost projected for FY 2013-14. Details of the Employee expenses projected by the Petitioner are as provided below:

Table 94: Salary and other employee expenses submitted in petition for FY 2013-14 for STU

All figures in Rs. Cr.

S. No	Particulars	FY 2013-14
1	Basic pay	95.27
2	Dearness allowance	78.12
3	HRA, Fixed Medical and Other Allowances	30.76
4	Over time payment	3.97
5	Medical reimbursement charges	1.34
6	Total	209.46
8	Less: Amount capitalized	26.40
9	Net amount	183.06
10	Add: Arrears	12.87
11	Total	195.93

- 7.8.2. The Hon'ble Commission in its Order dated 10th April 2013 had approved the salary and other expenses of Rs. 119.93 Cr. for FY 2013-14 by applying the average WPI increase of 7.6% available for 9 months for FY 2012-13 (April 2012 to December, 2012) over the approved salary and other employee cost of Rs. 111.46 Cr. for FY 2012-13. For expenses on account of new recruitment, the Hon'ble Commission had allowed Rs. 20.44 Cr. for FY 2013-14 after allowing the WPI of 7.6% on the approved expense of Rs. 19.00 Cr. for FY 2012-13(P).
- 7.8.3. The Petitioner had also claimed the Arrears Rs. 12.87 Cr. for transmission function for FY 2013-14 and the same was allowed by the Hon'ble Commission in its Tariff Order for FY 2013-14.
- 7.8.4. In addition to the above, the Commission had also allowed Rs. 28.08 Cr. on account of impact of pay revision for FY 2013-14 after allowing the WPI of 7.6% on the approved expense of Rs. 26.10 Cr. for FY 2012-13(P).
- 7.8.5. Thus, the total salary and other expenses approved by Hon'ble Commission for Transmission business was Rs. 181.32 Cr. for FY 2013-14.

Table 95: Salary and other employee expenses approved by Commission for STU

All figures in Rs. Cr.

S. No	Particulars	Approved by the Commission
1	Salary and other employee expenses	119.93
2	Expenses on account of new recruitment	20.44
3	Arrears	12.87
4	Impact of pay revision	28.08
5	Total	181.32

7.8.6. The Petitioner submits that the actual employee cost (excluding Terminal benefits, arrears for sixth pay Commission, Electricity Concession to PSTCL Employees and Previous year's arrear of DA) for first half of FY 2013-14 incurred by PSTCL is as given below:

Table 96: Salary and other employee expenses for First Half of FY 2013-14 for STU

All figures in Rs. Cr.

S. No	Particulars	FY 2013-14(H1)
1	Salaries	40.55
2	Overtime	1.47
3	Dearness Allowance	26.74
4	Other Allowances	9.21
5	Bonus	-
6	Sub Total [1+2+3+4+5]	77.97
7	Medical Expenses reimbursement	0.59
8	Leave Travel Assistance/Concession	0.01
9	Payment u/d Workmen Compensation Act	0.08
10	Sub Total [7+8+9]	0.68
11	Electricity Concession to PSTCL Employees	-
12	Staff Welfare Expenses	0.17
13	Sub Total [11+12]	0.17
14	Less : Establishment cost recoverable on execution of 66KV works	-
15	Total Salary and Other Employee Expenses [6+10+13-14]	78.82
16	Less: Employee costs capitalized	3.87
17	Net Salary and Other Employee Expenses [15-16]	74.96
18	Arrears	-
19	Prior Period Adjustments	0.01
20	Grand Total	74.97

7.8.7. Meanwhile, for review of the employee expenses for FY 2013-14, the Petitioner has referred to the Regulation 12 of the PSERC (Terms and Conditions for Determination of tariff), Second Amendment, Regulations, 2012 notified on 17th September 2012, which states that,

“Amendment of Regulation 28 - Operation & Maintenance Expenses

Regulation 28 shall be substituted as under:

(1) Operation & Maintenance expenses" or "O&M expenses" shall mean repair and maintenance (R&M) expenses, employee expenses and administrative & general expenses(A&G) including insurance.

(2) O&M expenses for distribution licensee (s) shall be determined by the Commission as follows :

(a) O&M expenses as approved by the Commission for the year 2011-12 (True up) shall be considered as base O&M expenses for determination of O&M expenses for subsequent years.

(b) Base O&M expenses (except employee cost) as above shall be adjusted according to variation in the average rate (on monthly basis) of Wholesale Price Index (all commodities) over the year to determine the O&M expenses for subsequent years.

Provided that any expenditure on account of license fee, initial or renewal, fees for determination of tariff and audit fee shall be allowed on actual basis over and above the A&G expenses approved by the Commission.

(c) In case of a new distribution licensee (s), the Commission shall make suitable assessment of base O&M expenses of the new licensee (s) and allow O&M expenses for subsequent years for the new licensee (s) on the basis of such estimation and principle as given in clause (b) above. However, for employee cost the principle specified in clause (3) below will be followed.....

(3) The employee cost for a distribution licensee (s) shall be determined as follows:

(a) The employee cost as claimed by the distribution licensee shall be considered in two parts:

(i). Terminal benefits such as Death-cum-Retirement Gratuity, Pension, Commuted Pension, Leave Encashment, LTC, Medical reimbursement including fixed medical allowance in respect of pensioners and share of BBMB employee expenses and

(ii). all other expenses accounted for under different sub- heads of employee cost taken together.

The cost component of terminal benefits and BBMB expenses shall be allowed on actual basis and increase in all other expenses under different sub- heads shall be limited to the increase in Wholesale Price Index (all commodities) as per clause (2) (b) above.

(b) Exceptional increase in employee cost on account of pay revision etc. shall be considered separately by the Commission.

(c) *The additional employee cost in case of New installations/Network for the year of installation shall be considered separately by the Commission on case to case basis keeping in view the principles and methodologies enunciated in these Regulations.*

(4)

(a) *The O&M expenses (except employee cost) for transmission licensee (s) shall be allowed as per the provisions given in clause (2) above. The employee cost shall however, be determined keeping in view the provisions contained in clause (3).*

In case of a new transmission licensee (s), the Commission shall make suitable assessment of base O&M expenses of the new licensee (s) and allow O&M expenses for subsequent years for the new licensee (s) on the basis of such estimation and principle as given in clause (2)(b) above. However, for employee cost the principle specified in clause (3) above will be followed.”

7.8.8. The Petitioner submits that annual increment and DA is an obligation for the PSTCL towards its employees and cannot be linked to the WPI. Thus, while projecting the Employee cost for FY 2013-14, the Petitioner had considered the base employee cost as per actual expenses for first half of FY 2013-14. As per the recent increases in DA stipulated by the Central and State Government, the DA has been increasing in the range of 15-20% p.a. in the past 2-3 years which is much higher than the WPI for recent years. Accordingly, the Petitioner while projecting the expenses for the second half of FY 2013-14 has considered the DA as per the actual increase in January 2013 & July 2013 announced and also considered the annual increment to be granted to existing employees. Further, the salary expenses of the new recruitment have also been estimated according to their pay scales.

7.8.9. The Petitioner would also like to draw the attention of the Commission to the Regulation 9.1 of the PSERC (Terms and Conditions for Determination of tariff), Regulations, 2005, wherein it has been stated that

“The Commission shall undertake a review along with the next Tariff Order of the expenses and revenues approved by the Commission in the Tariff Order. While doing so, the Commission shall consider variations between approvals and revised estimates/pre-actuals of sale of electricity, income and expenditure for the relevant year and permit necessary adjustments / changes in case such variations are for adequate and justifiable reasons. Such an exercise shall be called ‘Review’.”

7.8.10. In view of the above, the employee cost has been projected as follows

Table 97: Revised estimates of salary and other expenses for FY 2013-14 for STU

All figures in Rs. Cr.

S. No.	Salary and Other Employee Expenses	Submitted in previous year petition	Approved by the Commission in previous Tariff Order	FY 2013-14 (RE) – STU		
				H1	H2	Annual
1	Salaries	95.27		40.55	41.94	82.49
2	Overtime	3.97		1.47	1.52	3.00
3	Dearness Allowance	78.12		26.74	36.11	62.85
4	Other Allowances	30.76		9.21	9.31	18.52
5	Bonus	-		-		
6	Sub Total	208.12		77.97	88.88	166.86
7	Medical Expenses reimbursement	1.34		0.59	0.59	1.18
8	Leave Travel Assistance/Concession	-		0.01	0.01	0.03
9	Payment under Workmen Compensation Act	-		0.08	0.08	0.16
10	Sub Total [7+8+9]	209.46		0.68	0.68	1.36
11	Electricity Concession to PSTCL Employees	-		-	2.18	2.18
12	Staff Welfare Expenses	-		0.17	0.17	0.35
13	Sub Total	-		0.17	2.35	2.52
14	Total Salary and Other Employee Expenses	209.46		78.82	91.92	170.74
15	Less: Employee costs capitalized	26.40		3.87	49.49	53.36
16	Net Salary and Other Employee Expenses	183.06		74.96	42.43	117.39
17	Arrears	12.87		-	15.40	15.40
18	Prior Period Adjustments	-		0.01	-	0.01
	Grand Total	195.93	181.32	74.97	57.83	132.80

7.8.11. Thus, the Petitioner requests the Hon'ble Commission to approve Rs. 132.80 Cr. as salary and other expenses for FY 2013-14.

7.9. Terminal Benefits

7.9.1. The Petitioner in the tariff petition for approval of ARR of FY 2013-14 had projected the Terminal Benefits of Rs. 184 Cr for transmission function and the same was approved by the Hon'ble Commission for FY 2013-14.

7.9.2. For the review of ARR for FY 2013-14, the Petitioner submits that since the year has not yet been completed, Terminal Benefits of Rs. 184 Cr. as approved by the Hon'ble Commission in the previous year Tariff Order is considered to be submitted in this petition.

7.9.3. Thus, the Petitioner humbly prays to the Hon'ble Commission to allow Terminal Benefits of Rs. 184 Cr. for FY 2013-14.

7.10. Repair & Maintenance (R&M) Expenses

7.10.1. In the ARR petition of FY 2013-14, the Petitioner had projected the R&M expenses of Rs. 70.03 Cr. for its Transmission function (which includes R&M expenses of Rs. 10.00 Cr. for assets likely to be added during the year). The detailed R&M expenses projected by the Petitioner is as summarised below:

Table 98: R&M expenses projected in the tariff petition for FY 2013-14 for STU

All figures in Rs. Cr.

S. No.	R&M Expenses	FY 2013-14
1	R&M expenses	60.04
2	R&M expenses on assets added during the year	10.00
3	Less capitalization	0.00
	Net R&M expenses	70.03

7.10.2. The Hon'ble Commission in its tariff dated 10th April 2013 had approved the R&M Expenses of Rs. 113.79 Cr. for transmission function for FY 2013-14. To arrive at this figure, the Hon'ble Commission had applied the average WPI increase of 7.6% available for 9 months for FY 2012-13(P) (April 2012 to December, 2012) over the revised estimate of R&M expenses of Rs. 105.75 Cr. approved by the Hon'ble Commission for FY 2012-13.

7.10.3. However, the Hon'ble Commission had not allowed any R&M expenses on account of assets proposed to be added during the year and stated that the same would be considered at the time of review during next year when more accurate figures of asset addition are available.

7.10.4. For review of the R&M expenses for FY 2013-14, the Petitioner would like to state that the actual R&M expenses as reported in the annual accounts for FY 2011-12 are only Rs. 25.96

Cr as the utility due to shortage of staff was not able to implement the planned expenditure on many of its plant & machinery. Whereas due to overhauling of substations and related network, the R&M expenses have been reported at Rs. 12.89 Cr as many of the works already undertaken in first half are being booked only in the second half along with the booking of second half.

7.10.5. In view of the above, the Petitioner submits to the Hon'ble Commission that the linking of R&M expenses to WPI at base year of FY 2011-12 when the Petitioner being a newly incorporated entity focused more on stabilization and also didn't have funds and staff to take up major works on R&M will not give the fair depiction of R&M expenditure required and incurred by PSTCL in future years. Moreover, the actual R&M is lower than the R&M allowed by the Commission in its previous Tariff Orders. Therefore, the Petitioner request the Commission to consider the actual R&M expenses of first half as well as those planned for second half of FY 2013-14 for Review of FY 2013-14.

7.10.6. The Petitioner would also like to draw the attention of the Commission to the Regulation 9.1 of the PSERC (Terms and Conditions for Determination of tariff), Regulations, 2005, wherein it has been stated that

“The Commission shall undertake a review along with the next Tariff Order of the expenses and revenues approved by the Commission in the Tariff Order. While doing so, the Commission shall consider variations between approvals and revised estimates/pre-actuals of sale of electricity, income and expenditure for the relevant year and permit necessary adjustments / changes in case such variations are for adequate and justifiable reasons. Such an exercise shall be called ‘Review’.”

7.10.7. Thus for review of FY 2013-14, based on the actual R&M expenses incurred during first half, projected asset addition and the planned R&M activities, the Petitioner has estimated the R&M expenses of FY 2013-14 to be Rs. 53.04 Cr.

7.10.8. The Petitioner has also considered the capitalization of R&M expenses to be Rs. 1.45 Cr,

7.10.9. Based on the above, net R&M expenses computes to be Rs. 51.87 Cr. Details of the R&M expenses proposed for FY 2013-14 is as given below

Table 99: R&M expenses estimated in the tariff petition for FY 2013-14 for STU

All figures in Rs. Cr.

S. No	Particulars	STU (H1)	STU (H2)	Total
1	Plant and Machinery	11.16	35.57	46.73
2	Buildings	0.86	2.75	3.61
3	Civil Works	0.18	0.59	0.77
4	Lines Cable & Net Work etc.	0.21	0.68	0.90
5	Vehicles	0.25	0.79	1.03
6	Furniture and Fixtures	-	-	-
7	Office Equipment	0.00	0.00	0.00
	Sub Total	12.67	40.37	53.04

S. No	Particulars	STU (H1)	STU (H2)	Total
8	Less : Expenses Capitalized	0.06	1.39	1.45
	Total	12.61	38.98	51.59
9	Add: Prior Period Adjustments	0.28	-	0.28
	Net R&M Expenses	12.89	38.98	51.87

7.10.10. The Petitioner requests the Hon'ble Commission to approve R&M expenses of Rs. 51.87 Cr. for FY 2013-14 as revised estimates.

7.11. Administrative & General (A&G) Expenses

7.11.1. In the ARR petition of FY 2013-14, the Petitioner had projected A&G expenses of Rs. 40.51 Cr. for its Transmission function which includes A&G expenses of Rs. 5.78 Cr. for asset added during the year. Details of the A&G expenses projected by the Petitioner have been provided below:

Table 100: A&G expenses projected in the tariff petition for FY 2013-14 for STU

All figures in Rs. Cr.

S. No	Particulars	FY 2013-14
1	Rent, rates & taxes	1.80
2	Insurance	0.01
3	Telephone & postage	0.49
4	Consultancy fees	0.28
5	IT related expenses	0.47
6	Technical fees	0.02
7	Other professional charges	0.01
8	Conveyance & travel expenses	8.13
9	Electricity & water charges	0.89
10	Others	2.61
11	Outsourcing Exp. (incl of 400kV)	7.89
12	Freight	0.00
13	Other material related expenses	3.08
14	License Fees	0.25
15	ARR Petition Fees	0.25
16	Lease rental	1.59
17	Auditor's Fees	0.10
18	Expenses towards Security of Substations	6.85
19	Total expenses	34.72
20	Less capitalized	0.00
21	Net expenses	34.72
22	Add prior period	0.00
23	A&G for Assets Addition during the year	5.78

S. No	Particulars	FY 2013-14
	Total expenses charged to revenue	40.51

- 7.11.2. The Hon'ble Commission in its Tariff Order dated 10th April 2013 had allowed the A&G expenses of Rs. 26.24 Cr. for FY 2013-14. To arrive at this figure, the Hon'ble Commission had applied the average WPI increase of 7.6% available for 9 months for FY 2012-13 (April 2012 to December, 2012) over the revised estimate of A&G expenses of Rs. 24.39 Cr. approved by the Hon'ble Commission for FY 2012-13.
- 7.11.3. However, the Hon'ble Commission had not allowed any A&G expenses on account of assets proposed to be added during the year and stated that the same would be considered at the time of review next year when more accurate figures of asset addition are available.
- 7.11.4. For Review of the A&G expenses for FY 2013-14, the Petitioner would like to state that the actual A&G expenses as reported in the annual accounts for FY 2011-12 are only Rs. 15.97 Cr. Estimated A&G expenses have increased more than the WPI, as many of the A&G expenses like payment on account of outsourcing of activities due to shortage of regular staff, security expenses of substations and stores etc which were included majorly afterward FY 2011-12. Thus, projecting the A&G expenses based on the WPI norms with a base of FY 2011-12 would not include the impact of such uncontrollable expenses occurring from FY 2012-13 onwards and hence the projected A&G expenses would be highly underestimated resulting in the loss to the utility.
- 7.11.5. The Petitioner would also like to draw the attention of the Commission to the Regulation 9.1 of the PSERC (Terms and Conditions for Determination of tariff), Regulations, 2005, wherein it has been stated that
- “The Commission shall undertake a review alongwith the next Tariff Order of the expenses and revenues approved by the Commission in the Tariff Order. While doing so, the Commission shall consider variations between approvals and revised estimates/pre-actuals of sale of electricity, income and expenditure for the relevant year and permit necessary adjustments / changes in case such variations are for adequate and justifiable reasons. Such an exercise shall be called ‘Review’.”*
- 7.11.6. In view of the above, the Petitioner submits to the Hon'ble Commission that the A&G expenses should be allowed as per the actual expenditure. Therefore, the Petitioner request the Commission to consider the actual A&G expenses FY 2013-14 (H1) and estimated by PSTCL for second half of FY 2013-14 for Review of FY 2013-14.
- 7.11.7. In order to project the A&G expenses for second half of the FY 2013-14, it has also considered the impact of the A&G expenses on account of increase in asset during second half of FY 2013-14. The Petitioner has multiplied the base A&G expenses by the asset index which is the ratio of average asset for second half of FY 2013-14 to the average asset for first half of FY 2013-14. Computation of Asset index is provided below:

Table 101: Computation of asset index for second half of FY 2013-14 for STU

All figures in Rs. Cr.

S. No.	Particulars	Amount
1.	Opening GFA for FY 2013-14	5,855.16
2.	Addition during first half	0.44
3.	Closing GFA for FY 2013-14 (H1)	5,855.60
4.	Addition during second half	1578.84
5.	Closing GFA for FY 2013-14 (H2)	7434.44
6.	Average for H1	5855.38
7.	Average for H2	6645.02
8.	Asset Index for second half of FY 2013-14	1.13

7.11.8. Thus the asset index for second half of FY 2013-14 comes out to be 1.143, which has been applied to the estimated A&G expenses of second half of FY 2013-14.

7.11.9. Accordingly, A&G expenses for FY 2013-14 come out to be Rs. 25.78 Cr. Detailed head wise A&G expenses are provided below:

Table 102: Revised A&G Expenses for FY 2013-14 for STU

All figures in Rs. Cr.

S. No.	A&G Expenses (Rs. Cr.)	FY 2013-14 (RE) - STU		
		H1	H2	Total
1.	Rent, Rates & Taxes	0.15	0.17	0.32
2.	Insurance	-	-	-
3.	Telephone and Postage	0.24	0.28	0.52
4.	Legal Charges	0.09	0.10	0.19
5.	Audit Charges	0.04	0.20	0.24
6.	Consultancy/Technical Charges	0.05	0.06	0.11
7.	Conveyance & Travel Charges	3.28	3.72	7.01
8.	Fees & Subscription	0.15	0.46	0.61
9.	Books & Periodicals	0.00	0.01	0.01
10.	Printing & Stationery	0.09	0.10	0.19
11.	Advertisement/Publicity expenses	0.00	0.15	0.15
12.	Electricity/Water Charges	1.12	1.27	2.38
13.	Expenses on Training	-	0.10	0.10
14.	Hospitality	0.00	0.00	0.01
15.	Conference Expenses	0.02	0.02	0.04
16.	Miscellaneous/Contingency Expenses	0.92	1.04	1.96

S. No.	A&G Expenses (Rs. Cr.)	FY 2013-14 (RE) - STU		
		H1	H2	Total
17.	Mobile set purchase expenses	-	-	-
18.	Payment to outsourced	6.04	6.85	12.89
19.	Other Expenses	0.26	0.30	0.57
20.	Freight	-	-	-
21.	Other Purchase related expenses	1.40	1.58	2.98
22.	License Fees	0.25	0.00	0.25
23.	Tariff Filing Fees		0.25	0.25
24.	Total	14.11	16.67	30.78
25.	Less:		-	
26.	Administration & General capitalized	2.30	2.71	5.01
27.	Net A&G Expenses	11.81	13.95	25.77
28.	Add: Prior Period Expenses/Losses	0.01	-	0.01
	Grand Total	11.82	13.95	25.78

7.11.10. The Petitioner humbly requests the Hon'ble Commission to approve A&G expenses of Rs. 25.78 Cr. for FY 2013-14 as revised estimate for transmission function.

7.12. Depreciation Charges

7.12.1. As also mentioned in section-3.12.4 of the True up Petition for FY 2010-11, the Petitioner submits that by adopting the depreciation policy followed, there is no difference in the depreciation calculated as per the CERC Regulations, 2009 and calculated as per the books of the accounts. Accordingly, the Petitioner has requested the Hon'ble Commission to approve the depreciation charges as per the annual accounts for FY 2010-11 & FY 2011-12.

7.12.2. For FY 2013-14, as the actual depreciation charges are not available after FY 2011-12, the Petitioner for the computation of depreciation has considered the actual depreciation, of Rs. 89.84 Cr., booked in FY 2011-12 which is inclusive of Rs. 16.35 Cr. which is depreciation for full year on asset addition during FY 10-11 and Rs. 3.56 Cr. which is actual depreciation calculated on the additions during the FY 2011-12 for six months.

7.12.3. The depreciation for FY 2012-13 has been computed considering the actual depreciation of FY 11-12 and additional depreciation for six months for asset addition during FY 11-12 which is Rs. 3.56 Cr. and provisional depreciation for six months for asset addition during FY 12-13 which is Rs. 15.55 Cr. Thus, the total depreciation computed for FY 12-13 comes to Rs. 108.95 Cr.

7.12.4. Similarly the depreciation for FY 2013-14 has been computed considering the provisional depreciation of FY 12-13 and additional depreciation for six months for asset addition during FY 12-13 which is Rs. 15.55 Cr. and projected depreciation for six months for asset addition during FY 13-14 which is Rs. 41.63 Cr. Thus, the total depreciation computed for FY 13-14

comes to Rs. 166.14 Cr.

7.12.5. The Petitioner humbly requests the Hon'ble Commission to approve depreciation of Rs. 166.14 Cr. as revised estimates for FY 2013-14 for transmission function.

7.13. Interest and Finance Charges

7.13.1. In the ARR petition for FY 2013-14, PSTCL had projected a capital expenditure of Rs. 990.18 Cr. for FY 2013-14 (Including consumer contribution of Rs. 8.60 Cr.) and the corresponding capitalization of Rs. 1,446.35 Cr. The Hon'ble Commission in its Tariff Order dated 10th April 2013 had approved the Investment Plan of Rs. 900 Cr. for the Transmission business of PSTCL for FY 2013-14. After deducting the consumer contribution of Rs. 8.60 Cr., the loan requirement for the approved investment of Rs. 900 Cr. works out to Rs. 891.40 Cr. and the corresponding capitalization was computed to be Rs. 1295.26 Cr. Detailed computation of the interest and finance charges as submitted by the Petitioner in its tariff petition for FY 2013-14 is as given below:

Table 103: Interest and Finance charges projected in the tariff petition for FY 2013-14 for STU

All figures in Rs. Cr.

S.No	Particulars	FY 2013-14
1	Opening Balance	2,537.67
2	Loan addition during FY	981.58
3	Loan Repayment during FY	150.04
4	Closing Balance	3,369.21
5	Interest Expenses	364.84
6	Less: Interest Capitalized	10.00
7	Interest disallowed on account of diversion of funds	0.00
8	Net Interest	354.84
9	Rate of Interest	12.50%
10	Guarantee Charges payable/paid to PB. Govt.	4.00
11	Interest & Finance Charges	358.84

7.13.2. Based on the above, the Petitioner had projected the Interest & Finance Charges to be Rs. 358.84 Cr. (Net of capitalization of Rs. 10 Cr.). However, Consequent to Govt. of Punjab notification dated 24th December 2012, the Petitioner had revised its interest claim to Rs. 441.67 Cr. for its Transmission function. The Hon'ble Commission, based on the approved Investment Plan, allowed the Interest Charges of Rs. 325.95 Cr. for transmission function for FY 2013-14.

7.13.3. The Petitioner has also claimed guarantee / finance charges of Rs. 4.00 Cr. in the ARR Petition of FY 2013-14. The Hon'ble Commission in turn allowed guarantee / finance charges of Rs. 3.63 cr. for Transmission function of PSTCL.

7.13.4. The Petitioner submits to the Hon'ble Commission that it had claimed Rs. 10 Cr. towards capitalization of interest charges for its Transmission function. However, the Commission had approved the capitalization of interest of Rs. 5.94 Cr in the ratio of net Works in Progress (WIP) to the expenditure for FY 2013-14 for the transmission function. In order to compute the interest and finance charges for second half of FY 2013-14, the Petitioner has considered the PSERC (Terms and Conditions for determination of Tariff), Second Amendment, Regulations, 2012 which is given as below:

“(26) INTEREST AND FINANCE CHARGES ON LOAN

- (1) *For Existing Loan Capital, Interest & finance charges shall be computed on the outstanding Loans, duly taking into account the rate of interest & schedule of repayment as per the Terms & Conditions of relevant agreements. The rate of interest shall be the actual rate of interest paid/payable by the Licensee(s) or the State Bank of India Advance rate as on April, 1 of the relevant year, wherever is lower.*
- (2) *For New investments, Interest & finance charges shall be computed on the loans, duly taking into account the rate of interest & schedule of repayment as per the Terms & Conditions of relevant agreements. The rate of interest shall be the actual rate of interest paid/payable by the Licensee(s) or the State Bank of India Advance rate as on April, 1 of the relevant year, wherever is lower.*
- (3) *The interest rate on the amount of equity above 30% treated as loan shall be the weighted average rate of interest on loan capital of the generating company / licensee ;*

Provided that interest and finance charges of renegotiated loan agreements shall not be considered, if they result in higher charges.

Provided further that interest and finance charges on works in progress shall be excluded and shall be considered as part of the capital cost.

- (4) *Interest charges on security deposits, if any, made by the consumers with a generating company/licensee, shall be considered at the rate specified by the Commission from time to time.*
- (5) *In case any moratorium period is availed of, depreciation provided for in the tariff during the years of moratorium shall be treated as repayment during those years and interest on loan capital shall be calculated accordingly.*
- (6) *The Commission shall allow obligatory taxes on interest, commitment charges, finance charges (including guarantee fee payable to the Govt.) and any exchange rate difference arising from foreign currency borrowings, as finance cost.*
- (7) *Any saving in costs on account of subsequent restructuring of debt shall be shared between the consumers and the generating company / licensee in such ratio as may*

be decided by the Commission.”

- 7.13.5. The Petitioner submits to the Hon’ble Commission that for the first half of FY 2013-14, the actual interest and finance charges comes out to be Rs. 180.20 Cr. The Petitioner submits that as per the Regulations 26.1 referred above, for second half of FY 2013-14, it has considered the interest on the existing loans as on 01st October 2013 as per the loan terms as well as the actual interest rate at which the corresponding loans have been availed. Based on the above, actual interest payable comes out to be Rs. 217.99 Cr for second half of FY 2013-14.
- 7.13.6. Also as discussed in the section-7.6.6 of this petition, the investment of Rs. 573.96- Cr. is proposed for the remaining six months (H2) of FY 2013-14, which is proposed to be funded from REC at the interest rate of 12.50% per annum. Thus, the Interest Charges on the new loan addition comes out to be Rs. 17.94 Cr.
- 7.13.7. Thus, based on the above, detailed loan and interest schedule estimated for FY 2013-14 is as given below:

Table 104: Details of Loans and Interest on loans for FY 2013-14 for STU

All figures in Rs. Cr.

Sr. No.	Particulars (Source)	Opening balance	Addition during the year	Repayment during the year	Closing balance	Amount of interest
1	OBC	154.35	-	56.98	97.37	15.10
2	SBOP,MTL	38.88	-	11.10	27.78	4.00
3	LIC	179.55	-	40.92	138.63	17.10
4	REC	1,931.42	286.54	72.10	2,145.86	254.92
5	PSPCL	792.92	-	74.34	718.58	88.81
6	GPF	219.54	-	21.96	197.58	18.26
7	Total	3,316.66	286.54	277.40	3,325.80	398.19
8	REC (New Loans on account of assets proposed to be added in FY 2013-14 (H2))	-	573.96	-	573.96	17.94
9	Grand Total	3,316.66	860.50	277.40	3899.76	416.13
10	Less Capitalization					104.14
	Net Interest & Finance Charges					311.99

- 7.13.8. Thus, the total Interest charges come out to be Rs. 416.13 Cr. The Petitioner has also considered the capitalization of Interest Charges of Rs. 104.14 Cr.
- 7.13.9. The Petitioner thereby requests the Hon’ble Commission to approve Rs. 311.99 Cr. as Interest Charges for FY 2013-14.

7.14. Diversion of Capital Funds

7.14.1. The Petitioner submits that in the Tariff Order dated 10th April 2013, the Commission had deducted Rs. 24.39 Cr. from the approved interest charges of PSTCL for FY 2013-14 on account of diversion of capital funds towards revenue purposes. Of this amount, Rs. 14.09 Cr. was to the account of the Government of Punjab and balance Rs. 10.30 Cr. was to the account of PSTCL.

7.14.2. The Petitioner, in its appeal before the Hon'ble PSERC in its Review Petition No. 27 of 2013, had prayed that there was no diversion of fund and the amount deducted from the interest cost by the Hon'ble Commission should be allowed. However, the Hon'ble Commission in its order dated 22nd August 2013, rejected the Petitioner's submission and stated that,

“Interest cost on the amount of diverted funds of Rs. 42.56 Cr. attributable to Government of Punjab had not been claimed by the utility in its ARR petition for FY 2013-14 or in any subsequent submission. Hence, interest cost was not allowed to the utility in the Tariff Order for FY 2013-14.

Interest on Diversion of Funds attributable to Government of Punjab will be considered during true-up based on Audited Annual Accounts of the utility”

7.14.3. In view of the above, the Petitioner submits to the Hon'ble Commission to take a prudent view of the review Order stated above and allow Interest on Diversion of Funds attributable to Government of Punjab based on the annual accounts submitted along with this petition.

7.14.4. However, the Petitioner reiterates that the PSTCL has been formed on 16th April 2010 and on that date there was no diversion of capital funds as per the opening balance sheet of PSTCL.

7.15. Interest on Working Capital

7.15.1. The Petitioner submits to the Hon'ble Commission that in its tariff petition for the approval of ARR for FY 2013-14, it had claimed interest on working capital of Rs. 42.89 Cr. for transmission function, on normative basis, on a total working capital of Rs. 290.78 Cr.

7.15.2. The Hon'ble Commission in its Tariff Order dated 10th April 2013 had allowed the interest on working capital (Rs. 303.19 Cr.) to be Rs. 33.14 Cr. for FY 2013-14 by applying an interest rate of 10.93% (average rate of interest actually payable by the utility on the loans availed by them during the year 2012-13).

7.15.3. The Petitioner submits to the Hon'ble Commission that for FY 2013-14, it has taken recourse to the Regulation 14 of the PSERC (Terms and Conditions for Determination of Tariff), Second Amendment, Regulations, 2012 which states that,

“(14) Amendment of Regulation 30- Working Capital & Interest rate on Working Capital

Regulation 30 shall be substituted as under:-

(1) For transmission licensee (s) and SLDC, the working capital shall be the sum of the following:

(i). Operation and Maintenance expenses for one month

(ii). Receivables equivalent to two months

(iii). Maintenance spares @ 15% of Operation and Maintenance expenses

(5) The rate of interest on working capital shall be equal to the actual rate of interest paid/ payable on loans by the licensee (s) or the State Bank of India Advance Rate as on April 1 of the relevant year, whichever is lower. The interest on working capital shall be payable on normative basis notwithstanding that the licensee (s) has not taken working capital loan from any outside agency or has exceeded the working capital loan amount worked out on the normative figures.”

7.15.4. Based on the above Regulation, the Petitioner has computed the working capital requirement for FY 2013-14 to be Rs. 261.29 Cr. for transmission function of PSTCL. In addition to that, SBI PLR as on 1st April 2013 comes out to be 14.45%. Accordingly, the Interest on Working Capital comes out to be Rs. 37.76 Cr. Detailed computation of the same is provided below:

Table 105: Interest on Working Capital for FY 2013-14 for STU

All figures in Rs. Cr.

S. No.	Interest on Working Capital	Projected by Petitioner as per tariff petition for FY 2013-14	Approved by the Commission	Revised Estimates (Petitioner's Submission)
1.	Receivables equivalent to two months of fixed cost	201.23	185.28	169.25
2.	Maintenance spares @ 15% of operation and maintenance expenses	57.56	75.80	59.17
3.	Operation and maintenance expenses for one month	31.98	42.11	32.87
4.	Total [1+2+3]	290.78	303.19	261.29
5.	Rate of Interest	14.75%	10.93%	14.45%
6.	Interest on Working Capital [4x5]	42.89	33.14	37.76

7.15.5. The Petitioner humbly prays to the Hon'ble Commission to approve Rs. 37.76 Cr. as Interest on Working Capital for FY 2013-14.

7.16. Return on Equity

7.16.1. The Petitioner submits to the Hon'ble Commission that in its tariff petition for the approval of ARR for FY 2013-14, it has return on equity of Rs. 75.38 Cr. for FY 2013-14. While computing the RoE, the Petitioner had considered the following,

- (a) Equity base of Rs. 328.50 Cr. for FY 2013-14 which was revised by the Petitioner to Rs. 605.83 Cr. consequent upon the finalization of transfer scheme notified on 24th December 2012.
- (b) Rate of return on 22.95%. However, the Petitioner in its reply to the deficiencies raised by the Commission dated 11th December 2012 had revised its claim of rate of return to 15.5%.

7.16.2. The Hon'ble Commission in its Tariff Order dated 10th April 2013 accepted the methodology as well as the revised information submitted by the Petitioner and thus allowed the Return on Equity of Rs. 93.90 Cr. for FY 2013-14.

7.16.3. In order to compute the Return on Equity for FY 2013-14, the Petitioner has considered the methodology as discussed in the sections 3.16.1 for True up of FY 2010-11.

7.16.4. In the revised estimates, the Petitioner submits to the Hon'ble Commission that since no equity has been infused by the government in the first half of FY 2013-14 and further for second half of FY 2013-14, all the capital investment would be funded through institutional loans only, the Petitioner has, for the purpose of computation of RoE for FY 2013-14, has considered the Equity base at the end of FY 2013-14 at Rs. 605.88 Cr., which is the same as on 31st March 2013.

7.16.5. Also, as mentioned in the Regulations 9 of the PSERC (Terms and Conditions for Determination of Tariff), Second Amendment, Regulations, 2012 the rate of return shall be taken as 15.50%.

7.16.6. Thus, based on the above, the Petitioner has computed RoE to be Rs. 93.91 Cr. for FY 2013-14. The detailed computation has been provided below:

Table 106: Return on Equity for FY 2013-14 for STU

All figures in Rs. Cr.

S. No.	Particulars	Revised estimates as per STU
1.	Opening Equity	605.88
2.	Equity addition during the year	0.00
3.	Closing Equity [1+2]	605.88
4.	Average Equity [(1+3)/2]	605.88
5.	Rate of Return	15.50%
6.	Tax Rate	0.00%

S. No.	Particulars	Revised estimates as per STU
7.	Adjusted Rate of return [5/(1-6)]	15.50%
8.	RoE [4x7]	93.91

7.16.7. The Petitioner humbly prays to the Hon'ble Commission to allow the Return on Equity for FY 2013-14 to be Rs. 93.91 Cr.

7.17. Income Tax

7.17.1. The Petitioner submits that as per Regulation 32 of the PSERC (Terms and Conditions for Determination of Tariff), 2005, provides that obligatory taxes, if any, on the income of the generating company or the licensee from its core/licensed business shall be computed as an expense and shall be recovered from the customers/consumers. The relevant extract of the same has been provided below:

“Obligatory taxes, if any, on the income of the generating company or the licensee from its core / licensed business shall be computed as an expense and shall be recovered from the customers/consumers.

Provided that tax on any income other than the core / licensed business shall not constitute a pass through component in tariff and tax on such other income shall be payable by the generating company or the licensee.

Tax on income, if actually liable to be paid, shall be limited to tax on return on equity allowed, excluding incentives.

The Tax on income shall be considered at income tax rate including surcharge, cess, etc as applicable during the relevant year in accordance with the provisions of Income Tax Act, 1961 duly amended from time to time.

The benefits of tax holiday and the credit for carrying forward losses applicable as per the provisions of the Income Tax Act, 1961 shall be fully passed on to the customers / consumers.”

7.17.2. The Petitioner is liable to pay Tax (MAT) on book profit during the FY 2013-14. The Tax rate, as per MAT, is 18.5% on book profit and 10% surcharge thereon plus 3% Education Cess (Total tax rate is 20.9605%). Accordingly, the Petitioner has paid tax of Rs. 25.48 Cr. during first half of FY 2013-14, details of which are given below:

Table 107: Actual tax paid by the Petitioner during FY 2013-14 (H1)

All figures in Rs. Cr.

S. No.	Particulars of Tax Paid	Amount
1.	Advance Tax dated 15 th June 2013	10.31

S. No.	Particulars of Tax Paid	Amount
2.	Advance Tax dated 14 th September 2013	15.17
3.	Total tax paid during first six months of FY 2013-14	25.48

- 7.17.3. In addition to the above, the Petitioner will be paying tax for the remaining six months of FY 2013-14. The total tax estimated to be paid on estimated profit on the current financial year together with the tax already paid will aggregate to Rs. 70.36 Cr.
- 7.17.4. The profit estimated to be earned during FY 13-14, beyond RoE limits, is mainly on account of revenue gap of previous years which has been allowed by Hon'ble Commission during FY 13-14.
- 7.17.5. The revenue surplus proposed in this review petition for FY 2013-14 will reduce the ARR of FY 14-15 and thus will affect the profitability and fund position of PSTCL during FY 14-15.
- 7.17.6. The Petitioner submits that the income tax is beyond the control of licensee and has to be paid under Income Tax Act.
- 7.17.7. Thus, the Petitioner requests the Hon'ble Commission that the Income Tax being an uncontrollable expense may be allowed to pass through in the tariff.
- 7.17.8. Hence, the Petitioner requests the Hon'ble Commission to approve the income tax of Rs. 19.68 Cr., being tax on RoE (20.9605% of Rs. 93.91 Cr.) as per the Tariff Regulations quoted herein above and the balance tax of Rs. 50.68 Cr. may be allowed to be adjusted against the Revenue Surplus as may be allowed during review of FY 2013-14.

7.18. Non-Tariff Income

- 7.18.1. The Petitioner submits to the Hon'ble Commission that in its tariff petition for the approval of ARR for FY 2013-14, it had claimed receipts of Rs. 2.66 Cr. as non tariff income for transmission function. The Petitioner had also submitted in the previous petition that the income from OA consumers being an infirm source of revenue cannot be estimated and thus the same may be considered during the true-up of ARR for FY 2013-14.
- 7.18.2. The Hon'ble Commission in its Tariff Order dated 10th April 2013 approved the Non Tariff Income (other than income from OA consumers) of Rs. 5.76 Cr. at the previous year's level for the transmission function of PSTCL.
- 7.18.3. For the first half of FY 2013-14, actual non-tariff income for transmission function of PSTCL is Rs. 5.36 Cr. For second half of FY 2013-14, the Petitioner has considered Rs. 3.04 Cr. as the non tariff income and thus, total non-tariff income projected for FY 2013-14 is Rs. 8.41 Cr.
- 7.18.4. Thus, the Petitioner requests the Hon'ble Commission to approve Rs. 8.41 Cr. as non-tariff income for transmission function.

7.19. Revenue from Open Access Consumers

- 7.19.1. The Petitioner submits to the Hon'ble Commission that for the first half of FY 2013-14, it has received Rs. 28.29 Cr. as transmission charges from open access customers.
- 7.19.2. For the second half of the year also, the Petitioner has projected the transmission charges from Open Access customers to be Rs. 14.14 Cr.
- 7.19.3. Thus, the total transmission charges from Open Access consumers for FY 2013-14 are estimated to be Rs. 42.43 Cr.

7.20. Annual Revenue Requirement

- 7.20.1. The following table summarizes the revised estimate of aggregate revenue required for FY 2013-14 for transmission function of PSTCL as per the PSERC (Terms and Conditions for Determination of Tariff), Second Amendment, Regulations, 2012:

Table 108: Annual Revenue Requirement for FY 2013-14 (Revised Estimates) for STU

All figures in Rs. Cr.

S. No.	Aggregate Revenue Requirement	Projected as per previous petition	Approved by Hon'ble Commission	Revised Estimates
1.	Salary and other expenses	195.93	181.32	132.80
2.	Terminal Benefits	184.00	184.00	184.00
3.	R&M Expenses	70.03	113.79	51.87
4.	A&G Expenses	40.51	26.24	25.78
5.	Interest & Finance Charges	358.84	299.25	311.99
6.	Interest on Working Capital	42.89	33.14	37.76
7.	Return on Equity	75.38	93.90	93.91
8.	Depreciation	267.49	218.91	166.14
9.	Income Tax	-	-	19.68
10.	Total Fixed Charges (Total Revenue Requirement)	1,128.36	1,150.55	1023.92
11.	Less: Non Tariff Income	2.66	5.76	8.41
12.	Fixed Charges (Aggregate Revenue Requirement)	1,125.70	1144.79	1015.51
13.	Transmission Charges from Open Access Customers	-	-	42.43
14.	Net Fixed Charges (Aggregate Revenue Requirement)	-	-	973.08
15.	Add: Revenue gap carried forward (upto FY 2012-13)	81.71	89.18	

S. No.	Aggregate Revenue Requirement	Projected as per previous petition	Approved by Hon'ble Commission	Revised Estimates
16.	Add: Carrying Cost for Revenue Gap of Rs 18.01 crore for FY 2012-13	0.00	1.97	
17.	Cumulative ARR Requirement	1,207.41	1,235.94	

7.20.2. The Petitioner thus requests the Hon'ble Commission to allow the ARR of Rs. 973.08 Cr. for transmission function of PSTCL for FY 2013-14.

7.21. Estimated Revenue Surplus / (Gap) for transmission function

7.21.1. The following tables computes the Revenue Surplus / (Gap) for FY 2013-14 based on the total estimated actual fixed costs incurred and the revenue earned by the Petitioner:

Table 109: Projected Revenue Surplus / (Gap) for FY 2013-14 for STU

All figures in Rs. Cr.

S. No.	Aggregate Revenue Requirement	STU
1.	Total Fixed Charges (Total Revenue Requirement)	1023.92
2.	Add: Balance Income Tax (Ref Section 7.17.8)	50.68
3.	Less: Non Tariff Income	8.41
4.	Less: Income from Open Access	42.43
5.	Fixed Charges (Aggregate Revenue Requirement)	1023.76
6.	ARR approved by Hon'ble Commission in previous tariff order (Including revenue from Open Access consumers)	1,235.94
7.	Revenue surplus / (gap)	212.18

7.21.2. The Petitioner submits that it has a revenue surplus of Rs. 212.18 Cr. for FY 13-14.

8. REVIEW OF ARR FOR FY 2013-14 FOR SLDC FUNCTION

8.1. Background

- 8.1.1. The Petitioner in its tariff petition for approval of ARR for FY 2013-14 had claimed the ARR of Rs. 58.61 Cr. for FY 2013-14. Hon'ble Commission in its Tariff Order for approval of ARR for FY 2013-14 dated 10th April 2013 had approved the ARR for FY 2013-14 of Rs. 33.70 Cr. for SLDC function of PSTCL.
- 8.1.2. The Petitioner submits that in this section, it has now computed the revised estimate of ARR for SLDC for FY 2013-14 based on the actual expenses incurred on account of various heads in first half of FY 2013-14. The Petitioner has further projected the expenses for various heads in second half of FY 2013-14 on the basis of annual accounts of FY 2011-12, past trends and activities that are planned and programmed to be taken up during the FY 2013-14.
- 8.1.3. The Petitioner submits that it has prepared this Petition on the basis of PSERC (Terms and Conditions for Determination of Tariff) Regulations, 2005 and its subsequent amendments.

8.2. Capital Investment Plan for SLDC function

- 8.2.1. RTUs addition/ replacement:
- (a) Out of 47 Nos. RTUs (41 Nos. left out/ upgraded/ new 220kV level substations in PSTCL and 6 Nos. RTUs for cannibalizing the existing RTUs), ordered to strengthen the SCADA system around 25 Nos. RTU have been installed and will be commissioned by Nov/Dec 2013 (2013-14) and remaining 22 nos. RTUs will be commissioned by Apr 2014. With commissioning of these 41 RTUs at left out/ upgraded/ new 220kV substations there shall be a total of 90 substations (49 No. previous plus 41 No. under present order) which shall be covered.
 - (b) Out of Rs. 6.8 Cr, expenditure amounting to Rs 3.5 Cr (including Rs. 1.08 Cr. incurred during FY 12-13) is expected to be capitalized during FY 2013-14, Rs 3.3 Cr is expected during 2014-15. SLDC/ PSTCL is going ahead with procurement of more RTUs to cover left out 132kV & new 220kV (if any) substations in PSTCL as well as replacement of old technology and/ or non-performing/ un-maintainable/ aged RTUs. The tender is being floated soon. This work is expected to be completed during 2014-15 and accordingly an amount of Rs. 10.00 cr shall be required during 2014-15.
- 8.2.2. Intrastate Boundary Metering cum Transmission Level Energy Audit Scheme:
- (a) To meet with the SGC stipulations, SLDC/ PSTCL have also ordered Intrastate Boundary Metering cum Transmission Level Energy Audit Scheme and major activities of this project are expected to be commissioned by Dec., 2013. With the commissioning of this scheme PSTCL Grid losses, line wise, bus bar wise and transformer wise losses and other required grid parameters from energy meters

(ABT as well as conventional energy meters) alongwith numerous types of reports, and complete energy audit at transmission level shall be possible.

- (b) Out of order value of 12.00 Cr. an amount of Rs 10.00 Cr. shall be required for payments against supply/ commissioning of ordered equipment during 2013-14, Rs. 2.0 Cr. during 2014-15.

8.2.3. Voice Recording Cum Expert Message Management System

- (a) Purpose of Voice Recording is to record the conversation mainly between NRLDC & SLDC and SLDC & PSPCL/ PSTCL grid substations regarding grid management for network security.
- (b) To effectively control/manage the grid, the process of implementation of expert Message Management System through which messages shall be delivered by SLDC control centre to predetermined remote Grid Sub-stations/locations has been initiated and these messages shall be displayed on the screen at these locations.
- (c) An amount of Rs 3 lakhs shall be required for making payments against Voice Recording System during 2013-14. Tentative expenditure towards expert Message Management System shall be around Rs 1.5 Cr during 2014-15.

8.2.4. Implementation of Islanding Scheme in Punjab

- (a) An Expert Committee constituted by GOI to enquire into the two major grid failure incidents occurred on 30th and 31st July, 2012 suggested to design islanding scheme based on frequency sensing relays so that in case of imminent grid failure, electrical islands can be formed with the following objectives :-
 - i. Prevention from total black out by avoiding effect of cascade tripping of the Power System.
 - ii. Fast restoration of supply to the affected areas.
 - iii. Supply to Important Loads/essential services i.e. Railways, Hospitals etc. shall be maintained or can be restored on priority.
- (b) Presently there is no islanding scheme in operation in Punjab. However, UFRs, df/dt relays have been installed on selected feeders to get desired load relief under critical grid conditions to help grid security. Punjab Islanding scheme as prepared by Punjab SLDC in consultation/after discussions with PGCIL/Protection wing & Thermal plants engineers have been approved by NRPC . The required system stability studies have been undertaken by PSTCL planning wing and further action for implementation of the scheme shall be taken in consultation with CEA/ PGCIL. Tentative expenditure to be incurred towards this scheme during 2014-15 is Rs 4.5 Cr.

- 8.2.5. Thus, the Petitioner has estimated Capital expenditure of Rs. 13.53 Cr for its SLDC business for the FY 2013-14. Details of same are provided below as:

Table 110: Capital Expenditure and Capitalization proposed for SLDC for FY 2013-14

All figures in Rs. Cr.

S. No.	SLDC Capex	Capex	Capitalization
1	RTU addition / replacement	3.50	3.50
2	RTUs to cover left out 132kV & new 220kV substations	-	-
3	7.3.3. Intrastate Boundary Metering cum Transmission Level Energy Audit Scheme	10.00	10.00
4	Voice Recording Cum Expert Message Management System	0.03	0.03
5	Implementation of Islanding Scheme in Punjab	-	-
6	Total	13.53	13.53

8.3. Employees for SLDC function of PSTCL

- 8.3.1. The Petitioner submits to the Hon'ble Commission that the total employees as on 30th September 2013 were 76. It is also submitted that during the second half of FY 2013-14, it is planning to add 17 employees. The Petitioner submits to the Hon'ble Commission that with the growth of the transmission network there would be requirement of additional manpower for managing the SLDC function of PSTCL.

8.4. Employee Salary and other Expenses

- 8.4.1. In its tariff petition for approval of ARR for FY 2013-14, the Petitioner had projected the 'Salary and other expenses' of Rs. 9.06 Cr. for SLDC function (Including arrears of Rs. 0.65 Cr.). Details of the Salary and other employee expenses projected by the Petitioner for SLDC are as provided below:

Table 111: Salary & other employee expenses submitted in petition for FY 2013-14 for SLDC

All figures in Rs. Cr.

S. No	Particulars	FY 2013-14
1	Basic pay	3.96
2	Dearness allowance	3.45
3	HRA, Fixed Medical and Other Allowances	0.95
4	Over time payment	0.00
5	Medical reimbursement charges	0.05
6	Total	8.41
8	Less: Amount capitalized	0.00

S. No	Particulars	FY 2013-14
9	Net amount	8.41
10	Add: Arrears	0.65
11	Total	9.06

- 8.4.2. The Hon'ble Commission in its Tariff Order dated 10th April 2013 had approved the salary and other expenses of Rs. 3.17 Cr. for FY 2013-14. To arrive at this figure, the Hon'ble Commission had applied the average WPI increase of 7.6% available for 9 months for FY 2012-13(P) (April 2012 to December 2012) over the approved salary and other employee cost of Rs. 2.95 Cr. for FY 2012-13(P).
- 8.4.3. The Petitioner had also claimed the Arrears Rs. 0.65 Cr. for SLDC function for FY 2013-14 and the same was allowed by the Hon'ble Commission in its Tariff Order for FY 2013-14.
- 8.4.4. The total salary and other expenses approved by the Hon'ble Commission for SLDC was Rs. 3.82 Cr. for FY 2013-14 details of which are provided below:

Table 112: Salary and other employee expenses approved by Commission for SLDC

All figures in Rs. Cr.

S. No	Particulars	Approved by the Commission
1	Salary and other employee expenses	3.17
2	Arrears	0.65
3	Total	3.82

- 8.4.5. For the first half of FY 2013-14, the Petitioner submits to the Hon'ble Commission that during the petition from April'13 to September'13, it had incurred the actual salary and other expenses of Rs. 2.63 Cr.
- 8.4.6. Meanwhile, for review of the employee expenses for FY 2013-14, the Petitioner has referred to the Regulation 12 of the PSERC (Terms and Conditions for Determination of tariff), Second Amendment, Regulations, 2012 as discussed in section-7.8.7.
- 8.4.7. The Petitioner submits that annual increment and DA is an obligation for the PSTCL towards its employees and cannot be linked to the WPI. Thus, while projecting the Employee cost for FY 2013-14, the Petitioner had considered the base employee cost as the actual expenses for first half of FY 2013-14. As per the recent increases in DA stipulated by the Central and State Government, the DA has been increasing in the range of 15-20% p.a. in the past 2-3 years which is much higher than the WPI for recent years. Accordingly, the Petitioner while projecting the expenses for the second half of FY 2013-14 has considered the DA as per the actual increase in January 2013 & July 2013 announced and also considered the annual increment to be granted to existing employees. Further, the salary expenses of the new recruitment have also been estimated according to their pay scales.

8.4.8. The Petitioner would also like to draw the attention of the Commission to the Regulation 9.1 of the PSERC (Terms and Conditions for Determination of tariff), Regulations, 2005, wherein it has been stated that

“The Commission shall undertake a review along with the next Tariff Order of the expenses and revenues approved by the Commission in the Tariff Order. While doing so, the Commission shall consider variations between approvals and revised estimates/pre-actuals of sale of electricity, income and expenditure for the relevant year and permit necessary adjustments / changes in case such variations are for adequate and justifiable reasons. Such an exercise shall be called ‘Review’.”

8.4.9. In view of the above, the employee cost has been projected as follows:

Table 113: Revised estimates of salary and other expenses for FY 2013-14 for SLDC

All figures in Rs. Cr.

S. No.	Salary and Other Employee Expenses	FY 2013-14 (H1)	FY 2013-14 (H2)	FY 2013-14
1	Salaries	1.37	2.57	3.94
2	Overtime	-	-	-
3	Dearness Allowance	0.95	1.48	2.43
4	Other Allowances	0.30	0.34	0.64
5	Bonus	-	-	-
6	Sub Total [1+2+3+4+5]	2.62	4.38	7.00
7	Medical Expenses reimbursement	0.01	0.01	0.01
8	Leave Travel Assistance/Concession	0.00	0.00	0.00
9	Payment under Workmen Compensation Act	-	-	-
10	Sub Total [7+8+9]	0.01	0.01	0.01
11	Electricity Concession to PSTCL Employees	-	-	-
12	Staff Welfare Expenses	0.00	0.00	0.00
13	Sub Total [11+12]	0.00	0.00	0.00
14	Less : Establishment cost recoverable on execution of 66KV works	-	-	-
	Total Salary and Other Employee Expenses [6+10+13-14]	2.63	4.39	7.02

8.4.10. Thus, the Petitioner requests the Hon’ble Commission to approve Rs. 7.02 Cr. as salary and other expenses for FY 2013-14.

8.5. Terminal Benefits

8.5.1. The Petitioner submits to the Hon'ble Commission that it had made no separate claim for the Terminal Benefits for SLDC function for FY 2013-14. The Petitioner had adopted similar approach while filing the review of ARR for FY 2013-14 and accordingly had not projected any terminal benefits for FY 2013-14 for SLDC function.

8.6. Repair & Maintenance (R&M) expenses

8.6.1. In the ARR petition of FY 2013-14, PSTCL has projected the R&M expenses of Rs. 8.16 Cr. for its SLDC function (which includes R&M expenses of Rs. 5.04 Cr. for assets likely to be added during the year). Detailed R&M expenses projected by the Petitioner for SLDC are as summarised below:

Table 114: R&M expenses projected in the tariff petition for FY 2013-14 for SLDC

All figures in Rs. Cr.

S. No.	R&M Expenses	FY 2013-14
1	R&M expenses	3.12
2	R&M expenses on assets added during the year	5.04
3	Net R&M expenses	8.16

8.6.2. In response to the Commission's deficiency letter dated 3rd December 2012, the Petitioner vide its letter dated 11th December 2012 revised the R&M expenses of Rs. 5.04 Cr. on assets added during the year to Rs. 2.52 Cr. for SLDC function. Thus, the claim of the utility for R&M expenses of its SLDC business is reduced to Rs. 5.64 Cr. for FY 2013-14.

8.6.3. The Hon'ble Commission in its tariff dated 10th April 2013 approved the R& M Expenses of Rs. 0.29 Cr. for SLDC function for FY 2013-14. To arrive at this figure, the Hon'ble Commission had applied the average WPI increase of 7.6% available for 9 months for FY 2012-13(P) (April 2012 to December, 2012) over the revised estimate of R&M expenses of Rs. 0.27 Cr. approved by the Hon'ble Commission for FY 2012-13(P).

8.6.4. However, the Hon'ble Commission had not allowed any R&M expenses on account of assets proposed to be added during the year and stated that the same would be considered at the time of review next year when more accurate figures of asset addition are available.

8.6.5. For review of the R&M expenses for FY 2013-14, the Petitioner would like to state that the actual R&M expenses for 1st half of FY 2013-14 are Rs. 00.65 Cr. The Petitioner will incur additional expenditure on maintenance of RTUs besides around Rs 10 lacs every year payable for extended warranty cum Maintenance support for 10 years. An amount of Rs. 12.5 lac shall be required for Comprehensive O&M on boundary metering during 2013-14. An amount of Rs. 50 lakh per annum shall be required for 7 years for Comprehensive O&M.

8.6.6. In view of the above, the Petitioner submits to the Hon'ble Commission that the linking of R&M expenses to WPI at base year of FY 2011-12 when the Petitioner being a newly

incorporated entity focused more on stabilization and also didn't have funds and staff to take up major works on R&M will not give the fair depiction of R&M expenditure required and incurred by PSTCL in future years. Therefore, the Petitioner request the Commission to consider the actual R&M expenses of first half as well as those planned for second half of FY 2013-14 for Review of FY 2013-14.

- 8.6.7. The Petitioner would also like to draw the attention of the Commission to the Regulation 9.1 of the PSERC (Terms and Conditions for Determination of tariff), Regulations, 2005, wherein it has been stated that

“The Commission shall undertake a review along with the next Tariff Order of the expenses and revenues approved by the Commission in the Tariff Order. While doing so, the Commission shall consider variations between approvals and revised estimates/pre-actuals of sale of electricity, income and expenditure for the relevant year and permit necessary adjustments / changes in case such variations are for adequate and justifiable reasons. Such an exercise shall be called ‘Review’.”

- 8.6.8. Thus for review of FY 2013-14, based on the actual R&M expenses incurred during first half, projected asset addition and the planned R&M activities, the Petitioner has estimated the R&M expenses of FY 2013-14 to be Rs. 2.56 Cr. Detailed breakup of R&M expenses is given below:

Table 115: Revised estimates of R&M expenses for FY 2013-14 for SLDC

All figures in Rs. Cr.

S. No.	Particulars	(H1)	(H2)	Total
1	Plant and Machinery	0.63	1.84	2.47
2	Buildings	0.01	0.04	0.05
3	Civil Works	-		-
4	Lines Cable & Net Work etc.	-		-
5	Vehicles	0.00	0.02	0.02
6	Furniture and Fixtures	-		-
7	Office Equipment	-	0.01	0.01
	Total	0.65	1.91	2.56

8.7. Administrative & General (A&G) Expenses

- 8.7.1. In the ARR petition of FY 2013-14, the Petitioner had projected A&G expenses of Rs. 2.11 Cr. for its SLDC function which includes A&G expenses of Rs. 0.94 Cr. for asset addition during the year. Details of the A&G expenses projected by the Petitioner have been provided below:

Table 116: A&G expenses projected in the tariff petition for FY 2013-14 for SLDC

All figures in Rs. Cr.

S. No	Particulars	FY 2013-14
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S. No	Particulars	FY 2013-14
1	Insurance	0.00
2	Telephone, postage & telegrams	0.15
3	Consultancy fees	0.15
4	Technical fees	0.00
5	Other professional charges/Legal Charges	0.01
6	Conveyance & travel expenses	0.10
7	Electricity & water charges	0.55
8	Training	0.05
9	Others	0.15
11	Cost for outsourcing for peons, security guards, etc.	0.01
12	Other material related expenses	0.00
13	Total	1.17
14	Total expenses	1.17
15	Less Capitalization	0.00
16	Net expenses	1.17
17	A&G for Assets Addition during the year	0.94
18	Total	2.11

- 8.7.2. The Hon'ble Commission in its Tariff Order dated 10th April 2013 had allowed the A&G expenses of Rs. 0.05 Cr. for SLDC function for FY 2013-14. To arrive at this figure, the Hon'ble Commission had applied the average WPI increase of 7.6% available for 9 months for FY 2012-13(P) (April 2012 to December, 2012) over the revised estimate of A&G expenses of Rs. 0.05 Cr. approved by the Hon'ble Commission for FY 2012-13(P).
- 8.7.3. However, the Hon'ble Commission had not allowed any A&G expenses on account of assets proposed to be added during the year and stated that the same would be considered at the time of review next year when more accurate figures of asset addition are available.
- 8.7.4. For Review of the A&G expenses for FY 2013-14, the Petitioner would like to state that the actual A&G expenses as reported in the annual accounts for FY 2011-12 are only Rs. 15.97 Cr. Estimated A&G expenses have increased more than the WPI, as many of the A&G expenses like payment on account of outsourcing of activities due to shortage of regular staff etc which were included majorly afterward FY 2011-12. Thus, projecting the A&G expenses based on the WPI norms with a base of FY 2011-12 would not include the impact of such uncontrollable expenses occurring from FY 2012-13 onwards and hence the projected A&G expenses would be highly underestimated resulting in the loss to the utility.
- 8.7.5. The Petitioner would also like to draw the attention of the Commission to the Regulation 9.1 of the PSERC (Terms and Conditions for Determination of tariff), Regulations, 2005, wherein it has been stated that

“The Commission shall undertake a review along with the next Tariff Order of the expenses

and revenues approved by the Commission in the Tariff Order. While doing so, the Commission shall consider variations between approvals and revised estimates/pre-actuals of sale of electricity, income and expenditure for the relevant year and permit necessary adjustments / changes in case such variations are for adequate and justifiable reasons. Such an exercise shall be called 'Review'."

- 8.7.6. In order to project the A&G expenses for second half of the FY 2013-14, it has also considered the impact of the A&G expense on account of increase in asset during second half of FY 2013-14. The Petitioner has multiplied the base A&G expenses by the asset index which is the ratio of average asset for second half of FY 2013-14 to the average asset for first half of FY 2013-14. Computation of Asset index is provided below

Table 117: Computation of asset index for second half of FY 2013-14 for SLDC

All figures in Rs. Cr.

S. No.	Particulars	Amount
1.	Opening GFA for FY 2013-14	5.72
2.	Addition during first half	-
3.	Closing GFA for FY 2013-14 (H1)	5.72
4.	Addition during second half	13.53
5.	Closing GFA for FY 2013-14 (H2)	19.25
6.	Average for H1	5.72
7.	Average for H2	12.49
8.	Asset Index for second half of FY 2013-14	2.18

- 8.7.7. Thus the asset index for second half of FY 2013-14 comes out to be 2.18. This would also incorporate the increase in expenses on account of assets added during second half of FY 2013-14.

- 8.7.8. Based on the above discussed methodology, the total A&G expenses for FY 2013-14 comes out to be Rs. 1.52 Cr. Detailed head wise A&G expenses are provided below:

Table 118: Revised A&G Expenses for FY 2013-14 for SLDC

All figures in Rs. Cr.

S. No.	A&G Expenses	Submitted in previous year petition	Approved by the Commission in previous tariff order	FY 2013-14 (RE) – SLDC		
				H1	H2	Annual
1.	Rent, Rates & Taxes			-	-	-
2.	Insurance			0.01	0.02	0.03

S. No.	A&G Expenses	Submitted in previous year petition	Approved by the Commission in previous tariff order	FY 2013-14 (RE) – SLDC		
				H1	H2	Annual
3.	Telephone, Postage, Telegramme and Telex			0.01	0.03	0.04
4.	Legal Charges			-	-	-
5.	Audit Charges			-	-	-
6.	Consultancy/Technical Charges			-	-	-
7.	Conveyance & Travel Charges			0.05	0.11	0.17
8.	Fees & Subscription			0.01	0.02	0.03
9.	Books & Periodicals			-	-	-
10.	Printing & Stationery			0.00	0.01	0.01
11.	Advertisement / Publicity expenses			0.00	0.01	0.01
12.	Electricity/Water Charges			0.19	0.41	0.59
13.	Expenses on Training			-	-	-
14.	Hospitality			-	-	-
15.	Conference Expenses			-	-	-
16.	Miscellaneous/Contingency Expenses			0.04	0.08	0.12
17.	Mobile set purchase expenses			-	-	-
18.	Payment to outsourced			0.06	0.12	0.18
19.	Other Expenses			0.11	0.23	0.34
20.	Freight			-	-	-
21.	Other Purchase related expenses			-	-	-
22.	Total	2.11	0.05	0.48	1.04	1.52

8.7.9. The Petitioner humbly requests the Hon'ble Commission to approve A&G expenses of Rs. 1.52 Cr. for FY 2013-14 as revised estimate for STU.

8.8. Depreciation

- 8.8.1. As also mentioned in section-3.12.4 of the True up Petition for FY 2010-11, the Petitioner submits that by adopting the depreciation policy followed by the Petitioner, there is no difference in the depreciation calculated as per the CERC Regulations, 2009 and calculated as per the books of the accounts. Accordingly, the Petitioner has requested the Hon'ble Commission to approve the depreciation charges as per the annual accounts for FY 2010-11 & FY 2011-12.
- 8.8.2. For FY 2013-14, as the actual depreciation charges are not available after FY 2011-12, the Petitioner for the computation of depreciation has considered the actual depreciation, of Rs. 0.55 Cr., booked in FY 2011-12 which is inclusive of Rs. 42000. which is actual depreciation calculated on the additions during the FY 2011-12 for six months.
- 8.8.3. The depreciation for FY 2012-13 has been computed considering the actual depreciation of FY 11-12 and additional depreciation for six months for asset addition during FY 11-12 which is Rs. 42000 and provisional depreciation for six months for asset addition during FY 12-13 which is Rs. 81000. Thus, the total depreciation computed for FY 12-13 comes to Rs. 0.56 Cr.
- 8.8.4. Similarly the depreciation for FY 2013-14 has been computed considering the provisional depreciation of FY 12-13 and additional depreciation for six months for asset addition during FY 12-13 which is Rs. 81000 and projected depreciation for six months for asset addition during FY 13-14 which is Rs. 0.36 Cr. Thus, the total depreciation computed for FY 13-14 comes to Rs. 0.93 Cr.
- 8.8.5. The Petitioner humbly requests the Hon'ble Commission to approve depreciation of Rs. 0.93 Cr. as revised estimate for FY 2013-14 for SLDC function

8.9. Interest & Finance Charges

- 8.9.1. In the ARR petition for FY 2013-14, PSTCL had projected a capital expenditure of Rs. 18.40 Cr. for FY 2013-14 and the corresponding capitalization of Rs. 10.40 Cr. for SLDC function of PSTCL. The Hon'ble Commission in its Tariff Order dated 10th April 2013 had approved the Investment Plan of Rs. 15 Cr. for SLDC function for FY 2013-14 and the corresponding capitalization was computed to be Rs. 13.61 Cr.
- 8.9.2. Based on the above, the Petitioner had projected the Interest & Finance Charges to be Rs. 2.57 Cr. The Hon'ble Commission, based on the approved Investment Plan, allowed the Interest Charges of Rs. 1.06 Cr. for SLDC function for FY 2014-15.
- 8.9.3. Now, for the computation of Interest Charges for FY 2013-14, the Petitioner has adopted the methodology followed in section-7.13.4. The Petitioner submits to the Hon'ble Commission that for the first half of FY 2013-14, the actual interest and finance charges comes out to be Rs. 0.045 Cr. The Petitioner submits that as per the Regulations 26.1 referred above, for second half of FY 2013-14, it has considered the interest on the existing loans as on 01st

October 2013 as per the loan terms as well as the actual interest rate at which the corresponding loans have been availed. Based on the above, actual interest payable comes out to be Rs. 0.045 Cr for second half of FY 2013-14.

8.9.4. Also as discussed in the section-8.7.6 of this petition, the investment of Rs. 13.53 Cr. is proposed for the remaining six months (H2) of FY 2013-14, which is proposed to be funded from REC at the interest rate of 12.50% per annum. Thus, the Interest Charges on the new loan addition comes out to be Rs. 0.42 Cr.

8.9.5. Thus, based on the above, detailed loan and interest schedule estimated for FY 2013-14 is as given below:

Table 119: Interest on loans for FY 2013-14 for SLDC

All figures in Rs. Cr.

Sr. No.	Particulars (Source)	Opening balance	Addition during the year	Repayment during the year	Closing balance	Amount of interest
1	REC	0.77	0.00	0.00	0.77	0.09
2	Total	0.77	0.00	0.00	0.77	0.09
3	REC (New Loans)	0.00	13.53	0	13.53	0.42
4	Grand Total	0.77	13.53	0.00	14.30	0.51

8.9.6. Thus, the total Interest charges come out to be Rs. 0.51 Cr. The Petitioner thereby requests the Hon'ble Commission to approve Rs. 0.51 Cr. as Interest Charges for FY 2013-14.

8.10. Interest on Working Capital

8.10.1. The Petitioner submits to the Hon'ble Commission that in its tariff petition for the approval of ARR for FY 2013-14, it has claimed interest on working capital of Rs. 2.16 Cr. for SLDC function, on normative basis, on a total working capital of Rs. 14.63 Cr.

8.10.2. The Hon'ble Commission in its Tariff Order dated 10th April 2013 had allowed the interest on working capital (Rs. 5.51 Cr.) to be Rs. 0.60 Cr. for FY 2013-14 by applying an interest rate of 10.93% (average rate of interest actually payable by the utility on the loans availed by them during the year 2012-13).

8.10.3. The Petitioner submits to the Hon'ble Commission that for the review of ARR for FY 2013-14, it has adopted the methodology followed for the computation of Interest on Working Capital for FY 2013-14 for transmission function as detailed in section-7.15.3.

8.10.4. Based on the above, the Petitioner has computed the working capital requirement for FY 2013-14 to be Rs. 6.95 Cr. for SLDC function of PSTCL. In addition to that, SBI PLR as on 1st April 2013 comes out to be 14.45%. Accordingly, the Interest on Working Capital comes out to be Rs. 1.00 Cr. Detailed computation of the same is provided below:

Table 120: Interest on Working Capital for FY 2013-14 for SLDC

All figures in Rs. Cr.

S. No.	Interest on Working Capital	Projected by Petitioner as per tariff petition for FY 2013-14	Approved by the Commission	Revised Estimates (Petitioner's Submission)
1.	Receivables equivalent to two months of fixed cost	9.77	4.54	4.36
2.	Maintenance spares @ 15% of operation and maintenance expenses	3.12	0.62	1.66
3.	Operation and maintenance expenses for one month	1.73	0.35	0.92
4.	Total [1+2+3]	14.63	5.51	6.95
5.	Rate of Interest	14.75%	10.93%	14.45%
6.	Interest on Working Capital [4x5]	2.16	0.60	1.00

8.10.5. Thus, the Petitioner requests the Hon'ble Commission to approve Rs. 1.00 Cr. as Interest on Working Capital for FY 2013-14.

8.11. Return on Equity

8.11.1. The Petitioner submits that the Equity has not been segregated for STU and SLDC and thus for the purpose of computation of ARR, Return on Equity for whole of PSTCL has been considered for STU only.

8.11.2. Thus, the Petitioner is not claiming any RoE for SLDC for FY 2013-14.

8.12. ULDC Charges

8.12.1. ULDC Scheme:

- (a) SLDC/ PSTCL have set up SCADA/EMS control centre at Ablowal/ Patiala with 2 nos. ALDCs at Lalton & Jamsher under ULDC (Unified Load Dispatch & Communication) Scheme implemented by PGCIL for all the constituents of NR Grid in unified manner, since 2002.
- (b) The initial expenditure made by PGCIL for implementation the scheme is being recovered by it, from SLDC/ PSTCL as ULDC Charges (for erstwhile PSEB portion, Central sector portion proportional to Punjab's allocation in ISGS plants & BBMB portion proportional to Punjab's share in its generation) in monthly installments as per CERC orders amounting to Rs. 12.12 Cr for year 2013-14. This

recovery is to continue tentatively till 2017.

- (c) The existing SCADA/ EMS control centers are being upgraded by PGCIL under unified scheme called ULDC Phase-II, which also envisages a backup control centre for disaster recovery purpose (at BBMB Chandigarh) along with better/ upgraded user interface tools/ reports. The project is being executed by M/s. Siemens and likely to be commissioned during 2013-14. Initial payments will be made by the PGCIL and will be reimbursed later on in monthly instalments as per CERC orders. Tentative payment amounting to Rs. 1.0 Cr towards ULDC Phase-II is expected to be made to PGCIL during 2014-15.

8.12.2. In its Petition for approval of ARR for FY 2013-14, the Petitioner had claimed Rs. 31.40 Cr. toward ULDC charges for FY 2013-14. The Petitioner vide its reply dated 11th December 2012 to the deficiencies pointed out by the Hon'ble Commission, had revised the claim of ULDC charges from Rs. 31.40 Cr. to Rs. 27.40 Cr.. The same was allowed by the Hon'ble Commission for FY 2013-14.

8.12.3. For first half of FY 2013-14, the actual ULDC expenses were Rs. 4.81 Cr. For FY 2013-14, the Petitioner has considered Rs. 10.31 Cr. as the revised estimate. The Petitioner prays to the Hon'ble Commission to approve Rs. 15.12 Cr. as ULDC charges.

8.13. Non-Tariff Income

8.13.1. The Petitioner submits to the Hon'ble Commission that in its tariff petition for the approval of ARR for FY 2013-14, it had not considered any non-tariff income for FY 2013-14 for SLDC function of PSTCL and accordingly the Hon'ble Commission had not allowed any non-tariff income for FY 2013-14

8.13.2. For the first half of FY 2013-14, actual non-tariff income for SLDC is Rs. 1.66 Cr. For second half, the Petitioner has estimated Rs. 0.83 Cr. as non-tariff income for second half of FY 2013-14 and thus, requests the Hon'ble Commission to approve Ra. 2.49 Cr. (Rs. 1.66 Cr. + 0.83 Cr.) as non-tariff income for SLDC.

8.14. Revenue from Open Access Consumers

8.14.1. The Petitioner submits to the Hon'ble Commission that for the first half of FY 2013-14 (April'13 to September'13) it has received Rs. 3.44 Cr. as operating charges from open access customers. For the second half of the year, the Petitioner projects Rs. 1.72 Cr. as transmission charges from Open Access customers. Thus, the total operating charges from Open Access consumers for FY 2013-14 are estimated for FY 2013-14 to be Rs. 5.16 Cr.

8.15. Annual Revenue Requirement for FY 2013-14 for SLDC

8.15.1. The following table summarizes the aggregate revenue required for SLDC for FY 2013-14 as per the PSERC Tariff Regulations 2005 and its subsequent amendments:

Table 121: Annual Revenue Requirement (ARR) for FY 2013-14 for SLDC

All figures in Rs. Cr.

S. No.	Aggregate Revenue Requirement	Projected as per previous petition	Approved by Hon'ble Commission	Revised Estimates
1.	Salary and other expenses	9.06	3.82	7.02
2.	R&M Expenses	8.16	0.29	2.56
3.	A&G Expenses	2.11	0.05	1.52
4.	ULDC Charges	31.40	27.40	15.12
5.	Interest & Finance Charges	2.57	0.97	0.51
6.	Interest on Working Capital	2.16	0.60	1.00
7.	Return on Equity	-	-	-
8.	Depreciation	1.35	0.57	0.93
9.	Total Fixed Charges (Total Revenue Requirement)	58.30	33.70	28.66
10.	Less: Non Tariff Income	0.02	0.00	2.49
11.	Net Fixed Charges (Aggregate Revenue Requirement)	58.28	33.70	26.18
12.	Operating Charges from Open Access Customers	NA	NA	5.16
	Net Fixed Charges (Aggregate Revenue Requirement)	NA	NA	21.02

8.15.2. The Petitioner thus requests the Hon'ble Commission to allow the ARR of Rs. 21.02 Cr. for FY 2013-14 for SLDC.

8.16. Revenue Surplus / (Gap) for SLDC

8.16.1. The following tables computes the Revenue Surplus / (Gap) for SLDC for FY 2013-14 based on the total actual fixed costs incurred and the revenue earned by the Petitioner:

Table 122: Revenue Surplus / (Gap) for FY 2013-14 for SLDC

All figures in Rs. Cr.

S. No.	Aggregate Revenue Requirement	FY 2013-14
1.	Total Fixed Charges (Total Revenue Requirement)	28.66
2.	Less: Non Tariff Income	2.49
3.	Less: Revenue from OA	5.16
4.	Fixed Charges (Aggregate Revenue Requirement)	21.02
5.	ARR approved by Hon'ble Commission in previous tariff order (Including revenue from Open Access consumers)	33.70
	Revenue surplus / (gap)	12.68

8.16.2. Thus the Petitioner submits that it has a revenue surplus of Rs. 12.68 Cr. and thus requests the Hon'ble Commission to allow the same for SLDC.

8.17. Revenue Surplus / (Gap) for PSTCL (STU+SLDC) as a whole for FY 2013-14

8.17.1. The following tables computes the Revenue Surplus / (Gap) for PSTCL (STU+SLDC) as a whole for FY 2013-14 based on the revised ARR estimated by the Petitioner:

Table 123: Revenue Surplus / (Gap) for FY 2013-14 for PSTCL (STU+SLDC)

All figures in Rs. Cr.

S. No.	Aggregate Revenue Requirement	STU	SLDC	PSTCL	
1.	Total Fixed Charges (Total Revenue Requirement)	1,023.92	28.66		1,052.58
2.	Add: Balance Income Tax (Ref Section 7.17.8)	50.68		50.68	(7.81)
	Less: Non Tariff Income	8.41	2.49	10.90	
	Less: Income from Open Access	42.43	5.16	47.59	
3.	Fixed Charges (Aggregate Revenue Requirement)	1,023.76	21.02		1,044.78
4.	ARR approved by Hon'ble Commission in previous tariff order (Including revenue from Open Access consumers and gap of previous years along with carrying costs)	1,235.94	33.70		1,269.64
5.	Revenue surplus / (gap)	212.18	12.68		224.86

8.17.2. Thus the Petitioner has a revenue surplus of Rs. 224.86. Cr., for PSTCL (STU+SLDC), as a whole.

PROJECTION OF ARR FOR FY 2014-15

9. PROJECTION OF ARR FOR FY 2014-15 FOR TRANSMISSION FUNCTION

9.1. Background

- 9.1.1. The Petitioner submits that this section corresponds to the projection of Annual Revenue Requirement for transmission function (STU) of PSTCL for FY 2014-15.
- 9.1.2. The Petitioner submits that it has projected various components of ARR for FY 2014-15 on the basis of revised projections for FY 2013-14, provisional data of FY 2012-13, actual data for FY 2011-12, other past trends, regulatory norms and activities that are planned and programmed to be taken up during FY 2014-15.
- 9.1.3. The Petitioner submits that it has prepared this Petition on the basis of PSERC (Terms and Conditions for Determination of Tariff) Regulations, 2005 and its subsequent amendments thereof.

9.2. Description of the Transmission System

- 9.2.1. The Petitioner submits that the transmission system estimated by PSTCL as on 31st March 2015 is as given below:

Table 124: Projected Transmission system of PSTCL during FY 2014-15

S. No.	Particulars	Opening (As on - 1.04.2014)	Projected Addition during FY 2014-15	Closing (As on 31.03.2015)
Transmission Lines (Circuit km)				
4.	400 kV			
	Single Conductor	-	-	-
	Double Conductor	567.75	63.00	630.75
	Sub – Total	567.75	63.00	630.75
5.	220 kV			
	Single Conductor	1,838.68	18.00	1,856.68
	Double Conductor	3,769.12	619.00	4,388.12
	Sub – Total	5,607.80	637.00	6,244.80
6.	132 KV			
	Single Conductor	2,316.10	-	2,316.10
	Double Conductor	796.10	-	796.10
	Sub - Total	3,112.20	-	3,112.20
	Grand Total	9,287.74	700.00	9,987.74
Substations (Nos.)				

S. No.	Particulars	Opening (As on - 1.04.2014)	Projected Addition during FY 2014-15	Closing (As on 31.03.2015)
4.	400 kV	4	1	5
5.	220 kV	89	7	96
6.	132 kV	77	0	77
	Total	170	8	178
Transmission Substation Bays (Nos.)				
5.	400 kV	18	4	22
6.	220 kV	464	47	511
7.	132 kV	442	4	446
8.	66 kV	521	10	531
	Total	1445	65	1510

9.2.2. As provided in the table given above, the Petitioner submits that it is planning to add 700 Circuit km of Transmission Lines, 8 substations and 65 bays during FY 2014-15.

9.2.3. The Petitioner submits that the total estimated substation capacity as on 31st March 2014 is 29,196.17 MVA. Petitioner submits to the Hon'ble Commission that based on the planned capacity addition for FY 2014-15, it is expected that during the year, PSTCL would add 3,652.50 MVA of substation capacity and thus at the end of FY 2014-15 (31st March 2015), cumulative substation capacity is expected to be 32,848.67 MVA.

Table 125: Projected substation capacity for FY 2014-15 (MVA)

S. No.	Particulars	Estimated Capacity as on 1 st April 2014 (Estimated)	Projected addition during the year	Capacity as on 31 st March 2015
1.	Substation Capacity	29,196.17	3,652.50	32,848.67

9.3. Transmission system capacity

9.3.1. The Petitioner submits that as per the generation capacity addition plan as well as the power purchase plan from Central sector and other sources, it has derived the generation capacity of the State transmission system for FY 2014-15. Detailed source-wise transmission capacity is as provided below:

Name of Project	As on 31 st March 2015 (Projected)
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	Gross Installed Capacity / Share (MW)	Net Installed Capacity / Net Share (MW)
GNDTP, Bathinda	440	392
GGSSTP, Ropar	1,260	1,153
GHTP, Lehra Mohabbat (Unit # 1 & 2) (Stage-I)	420	384
GHTP, Lehra Mohabbat (Unit # 3 & 4) (Stage-II)	500	458
TOTAL THERMAL	2,620	2,386
Shanan	110	109
UBDC-I	45	45
UBDC-II	46.5	46
**RSPP	600	
Less 20% J&K and 4.6% HP share from RSD	(148)	
Net RSD share of Punjab	452	451
ASHP	134	133
MHP-1&2	90	90
MHP-3&4	117	117
MHP Total	207	207
TOTAL HYDRO	995	991
TOTAL(HYDRO+THERMAL)	3,615	3,377
NRSE Projects	469	421
Micro Hydel	6	6
Total Installed Capacity within the State	4,089	3,804
Central Sector Allocations		
Singrauli	200	178.73
Rihand-I	110	96.98
Rihand-II	102	91.89
Rihand-III	41	37.24
Anta(G)	49	45.78
Auraiya(G)	83	77.58
Dadri(G)	132	123.34
Unchahar-I	36	31.56
Unchahar-II	60	52.59
Unchahar-III	17	14.91
Farakha	22	19.94
Kahalgaoon-I	51	44.71
Kahalgaoon-II	120	108.37
Bairasul	84	79.84

Name of Project	As on 31 st March 2015 (Projected)	
	Gross Installed Capacity / Share (MW)	Net Installed Capacity / Net Share (MW)
Salal	184	175.07
Nathpa Jhakri HPS	152	144.65
Tehri Stage-I (4 Units)	77	73.45
Tanakpur	17	16.08
Chamera-I	55	52.43
Chamera-II	30	28.56
Chamera – III	18	17.28
Uri	66	62.83
Dhauliganga	28	36.65
Dulhasti	32	30.74
SEWA-II	10	9.53
NAPS	51	43.98
RAPP#3&4	100	86.24
RAPP(#5 & 6)	46	39.50
Koteshwar HEP (Unit I)	6	6.07
Durgapur DVC TPS	200	179.54
Pragati III (Bawana) PPCL	137	128.13
Sasan	93	89.61
MUNDRA Ultra mega project	475	457.66
MALANA – 2 (PTC)	86	82.03
Indira Gandhi STPS Jhajjar (Unit-I) Non Firm: unallocated	2	1.81
Tala (Non-Firm: unallocated)	30	28.60
Total Central Sector	3,003	2,784
BBMB	1,163	1,115
Generation capacity of other plants		
Uri-II HEP	39	37.39
Koldam HEP	111	106.41
Pragati-III (Bawana)PPCL	150	140.19
Parbati-III HEP	80	76.69
Tiesta-III	340	325.95
Sasan Ultra Mega TPS	558.36	537.98
Nagarjuna Udipi TPP (UPCL)	120	106.95
Rampur HEP	42	40.26
Budhil HEP	70	67.11
Raghunathpura TPS (DVC)	300	267.37

Name of Project	As on 31 st March 2015 (Projected)	
	Gross Installed Capacity / Share (MW)	Net Installed Capacity / Net Share (MW)
Rajpura TPS	1,320	1,254
Talwandi Sabo TPS	1,860	1,767
Goindwal Sahib TPS	540	499.50
Mukerian Hydel Project Stage-II	18	17.91
Total	5,548.36	5,244.72
Grand Total	13,803.36	12,946.72

9.4. Transmission System Availability

9.4.1. The Petitioner submits that considering the historical availability of transmission system, it is quite evident that the company has consistently maintained the Transmission System Availability well above 99%. In FY 2014-15 as well, the Petitioner will put its best efforts to maintain the Transmission System Availability at comparable levels. PSTCL prays to the Hon'ble Commission to incentivize the performance of PSTCL, while considering the true-up of ARR for FY 2014-15.

9.5. Transmission Losses

9.5.1. As mentioned in the Section 3.5.2 in the true up section of FY 2011-12, the Petitioner submits that the process of energy metering is still in progress and is expected to be completed by 31st December 2013. Subsequent to that, the Petitioner would be in a position to accurately measure the transmission losses. Thus, the Petitioner submits that the actual transmission losses would be submitted during the review and subsequent true-up of the ARR of FY 2014-15 in the future years.

9.5.2. In view of the above, the Petitioner prays to the Hon'ble Commission to approve the transmission losses of 4.5%, as submitted in previous petitions of PSTCL.

9.6. Capital Expenditure Plan for Transmission Function

9.6.1. Introduction

9.6.2. The Petitioner has submitted the Capital Investment Plan to be taken up during the second half of FY 2013-14 under Section 7.6. The Petitioner now, in this section is submitting the investments required to be done during FY 2014-15 for the existing schemes which are already in progress and the new schemes which are being planned to be taken up during this financial year.

9.6.3. Following sections explains the progress of various undergoing schemes as well as description of various schemes which are being planned to be undertaken during FY 2014-15.

9.6.4. **400 kV transmission works**

Talwandi Sabo Thermal Power Project

- (a) As already discussed in section 7.6.2, the Petitioner submits that this project is already in progress and during first half of FY 2013-14, an investment of Rs. 68.86 Cr. has been made and during the second half of FY 2013-14, Rs. 160 Cr. has been planned to be invested. During FY 2014-15, PSTCL has planned to invest Rs. 130.00 Cr. The project is expected to be completed during FY 2014-15 and the remaining works amounting to around Rs. 549.80 Cr. would be converted / transferred to GFA during the said financial year. Following table provides a brief snapshot of the financial progress projected during FY 2014-15.

Table 126: Financial Progress of Talwandi Sabo Thermal Power Project – Substations and Lines

All figures in Rs. Cr.

Sr. No.	Particulars	Investment made during the period	Closing CWIP	Transferred to asset during the period	Net Closing CWIP at the end of the period
1.	FY 2014-15	130.00	549.80	549.80	0.00

Rajpura Thermal Power Project

- (b) As already discussed in section 7.6.2, the Petitioner submits that this project is already in progress and during first half of FY 2013-14, an investment of Rs. 53.58 Cr. has been made and during the second half of FY 2013-14, Rs. 80 Cr. has been planned to be invested. During FY 2014-15, PSTCL has planned to invest Rs. 60.00 Cr. The project is expected to be completed during FY 2014-15 and the remaining works amounting to around Rs. 168.96 Cr. would be converted / transferred to GFA during the said financial year. Following table provides a brief snapshot of the financial progress projected during FY 2014-15:

Table 127: Financial Progress of Rajpura Thermal Power Project – Substations and Lines

All figures in Rs. Cr.

Sr. No.	Particulars	Investment made during the period	Closing CWIP	Transferred to asset during the period	Net Closing CWIP at the end of the period
1.	FY 2014-15	60.00	168.96	168.96	0.00

Other 400 kV Works

- (c) The work on the following 400kV works will be taken up during 2014-15:

Sr. No.	Name of Work	Anticipated Cost (Amt. In Crores)
1.	400kV Rajpura-Rajpura TPS (Addl.Ckt.).	20.29
2.	LILO of 2 nd ckt. of 400kV Talwandi-400kV Nakodar at PGCIL Moga.	14.88
3.	400kV S/Stn. Amloh 2x500MVA, 400/220kV.	56.00
4.	400kV Dhuri-400kV Amloh line.	67.65
5.	400kV Amloh to 400kV Doraha DC line.	54.12
6.	400kV Doraha 2x500MVA 400/220kV.	56.00
7.	LILO of 400kV Nakodar-400kV Rajpura at 400kV Doraha.	20.29
	Total	289.23

- (d) The anticipated cost of these works is around Rs. 289.23 Crores and expenditure of around Rs. 50 Crores will be incurred during 2014-15. Following table provides a brief snapshot of the financial progress projected during FY 2014-15:

Table 128: Financial Progress of other 400 kV works

All figures in Rs. Cr.

Sr. No.	Particulars	Investment made during the period	Closing CWIP	Transferred to asset during the period	Net Closing CWIP at the end of the period
1.	FY 2014-15	50.00	50.00	0.00	50.00

9.6.5. 220 kV transmission works:

- (a) The Petitioner submits that in order to strengthen the transmission system of PSTCL, various 220 kV transmission work is in progress / planning. During first half of FY 2013-14, the Petitioner has invested Rs. 142.70 Cr. in these schemes and during second half, the Petitioner is planning to invest around Rs. 291.06 Cr. Now during FY 2014-15, the Petitioner has planned to invest Rs. 344.71 Cr. in various activities and Rs. 413.77 Cr. is expected to be converted to GFA. Following table provides a brief snapshot of the financial progress envisaged during FY 2014-15:

Table 129: Financial Progress of 220 kV Transmission Works

All figures in Rs. Cr.

Sr. No.	Particulars	Investment made during FY 2014-15	Closing CWIP	Transferred to asset during the period	CWIP As on 31.03.2015
1.	FY 2014-15	344.71	554.35	413.77	140.57

9.6.6. 132 kV transmission works:

- (b) The Petitioner submits that in order to strengthen the transmission system of PSTCL, various 132 kV transmission work is in progress / planning. During first

half of FY 2013-14, the Petitioner has invested Rs. 12.50 Cr. in these schemes. During the second half, the Petitioner is planning to invest around Rs. 27.90 Cr. Now during FY 2014-15, the Petitioner has planned to invest Rs. 36.06 Cr. in various activities and Rs. 53.90 Cr. is expected to be converted to GFA. Following table provides a brief snapshot of the financial progress envisaged during FY 2014-15:

Table 130: Financial Progress of 132 kV Transmission Works

All figures in Rs. Cr.

Sr. No.	Particulars	Investment made during the period	Closing CWIP	Transferred to asset during the period	Net Closing CWIP at the end of the period
1.	FY 2014-15	36.06	53.90	53.90	0.00

9.6.7. Details of the capitalization have been provided in Annexure 1 of Volume II of the Petition.

9.6.8. **Capex requirement for other works**

This section describes the requirement of capex during FY 2014-15.

(c) **Enterprises Resource Planning (ERP):**

As mentioned in section 7.6.5 , PSTCL has planned to introduce **Enterprises Resource Planning (ERP)** in order to have a comprehensive and integrated automation of all its functions thereby resulting in the efficient operations of the company. Out of the projected cost of Rs. 22 Cr, around Rs. 9.44 Cr is required to be invested during FY 2014-15.

(d) PSTCL will invest Rs. 15.00 Cr. for T&P items required for P&M and other activities.

9.6.9. **Summary:**

9.6.10. The detailed capital investment discussed in the aforementioned sections is summarised below as:

Table 131: Summary of proposed Capital Investment Plan for FY 2014-15 - STU

All figures in Rs. Cr.

Sr. No.	Particulars	Proposed Investment for FY 2014-15	Proposed Capitalization for FY 2014-15
1.	400 kV Transmission Works	240.00	718.76
2.	200 kV Transmission Works	344.71	413.77
3.	132 kV Transmission Works	36.06	53.90

Sr. No.	Particulars	Proposed Investment for FY 2014-15	Proposed Capitalization for FY 2014-15
4.	ERP and Others	24.44	15.00
5.	Total	645.21	1201.43

9.6.11. Thus, based on the above sections, the Petitioner humbly prays to the Hon'ble Commission to approve the Capital Investment of Rs. 645.21 Cr, and Capitalization of Rs. 1201.43 Cr. for FY 2014-15.

9.7. PSTCL Employee Strength (Transmission Function)

9.7.1. The Petitioner submits that during FY 2014-15, it is planning to recruit around 354 new employees for transmission function of PSTCL and 153 employees are expected to retire. Details of the employee for FY 2014-15 are as provided below:

Table 132: Projected Employee details for FY 2014-15 for STU

Particulars	Projected
Opening	3275
Addition	354
Retirement	153
Closing	3476
Average	3376

9.7.2. The Petitioner submits that as discussed in the previous sections, additional generation capacity is expected to be added during the subsequent years and thus there would be requirement of a robust transmission system to handle such capacity. Hence, it is imperative that there would be requirement of the additional manpower to efficiently maintain the transmission system of the state.

9.7.3. However, it is also submitted that the projected employees of 3,476 for FY 2014-15 are on the lower side as compared to the employee requirement for FY 2014-15 as per the staffing norms for Operation & Maintenance of 132 kV, 220 kV & 400 kV sub stations as discussed in Section 3.6.8 of the Petition.

9.7.4. On applying the staffing norms discussed in previous sections, on the average number of 132 kV, 220 kV & 400 kV substations for FY 2014-15, the total number of staff for O&M for substation comes out to be 3635. Detailed computation of the same has been provided below:

Table 133: Calculation of manpower based on the staffing norms for substation

S. No.	Particulars	132 kV	220 kV	400 Kv
1	Manpower Norms per substation	18	23	22

S. No.	Particulars	132 kV	220 kV	400 Kv
2	Average substations during the year	77	93	5
3	Total Manpower Requirement	1,386	2,139	110
4	Grand Total	3635		

9.7.5. Similarly, there would be requirement of line maintenance staff for the transmission lines of PSTCL at different voltage levels. Taking the industry best practice norms of strength of 18 staff for line maintenance of 350 ckt km, total manpower required for line maintenance for PSTCL for FY 2014-15 comes out to be 496. Detailed computation of the same has been provided below:

Table 134: Calculation of manpower based on the staffing norms for Transmission lines

S. No.	Particulars	132 kV	220 kV	400 kV
1	Manpower Norms per 350 ckt km	18	18	18
2	Average transmission lines during the year (ckt km)	3,112.20	5,926.30	599.25
3	Total average transmission lines	9,637.74		
4	Total Manpower Requirement	496		

9.7.6. Thus, there would be requirement of 4131 employees (3635 + 496) just for maintenance activities which is around 18.19% more than the projected employee strength of 3,476 for FY 2014-15. In addition to that, there would be additional manpower requirement for other functions like Projects, Corporate, Planning, establishment, accounting, finance, testing, etc. Thus, the projected employee strength of PSTCL is quite less as compared to that required considering the proposed transmission network of the state and hence it could be easily inferred that the utility is understaffed.

9.7.7. In view of the above, the Petitioner would humbly request the Hon'ble Commission to allow the estimated employee strength of 3,476 for FY 2014-15.

9.8. Employee Cost (Salary and other expenses)

9.8.1. In order to project the salary and other expense for FY 2014-15, the Petitioner has taken recourse to the PSERC (Terms and Conditions for Determination of Tariff), Second Amendment, Regulations 2012 and the methodology as discussed in the Section 7.8 of the review of ARR for transmission function of PSTCL for FY 2013-14.

9.8.2. Thus, while projecting the Employee cost for FY 2014-15, the Petitioner had considered the base employee cost estimated for FY 2013-14. As per the recent increase in DA stipulated by the Central and State Government, the DA has been increasing in the range of 15-20% per annum in the past 2-3 years which is much higher than the WPI for recent years. Accordingly, the Petitioner while projecting the expenses for FY 2014-15 has considered

the DA as per the estimated increase in January 2014 & July 2014 and also considered the annual increment to be granted to existing employees. Further, the salary expenses of the new recruitment have also been estimated according to their pay scales.

9.8.3. As mentioned in section 7.8.8, the DA is an obligation for the PSTCL towards its employees and cannot be linked to the WPI. As per the recent increases in DA stipulated by the Central and State Government, the DA has been increasing in the range of 15-20% p.a. in the past 2-3 years which is much higher than the WPI of 5.49%. Accordingly, the Petitioner, for the projection of FY 2014-15, has proposed the computation of DA increase in January and July every year and linked the same to the base salary of FY 2014-15.

9.8.4. In view of the above, the employee cost has been projected as follows

Table 135: Projected salary and other expenses for FY 2014-15 - STU

All figures in Rs. Cr.

S. No.	Salary and Other Employee Expenses	Amount
1	Salaries	90.73
2	Overtime	3.30
3	Dearness Allowance	85.63
4	Other Allowances	19.28
6	Sub Total	198.93
7	Medical Expenses reimbursement	1.23
8	Leave Travel Assistance/Concession	0.03
9	Payment under Workmen Compensation Act	0.16
10	Sub Total [7+8+9]	1.41
11	Electricity Concession to PSTCL Employees	2.40
12	Staff Welfare Expenses	0.36
13	Sub Total	2.75
14	Total Salary and Other Employee Expenses	203.10
15	Less: Employee costs capitalized	55.54
16	Net Salary and Other Employee Expenses	147.57

9.8.5. Thus, the Petitioner requests the Hon'ble Commission to approve Rs. 147.57 Cr. as salary and other expenses for FY 2014-15.

9.9. Terminal Benefits

9.9.1. The Petitioner submits that for FY 2014-15, the Terminal Benefits have been computed as

follows:

- (e) The Petitioner submits that the first amendment of Transfer Scheme notified by Government of Punjab on 24th December 2012, vide notification number 1/4/04-

EB (PR)/620 is as under:-

“(8-A) The funding of the Terminal Benefit Trusts in respect of pension, gratuity and leave encashment of the personnel, shall be a charge on the tariff of Powercom and Transco, respectively, on yearly basis, as may be decided by the Punjab State Electricity Regulatory Commission....

.....

.....

(10-A) Notwithstanding anything contained in sub clauses (4), (7), (8), (9) and (10), - 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 01st 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. Thus, funding, shall continue even after the absorption of personnel in Transco and the trust shall be administered jointly by 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 16th April, 2010 to 31st March, 2014, shall be shared by the Powercom and Transco, in the ratio of 88.64:11.36 on yearly basis.

(10-B) 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 the 16th April, 2010, and the same shall be funded over a period of ten years commencing on and with effect from the 01st April 2013, along with 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.

(10-C) The Powercom and Transco, shall be liable to pay Interest, as applicable to General Provident Fund from time to time, on the net accruals (on monthly basis) of the General Provident Fund amount on and with effect from the 16th April 2010, to the date of issuance of this notification, and thereafter all the General Provident Fund matters, shall be settled through Trust.

(10-D) Until otherwise directed by the State Government, the Powercom and Transco shall maintain common Trust for pension, gratuity and other terminal benefit liabilities and General Provident Fund, instead of individual trusts for each of the companies and all the contributions shall be made to such Trusts in the aforesaid manner.”

With reference to the above, the terminal liability as per the actuarial valuation, got conducted by PSPCL for pension, gratuity & leave encashment for the employees recruited up to 16.04.2010 and pensioners including family pensioners, computes to Rs. 16,183.45 Cr. This amount has to be funded in 15 years by PSPCL and PSTCL in the ratio of 88.64%:11.36%. Thus, per year pension, gratuity & leave encashment computes to Rs. 1,078.90 Cr. After deducting the interest of Rs. 48.55 Cr. (At the rate of 9%), net pension, gratuity & leave encashment computes to Rs. 1,030.35 Cr. Out of this PSTCL share (11.36%) comes out to Rs. 117.05 Cr.

- (f) It is also submitted that as per the actuarial valuation got conducted by PSPCL, total expected pay out during FY 2014-15 on account of pension, gratuity and leave for PSPCL and PSTCL computes together to be Rs. 1,638.62 Cr. Out of this PSTCL share (11.36%) comes out to be Rs. 186.15 Cr.
- (g) It is submitted that PSTCL is a Company incorporated under the provisions of the Companies Act, 1956. The payment under the gratuity Act, 1972 is applicable to PSTCL. PSTCL is not an organisation exempted under the Payment of Gratuity Act. The employees recruited by PSTCL other than those who were transferred on reorganisation of the erstwhile Punjab State Electricity Board under the provisions of the Electricity Act, 2003 read with the Transfer Scheme Rules notified by the Government of Punjab and covered under the erstwhile Pension Scheme applicable to PSEB employees are outside the PSEB Pension Scheme. Such directly recruited employees of PSTCL are to be covered under the Gratuity Scheme provided under the payment of the Gratuity Act, 1972. The Punjab civil Services Rule which was made applicable to PSEB and which Rules have been adopted by PSTCL cannot override the requirements of the provisions of the payment of Gratuity Act particularly when it has been decided (by the Punjab authorities) that the new recruits will not be governed by the existing Pension Scheme and they are to be covered as per the New Pension Scheme. It is, therefore, necessary for PSTCL to have a Gratuity Contribution for the employees in terms of the provisions of the payment of Gratuity Act, 1972.
- (h) The Petitioner submits that employees recruited after 16.4.2010 is covered under New Pension Scheme (NPS). Pension liability in respect of these employees is provided as per provision of NPS on monthly basis. Liability in respect of other benefits such as earned leaves is covered under CCS (leave rules) and the medical benefits are covered under Medical Attendant Allowance Rule 1954. Hence, the

benefit of leave salary and leave encashment will be available to the employees covered under NPS Scheme.

- (i) It is submitted that PSTCL is taking steps to create trust for other terminal benefits such as gratuity and leave encashment of the employees. The whole exercise involves various steps like formation of trust with due registration, funding of trust based on Actual valuation by an actuary, management of trust as per the Trust Deed and Trust Regulations, investment of Trust Fund as per the pattern of Ministry of Finance.
- (j) The Petitioner submits that the trust deeds and trust rules have already been drafted for registration recognition seeking exclusion / exemption from the respective authorities.
- (k) The Petitioner submits that since it has not paid any terminal liability for new employees hired after 16th April 2010, whole liability for new employees would be paid out in FY 2014-15.
- (l) It is also submitted that as per the actuarial valuation for terminal benefits estimated for new employees of PSTCL after 16.04.10, the terminal liabilities as on 31st March 2015 is as given below:

Table 136: Terminal Benefits for new Employees - PSTCL

All figures in Rs. Cr.

Benefit	As on 31.03.2015
Gratuity	0.91
Leave encashment	1.87
Total	2.78

- (m) Thus, the Petitioner requests the Hon'ble Commission to allow Rs. 2.78 Cr. as terminal benefits for new employees of PSTCL.
- (n) Total terminal liabilities for PSTCL for FY 2014-15 is summarised below as:

Table 137: Total Terminal Benefits for FY 2014-15 - PSTCL

All figures in Rs. Cr.

Particulars	Amounts
Progressive Funding	117.05
Actual payouts for FY 2014-15	186.15
Terminal Benefits for new employees	2.78
Total	305.97

- (o) The Petitioner thereby humbly prays to the Hon'ble Commission to approve Rs.

305.97 Cr. as terminal benefits for FY 2014-15.

9.10. Repair & Maintenance (R&M) Expenses

- 9.10.1. The Petitioner submits that as per the PSERC (Terms and Conditions for Determination of tariff), Second Amendment, Regulations, 2012, the R&M expenses for FY 2014-15 shall be computed by projecting the base R&M expenses of FY 2011-12 as per the annual accounts.
- 9.10.2. However, the Petitioner submits that the linking of R&M expenses to WPI at base year of FY 2011-12 will not give the fair depiction of R&M expenditure requirements of future years, when the Petitioner being a newly incorporated entity focused more on stabilization and also didn't have funds and staff to take up major works on R&M. Moreover, the actual R&M is lower than the R&M allowed by the Commission in its previous Tariff Orders. Therefore, in order to project R&M expenses for FY 2014-15, the Petitioner has considered the R&M expenses estimated for FY 2013-14 (based on half yearly actual and half yearly estimated) as well as the asset addition during the year.
- 9.10.3. The Petitioner also requests the Hon'ble Commission to allow the R&M expenses for FY 2014-15 by applying an increment of 10% over base of FY 2013-14 instead of the latest available WPI of 5.49% (As per the first six months of FY 2013-14) as applying WPI over expenses of FY 2013-14 would highly undermine the expenses thereby resulting in the loss to the utility. Based on the above estimation, R&M expenses projected during FY 2014-15 comes out to be to be Rs. 58.34 Cr.
- 9.10.4. In addition to this, the Petitioner has also computed the additional R&M expenses of Rs. 4.71 Cr. on account of additional capitalization proposed during the year. Detailed computation of the same is given below:

Table 138: R&M expenses on account of additional Capitalization during FY 2014-15

All figures in Rs. Cr.

Particulars	Details
Opening GFA for FY 2014-15	7434.44
Base R&M expenses for FY 2014-15	58.34
R&M expenses as a percentage of opening assets	0.78%
Proposed Capitalization during FY 2014-15	1201.43
R&M expense on account of additional capitalization	4.71

- 9.10.5. The Petitioner has also considered the capitalization of R&M expenses to be Rs. 1.73 Cr. In view of all the above, the Petitioner considered net R&M expenses of Rs. 61.33 Cr. for FY 2014-15. Detailed R&M expenses has been given below:

Table 139: Projected R&M expenses for FY 2014-15 - STU

All figures in Rs. Cr.

S. No.	Particulars	Total
1	Plant and Machinery	51.40
2	Buildings	3.97
3	Civil Works	0.85
4	Lines Cable & Net Work etc.	0.99
5	Vehicles	1.13
6	Furniture and Fixtures	-
7	Office Equipment	0.00
	Sub Total	58.34
8	Add: Expense on account of addition in GFA	4.71
	Total	63.06
9	Less : Expenses Capitalized	1.73
	R&M expenses	61.33
10	Add: Prior Period Adjustments	-
	Net R&M Expenses	61.33

9.10.6. Thus, the Petitioner requests the Hon'ble Commission to approve Rs. 61.33 Cr. as R&M expenses for FY 2014-15.

9.11. Administrative & General (A&G) Expenses

9.11.1. For projecting the A&G expenses for FY 2014-15, the Petitioner would like to state that the actual A&G expenses as reported in the annual accounts for FY 2011-12 are only Rs. 15.97 Cr. Estimated A&G expenses have increased more than the WPI, as many of the A&G expenses like payment on account of outsourcing of activities due to shortage of regular staff, security expenses of substations and stores etc which were included majorly afterward FY 2011-12. Thus, projecting the A&G expenses based on the WPI norms with a base of FY 2011-12 would not include the impact of such uncontrollable expenses occurring from FY 2012-13 onwards and hence the projected A&G expenses would be highly underestimated resulting in the loss to the utility.

9.11.2. In view of the above, the Petitioner submits that the A&G expenses should be allowed as per the estimated expenditure. Therefore, the Petitioner requests the Commission to consider the A&G expenses for FY 2014-15 after applying an increment on the A&G expenses of FY 2013-14 as the base. The Petitioner also requests the Hon'ble Commission to allow the A&G expenses for FY 2014-15 by applying an increment of 10% over base of FY 2013-14 instead of the latest available WPI of 5.49% (As per the first six months of FY 2013-14) as applying WPI over expenses of FY 2013-14 would highly undermine the expenses thereby resulting in the loss to the utility.

9.11.3. In view of the above, the Petitioner has projected A&G expenses for FY 2014-15 as per the following:

- (p) Base A&G expenses for FY 2013-14 increased by 10% to arrive at the A&G expenses for FY 2014-15.

- (q) Additional A&G of Rs. 2.73 Cr. on account of asset addition during FY 2014-15.
- (r) Capitalization of A&G expenses of Rs. 5.96 Cr for FY 2014-15.

9.11.4. Detailed computation of additional A&G expenses on account of asset addition during FY 2014-15 has been provided below:

Table 140: A&G expenses on account of additional Capitalization during FY 2014-15

All figures in Rs. Cr.

S. No.	Particulars	Details
1	Opening Assets	7434.44
2	A&G expenses	33.80
3	A&G expenses as a percentage of Opening Fixed Assets	0.45%
4	Assets addition during the year	1201.43
5	A&G Expenses for assets added during the year	2.73

9.11.5. Thus, based on the above methodology, total A&G expenses comes out to be Rs. 30.59 Cr. details of which are given below:

Table 141: Projected A&G expenses for FY 2014-15 for STU

All figures in Rs. Cr.

S. No.	A&G Expenses	Amount
1	Rent, Rates & Taxes	0.35
2	Insurance	-
3	Telephone, Postage, Telegramme and Telex	0.58
4	Legal Charges	0.21
5	Audit Charges	0.27
6	Consultancy/Technical Charges	0.12
7	Conveyance & Travel Charges	7.71
8	Fees & Subscription	0.67
9	Books & Periodicals	0.01
10	Printing & Stationery	0.20
11	Advertisement/Publicity expenses	0.17
12	Electricity/Water Charges	2.62
13	Expenses on Training	0.11
14	Hospitality	0.01
15	Conference Expenses	0.04
16	Miscellaneous/Contingency Expenses	2.15
17	License fee	0.25
18	Payment to outsourced	14.18
19	Other Expenses	0.62
20	Annual Tariff Filing fee	0.25
21	Other Purchase related expenses	3.28
22	Sub Total	33.80
23	Add: Expenses on account of asset addition during FY 2014-15	2.73

S. No.	A&G Expenses	Amount
24	Gross Total	36.53
25	Administration & General capitalized	5.95
27	Net A&G Expenses	30.59

9.11.6. The Petitioner humbly requests the Hon'ble Commission to approve A&G expenses of Rs. 30.59 Cr. for FY 2014-15.

9.12. Depreciation Charges

9.12.1. As also mentioned in Section 3.12.4 of the True up Petition for FY 2010-11, the Petitioner submits that by adopting the depreciation policy followed by the Petitioner, there is no difference in the depreciation calculated as per the CERC Regulations, 2009 and calculated as per the books of the accounts. Accordingly, the Petitioner has requested the Hon'ble Commission to approve the depreciation charges as per the annual accounts for FY 2010-11 & FY 2011-12.

9.12.2. For computing the depreciation charges for FY 14-15, the Petitioner has used the methodology as discussed in Section 7.12.2

9.12.3. The depreciation for FY 2013-14 has been computed considering the projected depreciation of FY 13-14 and additional depreciation for six months for asset addition during FY 13-14 which is Rs. 41.63. and projected depreciation for six months for asset addition during FY 14-15 which is Rs. 137.84 Cr. Thus, the total depreciation computed for FY 14-15 comes to Rs. 239.44 Cr.

9.12.4. The Petitioner humbly requests the Hon'ble Commission to approve depreciation of Rs. 239.44 Cr. as projected for FY 2014-15 for transmission function.

9.13. Interest and Finance Charges

9.13.1. In order to compute the interest and finance charges for FY 2014-15, the petitioner has considered the methodology as adopted in the Section 7.13.4, while reviewing the interest charges for FY 2013-14.

9.13.2. As per the methodology, the Interest Charges would be on the following:

- (s) Existing loans as on 30th September 2013 as per the terms & conditions as well as the actual interest rate at which the corresponding loans have been availed.
- (t) Proposed Capital Expenditure of Rs. 573.96 Cr. and Rs. 645.21 Cr. to be incurred in second half of FY 2013-14 and FY 2014-15 which is proposed to be funded from REC at the interest rate of 12.50% per annum. Thus, the Interest Charges on the new loan addition comes out to be Rs. 112.07 Cr. respectively.
- (u) Capitalization of Interest Charges of Rs. 50.00 Cr.

9.13.3. Thus, as discussed above, the total interest charges for FY 2014-15 comes out to be Rs. 435.72 Cr. for FY 2014-15. Detailed source wise interest charges are given below:

Table 142: Interest on loans for STU for FY 2014-15

All figures in Rs. Cr.

Sr. No.	Particulars (Source)	Opening balance	Addition during the year	Repayment during the year	Closing balance	Amount of interest
1	OBC	97.37	-	28.60	68.77	9.97
2	SBOP,MTL	27.78	-	11.13	16.65	2.66
3	LIC	138.63	-	40.91	97.72	12.59
4	REC	2,145.86	-	107.14	2,038.72	254.95
5	PSPCL	718.58	-	99.12	619.46	77.17
6	GPF	197.58	-	21.95	175.63	16.31
7	Total	3,325.80	-	308.85	3,016.95	373.65
8	REC (New Loans on account of assets proposed to be added in FY 2013-14 (H2) and FY 2014-15)	573.96	645.21	-	1219.17	112.07
9	Grand Total	3899.76	645.21	308.85	4236.12	485.72
10	Less Capitalization					50.00
	Net Interest & Finance Charges					435.72

9.13.4. The Petitioner thereby requests the Hon'ble Commission to approve Rs. 435.72 Cr. as Interest Charges for FY 2014-15.

9.14. Diversion of Capital Funds

9.14.1. The Petitioner submits that in the previous tariff orders for approval of ARR for corresponding years had thus disallowed some proportion of interest charges on account of diversion of capital funds.

9.14.2. The Petitioner, in its appeal before the Hon'ble PSERC in its Review Petition No. 27 of 2013, had prayed that there was no diversion of fund and the amount deducted from the interest cost by the Hon'ble Commission should be allowed. However, the Hon'ble Commission in its order dated 22nd August 2013, rejected the Petitioner's submission and stated that

“Interest cost on the amount of diverted funds of Rs. 42.56 Cr. attributable to Government of Punjab had not been claimed by the utility in its ARR petition for FY 2013-14 or in any subsequent submission. Hence, interest cost was not allowed to the utility in the Tariff Order for FY 2013-14.

Interest on Diversion of Funds attributable to Government of Punjab will be considered during true-up based on Audited Annual Accounts of the utility”

- 9.14.3. In view of the above, the Petitioner submits to take a prudent view of the Review Order stated above and allow Interest on Diversion of Funds attributable to Government of Punjab based on the annual accounts submitted along with this petition.
- 9.14.4. However, the Petitioner reiterates that the PSTCL has been formed on 16th April 2010 and on that date there was no diversion of capital funds as per the opening balance sheet of PSTCL.

9.15. Interest on Working Capital

- 9.15.1. The Petitioner submits that for computation of Interest on Working Capital for FY 2014-15, it has taken recourse to the methodology as adopted as per the PSERC (Terms and Conditions for Determination of Tariff), Second Amendment, Regulations, 2012 as discussed in Section 3.15.2
- 9.15.2. Based on the above Regulation, the Petitioner has computed the working capital requirement for FY 2014-15 to be Rs. 353.54 Cr. for transmission function of PSTCL. In addition to that, SBI PLR as on 1st April 2013 comes out to be 14.45%. Accordingly, the Interest on Working Capital comes out to be Rs. 51.09 Cr. Detailed computation of the same is provided below:

Table 143: Interest on Working Capital for FY 2014-15 for STU

All figures in Rs. Cr.

S. No.	Interest on Working Capital	Revised Estimates (Petitioner's Submission)
1	Receivables equivalent to two months of fixed cost	226.26
2	Maintenance spares @ 15% of operation and maintenance expenses	81.82
3	Operation and maintenance expenses for one month	45.45
4	Total [1+2+3]	353.54
5	Rate of Interest	14.45%
6	Interest on Working Capital [4x5]	51.09

- 9.15.3. Thus, the Petitioner humbly requests the Hon'ble Commission to approve the Interest on Working Capital of Rs. 51.09 Cr. for FY 2014-15 for transmission function of PSTCL.

9.16. Return on Equity

- 9.16.1. In order to compute the Return on Equity for FY 2014-15, the petitioner has considered methodology as discussed in the sections 3.16.1 for True up of FY 2010-11.
- 9.16.2. In the projection for FY 2014-15, the Petitioner submits that since all the capital investment would be funded through institutional loans only, the Petitioner has considered the same

Equity base of Rs. 605.88 Cr. throughout the year.

9.16.3. Also, as mentioned in the Regulation 9 of the second amendment to the PSERC tariff regulations, the Rate of return shall be taken as 15.50%.

9.16.4. Thus, based on the above, the Petitioner has computed RoE to be Rs. 93.91 Cr. for FY 2014-15. The detailed computation has been provided below:

Table 144: Return on Equity projected for FY 2014-15 for STU

All figures in Rs. Cr.

S. No.	Particulars	Amount
1	Opening Equity	605.88
2	Equity addition during the year	-
3	Closing Equity [1+2]	605.88
4	Average Equity [(1+3)/2]	605.88
5	Rate of Return	15.50%
6	Tax Rate	0.00%
7	Adjusted Rate of return [5/(1-6)]	15.50%
8	RoE [4x7]	93.91

9.16.5. Hence, the Petitioner humbly requests the Hon'ble Commission to allow the RoE for FY 2014-15 to be Rs. 93.91 Cr.

9.17. Non Tariff Income

9.17.1. For FY 2014-15, the Petitioner submits has estimated the Non Tariff Income for STU as Rs. 8.05 Cr.

9.17.2. Thus, the Petitioner respectfully prays to the Hon'ble Commission to allow Rs. 8.05 Cr. as non-tariff income for FY 2014-15 for transmission function of PSTCL.

9.18. Annual Revenue Requirement

9.18.1. The following table summarizes the projected aggregate revenue required for FY 2014-15 for transmission function of PSTCL as per the PSERC Tariff Regulations 2005 and its subsequent amendments:

Table 145: Annual Revenue Requirement for FY 2014-15 for STU

All figures in Rs. Cr.

S. No.	Aggregate Revenue Requirement	FY 2014-15
1.	Salary and other expenses	147.57
2.	Terminal Benefits	305.97
3.	R&M Expenses	61.33

S. No.	Aggregate Revenue Requirement	FY 2014-15
4.	A&G Expenses	30.59
5.	ULDC Charges	-
6.	Interest & Finance Charges	435.72
7.	Interest on Working Capital	51.09
8.	Return on Equity	93.91
9.	Depreciation	239.44
10.	Total Fixed Charges (Total Revenue Requirement)	1365.62
11.	Less: Non Tariff Income	8.05
12.	Net Fixed Charges (Aggregate Revenue Requirement)	1357.58

9.18.2. The Petitioner thus requests the Hon'ble Commission to allow the ARR of Rs. 1357.58 Cr. for transmission function of PSTCL for FY 2014-15.

10. PROJECTION OF ARR FOR FY 2014-15 FOR SLDC FUNCTION

10.1. Background

- 10.1.1. The Petitioner submits that this section corresponds to the projection of Annual Revenue Requirement for SLDC function of PSTCL for FY 2014-15.
- 10.1.2. The Petitioner submits that it has projected various components of ARR for FY 2014-15 on the basis of revised projections for FY 2013-14, actual data for FY 2011-12, other past trends, regulatory norms and activities that are planned and programmed to be taken up during FY 2014-15.

10.2. Capital Investment Plan for SLDC function

10.2.1. RTUs addition/ replacement:

- (a) 22 Nos. RTUs have been planned and will be commissioned by Apr 2014. With commissioning of these RTUs, 90 substations shall be covered. For installing the RTUs Rs.3.3 Cr is expected to be incurred during 2014-15. SLDC/ PSTCL is going ahead with procurement of more RTUs to cover left out 132kV & new 220kV (if any) substations in PSTCL as well as replacement of old technology and/ or non-performing/ un-maintainable/ aged RTUs. The tender is being floated soon. This work is expected to be completed during 2014-15 and accordingly an amount of Rs. 10.00 cr shall be required during 2014-15.

10.2.2. Intrastate Boundary Metering cum Transmission Level Energy Audit Scheme:

- (c) Rs. 2.00 Cr. shall be required for remaining payments against supply/ commissioning of ordered equipment during 2014-15.

10.2.3. Voice Recording Cum Expert Message Management System

- (d) Purpose of Voice Recording is to record the conversation mainly between NRLDC & SLDC and SLDC & PSPCL/ PSTCL grid substations regarding grid management for network security.
- (e) To effectively control/manage the grid, the process of implementation of expert Message Management System through which messages shall be delivered by SLDC control centre to predetermined remote Grid Sub-stations/locations has been initiated and these messages shall be displayed on the screen at these locations.
- (f) Tentative expenditure towards expert Message Management System shall be around Rs 1.5 Cr during 2014-15.

10.2.4. Implementation of Islanding Scheme in Punjab

- (g) An Expert Committee constituted by GOI to enquire into the two major grid failure incidents occurred on 30th and 31st July, 2012 suggested to design islanding

scheme based on frequency sensing relays so that in case of imminent grid failure, electrical islands can be formed with the following objectives :-

- i. Prevention from total black out by avoiding effect of cascade tripping of the Power System.
 - ii. Fast restoration of supply to the affected areas.
 - iii. Supply to Important Loads/essential services i.e. Railways, Hospitals etc. shall be maintained or can be restored on priority.
- (h) Presently there is no islanding scheme in operation in Punjab. However, UFRs, df/dt relays have been installed on selected feeders to get desired load relief under critical grid conditions to help grid security. Punjab Islanding scheme as prepared by Punjab SLDC in consultation/after discussions with PGCIL/Protection wing & Thermal plants engineers have been approved by NRPC and is under review by CEA. Tentative expenditure to be incurred towards this scheme during 2014-15 is Rs 4.5 Cr.

10.2.5. Other Misc. Capex Requirements

The Petitioner submits that Rs. 0.10 Cr. is required for miscellaneous items i.e for computers, furniture and fixtures etc.

10.2.6. Thus, the Petitioner has estimated Capital expenditure of Rs. 21.40 Cr for its SLDC business for the FY 2014-15. Details of same are provided below as:

Table 146: Capital Expenditure and Capitalization proposed for SLDC for FY 2014-15

All figures in Rs. Cr.

S. No.	SLDC Capex	Capex	Capitalization
1	RTU addition / replacement	3.30	3.30
2	RTUs to cover left out 132kV & new 220kV substations	10.00	10.00
3	Intrastate Boundary Metering cum Transmission Level Energy Audit Scheme	2.00	2.00
4	Voice Recording Cum Expert Message Management System	1.50	1.50
5	Implementation of Islanding Scheme in Punjab	4.50	4.50
6	Other Miscellaneous Capex Requirements	0.10	0.10
7	Total	21.40	21.40

10.3. Employee Cost (Salary and other expenses)

10.3.1. In order to project the salary and other expense for SLDC function for FY 2014-15, the Petitioner has taken recourse to the methodology as discussed in the Section 7.8 of the

review of ARR for transmission function of PSTCL for FY 2013-14.

- 10.3.2. Thus, while projecting the Employee cost for FY 2014-15, the Petitioner had considered the base employee cost estimated for FY 2013-14. As per the recent increase in DA stipulated by the Central and State Government, the DA has been increasing in the range of 15-20% per annum in the past 2-3 years which is much higher than the WPI for recent years. Accordingly, the Petitioner while projecting the expenses for FY 2014-15 has considered the DA as per the estimated increase in January 2014 & July 2014 and also considered the annual increment to be granted to existing employees. Further, the salary expenses of the new recruitment have also been estimated according to their pay scales.
- 10.3.3. As mentioned in section 7.8.8, the DA is an obligation for the PSTCL towards its employees and cannot be linked to the WPI. As per the recent increases in DA stipulated by the Central and State Government, the DA has been increasing in the range of 15-20% p.a. in the past 2-3 years which is much higher than the WPI of 5.49% Accordingly, the Petitioner, for the projection of FY 2014-15, has proposed the computation of DA increase in January and July every year and linked the same to the base salary of FY 2014-15.
- 10.3.4. In view of the above, the employee cost has been projected as follows

Table 147: Projected salary and other expenses for FY 2014-15 - SLDC

All figures in Rs. Cr.

S. No.	Salary and Other Employee Expenses	Submitted in previous year petition
1	Salaries	4.17
3	Dearness Allowance	3.62
4	Other Allowances	0.70
6	Sub Total	8.49
7	Medical Expenses reimbursement	0.01
8	Leave Travel Assistance/Concession	0.01
10	Sub Total [7+8+9]	0.02
12	Staff Welfare Expenses	0.01
13	Sub Total	0.01
14	Total Salary and Other Employee Expenses	8.52

- 10.3.5. Thus, the Petitioner requests the Hon'ble Commission to approve Rs. 8.52 Cr. as salary and other expenses for FY 2014-15.

10.4. Terminal Benefits

- 10.4.1. The Petitioner submits that it has made no separate claim for the Terminal Benefits for SLDC function for FY 2014-15. The Petitioner had adopted similar approach while filing the review of ARR for FY 2013-14 and accordingly had not projected any terminal benefits for FY 2014-15 for SLDC function.

10.5. Repair & Maintenance (R&M) Expenses

- 10.5.1. The Petitioner submits that in order to project R&M expenses, it has followed the methodology adopted in Section 7.10.5 wherein the Petitioner submits that the linking of R&M expenses to WPI at base year of FY 2011-12 as per PSERC regulations will not give the fair depiction of R&M expenditure requirements of future years, when the Petitioner being a newly incorporated entity focused more on stabilization and also didn't have funds and staff to take up major works on R&M. Therefore, in order to project R&M expenses for FY 2014-15, the Petitioner has considered the R&M expenses based on the R&M expenses estimated for FY 2013-14 (based on half yearly actual and half yearly estimated) as well as the assets planned to be added during the year.
- 10.5.2. Based on the above, R&M expenses projected during FY 2014-15 comes out to be to be Rs. 3.31 Cr.
- 10.5.3. The Petitioner has also considered the additional R&M expenses of Rs. 1.84 Cr. based on the asset addition during the year. Detailed computation of the same is given below:

Table 148: R&M expenses on account of additional Capitalization during FY 2014-15

All figures in Rs. Cr.

Particulars	Details
Opening GFA for FY 2014-15	19.28
Base R&M expenses for FY 2014-15	3.31
R&M expenses as a percentage of opening assets	17.19%
Proposed Capitalization during FY 2014-15	21.40
R&M expense on account of additional capitalization	1.84

- 10.5.4. In view of the above, the R&M expenses for FY 2014-15 is projected as follows:

Table 149: Projected R&M Expenses for FY 2014-15 - SLDC

All figures in Rs. Cr.

S. No.	Particulars	Amount
1	Plant and Machinery	3.06
2	Buildings	0.04
3	Civil Works	-
4	Lines Cable & Net Work etc.	-
5	Vehicles	0.20
6	Furniture and Fixtures	-
7	Office Equipment	0.02
	Sub Total	3.31
8	R&M on account of asset addition	1.84
	Net R&M Expenses	5.15

10.6. Administrative & General (A&G) Expenses

- 10.6.1. For projecting the A&G expenses for FY 2014-15, the Petitioner submits that it has adopted the methodology followed as discussed in Section 9.11.1. The Petitioner would like to state that the actual A&G expenses as reported in the annual accounts for FY 2011-12 are only Rs. 0.56 Cr. Estimated A&G expenses have increased more than the WPI, as many of the A&G expenses like payment on account of outsourcing of activities due to shortage of regular staff, security expenses of substations and stores etc which were included majorly afterward FY 2011-12. Thus, projecting the A&G expenses based on the WPI norms with a base of FY 2011-12 would not include the impact of such uncontrollable expenses occurring from FY 2012-13 onwards and hence the projected A&G expenses would be highly underestimated resulting in the loss to the utility.
- 10.6.2. In view of the above, the Petitioner submits that the A&G expenses should be allowed as per the estimated expenditure. Therefore, the Petitioner requests the Commission to consider the A&G expenses for FY 2014-15 after applying an increment on the A&G expenses of FY 2013-14 as the base, as these expenses were computed based on the half yearly actual expenses for FY 2013-14 and that estimated during second half of FY 2013-14.
- 10.6.3. The Petitioner also requests the Hon'ble Commission to allow the A&G expenses for FY 2014-15 by applying an increment of 10% over base of FY 2013-14 instead of the latest available WPI of 5.49% (As per the first six months of FY 2013-14) as applying WPI over expenses of FY 2013-14 would highly undermine the expenses thereby resulting in the loss to the utility.
- 10.6.4. In view of the above, the Petitioner has projected A&G expenses for FY 2014-15 as per the following:
- (v) Base A&G expenses for FY 2013-14 with additional 10% to arrive at the A&G expenses for FY 2014-15 which comes to Rs. 1.67 Cr.
 - (w) Additional A&G Expenses of Rs. 0.93 Cr. on account of asset addition during FY 2014-15.
- 10.6.5. Detailed computation of additional A&G expenses on account of asset addition during FY 2014-15 has been provided below:

Table 150: A&G expenses on account of additional Capitalization during FY 2014-15

All figures in Rs. Cr.

S. No.	Particulars	Details
1	Opening Assets	19.28
2	A&G expenses	1.67
3	A&G expenses as a percentage of Opening Fixed Assets	8.66%
4	Assets addition during the year	21.40
5	A&G Expenses for assets added during the year	0.93

10.6.6. Thus, based on the above methodology, total A&G expenses comes out to be Rs. 2.60 Cr. details of which are given below:

Table 151: Projected A&G expenses for FY 2014-15 for SLDC

All figures in Rs. Cr.

S. No.	A&G Expenses	Amount
2	Insurance	0.03
3	Telephone, Postage, Telegramme and Telex	0.05
7	Conveyance & Travel Charges	0.18
8	Fees & Subscription	0.04
10	Printing & Stationery	0.01
11	Advertisement/Publicity expenses	0.01
12	Electricity/Water Charges	0.65
16	Miscellaneous/Contingency Expenses	0.13
18	Payment to outsourced	0.20
19	Other Expenses	0.38
22	Sub Total	1.67
23	Add: Expenses on account of asset addition during FY 2014-15	0.93
24	Gross Total	2.60

10.6.7. The Petitioner humbly requests the Hon'ble Commission to approve A&G expenses of Rs. 2.60 Cr. for FY 2014-15.

10.7. Depreciation Charges

10.7.1. As also mentioned in Section 9.12.1 of the projection of ARR for STU for FY 2014-15, the Petitioner submits that by adopting the depreciation policy, there is no difference in the depreciation calculated as per the CERC Regulations, 2009 and calculated as per the books of the accounts. Accordingly, the Petitioner has requested the Hon'ble Commission to approve the depreciation charges as per the annual accounts for FY 2010-11 & FY 2011-12.

10.7.2. For computing the depreciation charges for SLDC function for FY 2014-15, the Petitioner has used the methodology as discussed in Section 8.8.2

10.7.3. The depreciation for FY 2014-15 has been computed considering the projected depreciation of FY 13-14 and additional depreciation for six months for asset addition during FY 13-14 which is Rs. 0.36 Cr. and projected depreciation for six months for asset addition during FY 14-15 which is Rs. 0.57 Cr. Thus, the total depreciation computed for FY 14-15 comes to Rs. 1.86 Cr.

10.7.4. The Petitioner humbly requests the Hon'ble Commission to approve depreciation of

Rs. 1.86 Cr. as projected for FY 2014-15 for SLDC function.

10.8. Interest and Finance Charges

10.8.1. In order to compute the interest and finance charges for FY 2014-15 for SLDC, the petitioner has considered the methodology as adopted in the Section 7.13.4.

10.8.2. As per the methodology, the Interest Charges would be on the following:

- (a) Existing loans as on 30th September 2013 as per the terms & conditions as well as the actual interest rate at which the corresponding loans have been availed. Interest on such loans computes to Rs. 0.045 Cr.
- (b) Proposed Capital Expenditure of Rs. 13.53 Cr. and Rs. 21.40 Cr. to be incurred in second half of FY 2013-14 and FY 2014-15, respectively, which is proposed to be funded from REC at the interest rate of 12.50% per annum. Thus, the Interest Charges on the new loan addition comes out to be Rs. 3.03 Cr. respectively.

10.8.3. Thus, as discussed above, the total interest charges for FY 2014-15 comes out to be Rs. 3.12 Cr. for FY 2014-15. Detailed source wise interest charges are given below:

Table 152: Loan Schedule Interest on loans for SLDC for FY 2014-15

All figures in Rs. Cr.

Sr. No.	Particulars (Source)	Opening balance	Addition during the year	Repayment during the year	Closing balance	Amount of interest
1	REC	0.77	0.00	0.00	0.77	0.09
3	REC (New Loans on account of assets proposed to be added in FY 2013-14 (H2) and FY 2014-15)	13.53	21.40	0.00	34.93	3.03
5	Grand Total	14.30	21.40	0.00	35.70	3.12

10.8.4. The Petitioner thereby requests the Hon'ble Commission to approve Rs. 3.12 Cr. as Interest Charges for FY 2014-15

10.9. Interest on Working Capital

10.9.1. The Petitioner submits that for computation of Interest on Working Capital for FY 2014-15, it has taken recourse to the methodology as adopted as per the PSERC (Terms and Conditions for Determination of Tariff), Second Amendment, Regulations, 2012 as discussed in Section 3.15.2,

10.9.2. Based on the above regulation, the Petitioner has computed the working capital requirement for FY 2014-15 to be Rs. 10.51 Cr. for SLDC. In addition to that, SBI PLR as on 1st April

2013 comes out to be 14.45%. Accordingly, the Interest on Working Capital comes out to be Rs. 1.52 Cr. Detailed computation of the same is provided below:

Table 153: Interest on Working Capital for FY 2014-15 for SLDC

All figures in Rs. Cr.

S. No.	Interest on Working Capital	Projected (Petitioner's Submission)
1.	Receivables equivalent to two months of fixed cost	6.72
2.	Maintenance spares @ 15% of operation and maintenance expenses	2.44
3.	Operation and maintenance expenses for one month	1.36
4.	Total [1+2+3]	10.51
5.	Rate of Interest	14.45%
6.	Interest on Working Capital [4x5]	1.52

10.9.3. Thus, the Petitioner humbly requests the Hon'ble Commission to approve the Interest on Working Capital of Rs. 1.52 Cr. for FY 2014-15 for SLDC.

10.10. Return on Equity

10.10.1. The Petitioner submits that the Equity has not been segregated for STU and SLDC and thus for the purpose of computation of ARR, Return on Equity for whole of PSTCL has been considered for STU only.

10.10.2. Thus, the Petitioner is not claiming any RoE for SLDC for FY 2014-15.

10.11. ULDC Charges

10.11.1. For FY 2014-15, the Petitioner has projected the ULDC charges to be Rs. 17.61 cr. The Petitioner prays to the Hon'ble Commission to approve the same.

10.12. Non Tariff Income

10.12.1. For FY 2014-15, the Petitioner has estimated the Non-Tariff income of SLDC as as 0.05 Cr.

10.12.2. Thus, the Petitioner respectfully prays to the Hon'ble Commission to allow Rs. 0.05 Cr. as non-tariff income for FY 2014-15 for SLDC function of PSTCL.

10.13. Annual Revenue Requirement

10.13.1. The following table summarizes the projected aggregate revenue required for FY 2014-15 for SLDC function of PSTCL as per the PSERC Tariff Regulations 2005 and its subsequent amendments:

Table 154: Annual Revenue Requirement for FY 2014-15 for SLDC

All figures in Rs. Cr.

S. No.	Aggregate Revenue Requirement	FY 2014-15
1.	Salary and other expenses	8.52
2.	R&M Expenses	5.15
3.	A&G Expenses	2.60
4.	ULDC Charges	17.61
5.	Interest & Finance Charges	3.12
6.	Interest on Working Capital	1.52
7.	Return on Equity	-
8.	Depreciation	1.86
9.	Total Revenue Requirement	40.37
10.	Less: Non Tariff Income	0.05
11.	Net Revenue Requirement	40.32

10.13.2. The Petitioner thus requests the Hon'ble Commission to allow the ARR of Rs. 40.32 Cr. for SLDC.

10.14. Revenue requirement for PSTCL (STU+SLDC) as a whole for FY 2014-15 excluding revenue gap/ surplus and related carrying costs

10.14.1. The following tables computes the annual revenue requirement for PSTCL (STU+SLDC) as a whole for FY 2014-15 based on the ARR projected by the Petitioner:

Table 155: Revenue Requirement for FY 2014-15 for PSTCL (STU+SLDC) excluding revenue gap/ surplus and related carrying costs

All figures in Rs. Cr.

S. No.	Aggregate Revenue Requirement	STU	SLDC	PSTCL
1	Total Fixed Charges	1365.62	40.37	1405.99
2	Less: Non Tariff Income	8.05	0.05	8.10
3	Aggregate Revenue Requirement	1357.58	40.32	1397.90

11. TREATMENT OF OVERALL REVENUE GAP

11.1. Carrying Cost of Gaps

11.1.1. The Petitioner submits that the carrying cost is required to be allowed for late recovery of the revenue requirements as it compensates the utility for the revenue requirements that fell short of recovery but to be recovered in future. Further, the Regulation 11 of the PSERC Tariff Regulations 2005 and as amended from time to time provide for allowing carrying cost on regulatory asset created in case liquidation of entire revenue gap results in tariff shock for consumers. Further

“11. Regulatory Asset

In extraordinary circumstances, the Commission may allow creation of Regulatory Asset in case the Revenue Gap is very substantial and is on account of one-time factors beyond control of the generating company or the licensee and its full recovery in a single year will result in tariff shock for the consumers. The Regulatory Assets so created alongwith carrying cost shall be liquidated in maximum 3 years period immediately following the year in which it is created.”

1.1.2. The rate of interest for determination of carrying cost on regulatory assets is defined in the amendment to Tariff Regulations in 2005. The relevant addition to Regulation 3(1) of the old regulations is summarized below:

“A new definition shall be added as (b1) and the definition at (n) shall be substituted as under:

(b1) “Carrying Cost for Regulatory Asset” shall mean the interest on Regulatory Asset at the State Bank of India Advance Rate (SBAR) as on April 1 of the relevant year”;

11.1.2. In view of the above, the Petitioner submits that the detailed computation of cumulative revenue gap of previous years after adding the carrying cost is as given below:

Table 156: Computation of Cumulative Revenue Gap for PSTCL for FY 2014-15

All figures in Rs. Cr.

S. No.	Revenue Gap	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
1	Opening Revenue Gap	-	159.55	335.90	384.60	199.07
2	Revenue Gap for the Year	150.69	146.12	-	(224.86)	
3	Total Revenue Gap (1+2)	150.69	305.66	335.90	159.74	199.07
4	Rate of Interest	11.75%	13.00%	14.50%	14.45%	14.45%
5	Carrying Cost on Opening Revenue Gap	-	20.74	48.71	55.58	14.38
6	Carrying Cost on Revenue Gap for the year	8.85	9.50	-	(16.25)	-
7	Total Carrying Cost in Revenue Gap (5+6)	8.85	30.24	48.71	39.33	14.38
8	Total Revenue Gap (3+7)	159.55	335.90	384.60	199.07	213.46

11.1.3. Thus, the Petitioner humbly requests the Hon'ble Commission to approve the Cumulative revenue gap (From FY 2010-11 till FY 2014-15 except that of FY 2012-13) including carrying cost of Rs. 213.46.

11.1.4. Based on the above computed cumulative revenue gap, the adjusted ARR required for FY 2014-15 is as given below:

Table 157: Adjusted Revenue Requirement for PSTCL for FY 2014-15

All figures in Rs. Cr.

S. No.	Aggregate Revenue Requirement	PSTCL
1.	Total Fixed Charges for STU	1,357.58
2.	Total Fixed Charges for SLDC	40.32
3.	Total Fixed Charges for PSTCL	1,397.90
4.	Add: Cumulative Revenue gaps carried forward from FY 2010-11	213.46
5.	Adjusted ARR required for FY 2014-15	1,611.35

11.1.5. Thus, the Petitioner prays the Hon'ble Commission to approve the cumulative revenue requirement (Including previous revenue surplus / (gaps) including holding / (carrying) cost) of Rs. 1611.35 Cr. for FY 2014-15 including,

- (a) ARR of Rs. 40.32 Cr. for SLDC
- (b) ARR of Rs. 1571.03 Cr. (Rs. 1611.35 Cr. – 40.32 Cr.) for STU

12. TRANSMISSION AND LONG & SHORT TERM OPEN ACCESS CHARGES

12.1. Background

12.1.1. The Hon'ble Commission has notified the Punjab State Electricity Regulatory Commission (Terms and Conditions for Intra-state Open Access) Regulations, 2011 under Section 42 read with Section 181 of the Electricity Act, 2003. Consumers availing open access shall be required to pay the transmission charges for use of the transmission systems of PSTCL.

12.1.2. Regulations 23 of Punjab State Electricity Regulatory Commission (Terms and Conditions for Intra-state Open Access) Regulations, 2011, states as under:

“ ...

Long term, Medium term and Short term Open Access customers availing supply at 132/220kv shall be liable to pay full transmission charges;

... ”

12.2. Open Access Charges in terms of Rs./MW/Month

12.2.1. The revenue from Short Term Open Access Charges to be charged to Short Term Open Access Customers is uncertain and therefore, PSTCL has not factored the same in to the Miscellaneous Receipts proposed in this application for FY 2014-15. It is submitted that revenue if any from the Short Term Open Access consumers will be adjusted in the revenue as year-end-adjustments at the end of the year on actual basis. Therefore, PSTCL considers Short Term Access Charges as Nil in this Application.

12.2.2. Short term Open Access customer shall be liable to pay transmission charges determined by the Hon'ble Commission.

12.2.3. Surcharge and/ or any other charge on Long / Short Term Open Access, if any, as decided by the Hon'ble Commission will be applicable.

12.2.4. The transmission charge payable by a short-term customer will be levied on hourly basis in Rs/MWh.

12.2.5. The total State generation capacity including ISGS share which will flow through the transmission network of PSTCL is 12,946.72 MW. The Petitioner, therefore, proposes the LTOA charges and STOA charges as below:

Table 158: Proposed Transmission and open access charges for FY 2014-15 (Rs. Cr.)

S. No.	Particulars	Units	FY 2014-15
1.	ARR (Net)	Rs. Cr.	1571.03
2.	Transmission Capacity	MW	12,946.72
3.	Transmission Tariff	(Rs/MW/Month)	1,01,121.55

12.2.6. Thus, the Petitioner requests the Hon'ble Commission to determine Open Access Charges as per Punjab State Electricity Regulatory Commission (Terms and Conditions for Intra-State Open Access) Regulations, 2011 for the Aggregate Revenue Requirement of Rs. 1571.03 Cr. for FY 2014-15.

12.3. Reactive Energy Charges

12.3.1. As per regulation 38 (C) of PSERC (Terms and Condition for determination of Tariff) Regulations, 2005, reactive energy charges would be variable charge reflecting voltage related draws/returns shall be payable at the rate prescribed by the CERC from time to time. The PSTCL requests the Hon'ble Commission to allow the reactive energy charges as per the Regulation.

13. PRAYER

13.1.1. Based on the submissions in aforementioned chapters, PSTCL humbly prays the Hon'ble Commission to kindly approve the following:

- (a) Approval of truing up (based on annual accounts) of ARR for FY 2010-11 of Petitioner;
- (b) Approval of truing up (based on annual accounts) of ARR for FY 2011-12 of Petitioner;
- (c) Truing up of ARR for FY 2012-13 may be allowed to be deferred till finalization of audited annual account of FY 2012-13;
- (d) Approval of Review of ARR for FY 2013-14 considering the justification and rationale submitted for transmission and SLDC functions;
- (e) Approval of ARR and Tariff determination for FY 2014-15 considering the justification and rationale submitted of transmission and SLDC functions;
- (f) Condone any inadvertent omissions/errors/shortcomings and permit the Petitioner to add/change/modify/alter/clarify this filing and make further submissions as may be required at a future date;
- (g) Pass such further orders, as the Hon'ble Commission may deem fit and proper keeping in view the facts and circumstances of the case.

13.1.2. The Petitioner undertakes to place all further details and justifications as may be necessary for the disposal of the present Petition.

**BY THE APPLICANT
THROUGH**

**FINANCIAL ADVISOR,
Punjab State Transmission Corporation Limited, Patiala.**

14. COMPLIANCE TO DIRECTIVES

14.1. Status of PSERC directives given in tariff orders for FY 2013-14

14.1.1. The Petitioner submits that the latest position of the PSERC directives given in tariff orders for FY 2013-14 is as given below:

Table 159: Compliance of Directives given in Tariff Order for FY 2013-14

Sr. No.	Issues	PSERC's Comments / Directives for FY 2013-14	PSTCL Reply
1	Energy Audit and T&D loss Reduction	The Commission directs PSTCL to compile online power factor data on monthly basis and submit to the Commission.	PSTCL has taken up implementation of Intra State Boundary Metering-cum Transmission Level Energy Audit Scheme. The order was placed upon M/s Wallaby Metering Systems Pvt. Ltd. Chennai in Oct., 2012. Around 650 No. SEMs (Special Energy Meters/ ABT (Availability Based Tariff) Meters and 370 CEMs (Conventional Energy Meters) have been installed at 174 no. locations. The project is expected to be commissioned by Dec., 2013.
2	Employee Cost	a) The Commission has already conveyed its concern on the delay in implementation of work study report on manpower. PSTCL should ensure its implementation during FY 2013-14 and submit the action taken report to the Commission within three months of issuance of this Tariff Order.	a) The final work study report on manpower was submitted by PWC in October 2010. At that time, 66KV system was a part of PSTCL and the report was prepared keeping this in mind. Later on, 66KV system was transferred to PSPCL and with this rearrangement, some offices along with posts had been transferred to PSPCL. Also various, new offices have been created in PSTCL. This has effectively changed the entire structure of PSTCL as compared to the time when the PWC report was prepared. Hence, keeping in view of this aspect, necessary changes are required to be done in the work study report on manpower and same is being reviewed by the Committee constituted by BOD, PSTCL.

Sr. No.	Issues	PSERC's Comments / Directives for FY 2013-14	PSTCL Reply
		<p>b) It is a matter of concern that no tangible action has been taken by PSTCL to complete Cost Benefit analysis. Unmanned substations are existing in India and abroad. These are required to be executed to save manpower and run the system efficiently. PSTCL must submit its action plan in this regard to the Commission within three months of issuance of this Tariff Order.</p>	<p>b) This practice is the recent being adopted by some of the utilities. PSTCL has yet to go for the concept of unmanning of substations. For this, PSTCL had floated a tender enquiry (Spec 93) for procurement/ installation of substation automation systems (SAS) on 10 Nos. Substations. This tender enquiry however was dropped because bidders were not agreeing to major commercial terms of the specification. Hence, keeping this in view and consulting various participating firms, certain changes were made in the specification and a draft of the revised specification was sent to various leading firms in the field for their reviews. A revised specification is being prepared for procurement/ installations of Automation system initially on 05 Nos. substations. The same is in final stages. The tender shall be floated very shortly. Once the order is placed, only then the cost benefit analysis would be done.</p>
		<p>c) A copy of training schedule may be submitted to the Commission. PSTCL must implement the already approved PSEB Training Policy aimed at one week training for all' annually.</p>	<p>c) Being a new entity, technical training cell has been created by PSTCL. The approval of Punjab Govt. is required for creation of new posts which is being followed. However, training to the new as well as existing staff is being imparted through various outside training institutes.</p>
		<p>d) Brief report, particularly status of implementation of ERP, should be submitted to the Commission within two</p>	<p>d) The work order to the ERP consultant (MDI, Gurgaon) has been issued on 16.09.13. A core committee for the implementation of ERP has been formed. A preliminary</p>

Sr. No.	Issues	PSERC's Comments / Directives for FY 2013-14	PSTCL Reply
		months of issuance of this Tariff Order.	meeting of core committee with the consultant has been held for discussing and chalking out the functionality matrices of different modules.
3	Loading Status of PSTCL transmission lines and sub stations.	Compliance noted with observation that list of overloaded Substations and transmission lines along with action plan for unloading should be put on PSTCL web-site and updated regularly. Progress of de-loading of lines/sub-stations must be supplied to the Commission on quarterly basis.	Loading status of 220kV/ 132kV overloaded substations and transmission lines have been uploaded at PSTCL web-site. Progress of de-loading is being submitted.
4	Boundary metering	PSTCL is directed to achieve the target and intimate the actual Transmission losses in PSTCL system.	PSTCL has taken up implementation of Intra State Boundary Metering-cum Transmission Level Energy Audit Scheme. The order was placed upon M/s Wallaby Metering Systems Pvt. Ltd. Chennai in Oct. 2012. Around 650 No. SEMs (Special Energy Meters/ ABT (Availability Based Tariff) Meters and 370 CEMs (Conventional Energy Meters) have been installed at 174 no. locations. The Project is expected to be commissioned by Dec., 2013.
5	Maintenance of category wise details of fixed asset	The Commission reiterates its directions to PSTCL, to maintain the category-wise details of assets as per provisions of the Companies Act, 1956. PSTCL shall report the time bound schedule for compliance.	The Fixed Asset Register (FAR) as on 31.03.2011 category wise, location code wise has been prepared by PSTCL. The quantity wise detail of all assets with value is being prepared in consultation with M/s Susheel Jeet Puria & Company which is under process and will be updated thereafter.
6	Adequacy of existing switchgear	The Commission reiterates its directions to PSTCL, to undertake the activity of	Earthing parameters at all substations are within limit except of nine substations of P&M circle, Amritsar at which

Sr. No.	Issues	PSERC's Comments / Directives for FY 2013-14	PSTCL Reply
	<p>and Earthmat at PSTCL sub stations</p>	<p>replacement of switchgears and strengthening of earthmats wherever required and to maintain earthing parameters as per IEEE Earthing Guide 80. Biannual progress report in this regard should be submitted to the Commission.</p>	<p>strengthening work is being carried out.</p>

ARR FORMATS

15. ARR FORMATS

PUNJAB STATE TRANSMISSION CORPORATION LTD. AGGREGATE REVENUE REQUIREMENT FOR FY 2014-15

S. No	Form Reference	Details of Form
1	ARR Summary	ARR Summary of Transmission and SLDC Business
Forms related to STU		
2	Form F1	Employee Expenses
3	Form F4	Repair & Maintenance Expenses
4	Form F5	Administration & General Expenses
5	Form F8	Expenses Capitalised
6	Form F9	Depreciation
7	Form F11	Provision for Bad & Doubtful Debts
8	Form F12	Income from Investments and Non-Tariff Income
9	Form F15	Equity
10	Form F16	Return on Equity
11	Form F17	Line Length (ckt-km)
12	Form F19	Number of Sub-Stations
13	Form F20	Interest on Working Capital
14	Form F21	Interest & Finance Charges
15	Form F22	Transmission Availability (%)
16	Form F23	Transmission Loss (%)
17	Form F24	Revenue
Forms related to SLDC		
18	Form F1	Employee Expenses
19	Form F4	Repair & Maintenance Expenses
20	Form F5	Administration & General Expenses
21	Form F9	Depreciation
22	Form F12	Income from Investments and Non-Tariff Income
23	Form F20	Interest on Working Capital
24	Form F21	Interest & Finance Charges
25	Form F24	Revenue

ARR Summary

ARR Summary of Transmission and SLDC Business

(Rs. in crores)

S. No	Particulars	Previous Year' (FY 2010-11)		Previous Year' (FY 2011-12)			Transmission Business			SLDC Business			Transmission & SLDC Business						
		Revised Estimates	Order	Actuals	Revised Estimates	Order	Actuals	FY 2013-14			FY 2014-15			FY 2013-14					
								Last Year Petition	Order	Estimated	Projected	Last Year Petition	Order	Estimated	Projected	Last Year Petition	Order	Estimated	Projected
1	Net Employee costs	226.59	120.00	232.32	214.94	183.87	263.65	379.93	364.52	316.80	453.54	9.06	3.82	7.02	8.52	388.99	368.34	323.82	462.06
2	Net R&M expenses	52.38	48.26	16.33	63.46	59.80	27.89	70.03	113.79	51.87	61.33	5.64	0.29	2.56	5.15	75.67	114.08	54.42	66.48
3	Net A&G expenses	16.75	9.64	10.33	24.53	12.21	11.39	40.51	26.24	25.78	30.59	2.11	0.05	1.52	2.60	42.62	26.29	27.30	33.18
4	Depreciation	120.71	101.63	72.65	133.17	127.47	93.61	267.49	218.91	166.14	239.44	1.35	0.57	0.93	1.86	268.84	219.48	167.07	241.30
5	Interest charges	91.82	72.22	123.96	157.38	112.62	167.17	354.84	299.25	311.99	435.72	2.57	0.97	0.51	3.12	357.41	300.22	312.50	438.84
6	Interest on Working Capital	20.69	12.75	18.03	20.59	21.06	23.93	42.89	33.14	37.76	51.09	2.16	0.60	1.00	1.52	45.05	33.74	38.76	52.61
7	ULDC Charges			10.59	10.59	10.59	17.11	0.00	0.00	0.00	0.00	31.40	27.40	15.12	17.61	31.40	27.40	15.12	17.61
8	Return on Equity	77.14	45.99	93.91	77.14	50.92	93.91	75.39	93.90	93.91	93.91			0.00	0.00	75.39	93.90	93.91	93.91
9	Provision for bad debts & Other Debits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
10	Tax paid by PSTCL							0.00	0.00	19.68									19.68
11	Total revenue requirement	606.08	410.49	578.12	701.80	578.54	698.66	1231.08	1149.75	1023.92	1365.62	54.29	33.70	28.66	40.37	1285.37	1183.45	1052.58	1405.99
12	Less: Non Tariff Income	8.52	8.52	19.80	13.05	13.05	18.53	2.66	5.76	8.41	8.05	0.02	0.00	2.49	0.05	2.68	5.76	10.89	8.10
14	Aggregate Revenue Requirement	597.56	401.97	558.32	688.75	565.49	680.13	1228.42	1143.99	1015.51	1357.58	54.27	33.70	26.18	40.32	1282.69	1177.69	1041.69	1397.90
15	Revenue gap carry-forward (with carrying cost)	59.71	0.00	159.55	59.71	0.00	335.90	81.71	0.00	0.00		0.33				82.04	91.15	199.07	213.46
16	Cumulative Revenue Requirement	657.27	401.97	717.87	748.46	565.49	1016.03	1310.13	1143.99	1015.51		54.60	33.70	26.18		1364.73	1268.84	1240.76	1611.35
17	Transmission Charges from Open Access Customers			5.67			42.56			42.43				5.16				47.59	
18	Balance Tax									50.68									
18	Revenue from Tariff			401.97			491.45		1143.99	1235.94			28.57	33.70			1268.84	1269.64	
19	Revenue Gap			-310.23			-482.01		0.00	212.18			0.00	12.68			0.00	76.47	1611.35

15.1. ARR Formats for STU

Form-F1: Employee Expenses for STU

Form - F1 Employee Expenses for STU													
													(Rs. in Crore)
S. No	Particulars	Previous Year' (FY 2010-11)			Previous Year' (FY 2011-12)			Current Year (FY 2013-14)					Ensuing Year (FY 2014-15)
		Revised Estimates	Order	Actuals	Revised Estimates	Order	Actuals	Last Year Petition	Order	Actuals for H1	Estimated for H2	Total	Projected
Column Reference	1	2	3	1	2	3	1	2	3	4	5=3+4	6	
1	Salaries	156.11		103.52	114.47		100.13	95.27		40.55	41.94	82.49	90.73
2	Overtime	4.00		3.17	3.26		3.24	3.97		1.47	1.52	3.00	3.30
3	Dearness Allowance	69.15		42.12	55.10		51.37	78.12		26.74	36.11	62.85	85.63
4	Other Allowances	21.79		18.40	21.86		18.93	30.76		9.21	9.31	18.52	19.28
5	Bonus	0.00		0.63	0.00		-	0.00		0.00	0.00	0.00	0.00
6	Sub Total	251.05		167.84	194.69	-	173.68	208.12		77.97	88.88	166.86	198.93
7	Medical Expenses reimbursement	1.00		1.07	1.10		0.94	1.34		0.59	0.59	1.18	1.23
8	Leave Travel Assistance/Concession	0.00		0.85	0.00		0.33	0.00		0.01	0.01	0.03	0.03
9	Payment under Workmen	0.20		0.08	0.00		0.07	0.00		0.08	0.08	0.16	0.16
10	Sub Total	1.20		2.00	1.10	-	1.34	1.34		0.68	0.68	1.36	1.41
11	Electricity Concession to PSTCL Employees	0.00		1.68	0.00		1.90	0.00		0.00	2.18	2.18	2.40
12	Staff Welfare Expenses	0.00		0.21	0.00		0.43	0.00		0.17	0.17	0.35	0.36
13	Sub Total	-		1.88	-	-	2.33	-		0.17	2.35	2.52	2.75
14	Less : Establishment cost recoverable on execution of 66KV works	0.00		30.35	0.00		33.71	0.00		0.00	0.00	0.00	0.00
15	Total Salary and Other Employee	252.25		141.38	195.79	-	143.64	209.46		78.82	91.92	170.74	203.10
16	Less: Employee costs capitalized	53.35		39.02	68.85		51.44	26.40		3.87	49.49	53.36	55.54
17	Net Salary and Other Employee	198.90	92.10	102.36	126.94	103.59	92.20	183.06	119.13	74.96	42.43	117.39	147.57
18	Arrears	0.00		-	23.33	19.31	21.89	12.87	12.87	0.00	15.40	15.40	0.00
19	Prior Period Adjustments	0.00		-	0.74	0.00	-	0.00	0.00	0.01	0.00	0.01	0.00
20	Impact of pay revision			-		19.78			28.08				
21	Employee cost for new installations			-					20.44				
22	Grand Total	198.90	92.10	102.36	151.01	122.90	114.09	195.93	180.52	74.97	57.83	132.80	147.57
Terminal Benefits													
S. No	Particulars	Previous Year' (FY 2010-11)			Previous Year' (FY 2011-12)			Current Year (FY 2013-14)					Ensuing Year (FY 2014-15)
		Last Year	Order	Actuals	Last Year	Order	Actuals	Last Year	Order	Actuals for H1	Estimated for H2	Total	Projected
Column Reference	1	2	3	1	2	3	1	2	3	4	5=3+4	6	
	Terminal Benefits	27.69	27.69	129.96	58.79	56.89	142.96	184.00	184.00			184.00	305.97

Form-F4: R&M Expenses for STU

Form - F4													
Repair and Maintenance Expenses for STU													
(Rs in Crore)													
S. No	Particulars	Previous Year' (FY 2010-11)			Previous Year' (FY 2011-12)			Current Year (FY 2013-14)					Ensuing Year (FY 2014-15)
		Revised Estimates	Order	Actual	Revised Estimates	Order	Actual	Last Year Petition	Order	Actuals for H1	Estimated for H2	Total	Projected
	Column Reference	1	2	3	1	2	3	1	2	3	4	5=3+4	6
1	Plant & machinery			14.18	44.08		23.20			11.16	35.57	46.73	51.40
2	Building including renovation			1.18	5.09		2.01			0.86	2.75	3.61	3.97
3	Hydraulic works & civil works			0.14	0.63		0.33			0.18	0.59	0.77	0.85
4	Line cable & network			0.68	2.11		0.36			0.21	0.68	0.90	0.99
5	Vehicles			0.90	3.97		0.96			0.25	0.79	1.03	1.13
6	Furniture & fixtures			0.00	0.01		0.00			0.00	0.00	0.00	0.00
7	Office equipments			0.00	0		0.00			0.00	0.00	0.00	0.00
8	Total			17.08	55.89		26.85			12.67	40.37	53.04	58.34
9	Less: Expenses Capitalised			0.75	0.35		0.93			0.06	1.39	1.45	1.73
10	Net expenses	52.38	45.04	16.33	55.54	55.12	25.92	60.03		12.61	38.98	51.59	56.62
11	Add Prior period adjustments			-	-0.13		0.04	0.00		0.28	0.00	0.28	0.00
12	R&M for Assets Addition during the year		3.22	0.00	5.81	4.51	0.00	10.00		0.00	0.00	0.00	4.71
13	Total expenses charged to revenue	52.38	48.26	16.33	61.22	59.63	25.96	70.03	113.79	12.89	38.98	51.87	61.33

Form-F5: A&G Expenses for STU

Form - F5													
Administration and General Expenses for STU													
(Rs in Crore)													
S. No	Particulars	Previous Year' (FY 2010-11)			Previous Year' (FY 2011-12)			Current Year (FY 2013-14)				Ensuing Year (FY 2014-15)	
		Revised Estimates	Order	Actuals	Revised Estimates	Order	Actuals	Last Year Petition	Order	Actuals for H1	Estimated for H2	Total	Projected
	Column Reference	1	2	3	1	2	3	1	2	3	4	5=3+4	6
1	Rent, Rates & Taxes			0.63			0.90			0.15	0.17	0.32	0.35
2	Insurance			0.01			0.01			0.00	0.00	0.00	0.00
3	Telephone, Postage, Telegramme and Telex			0.60			0.44			0.24	0.28	0.52	0.58
4	Legal Charges			0.07			0.17			0.09	0.10	0.19	0.21
5	Audit Charges			-			0.04			0.04	0.20	0.24	0.27
6	Consultancy/Technical Charges			0.09			0.19			0.05	0.06	0.11	0.12
7	Conveyance & Travel Charges			5.63			7.65			3.28	3.72	7.01	7.71
8	Fees & Subscription			0.36			0.56			0.15	0.46	0.61	0.67
9	Books & Periodicals			0.01			0.00			0.00	0.01	0.01	0.01
10	Printing & Stationery			0.16			0.39			0.09	0.10	0.19	0.20
11	Advertisement/Publicity expenses			0.27			0.37			0.00	0.15	0.15	0.17
12	Electricity/Water Charges			0.58			1.26			1.12	1.27	2.38	2.62
13	Expenses on Training			0.45			-			0.00	0.10	0.10	0.11
14	Hospitality			0.02			0.02			0.00	0.00	0.01	0.01
15	Conference Expenses			0.02			0.03			0.02	0.02	0.04	0.04
16	Miscellaneous/Contingency Expenses			1.69			1.50			0.92	1.04	1.96	2.15
17	Mobile set purchase expenses			0.04			0.02			0.00	0.00	0.00	0.00
18	Payment to outsourced			-			1.73			6.04	6.85	12.89	14.18
19	Other Expenses			0.02			0.01			0.26	0.30	0.57	0.62
20	Freight			0.15			0.09			0.00	0.00	0.00	0.00
21	Other Purchase related expenses			4.19			3.76			1.40	1.58	2.98	3.28
22	Sub Total	17.75		15.00	21.44	11.93	19.14	34.73		13.85	16.42	30.27	33.30
23	Add: Expenses on account of asset addition during the year	3.64	0.65		2.25	0.25	-	5.78		-	-	0.00	2.73
24	Add: License Fee									0.25	-	0.25	0.25
25	Add: Tariff Filing Fee									-	0.25	0.25	0.25
26	Total	21.39		15.00	23.69	12.18	19.14	40.51		14.11	16.67	30.78	36.53
27	A&G expenses recoverable on execution of 66KV works			2.96			3.17			0.00	0.00	0.00	0.00
28	Administration & General capitalized	4.64		3.89			5.26			2.30	2.71	5.01	5.95
29	Total	4.64		6.85	-	-	8.44	-		2.30	2.71	5.01	5.95
30	Net A&G Expenses	16.75	9.64	8.15	23.69	12.18	10.70	40.51		11.81	13.95	25.77	30.59
31	Add: Prior Period Expenses/Losses			-			0.0119			0.01	-	0.01	-
32	Other Debits			2.18			0.12						
33	Grand Total	16.75	9.64	10.33	23.69	12.18	10.84	40.51	26.24	11.82	13.95	25.78	30.59

Form F8: Expenses Capitalized for STU

Form - F8											
Expenses Capitalized for STU											
											(Rs in Crore)
S. No	Particulars	Previous Year' (FY 2010-11)			Previous Year' (FY 2011-12)			Current Year (FY 2013-14)			Ensuing Year (FY 2014-15)
		Revised Estimates	Order	Actuals	Revised Estimates	Order	Actuals	Last Year Petition	Order	Total	Projected
Column Reference		1	2	3	1	2	3	1	2	5=3+4	6
1	Interest & Finance charges Capitalized			29.10			75.24			104.14	50.00
2	Other expenses capitalized:										
	a. Employee expenses			39.02			51.44			53.36	55.54
	b. R&M Expenses			0.75			0.93			1.45	1.73
	c. A&G Expenses			3.89			5.26			5.01	5.95
	Total			43.66			57.63			59.82	63.21
	Grand Total			72.75			132.87			163.95	113.21

Form-F9: Depreciation Charges for STU

Form - F9

Depreciation Charges for STU

(Rs in Crore)

S.No	Particulars	Previous Year' (FY 2010-11)			Previous Year' (FY 2011-12)			Current Year (FY 2013-14)			Ensuing Year (FY 2014-15)
		Revised Estimates	Order	Actuals	Revised Estimates	Order	Actuals	Last Years' Petition	Order	Estimated	Projected
	Column Reference	1	2	3	1	2	3	1	2	3	3
1	Depreciation (excluding prior period adjustments)	120.71	101.63	72.65	132.80	127.11	89.84	267.49	218.91	166.14	239.44
2	Opening GFA (Net of Land & Land Rights)			1897.10			2203.08	4343.01		2928.74	4508.02
3	Assets additions during the Year										
4	Assets replacement/ retirement										
5	Closing GFA (Net of Land & Land Rights)			2208.45			2338.74	5789.36		4508.02	5709.45
6	Depreciation as % of Opening and Closing GFA			3.54%			3.96%	5.28%		4.47%	4.69%

Form-F12: Income from investments and other non-tariff income for STU

Form - F12													
Income from investments and other non-tariff income for STU													
(Rs. In Crore)													
S.No	Particulars	Previous Year' (FY 2010-11)			Previous Year' (FY 2011-12)			Current Year (FY 2013-14)					Ensuing Year (FY 2014-15)
		Revised Estimates	Order	Actuals	Revised Estimates	Order	Actuals	Last Year Petition	Order	Actuals (H1)	Estiamted (H2)	Total (H1+H2)	Projected
	Column Reference	1	2	3	1	2	3	1	2	3	4	5=3+4	6
1	Meter/metering equipment/service line rentals												
2	Service charges												
3	Customer charges												
4	Revenue from late payment surcharge												
5	Miscellaneous receipts						13.31			5.03			
6	Incentives from CGS's												
7	Miscellaneous charges (except PLEC charges)			19.67									
8	Interest on staff loans and advances			0.0038			0.01						
9	Interest on advances to suppliers												
10	Income from trading			0.1181			0.63						
11	Income from staff welfare activities			0.0068									
12	Rental charges for staff quarters, water charges, Hospital ward , guest house etc.						0.51			0.21			
13	Sale of Tender forms						0.22			0.13			
14	Excess found on physical verification												
15	Interest on investments, fixed and call deposits and bank												
16	Net recovery from penalty on coal liaison agents												
17	Other Non Tariff Income including prior period												
18	Income from open access charges i.e. application fee, cross subsidy surcharge, additional surcharge, transmission and/or wheeling charges, scheduling charges etc.												
	Total	8.52	8.52	19.80	13.05	13.05	14.68	2.66	5.76	5.36	3.04	8.40	8.05

Form-F15: Equity for STU

Equity for STU													
													(Rs. In Crore)
S.No	Particulars	Previous Year' (FY 2010-11)			Previous Year' (FY 2011-12)			Current Year (FY 2013-14)					Ensuing Year (FY 2014-15)
		Revised Estimates	Order	Actuals	Revised Estimates	Order	Actuals	Last Year Petition	Order	Actuals (H1)	Estimated (H2)	Total (H1+H2)	Projected
Column Reference		1	2	3	1	2	3	1	2	3	4	5=3+4	6
1	Opening Balance of Equity	328.50	328.50	605.83	328.50	328.50	605.88	328.50	605.83	605.88	605.88	605.88	605.88
2	Equity Addition during the Year	0.00	0.00	0.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3	Deduction in Equity on account of retirement of assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	Closing balance of Equity	328.50	328.50	605.88	328.50	328.50	605.88	328.50	605.83	605.88	605.88	605.88	605.88

Form-F16: RoE for STU

Form - F16											
Return on Equity for STU											
											(Rs. In Crore)
S.No	Particulars	Previous Year' (FY 2010-11)			Previous Year' (FY 2011-12)			Current Year (FY 2013-14)			Ensuing Year (FY 2014-15)
		Revised Estimates	Order	Actuals	Revised Estimates	Order	Actuals	Last Years' Petition	Order	Total	Projected
	Column Reference	1	2	3	1	2	3	1	2	5	1
1	Opening Balance-Equity Capital	328.50	328.50	605.83	328.50	328.50	605.88	328.50	605.83	605.88	605.88
2	Equity addition during the year through Internal Accruals	0.00	0.00	0.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3	Closing balance-Equity Capital	328.50	328.50	605.88	328.50	328.50	605.88	328.50	605.83	605.88	605.88
4	Return on Equity	77.14	45.99	93.91	77.14	50.92	93.91	75.39	93.90	93.91	93.91
5	ROE rate (%)	23.48%	14.00%	15.50%	23.48%	15.50%	15.50%	22.95%	15.50%	15.50%	15.50%

Form-F17: Description for Transmission Function - Line Length (ckt-km)

Form - F17

Line Length (ckt-km)

S.No	Particulars	As on 31.03.2011	As on 31.03.2012	As on 30.09.2013	As on 31.03.2014	As on 31.03.2015
		Actuals	Actuals	Actuals	Estimated	Estimated
1	400 KV	0.00	0.00	367.75	567.75	630.75
2	220 KV	4,764.96	5,035.33	5332.69	5607.69	6244.80
3	132 KV	3,109.39	3,111.09	3112.20	3112.20	3112.20
4	Total	7874.35	8146.42	8812.64	9287.64	9987.75

Form-F19: Description of Transmission Function-No. of Substations

Form - F19

Number of Sub-Stations for Transmission Function

S.No	Particulars	As on 31 March 2011	As on 31.03.2012	As on 30.09.2013	As on 31.03.2014	As on 31.03.2015
		Actuals	Actuals	Actuals	Estimated	Estimated
1	400 KV	0	0	1	4	5
2	220 KV	56	62	79	89	96
3	132 KV	77	77	77	77	77
4	Total	133	139	157	170	178

Form-F20: Normative Interest on Working Capital

Form - F20											
Normative Interest on Working Capital											
(Rs. In Crore)											
S.No	Particulars	Previous Year' (FY 2010-11)			Previous Year' (FY 2011-12)			Current Year (FY 2013-14)			Ensuing Year (FY 2014-15)
		Revised Estimates	Order	Actuals	Revised Estimates	Order	Actuals	Last Years' Petition	Order	Estimated	Projected
	Column Reference	1	2	3	1	2	3	1	2	3	1
1	Receivables equivalent to two months of fixed cost.	107.08	67.00	93.05	78.02	95.12	109.36	201.23	185.28	169.25	226.26
2	Maintenance spares @ 15% of Operation and Maintenance expenses	44.36	26.69	38.85	51.63	40.71	44.08	57.56	75.80	59.17	81.82
3	Operation and Maintenance expenses for one month.	24.64	14.83	21.58	28.69	22.62	24.49	31.98	42.11	32.87	45.45
4	Total Working Capital	176.08	108.52	153.48	158.34	158.45	177.93	290.77	303.19	261.29	353.54
5	Rate of Interest applied	11.75%	11.75%	11.75%	12.50%	13.00%	13%	14.75%	10.93%	14.45%	14.45%
6	Interest on Working Capital	20.69	12.75	18.03	19.79	20.60	23.13	42.89	33.14	37.76	51.09

Form-F21: Interest & Finance Charges for STU

Form - F21													
Interest & Finance Charges for STU													
													(Rs. In Crore)
S.No	Particulars	FY 2010-11			FY 2011-12			Current Year (FY 2013-14)					Ensuing Year (FY 2014-15)
		Revised Estimates	Order	Actuals	Revised Estimates	Order	Actuals	Last Years' Petition	Order	Actuals (H1)	Estimated (H2)	Estimated	Projected
1	Opening Balance	870.2		1660.31	1054.37	1054.37	1840.88	2537.67	2267.97	3316.66	3503.95	3316.66	3899.76
2	Loan addition during FY	801.09		288.35	953.3	800	839.40	981.58	891.40	286.54	573.96	860.50	645.21
3	Loan Repayment during FY	109.64		107.36	138.32	138.32	139.69	150.04	150.04	99.25	178.15	277.40	308.85
4	Closing Balance	1561.65		1841.30	1869.35	1716.05	2540.59	3369.21	3009.33	3503.95	3899.76	3899.76	4236.12
5	Interest	121.7	101.56	153.06	182.73	173.15	242.39	364.84	325.95	180.20	217.99	416.13	485.72
6	Interest Capitalised	29.88	4.57	29.10	25.43	36.28	75.24	10.00	5.94			104.14	50.00
7	Interest disallowed on account of diversion of funds	0.00	24.77	0.00	0.00	24.39	0.00	0.00	24.39			0.00	0.00
8	Net Interest	91.82	72.22	123.96	157.3	112.48	167.15	354.84	295.62	180.20	217.99	311.99	435.72
9	Rate of Interest	10.01%		8.74%	12.50%	12.50%	11.06%	12.35%	12.35%	5.28%	5.89%	11.53%	11.94%
10	Guarantee Charges	1.50	0.00	0.00	1.50	1.28	0.00	4.00	3.63	0.00	0.00	0.00	0.00
11	Add: Prior Period Adjustments	0.00	0.00	0.00	0.00	0.00	0.02	0.00	0.00	0.00	0.00	0.00	
12	Interest & Finance Charges	93.32	72.22	123.96	158.80	113.76	167.17	358.84	299.25	180.20	217.99	311.99	435.72

Form-F21 (Detailed): Interest Cost for STU

Interest Cost for STU							
Form - F 21 Detailed							
2010-11 (Actuals)							(Rs in Crore)
Sr. No.	Particulars (Source)	Opening balance	Rate of interest	Addition during the year	Repayment during the year	Closing balance	Amount of interest
1	Commercial Banks	660.71		0.00	41.66	619.05	74.18
2	LIC	302.30		0.00	40.92	261.38	29.07
3	REC	274.06		274.68	24.78	523.95	35.47
4	PSPCL	250.00		0.00	0.00	250.00	0.30
5	GPF	173.25		13.67	0.00	186.92	13.66
	Total	1660.32		288.35	107.36	1841.30	152.68
	Add: other interest & finance charges						0.38
	Less: captilziation						29.10
	Net Interest						123.96
2011-12 (Actuals)							(Rs in Crore)
Sr. No.	Particulars (Source)	Opening balance	Rate of interest	Addition during the year	Repayment during the year	Closing balance	Amount of interest
1	Commercial Banks	269.05	11.39%	49.76	57.26	261.55	30.22
2	LIC	261.38	10.85%	0	40.91	220.47	26.15
3	REC	523.96	11.18%	658.49	41.52	1140.93	93.05
4	PSPCL	600.00	11.56%	115.86	0.00	715.86	76.07
5	GPF	186.49	7.53%	15.29	0.00	201.78	14.61
	Total	1840.88		839.40	139.69	2540.59	240.10
	Add: other interest & finance charges						2.28
	Less: captilziation						75.24
	Net Interest						167.14
2013-14 Upto September 2013 (Actuals)							(Rs in Crore)
Sr. No.	Particulars (Source)	Opening balance	Rate of interest	Addition during the year	Repayment during the year	Closing balance	Amount of interest
1	Commercial Banks	193.23	12.00%	0.00	19.85	173.38	10.39
2	LIC	179.55	11.00%	0.00	31.17	148.38	5.76
3	REC	1931.42	12.00%	286.54	12.47	2205.49	118.07
4	PSPCL	792.92	11.75%	0.00	24.78	768.14	45.98
5	GPF	219.54	8.70%	0.00	10.98	208.56	0.00
	Total	3316.66		286.54	99.25	3503.95	180.20
	Less: captilziation						0.00
	Net Interest						180.20
FY 2013-14 (Estimated)							(Rs in Crore)
Sr. No.	Particulars (Source)	Opening balance	Rate of interest	Addition during the year	Repayment during the year	Closing balance	Amount of interest
1	Commercial Banks	193.23	12.00%	0.00	68.08	125.15	19.10
2	LIC	179.55	11.00%	0.00	40.92	138.63	17.10
3	REC	1931.42	12.00%	860.50	72.10	2719.82	272.86
4	PSPCL	792.92	11.75%	0.00	74.34	718.58	88.81
5	GPF	219.54	8.70%	0.00	21.96	197.58	18.26
	Total	3316.66		860.50	277.40	3899.76	416.13
	Less: captilziation						104.14
	Net Interest						311.99
FY 2014-15 (Estimated)							(Rs in Crore)
Sr. No.	Particulars (Source)	Opening balance	Rate of interest	Addition during the year	Repayment during the year	Closing balance	Amount of interest
1	Commercial Banks	125.15	12.00%	0.00	39.73	85.42	12.63
2	LIC	138.63	11.00%	0.00	40.91	97.72	12.59
3	REC	2719.82	12.00%	645.21	107.14	3257.89	367.02
4	PSPCL	718.58	11.75%	0.00	99.12	619.46	77.17
5	GPF	197.58	8.70%	0.00	21.95	175.63	16.31
	Total	3899.76		645.21	308.85	4236.12	485.72
	Less: captilziation						50.00
	Net Interest						435.72

Form-F22: Transmission Availability (%)

Form - F22

Transmission Availability (%)

S. No	Particulars	FY 2010-11 (Actual)	
		Apr - Sept	Oct - March
1	220 kV	99.86%	99.93%
2	132 kV	99.83%	99.82%

S. No	Particulars	FY 2011-12 (Actual)	
		Apr - Sept	Oct - March
1	220 kV	99.87%	99.84%
2	132 kV	99.66%	99.84%

S. No	Particulars	FY 2013-14 (Availability during Current Year)	
		Apr - Jun	July-Sep
1	220 kV	99.89%	99.69%
2	132 kV	99.63%	99.76%

Form-F23: Transmission Loss (%)

Form - F23										
Transmission Loss (%)										
Transmission Loss%										
S.No	Particulars	Previous to Previous Year (FY 2011-12)			Current Year (FY 2013-14)					Ensuing Year (FY 2014-15)
		Last Years' Petition	Order	Actuals	Last Year Petition	Order	Actuals (H1)	Estimated (H2)	Effective for whole year	Projected
	Column Reference	1	2	3	1	2	3	4	5	6
1	Transmission Loss%	4.50%	2.50%		4.50%	2.50%	4.50%	4.50%	4.50%	4.50%

Note: 4.5.2. The Petitioner submits that the process of energy metering is still in progress and is expected to be completed by 31st December 2013. Considering the same, it is humbly prayed to the Hon'ble Commission that till the complete energy accounting is in place, the transmission losses of similarly placed STUs should be considered for allowing the transmission losses of PSTCL.

Form-F24: Revenue from Transmission Tariff

Form - F24													
Revenue from Transmission Tariff													
(Rs. In Crore)													
S.No	Particulars	Previous Year (FY 2010-11)			Previous Year (FY 2011-12)			Current Year (FY 2013-14)					Ensuing Year (FY 2014-15)
		Revised Estimates	Order	Actuals	Revised Estimates	Order	Actuals	Last Year Petition	Order	Actuals (H1)	Estimated (H2)	Total (H1+H2)	
Column Reference		1	2	3	1	2	4	1	2	3	4	5=3+4	6
1	Revenue from Transmisison Tariffs			401.97			468.10			618.00	617.94	1235.94	
2	Revenue on account of Transmission from Open Access			5.67	481.01	481.01	27.81			28.29	14.14	42.43	
	Total	-	-	407.64	481.01	481.01	495.91	-		646.29	632.08	1,278.37	-

15.2. ARR Formats for SLDC

Form F1: Employee Expenses for SLDC

Form - F1 Employee Expenses for SLDC										
(Rs. in Crore)										
S. No	Particulars	Previous Year' (FY 2011-12)			Current Year (FY 2013-14)					Ensuing Year (FY 2014-15)
		Revised Estimates	Order	Actuals	Last Year Petition	Order	Actuals for H1	Estimated for H2	Total	Projected
	Column Reference	1	2	3	1	2	3	4	5=3+4	6
	Salaries			3.18	3.96		1.37	2.57	3.94	4.17
	Overtime			-	0.00		0.00	0.00	0.00	0.00
	Dearness Allowance			1.78	3.45		0.95	1.48	2.43	3.62
	Other Allowances			0.64	0.95		0.30	0.34	0.64	0.70
	Bonus			-	0.00		0.00	0.00	0.00	0.00
	Sub Total	-	-	5.60	8.36		2.62	4.38	7.00	8.50
	Medical Expenses reimbursement			0.01	0.05		0.01	0.01	0.01	0.01
	Leave Travel Assistance/Concession			0.11	0.00		0.00	0.00	0.00	0.00
	Payment under Workmen			-	0.00		0.00	0.00	0.00	0.00
	Sub Total	-	-	0.12	0.05		0.01	0.01	0.01	0.02
	Electricity Concession to PSTCL Employees			-	0.00		0.00	0.00	0.00	0.00
	Staff Welfare Expenses			0.00	0.00		0.00	0.00	0.00	0.01
	Sub Total	-	-	0.00	-		0.00	0.00	0.00	0.01
	Less : Establishment cost recoverable on execution of 66KV works			-	0.00		0.00	0.00	0.00	0.00
	Total Salary and Other Employee	-	-	5.72	8.41	3.17	2.63	4.39	7.02	8.52
	Less: Employee costs capitalized			-	0.00	0.00	0.00	0.00	0.00	0.00
	Net Salary and Other Employee	-		5.72	8.41	3.17	2.63	4.39	7.02	8.52
	Arrears	0.86	0.71	0.88	0.65	0.65	0.00	0.00	0.00	0.00
	Prior Period Adjustments			-	0.00		0.00	0.00	0.00	0.00
	Impact of pay revision			-	0.00					
	Employee cost for new installations			-	0.00					
	Grand Total	7.11	3.45	6.60	9.06	3.82	2.63	4.39	7.02	8.52
Terminal Benefits										
S. No	Particulars	Previous Year' (FY 2011-12)			Current Year (FY 2013-14)					Ensuing Year (FY 2014-15)
		Revised Estimates	Order	Actuals	Last Year Petition	Order	Actuals for H1	Estimated for H2	Total	Projected
	Column Reference	1	2	3	1	2	3	4	5=3+4	6
	Terminal Benefits	0.63	0.63	incl in STU	0.00	0.00	incl in STU	incl in STU	incl in STU	incl in STU

Form F-4: R&M Expenses for SLDC

Form - F4										
Repair and Maintenance Expenses for SLDC										
(Rs in Crore)										
S. No	Particulars	Previous Year' (FY 2011-12)			Current Year (FY 2013-14)					Ensuing Year (FY 2014-15)
		Revised Estimates	Order	Actual	Last Year Petition	Order	Actuals for H1	Estimated for H2	Total	Projected
	Column Reference	1	2	3	1	2	3	4	5=3+4	6
1	Plant & machinery			1.90			0.63	1.84	2.47	3.06
2	Building including renovation			0.02			0.01	0.04	0.05	0.04
3	Hydraulic works & civil works			-			0.00	0.00	0.00	0.00
4	Line cable & network			-			0.00	0.00	0.00	0.00
5	Vehicles			0.00			0.00	0.02	0.02	0.20
6	Furniture & fixtures			-			0.00	0.00	0.00	0.00
7	Office equipments			-			0.00	0.01	0.01	0.02
9	Total			1.93			0.65	1.91	2.56	3.31
	Less: Expenses Capitalised			-			-	-	0.00	-
11	Net expenses	2.24	0.17	1.93	3.12	0.29	0.65	1.91	2.56	3.31
	Add Prior period adjustments			-	0.00	0.00	-	-	0.00	-
12	R&M for Assets Addition during the year	0	0	0.00	2.52	0.00	0.00	0.00	0.00	1.84
13	Total expenses charged to revenue	2.24	0.17	1.93	5.64	0.29	0.65	1.91	2.56	5.15

Form-F5: A&G Expenses for SLDC

Form - F5										
Administration and General Expenses for SLDC										
(Rs in Crore)										
S. No	Particulars	Previous Year' (FY 2011-12)			Current Year (FY 2013-14)					Ensuing Year (FY 2014-15)
		Revised Estimates	Order	Actuals	Last Year Petition	Order	Actuals for H1	Estimated for H2	Total	Projected
	Column Reference	1	2	3	1	2	3	4	5=3+4	6
1	Rent, Rates & Taxes			-			-	-	0.00	-
2	Insurance			-			0.01	0.02	0.03	0.03
3	Telephone, Postage, Telegramme and Telex			0.03			0.01	0.03	0.04	0.05
4	Legal Charges			0.00			-	-	0.00	-
5	Audit Charges			-			-	-	0.00	-
6	Consultancy/Technical Charges			-			-	-	0.00	-
7	Conveyance & Travel Charges			0.07			0.05	0.11	0.16	0.18
8	Fees & Subscription			0.03			0.01	0.02	0.03	0.04
9	Books & Periodicals			-			-	-	0.00	-
10	Printing & Stationery			0.01			0.00	0.01	0.01	0.01
11	Advertisement/Publicity expenses			-			0.00	0.01	0.01	0.01
12	Electricity/Water Charges			0.31			0.19	0.40	0.59	0.65
13	Expenses on Training			-			-	-	0.00	-
14	Hospitality			-			-	-	0.00	-
15	Conference Expenses			-			-	-	0.00	-
16	Miscellaneous/Contingency Expenses			0.06			0.04	0.08	0.12	0.13
17	Mobile set purchase expenses			0.00			-	-	0.00	-
18	Payment to outsourced			0.05			0.06	0.12	0.18	0.20
19	Other Expenses			-			0.11	0.23	0.34	0.37
20	Freight			-			-	-	0.00	-
21	Other Purchase related expenses			-			-	-	0.00	-
22	Sub Total	0.836	0.03	0.56	1.17	0.05	0.48	1.04	1.52	1.67
23	Add: Expenses on account of asset addition during the year	0.003	-	-	0.94	0.00	-	-	0.00	0.93
24	Add: License Fee			-	0.00	0.00	-	-	0.00	-
25	Add: Tariff Filing Fee			-	0.00	0.00	-	-	0.00	-
26	Total	0.84	0.03	0.56	2.11	0.05	0.48	1.04	1.52	2.60
27	A&G expenses recoverable on execution of 66KV works			-			-	-	0.00	-
28	Administration & General capitalized			-			-	-	0.00	-
29	Total			-	-	-	-	-	-	-
30	Net A&G Expenses	0.84	0.03	0.56	2.11	0.05	0.48	1.04	1.52	2.60
31	Add: Prior Period Expenses/Losses	0	0	0.000	0	0	0.000	0.000	0.00	0.000
32	Grand Total	0.84	0.03	0.56	2.11	0.05	0.48	1.04	1.52	2.60

Form-F9: Depreciation Charges for SLDC

Form - F9								
Depreciation Charges for SLDC								
								(Rs in Crore)
S.No	Particulars	Previous Year' (FY 2011-12)			Current Year (FY 2013-14)			Ensuing Year (FY 2014-15)
		Revised Estimates	Order	Actuals	Last Years' Petition	Order	Estimated	Projected
Column Reference		1	2	3	1	2	3	3
1	Depreciation (excluding prior period adjustments)	0.37	0.36	0.55	1.35	0.57	0.93	1.86
2	Opening GFA			5.36			5.75	19.28
3	Assets additions during the Year			0.13			13.53	21.40
4	Assets replacement/ retirement			0.00			0.00	0.00
5	Closing GFA			5.50			19.28	40.68
6	Depreciation as % of Opening and Closing GFA			10.15%			7.42%	6.20%

Form-F12: Income from investments and other non-tariff income for SLDC

Form - F12										
Income from investments and other non-tariff income for SLDC										
										(Rs. In Crore)
S.No	Particulars	Previous Year' (FY 2011-12)			Current Year (FY 2013-14)					Ensuing Year (FY 2014-15)
		Revised Estimates	Order	Actuals	Last Year Petition	Order	Actuals (H1)	Estiamted (H2)	Total (H1+H2)	Projected
	Column Reference	1	2	3	1	2	3	4	5=3+4	6
1	Meter/metering equipment/service line rentals									
2	Service charges									
3	Customer charges									
4	Revenue from late payment surcharge									
5	Miscellaneous receipts									
6	Incentives from CGS's									
7	Miscellaneous charges (except PLEC charges)			3.83						
8	Interest on staff loans and advances			0.00						
9	Interest on advances to suppliers									
10	Income from trading									
11	Income from staff welfare activities									
12	Rental charges for staff quarters, water charges, Hospital ward , guest house etc.			0.02			0.02			
13	Sale of Tender forms			0.00						
14	Excess found on physical verification									
15	Interest on investments, fixed and call deposits and bank									
16	Net recovery from penalty on coal liaison agents									
17	Other Non Tariff Income including prior period						0.11			
18	Income from open access charges i.e. application fee, cross subsidy surcharge, additional surcharge, transmission and/or wheeling charges, scheduling charges etc.						1.53			
	Total	0.00	0.00	3.85	0.02	0.00	1.66	0.83	2.49	0.05

Form F20: Interest on Working Capital for SLDC

Form - F20								
Normative Interest on Working Capital for SLDC								
								(Rs. In Crore)
S.No	Particulars	Previous Year' (FY 2011-12)			Current Year (FY 2013-14)			Ensuing Year (FY 2014-15)
		Revised Estimates	Order	Actuals	Last Years' Petition	Order	Estimated	Projected
Column Reference		1	2	3	1	2	3	1
1	Receivables equivalent to two months of fixed cost.	3.89	2.56	3.99	9.77	4.54	4.36	6.72
2	Maintenance spares @ 15% of Operation and Maintenance expenses	1.62	0.64	1.36	3.12	0.62	1.66	2.44
3	Operation and Maintenance expenses for one month.	0.90	0.36	0.76	1.73	0.35	0.92	1.36
4	Total Working Capital	6.41	3.56	6.11	14.62	5.51	6.95	10.51
5	Rate of Interest applied	12.50%	13.00%	13.00%	14.75%	10.93%	14.45%	14.45%
6	Interest on Working Capital	0.80	0.46	0.79	2.16	0.60	1.00	1.52

Form-F21: Interest & Finance Charges for SLDC

Form - F21										
Interest & Finance Charges for SLDC										
										(Rs. In Crore)
S.No	Particulars	FY 2011-12			Current Year (FY 2013-14)					Ensuing Year (FY 2014-15)
		Revised Estimates	Order	Actuals	Last Years' Petition	Order	Actuals (H1)	Estimated (H2)	Estimated	Projected
1	Opening Balance	0	0.00	0.00	11.38	1.00	0.77	0.77	0.77	14.30
2	Loan addition during FY	2.19	3.13	0.00	18.40	15.00	0.00	13.53	13.53	21.40
3	Loan Repayment during FY	0	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	Closing Balance	2.19	3.13	0	29.78	16	0.77	14.3	14.30	35.7
5	Interest	0.14	0.2	0.00	2.57	1.06	0.05	0.47	0.52	3.12
6	Interest Capitalised	0.06	0.06	0.00	0.00	0.09	0.00	0.00	0.00	0.00
7	Interest disallowed on account of diversion of funds	0.00	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8	Net Interest	0.08	0.14	0.00	2.57	0.97	0.05	0.47	0.52	3.12
9	Rate of Interest	12.79%	12.78%		12.49%	12.47%	6.49%	6.21%	6.87%	12.48%
10	Guarantee Charges	0.00	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11	Add: Prior Period Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12	Interest & Finance Charges	0.08	0.14	0.00	2.57	0.97	0.05	0.47	0.52	3.12

Form-F21 Detailed: Interest Cost for SLDC

Interest Cost for SLDC							
Form - F 21 Detailed							
2013-14 Upto September 2013 (Actuals)							
							(Rs in Crore)
Sr. No.	Particulars (Source)	Opening balance	Rate of interest	Addition during the year	Repayment during the year	Closing balance	Amount of interest
1	OBC	0.00		0.00	0.00	0.00	0.00
2	Commercial Banks	0.00		0.00	0.00	0.00	0.00
3	LIC	0.00		0.00	0.00	0.00	0.00
4	REC	0.77	12.00%	0.00	0.00	0.77	0.05
	Total	0.77		0.00	0.00	0.77	0.05
	Less: captilziation						0.00
	Net Interest						0.05
2013-14 Upto March 2014 (Estimated)							
							(Rs in Crore)
Sr. No.	Particulars (Source)	Opening balance	Rate of interest	Addition during the year	Repayment during the year	Closing balance	Amount of interest
1	OBC	0.00		0.00	0.00	0.00	0.00
2	Commercial Banks	0.00		0.00	0.00	0.00	0.00
3	LIC	0.00		0.00	0.00	0.00	0.00
4	REC	0.77	12.00%	0.00	0.00	0.77	0.05
5	REC (New Loans)	0.00	12.00%	13.53	0.00	13.53	0.42
	Total	0.77		13.53	0.00	14.30	0.47
	Less: captilziation						0.00
	Net Interest						0.47
FY 2013-14 (Estimated)							
							(Rs in Crore)
Sr. No.	Particulars (Source)	Opening balance	Rate of interest	Addition during the year	Repayment during the year	Closing balance	Amount of interest
1	OBC	0.00		0.00	0.00	0.00	0.00
2	Commercial Banks	0.00		0.00	0.00	0.00	0.00
3	LIC	0.00		0.00	0.00	0.00	0.00
4	REC	0.77	12.00%	0.00	0.00	0.77	0.09
5	REC (New Loans)	0.00	12.00%	13.53	0.00	13.53	0.42
	Total	0.77		13.53	0.00	14.30	0.51
	Less: captilziation						0.00
	Net Interest						0.51
FY 2014-15 (Estimated)							
							(Rs in Crore)
Sr. No.	Particulars (Source)	Opening balance	Rate of interest	Addition during the year	Repayment during the year	Closing balance	Amount of interest
1	OBC	0.00		0.00	0.00	0.00	0.00
2	Commercial Banks	0.00		0.00	0.00	0.00	0.00
3	LIC	0.00		0.00	0.00	0.00	0.00
4	REC	0.77	12.00%	0.00	0.00	0.77	0.09
5	REC (New Loans)	13.53	12.00%	21.40	0.00	34.93	3.03
	Total	14.30		21.40	0.00	35.70	3.12
	Less: captilziation						0.00
	Net Interest						3.12

Form-F24: Revenue for SLDC

Form - F24										
Revenue for SLDC										
										(Rs. In Crore)
S.No	Particulars	Previous Year (FY 2011-12)			Current Year (FY 2013-14)					Ensuing Year (FY 2014-15)
		Revised Estimates	Order	Actuals	Last Year Petition	Order	Actuals (H1)	Estimated (H2)	Total (H1+H2)	
	Column Reference	1	2	4	1	2	3	4	5=3+4	6
1	SLDC Charges from PSPCL			23.35			16.86	11.68	28.54	
2	Operating charges from open access customers	34.37	34.37	14.76			3.44	1.72	5.16	
	Total	34.37	34.37	38.11	-		20.30	13.40	33.70	-