



PUNJAB STATE TRANSMISSION CORPORATION LIMITED
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To

The Secretary,
Punjab State Electricity Regulatory Commission,
SCO No. 220-221, Sector-34-A,
Chandigarh.

Memo No. 3166 /CAO(F&A)/MYT-III/APR-II

Dated: 20/12/2021

Subject: Petition for True up for FY 2020-21, APR for FY 2021-22, revised ARR and tariff proposal for FY 2022-23 – Deficiencies thereof:

Ref: Hon'ble Commission's Order dated 13.12.2021 in Petition no. 67 of 2021.

Hon'ble Commission has pointed out some deficiencies in subject cited petition vide order under reference. In compliance with the said order enclosed please find here with 12 copies of the reply for further necessary action.

The soft copy of the submissions (in MS excel/word) has been sent separately through email dated 20.12.2021.

DA/As above

Dy. CAO (Finance-I),
PSTCL, Patiala.
20/12/21

Petition for approval of True-up of ARR for FY 2020-21 for Transmission Business and SLDC, APR for FY 2021-22 and approval of revised ARR forecast and determination of Tariff for Transmission Business and SLDC for FY 2022-23

Replies to Deficiencies

1. Formats and Annexures

- i. Submit all the formats in MS Excel format for FY 2020-21, FY 2021-22 and FY 2022-23.

Reply:

All the formats for FY 2020-21, FY 2021-22 and FY 2022-23 have been emailed on dated 20.12.2021.

- ii. Submit Annexure A, Annexure B, Annexure C, Annexure D and Annexure E in MS Excel format.

Reply:

Requisite Annexure A, C, D, E & F in MS Excel/Word format have been emailed on dated 20.12.2021. However, Annexure B has not been emailed in MS Excel format since it is for the monthly status report in respect of implementation of SAMAST scheme in Punjab and there are no calculations or Tables in it.

2. Audited/ Provisional Accounts

- i. Complete annual audited accounts for FY 2020-21 (Annexure-I to the Petition) signed/certified by the auditor and actual provisional accounts for H1 of FY 2021-22 (in MS Excel format including Trial Balance for FY 2020-21 and H1 of FY 2021-22). The certificate issued by Comptroller and Auditor General (CAG) for FY 2020-21 also needs to be furnished as soon as it is available.

Reply:

Annual audited accounts for FY 2020-21 signed/certified by the auditor as desired & Actual provisional accounts for H1 of FY 2021-22 (in MS Excel format including Trial Balance for FY 2020-21 and H1 of FY 2021-22) has been emailed on dated 20.12.2021

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- ii. Provisional Cost Accounts and Cost Audit Report for FY 2020-21 and Audited accounts for the same need to be furnished as soon as they are available.

Reply:

Cost Audit Report and Cost Accounts for FY 2020-21 has been emailed on dated 20.12.2021.

3. Capital Expenditure and Capitalization

- i. With regard to Capital Expenditure, submit the following:

- a) In Format T15, PSTCL has submitted capital expenditure of Rs. 49.61 Crore, Rs. 110.41 Crore and Rs. 93.89 Crore for FY 2020-21, FY 2021-22 and FY 2022-23 respectively under the head 'Any Other'. Submit the details of schemes covered under the head 'Any Other'.

Reply:

PSTCL has sought the details from the field offices and it will be submitted as soon as received.

- b) In Format T15, PSTCL has not reduced any capital expenditure under the head 'Cost of Dismantled Transformers being re-used' whereas the Commission in its Order dated 03.12.2019 in Petition No. 19 of 2019 had reduced capital investment of Rs.107 Crore that will be saved by reusing the dismantled transformers. The same be reviewed and thereafter re-submit the capex figures.

Reply:

PSTCL submits that as per PSTCL's accounting policies, the cost of the old dismantled transformer is not booked to capital expenditure of work where its reinstalled or reused. Therefore, PSTCL has not reduced any capital expenditure under the head 'Cost of Dismantled Transformers being re-used'.

- ii. Submit the details of assets directly transferred to GFA during FY 2020-21 as submitted in Table 4 of the Petition.

Reply:

Details of assets directly transferred to GFA during FY 2020-21 as shown in Table 4 of the Petition have been emailed on dated 20.12.2021.

- iii. Submit the Fixed Asset Register (FAR) prepared for FY 2020-21.

Reply:

Fixed Asset Register (FAR) prepared for FY 2020-21 has been have been emailed on dated 20.12.2021.

- iv. Submit a detailed list of assets decapitalized in FY 2020-21.

Reply:

Detailed list of assets decapitalized in FY 2020-21 have been emailed on dated 20.12.2021.

- v. As per table no 25 of the Commission Order dated 28.05.2021, closing balance of Capital Work in Progress (CWIP) as on 31.03.2020 is Rs 310.47 Crore whereas PSTCL in this Petition has submitted Rs.282.70 Crore as opening balance of CWIP as on 01.04.2020. Difference in CWIP balance may be explained.

A soft copy (in MS Excel format) be provided for i, ii & iii submissions.

Reply:

PSTCL has submitted the CAPEX on account of directly purchased assets amounting to Rs. 25.86 Crore, Rs. 2.55 Crore & Rs. 13.45 Crore for FY 2017-18, 2018-19 and FY 2019-20, respectively. Hon'ble Commission has considered the amount of Rs. 25.86 Crore as Capital Expenditure for FY 2017-18. However, while calculating the Capital Works in Progress (CWIP) as on 31.03.2018, Hon'ble Commission has not deducted the same on account of Capitalization (Table 14 of the Tariff Order for FY 2021-22 dated 28.05.2021). Although Hon'ble Commission has allowed the directly purchased assets of Rs. 2.55 Crore and Rs. 13.45 Crore for FY 2018-19 & FY 2019-20, however Hon'ble Commission has not considered the same while calculating closing CWIP for the respective years (Table 14 of Tariff Order dated 28.05.2021). Hence, there is difference in the closing balance of CWIP as on 31.03.2020. Therefore, PSTCL has considered the opening balance of Rs. 282.70 Crore as per Financial Accounts as on 01.04.2020. Reconciliation sheet for CWIP has been emailed on dated 20.12.2021.

4. Interest Charges

- i. PSTCL has considered the addition of loans of Rs. 95.14 Crore for FY 2020-21 which is entirely considered on account of Spill-over Schemes.

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Justification be submitted for considering the entire addition of loan of Rs. 95.14 Crore towards spillover schemes and no funding of new schemes when the capital expenditure and capitalization on account of new schemes has been submitted as Rs. 21.13 Crore and Rs. 10.44 Crore respectively.

Reply:

PSTCL submits that during FY 2020-21, it has booked a profit of Rs. 20.66 Crore and the same has been considered to be reinvested into the Transmission Business as Equity and the balance Rs. 95.14 Crore is funded through Loans. Since Capitalization for new schemes is Rs. 10.44 Crore for FY 2020-21, PSTCL has considered it to be funded through Equity and the whole Rs. 95.14 Crore addition of loan is considered on account of Spill over Schemes.

- ii. PSTCL to submit the calculations for funding requirements and loans for spillover and new schemes separately as per the methodology approved by the Commission in previous orders.

Reply:

PSTCL has considered funding for new schemes amounting Rs. 10.44 Crore for FY 2020-21 through Equity and the whole Rs. 95.14 Crore addition of loan is considered on account of Spill over Schemes as per the table 6 of petition. Calculations for funding requirements and loans for spillover and new schemes separately for FY 2021-22 and FY 2022-23 have been provided in table no. 51 to 56 of the petition.

- iii. Submit reconciliation of closing balance as on March 31, 2020 (Rs. 7.34 Crore) and opening balance as on April 1, 2020 (Rs. 7.27 Crore) for the REC (SLDC) loan as submitted in Format T13 in Petition for True-Up of FY 2019-20 and in the Petition for True-Up of FY 2020-21 respectively.

Reply:

Revised Actual Loan and Interest status of SLDC for FY 2020-21 have been emailed on dated 20.12.2021.

5. Depreciation

- i. As per MYT Regulations, Depreciation shall be calculated annually as per straightline method over the useful life of the asset. Provided that the remaining depreciable value as on 31st March of the year closing after a period of 12 years from date of commercial operation/ put in use of the asset shall be spread over the balance useful life of the assets. The details of

depreciation for FY 2020-21 be provided in light of the aforesaid Regulations incorporating the following:

- a) Details be submitted head-wise for all assets with further break up of each asset as per account codes.
- b) The details be furnished separately for Transmission Business & SLDC Business

Reply:

PSTCL submits that it has been charging Depreciation in Audited Accounts of FY 2020-21 in line with the methodology specified in Regulation 21 of the PSERC MYT Regulations, 2019, as amended from time to time. The details of depreciation head-wise for all assets with further break up of each asset as per account codes for FY 2020- have been emailed on dated 20.12.2021.

- ii. Submit a detailed list of assets completing 90% of depreciation for FY 2020-21 (actuals), FY 2021-22 (estimated) and FY 2022-23 (estimated).

Reply:

PSTCL has submitted the detailed list of assets completing 90% of depreciation for FY 2020-21 (actuals), FY 2021-22 (estimated) and FY 2022-23 (estimated) have been emailed on dated 20.12.2021.

- iii. Details of contributory works and PSDF grants taken in the instant petition in table no 14 as on 01.04.2020 does not match with closing balance of trued up figures of FY 2017-18 to FY 2019-20. PSTCL is claiming opening balance of Rs 7108.13 Crore as GFA (net of Land and Land rights and excluding Contribution and PSDF grant assets) as on 01.04.2020 whereas in the review petition no 3 of 2021 in Petition no 44 of 2020, the closing balance submitted was Rs. 7107.03 Crore. Difference may be explained/reconciled.

Reply:

Reconciliation Statement for GFA has been emailed on dated 20.12.2021.

6. Other Expenses

- i. PSTCL has claimed other expenses of Rs.12.88 Crore in FY 2020-21. Detailed justification and proof for the same be provided.

Reply:

PSTCL has already submitted the break-up of other expenses of Rs.12.88 Crore claimed in FY 2020-21 along with the detailed justification in Section 2.15 of the Petition. The same is reproduced again as below:

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" ...

PSTCL has claimed the bad and doubtful debts in line with the methodology specified in Regulation 47.1 of PSERC MYT Regulation, 2019. Accordingly, PSTCL has also claimed infructuous capital expenditure written off worth Rs. 1.64 Crore under the head other debits as reflecting in Audited Accounts of FY 2020-21. PSTCL has also considered the following in the bad and doubtful debts:

- (i) PSTCL has written off Rs. 0.1970 Crore and Rs. 0.0244 Crore related to theft incidence occurred at P&M Sahnewal store on October 3, 2017, July 6, 2018 and July 7, 2018. Further, amount of Rs. 6.45 Crore has been written off related to destruction of material due to fire accident on April 3, 2017 at Grid Store, Jalandhar which was decided by the Board of Directors in meeting dated January 18, 2021. Therefore, PSTCL has claimed Rs. 6.68 Crore (Rs. 6.45 Crore + Rs. 0.1970 Crore + Rs. 0.0244 Crore) in the true up of FY 2020-21.
- (ii) During FY 2020-21, PSTCL has written off Rs. 0.30 Crore outstanding balance of sundry debtors as on April 16, 2010. In view of the above methodology adopted by the Hon'ble Commission, PSTCL therefore requests to allow the above said amount while Truing-up of FY 2020-21.
- (iii) Net Delayed Payment Surcharge of Rs. 4.27 Crore (Rs. 4.25 Crore for Transmission Business and 0.02 Crore for SLDC Business) was considered as non-tariff income in FY 2019-20, in the Tariff Order of FY 2021-22. This DPS of Rs. 4.27 Crore has been reversed and has been written off in FY 2020-21 in view of the meeting held on 16th April, 2021 between PSTCL and PSPCL. PSTCL has considered the same as part of its Bad and doubtful debts.

Table 1: Other Expenses for FY 2020-21 (Rs. Crore)

Sr. No.	Particulars	FY 2020-21		
		Transmission	SLDC	Total
1	Written off assets due to theft	6.68	-	6.68
2	Sundry Creditors written off	0.30	-	0.30
3	Infructuous capital exp. written off	1.64	-	1.64
4	Delayed Payment Charges income written off	4.25	0.02	4.27
	Total	12.86	0.02	12.88

7. Employee Cost

- i. Submit grade-wise number of employees along with average salary in MS Excel format alongwith the number of employees retired and recruited during FY 2020-21 (actuals), FY 2021-22 (actuals for H1 and projections for H2) and FY 2022-23 (projections).

Reply:

PSTCL has sought the details from the concerned office and it will be submitted as soon as received.

- ii. The baseline values of other employee has been increased for Transmission by Rs. 1.58 Crore and has been claimed as Rs. 192.02 Crore against Rs. 190.44 Crore approved for FY 2019-20 in Tariff order of FY 2021-22. As stated by PSTCL, the Communication wing was temporarily transferred to SLDC during FY 2019-20 which was again transferred back to Transmission during FY 2020-21. However, the Commission has allowed actual other employee cost instead of normative other employee cost during true up of FY 2019-20. Reasons for change in the baseline values of other employee cost of Transmission and SLDC Business may be intimated.

Reply:

PSTCL submits that the Hon'ble Commission in Tariff Order dated May 28, 2021 has approved the Other Employee cost of Rs. 190.44 Crore for Transmission Business on the basis of actual for FY 2019-20. However, for SLDC, the normative employee cost of Rs. 7.00 Crore was approved for FY 2019-20.

PSTCL submits that Communication Wing was transferred to SLDC Business with effect from September 2019 and it was again transferred back to Transmission Business on March 16, 2021. Accordingly, the base employee expenses of Rs. 190.44 Crore of FY 2019-20 for Transmission Business have been revised to Rs. 192.02 Crore (adding the cost of employees of the Communication Wing of Rs. 1.58 Crore) has been considered as a base for FY 2020-21. Hence, the base employee expenses for FY 2020-21 have been revised from Rs. 7.48 Crore to Rs. 5.90 Crore for SLDC Business.

8. Revenue from Open Access Consumers

- i. Provide detailed breakup of revenue from Open Access Charges for FY 2020-21

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Reply:

PSTCL has claimed a receipt of Transmission charges of Rs. 4.00 Crore and SLDC charges of Rs. 0.28 Crore from Open Access Consumers based on the Audited Accounts of FY 2020-21. The detailed breakup of revenue from Open Access Charges have been emailed on dated 20.12.2021.

9. Input and Output Energy

- i. With regard to Transmission Availability and Losses, in Annexure-II, PSTCL has submitted the details of energy. PSTCL to further submit the following:
 - a) The detailed calculations of the energy inflow into PSTCL system and Energy outflow from PSTCL system clearly indicating energy inflow and outflow from/to various generators, PSPCL, inter-state points and other such points.
 - b) Submit the reconciled/validated energy inflow/outflow from PSPCL

Reply:

Requisite information has been emailed on dated 20.12.2021.

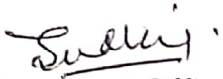
For reconciliation of data, the same has been forwarded to o/o CE/PPR, PSPCL/Patiala for verification. As and when the information is received from their office the reconciled data will be sent.

10. Transmission Capacity

- i. In format T22, PSTCL has submitted the details of transmission capacity for FY 2022-23. The same be got reconciled with PSPCL.

Reply:

PSTCL submits that the information on transmission capacity for FY 2022-23 as submitted in Format T22 has been obtained from PSPCL itself. Hence, it reconciles with the details available with PSPCL.


Chief Accounts Officer (F&A),
PSTCL, Patiala