



**PUNJAB STATE TRANSMISSION CORPORATION LIMITED**  
Regd. Office: PSEB Head Office, The Mall Patiala-147001, Punjab, India.  
**Corporate Identity Number: U40109PB2010SGC033814 (www.pstcl.org)**

(Office of Chief Accounts Officer (Finance & Audit), ARR Section  
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To

The Secretary,  
Punjab State Electricity Regulatory Commission,  
Site No. 3, Madhya Marg.  
Sector - 18A, Chandigarh.

Memo No. 356 /CAO(F&A)/MYT-III/APR/1A

Dated: 10/02/2021

**Subject:** Petition for True up for FY 2019-20, APR for FY 2020-21, revised ARR for FY 2021-22 (petition no. 44/2020) – Discussions on CIP – Deficiencies thereof.

**Ref:** Your office memo no. PSERC/Tariff/T-415 dated 01.02.2021.

In compliance with the letter under reference, please find enclosed here with the 10 (Ten) copies of reply of the queries for further necessary action.

DA/As above

  
CAO (Finance & Audit)  
PSTCL, Patiala.

## Replies to Deficiencies

### Query 1

PSTCL to justify the expenditure of Rs. 1.55 Crore made during FY 2019-20 for each of the schemes in "G-Works approved in Second Control Period started in FY 2019-20" of Annexure-I of the Petition.

### Reply 1

The following works are specified under "G-Works approved in Second Control Period started in FY 2019-20"

1. 132 KV SIHORA TO 132 KV S/S SHE (Sr No. 2a & 2b of 2<sup>nd</sup> MYT)
2. 220 kv dc line 400 kv Rajpur to 220 kv Bassi Pathana (Sr No. 5 of 2<sup>nd</sup> MYT)
3. Survey off 132 line, 132 kv sub-station Faridkot to 132 kv S/s Kotakpura 2nd on DC tower (Sr No. 1a of 2<sup>nd</sup> MYT)
4. Link to connect 132 KV S/Stn. Dharamkot to 132 KV S/Stn. Dhaleke, which shall be used for 2<sup>nd</sup> link 132 KV S/Stn. Dhaleke to Moga. (Sr No. 36 of 2<sup>nd</sup> MYT).

It is submitted that these works were not submitted for approval in the Capital Investment Plan for First Control Period as these works were not envisaged at the time of submission of Capital Investment Plan for First MYT Control Period i.e. in May 2016.

The amount of Rs. 1.55 crore has been expended for works executed against these schemes with the approval of BOD's, which is reflecting in the audited annual accounts of FY 2019-20.

Accordingly, PSTCL had submitted these works in the Capital Investment Plan for Second Control Period. The Hon'ble Commission accordingly approved these works along with the Capital Investment Plan vide Order dated 3<sup>rd</sup> December 2019.

PSTCL has hence claimed this amount under Capital Expenditure for FY 2019-20 in accordance with the Audited Accounts of FY 2019-20.

### Query 2

PSTCL has submitted the following:

Sr. No.	Source	Capital Expenditure Works on assets directly transferred to GFA Account and not included in the scheme wise capital expenditure approval (in Rs. Cr.)			
		2017-18	2018-19	2019-20	Total in 1 <sup>st</sup> MYT
1	Submitted by PSTCL in Annexure-I	-	2.55	0.5	3.05
2	Submitted by PSTCL in the	-	2.43 (as addition of equity for assets such as furniture	13.45	15.9

Petition		and fixture and office equipment		
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PSTCL to submit correct figures for all three years (FY 2017-20) and give details of assets directly transferred to GFA

**Reply 2**

It is submitted that the correct figures of assets directly transferred to GFA for all the three years, which is as per the Audited Accounts of respective years are as follows.

Particulars (Rs. Crore)	FY 2017-18	FY 2018-19	FY 2019-20
Land and Land Rights	-	0.11	9.52
Vehicles	-	-	3.43
Furniture Fixtures and Other Items	-	0.30	0.45
Software	-	0.10	0.05
Procurement of Emergency Restoration System (ERS)	25.86	-	-
Plants and Machinery		0.94	
Office Equipment		1.10	
<b>TOTAL</b>	<b>25.86</b>	<b>2.55*</b>	<b>13.45</b>

The following Table shows the reconciliation/ justification for differences in amount as claimed above as compared to the amount submitted in Annexure-I.

	Amount as claimed in above Table / Petition	Amount as reflecting in Annexure-I under direct transfer	Reconciliation / Reasons for differences
FY 2017-18	25.86	-	The amount pertains to procurement of ERS and is included in that particular scheme in Annexure-I (Sr. No. 57). Hence the amount under directly transferred asset is Nil.
FY 2018-19	2.55	2.55	There is no difference in the amount as per Audited Accounts and as per Annexure-I.

FY 2019-20	13.45	0.50	PSTCL has included the amount of land and land rights (Rs. 9.52 Crore) and vehicles (Rs. 3.43 Crore) in the respective list of schemes submitted in Annexure-I. Only the balance amount of Furniture and Other items (Rs. 0.45 Crore) and Software (Rs. 0.05 Crore) is reflecting in the separate head of assets directly transferred since these amounts are not pertaining to any of the list of schemes as submitted in Annexure-I and therefore had to be shown separately
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### Query 3

PSTCL to justify the difference in Hard cost of Capital Expenditure as under

Sr. No.	Source	Capital Expenditure during the year (in Rs. Cr.)			
		2017-18	2018-19	2019-20	Total in 1 <sup>st</sup> MYT
1	Submitted by PSTCL in Annexure-I of the Petition (inclusive of Capital Expenditure Works on assets directly transferred to GFA Account, Material at site and Contributory Works	302.27	192.91	183.59	678.78
2	As per Balance Sheet	266.69	187.38	172.00	454.35

### Reply 3

The following Table shows the reconciliation of Hard Cost of Capital Expenditure submitted in Annexure-I with respect to Audited Accounts of respective years.

Particulars (Rs. Crore)	FY 2017-18	FY 2018-19	FY 2019-20	Total
Amount of Capital Expenditure as reflecting in Audited Accounts (Note 6.1 and 6.2)	351.01	261.74	226.48	839.23
Less: Employee Cost Capitalised	39.08	39.65	29.05	107.78
Less: R&M Expense Capitalised	0.39	0.52	0.19	1.1
Less: A&G Expenses Capitalized	4.85	4.91	3.95	13.71
Less: Interest during Construction	39.75	28.98	21.01	89.74

2<sup>nd</sup> Deficiency Note - PSTCL

Less: Depreciation on assets used for construction capitalized	0.25	0.3	0.28	0.83
<b>Total Hard Cost as per CWIP Account excluding direct transfer</b>	<b>266.69</b>	<b>187.38</b>	<b>172.00</b>	<b>626.07</b>
Add: Assets directly transferred to GFA	25.86	2.55	13.45	41.86
<b>Total Hard Cost including assets transferred to GFA</b>	<b>292.55</b>	<b>189.93</b>	<b>185.45</b>	<b>667.93</b>
Less: PSDF Funding	0.86	6.90	5.40	13.16
<b>Total Hard Cost including direct transfer asset less PSDF Funding</b>	<b>291.69</b>	<b>183.03</b>	<b>180.05</b>	<b>654.77</b>
<b>Total Hard Cost as per Annexure-I</b>	<b>302.27</b>	<b>192.91</b>	<b>183.59</b>	<b>678.77</b>
<b>Difference of Hard Cost in Audited Accounts and Annexure-I</b>				<b>24.00</b>

It is stated that the overall difference in Hard Cost of Rs. 24.00 Crore in Audited Accounts with respect to Annexure-I submitted along with the Petition, is due to some amount of IEDC and IDC being inadvertently booked in Hard Cost of Annexure-I.

The following Table shows the reconciliation of difference in claim of IEDC and IDC as submitted in Annexure-I with respect to Audited Accounts.

Particulars (Rs. Crore)	IEDC			IDC		
	As per Accounts	As per Annexure I	Difference	As per Accounts	As per Annexure I	Difference
FY 2017-18	44.57	37.99	6.58	39.75	35.74	4.01
FY 2018-19	45.38	36.62	8.76	28.98	27.86	1.12
FY 2019-20	33.47	29.06	4.41	21.01	21.88	(0.88)
<b>Total MYT</b>	<b>123.42</b>	<b>103.67</b>	<b>19.75</b>	<b>89.73</b>	<b>85.48</b>	<b>4.25</b>
<b>Lower claim of IEDC and IDC in Annexure-I with respect to Audited Accounts</b>						<b>24.00</b>

However, it is submitted that the PSTCL has claimed the total Capital Expenditure for FY 2017-18 to FY 2019-20 including IEDC and IDC in line with the Audited Accounts of respective years.

  
 Chief Accounts Officer (F & A)  
 PSTCL, Patiala