



**Petition for Aggregate Revenue Requirement (ARR)**

**&**

**Determination of Tariff**

**For**

**FY 2015-16**

**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**

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**Acronym**

S. No	Acronym used	Details
1.	AAD	Advance Against Depreciation
2.	A&G	Administrative and General
3.	AFC	Annual Fixed Cost
4.	APTEL	Appellate Tribunal for Electricity
5.	ARR	Aggregate Revenue Requirement
6.	BBMB	Bhakra Beas Management Board
7.	CEA	Central Electricity Authority
8.	CERC	Central Electricity Regulatory Commission
9.	CWIP	Capital Work in Progress
10.	DPR	Detailed Project Report
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.	PLR	Prime Lending Rate
17.	PSEB	Punjab State Electricity Board
18.	PSERC	Punjab State Electricity Regulatory Commission
19.	PSPCL	Punjab State Power Corporation Limited
20.	PSTCL	Punjab State Transmission Corporation Limited
21.	RfP	Request for Proposal

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S. No	Acronym used	Details
22.	R&M	Repairs and Maintenance
23.	RoE	Return on Equity
24.	SBAR	State Bank of India Advance Rate
25.	SBI	State Bank of India
26.	SLDC	State Loan Despatch Centre
27.	STOA	Short term Open Access
28.	STU	State Transmission Utility
29.	ULDC	Unified Load Dispatch & Communication
30.	WPI	Wholesale Price Index

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Table of Content

1.	BACKGROUND AND BRIEF HISTORY .....	11
1.1.	Background .....	11
1.2.	Sections in the Petition.....	12
1.3.	Principles adopted in the Petition .....	13
1.4.	Amendment of the PSERC (Terms and Conditions for Determination of Tariff) Regulations, 2005 .....	14
2.	TRUING UP OF FY 2012-13 FOR PSTCL.....	16
2.1.	Background.....	16
2.2.	Description of the Transmission System .....	16
2.3.	Transmission System Capacity.....	17
2.4.	Transmission System Availability .....	19
2.5.	Transmission Losses .....	20
2.6.	Employee Cost (Salary and other expenses).....	22
2.7.	Terminal Benefits.....	28
2.8.	Total Employee Expenses.....	29
2.9.	Repair and Maintenance (R&M) Expenses .....	30
2.10.	Administrative & General Expenses.....	33
2.11.	Investment.....	36
2.12.	Depreciation Charges.....	37
2.13.	Interest Charges .....	38
2.14.	Interest on Working Capital.....	42
2.15.	Return on Equity (RoE) .....	43
2.16.	Tax on Income .....	45
2.17.	ULDC charge .....	46
2.18.	Non-Tariff Income .....	47
2.19.	Transmission Charges from Open Access Consumers .....	48
2.20.	Incentive on Transmission system availability .....	49
2.21.	Annual Revenue Requirement .....	50

*Onl*



2.22.	Revenue Surplus / (Gap) for PSTCL .....	52
3.	TRUING UP OF FY 2013-14 FOR PSTCL .....	54
3.1.	True up for FY 2013-14 .....	54
4.	REVIEW OF ARR FOR FY 2014-15 FOR PSTCL .....	56
4.1.	Background .....	56
4.2.	Description of the Transmission System .....	56
4.3.	Transmission System Capacity .....	57
4.4.	Transmission System Availability .....	59
4.5.	Transmission Losses .....	60
4.6.	Capital Expenditure Plan and Capital Works in Progress .....	60
4.7.	Employee expenses (Salary and other expenses) .....	62
4.8.	Terminal Benefits .....	65
4.9.	Total Employee Expenses .....	66
4.10.	Repair & Maintenance (R&M) Expenses .....	67
4.11.	Administrative & General (A&G) Expenses .....	68
4.12.	Depreciation Charges .....	69
4.13.	Advance Against Depreciation .....	70
4.14.	Interest and Finance Charges .....	71
4.15.	Interest on Working Capital .....	73
4.16.	Return on Equity .....	74
4.17.	Income Tax .....	75
4.18.	ULDC Charges .....	76
4.19.	Non-Tariff Income .....	77
4.20.	Revenue from Open Access Consumers .....	77
4.21.	Unrecovered amount of Carrying cost from GoP as per Tariff Order 2014-15 .....	78
4.22.	Annual Revenue Requirement .....	78
4.23.	Estimated Revenue Surplus / (Gap) for PSTCL .....	81
5.	PROJECTION OF ARR FOR FY 2015-16 FOR PSTCL .....	83
5.1.	Background .....	83

*Cal*

5.2.	Description of the Transmission System .....	83
5.3.	Transmission system .....	84
5.4.	Transmission System Availability .....	86
5.5.	Transmission Losses .....	86
5.6.	Capital Expenditure Plan for PSTCL.....	86
5.7.	Employee Strength.....	89
5.8.	Employee Cost (Salary and other expenses).....	90
5.9.	Terminal Benefits.....	91
5.10.	Total Employee Expenses.....	92
5.11.	Repair & Maintenance (R&M) Expenses .....	93
5.12.	Administrative & General (A&G) Expenses .....	93
5.13.	Depreciation Charges .....	94
5.14.	Advance Against Depreciation .....	95
5.15.	Interest and Finance Charges .....	95
5.16.	Interest on Working Capital.....	96
5.17.	Return on Equity .....	97
5.18.	Income Tax .....	98
5.19.	ULDC Charges.....	98
5.20.	Non Tariff Income .....	99
5.21.	Revenue from Open Access Consumers.....	99
5.22.	Annual Revenue Requirement without gap and carrying cost.....	99
5.23.	Treatment of overall Revenue Gap .....	100
6.	TRANSMISSION AND LONG & SHORT TERM OPEN ACCESS CHARGES....	103
6.1.	Background .....	103
6.2.	Open Access Charges in terms of Rs./MW/Month.....	103
6.3.	Reactive Energy Charges .....	104
7.	PRAAYER.....	105
8.	COMPLIANCE TO DIRECTIVES .....	106
8.1.	Status of PSERC revised directives given in tariff orders for FY 2014-15 .....	106

*Op*



9. ARR FORMATS ..... 113

9.1. ARR Formats for STU ..... 115

9.2. ARR Formats for SLDC ..... 133

*Qd*

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**List of Tables**

Table 1: Transmission system of PSTCL during FY 2012-13 .....	16
Table 2: Generation capacity in MW during FY 2012-13 as on 31 March 2013 .....	17
Table 3: Transmission System Availability during FY 2012-13 .....	19
Table 4: Transmission System availability for other states for FY 2012-13 .....	20
Table 5: Transmission Losses for FY 2012-13 for different states (%) .....	21
Table 6: Revised Estimate and Approved Salary & other Expenses for FY 2012-13 .....	23
Table 7: Salary and other employee expenses for FY 2012-13 (Audited) .....	24
Table 8: Employees details for FY 2012-13 .....	24
Table 9: Staffing norms for O&M of substations .....	25
Table 10: Other Employee Expense in FY 2012-13 .....	27
Table 11: Terminal Benefits revised and approved for FY 2012-13 .....	28
Table 12: Terminal Benefits for FY 2012-13 (Audited).....	29
Table 13: Total Employee Expenses for FY 2012-13 .....	30
Table 14: R&M revised expenses submitted and approved for FY 2012-13 .....	31
Table 15: R&M Expenses for FY 2012-13 (Audited) .....	31
Table 16: Comparative study of R&M Expenses for FY 2012-13 across other states .....	31
Table 17: R&M Expenses for FY 2012-13 .....	33
Table 18: A&G expenses submitted and approved for FY 2012-13 .....	34
Table 19: A&G Expenses for FY 2012-13 (Audited).....	34
Table 20: Comparative study of A&G Expenses for FY 2012-13 across states.....	35
Table 21: A&G Expenses for FY 2012-13 .....	36
Table 22: Capital Work in Progress (CWIP) for FY 2012-13 .....	37
Table 23: Depreciation Charges submitted and approved for FY 2012-13 .....	38
Table 24: Depreciation Charges for FY 2012-13 (Audited).....	38
Table 25: Interest Charges submitted and approved for FY 2012-13.....	39
Table 26: Loan schedule for FY 2012-13 .....	40
Table 27: Interest and Finance Charges for FY 2012-13 (Audited) .....	40
Table 28: Details of Loans and Capital Expenditure .....	41
Table 29: Interest on Working Capital submitted and approved for FY 2012-13 .....	42
Table 30: Interest on Working Capital for FY 2012-13 .....	43
Table 31: Return on Equity submitted and approved for FY 2012-13 .....	44
Table 32: Return on Equity for FY 2012-13.....	45
Table 33: ULDC charges submitted and approved for FY 2012-13.....	46
Table 34: ULDC charges (Audited).....	46
Table 35: Non tariff income submitted and approved for FY 2012-13 .....	48
Table 36: Non tariff income for FY 2012-13 (Audited).....	48
Table 37: Transmission charges from open access consumers (Audited) .....	48

*Out*





Table 38: Incentive on Transmission System Availability for FY 2012-13 .....	49
Table 39: Annual Revenue Requirement (ARR) for FY 2012-13 .....	51
Table 40: Revenue Surplus / (Gap) for FY 2012-13.....	52
Table 41: Transmission system of PSTCL during FY 2014-15 .....	56
Table 42: Projected Generation capacity in MW for FY 2014-15 as on 31 March 2015.....	57
Table 43: Transmission System Availability for FY 2014-15 upto September 2014.....	60
Table 44: Proposed Capital Investment Plan for STU for FY 2014-15.....	61
Table 45: Proposed Capital Investment Plan for SLDC for FY 2014-15 .....	62
Table 46: Employee expenses submitted and approved for FY 2014-15 .....	62
Table 47: Employees details for STU for FY 2014-15.....	63
Table 48: Employees details for SLDC for FY 2014-15 .....	63
Table 49: Revised Employee expense during FY 2014-15 .....	64
Table 50: Terminal benefits submitted and approved for FY 2014-15 .....	65
Table 51: Terminal benefits for PSTCL employees for FY 2014-15 .....	65
Table 52: Revised Terminal benefits for FY 2014-15 .....	66
Table 53: Total Employee Expenses for FY 2014-15 .....	66
Table 54: R&M expenses submitted and approved for FY 2014-15 .....	67
Table 55: Revised R&M expenses for FY 2014-15.....	68
Table 56: A&G expenses submitted and approved for FY 2014-15 .....	68
Table 57: Revised A&G Expenses for FY 2014-15 .....	69
Table 58: Depreciation charges submitted and approved for FY 2014-15.....	69
Table 59: Depreciation charges for FY 2014-15 .....	70
Table 60: Advance Against Depreciation for FY 2014-15.....	71
Table 61: Interest on loans submitted and approved for FY 2014-15 .....	72
Table 62: Loan Schedule and Interest on loans for H1 of FY 2014-15.....	72
Table 63: Loan Schedule and Interest on loans for H2 of FY 2014-15.....	73
Table 64: Interest on loans for submitted and approved for FY 2014-15.....	74
Table 65: Interest on Working Capital for FY 2014-15 .....	74
Table 66: Return on Equity submitted for FY 2014-15.....	75
Table 67: Return on Equity projected for FY 2014-15.....	75
Table 68: Tax on income for FY 2014-15 .....	76
Table 69: ULDC charges submitted and approved for FY 2014-15.....	76
Table 70: ULDC charges for FY 2014-15 .....	76
Table 71: Non-Tariff income submitted and approved for FY 2014-15 .....	77
Table 72: Non-Tariff income for FY 2014-15.....	77
Table 73: Revenue from Open Access consumers for FY 2014-15 .....	78
Table 74: Annual Revenue Requirement for FY 2014-15 for STU.....	78
Table 75: Annual Revenue Requirement for FY 2014-15 for SLDC.....	79

01



Table 76: Annual Revenue Requirement for FY 2014-15 for PSTCL .....	80
Table 77: Projected Revenue Surplus / (Gap) for FY 2014-15 .....	81
Table 78: Projected Transmission system of PSTCL during FY 2015-16 .....	83
Table 79: Projected Generation capacity in MW for FY 2015-16 as on 31 March 2016 .....	84
Table 80: Proposed ERP implementation expenditure for FY 2015-16 .....	87
Table 81: Proposed Capital Investment Plan for STU for FY 2015-16 .....	88
Table 82: Proposed Capital Investment Plan for SLDC for FY 2015-16 .....	88
Table 83: Summary of Capital works in progress for FY 2015-16 .....	89
Table 84: Projected Employee details for FY 2015-16 for PSTCL .....	89
Table 85: Employee expenses for FY 2015-16 .....	90
Table 86: Terminal benefits of PSTCL employees for FY 2015-16 .....	91
Table 87: Terminal benefits for FY 2015-16 .....	92
Table 88: Total Employee Expenses for FY 2015-16 .....	92
Table 89: R&M expenses for FY 2015-16 .....	93
Table 90: A&G Expenses for FY 2015-16 .....	94
Table 91: Depreciation charges for FY 2015-16 .....	94
Table 92: Advance Against Depreciation for FY 2015-16 .....	95
Table 93: Loan Schedule and Interest on loans for FY 2015-16 .....	96
Table 94: Interest on Working Capital for FY 2015-16 .....	97
Table 95: Return on Equity projected for FY 2015-16 .....	97
Table 96: Tax on income for FY 2015-16 .....	98
Table 97: ULDC charges for FY 2015-16 .....	98
Table 98: Non-Tariff income for FY 2015-16 .....	99
Table 99: Revenue from Open Access consumers for FY 2015-16 .....	99
Table 100: Annual Revenue Requirement for FY 2015-16 .....	100
Table 101: Revenue (Surplus)/ Gap upto FY 2014-15 .....	100
Table 102: Computation of cumulative Carrying cost as per accounts upto FY 2015-16 .....	101
Table 103: Adjusted Revenue Requirement for PSTCL for FY 2015-16 .....	101
Table 104: Proposed Transmission and open access charges for FY 2015-16 .....	103
Table 105: Compliance of Directives given in Tariff Order for FY 2013-14 .....	106
Table 106: Compliance of Directives issued in Tariff Order for FY 2014-15 .....	110

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**BEFORE THE PUNJAB STATE ELECTRICITY REGULATORY COMMISSION,  
CHANDIGARH**

PETITION NO.....

Case No.....

**IN THE MATTER OF:** Approval of the Aggregate Revenue Requirement (ARR) & Determination of Tariff Petition for the financial year 2015-16 under Section 62, 64 and 86 and other applicable provisions of the Electricity Act, 2003 read with Regulation-13 of the PSERC (Terms and Conditions for Determination of tariff) Regulations, 2005 and other applicable relevant regulations (including its amendments) and guidelines of the Punjab State Regulatory Commission for the Electricity business of Punjab State Transmission Corporation Ltd. and State Load Dispatch Centre.

**AND**

**IN THE MATTER OF:** Punjab State Transmission Corporation Limited  
Regd. Office : PSEB Head Office, The Mall, Patiala -147001

**AFFIDAVIT**

I, Vinod Bansal, son of late Shri Kedar Nath Bansal aged 50 residing at Patiala do hereby solemnly affirms and state as follows:

I am the Financial Advisor of Punjab State Transmission Corporation Limited, the petitioner in the above matter and am duly authorised by the Corporation to make this affidavit on its behalf.

The statement made in Sections 1 to 7 of the petition are true to my knowledge and the statement made in Sections 1 to 7 are based on the information collected from the concerned offices of the PSTCL and believe them to be true.

There is no case pending in any court of law with regards to the subject matter of the petition.

The contents of this affidavit document have been read over to the deponent He/She has accepted it true & correct. Notary has no concern with the contents of the documents in any way only Signature/Thumb has been Attested

  
DEPONENT  
(Vinod Bansal)

I, the deponent named above do hereby verify that the content of my above affidavit are true to my knowledge and belief and nothing material has been concealed there from.

Verified at Patiala on the date of 25<sup>th</sup> November, 2014.

  
DEPONENT  
(Vinod Bansal)

  
Signature/Thumb  
Attested  
NOTARY PUBLIC  
GOVT. OF INDIA

25 NOV 2014



**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 2015-16 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 Transmission and Load Despatch business of Punjab State Transmission Corporation Limited (PSTCL).

**And**

**IN THE MATTER OF:** Punjab State Transmission Corporation Limited (PSTCL)  
Regd. Office: PSEB H.O., The Mall, Patiala - 147001

The Applicant respectfully submits as under: -

**1. BACKGROUND AND BRIEF HISTORY**

**1.1. Background**

- 1.1.1. 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 16<sup>th</sup> 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 16<sup>th</sup> April 2010.
- 1.1.2. PSTCL has been notified as the State Transmission Utility (STU) and has been vested with the State Load Despatch functions, from the effective date of Transfer Scheme.
- 1.1.3. 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 this Petition for truing up of ARR for FY 2012-13, review of

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Aggregate Revenue Requirement (ARR) for the FY 2014-15 and the approval of the Aggregate Revenue Requirement (ARR) and Tariff Determination for the FY 2015-16 for Transmission and SLDC function of PSTCL. It is submitted that annual accounts for FY 2013-14 are in the process of finalization/ audit. Thus, the Petitioner submits to the Hon'ble Commission that the truing up exercise for FY 2013-14 may be undertaken only after the finalization of audited annual accounts.

1.1.4. PSTCL will be henceforth called as the Petitioner and Hon'ble Punjab State Electricity Regulatory Commission will be referred to as Hon'ble Commission in this Petition.

## 1.2. Sections in the Petition

1.2.1. **True up for FY 2012-13:** In this section, the Petitioner has submitted the ARR based on the actual expenses and income as per the audited annual accounts of FY 2012-13 and expenses computed as per relevant PSERC Tariff Regulations and APTEL's judgment in Appeal No. 7 of 2011, 46 of 2011 and 122 of 2011. In this section, the Petitioner has also presented its submissions regarding certain critical aspects influencing the true-up expenses for FY 2012-13.

1.2.2. **True up for FY 2013-14:** The Petitioner respectfully submits that the annual accounts for FY 2013-14 are still in the process of finalization / audit. Thus, the Petitioner submits to the Hon'ble Commission that the truing up exercise for FY 2013-14 may be undertaken by the Hon'ble Commission only after the finalization of audited annual accounts. The audited accounts for FY 2013-14 shall be submitted to the Hon'ble Commission as soon as these are audited and available for truing up. Where ever any reference to FY 2013-14 has made, the numbers considered are as per provisional accounts.

1.2.3. **Review of ARR for FY 2014-15:** In this section, the Petitioner has submitted the revised estimates for FY 2014-15 for various heads of expenditures based on the half year actual data and the projections for next half of FY 2014-15 and expenses computed as per relevant PSERC Tariff Regulations and APTEL's judgment in Appeal No. 7 of 2011, 46 of 2011 and 122 of 2011.

1.2.4. **Projection of ARR for FY 2015-16:** In this section, the Petitioner has submitted the projections of expenses and the determination of revenue requirement for FY 2015-16 in order to determine the Tariff for the said year. This section comprises of several sub-sections describing the basis and forecasts for FY 2015-16.

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### 1.3. Principles adopted in the Petition

- 1.3.1. **Determination of O&M expenses:** The Petitioner submits that it has referred to the judgement of the Hon'ble APTEL in the matter of PSPCL v/s PSERC dated 18.10.2012 in Appeal No. 7 of 2011, 46 of 2011 and 122 of 2011 with reference to determination of O&M expenses viz, Salary and other Employee expenses, Repairs and Maintenance expenses and Administrative and General expenses on normative basis. The same has been referred in relevant subsections in the Petition.
- 1.3.2. **Capitalisation of O&M expenses:** The Petitioner submits that the Salary and other Employee expenses, Repairs and Maintenance expenses and Administrative and General expenses for FY 2012-13 have been determined on normative basis on the allowable numbers, which were net off capitalized amount, determined by the Hon'ble Commission for FY 2011-12 in Tariff Order for FY 2014-15. Hence, no capitalization of these expenses has been considered for True up of FY 2012-13, review of ARR for FY 2014-15 and approval of ARR for FY 2015-16.
- 1.3.3. **Petitioner's appeal filed in Hon'ble APTEL:** It is submitted that the Petitioner has filed appeal vide appeal no. 259 of 2013 in the Hon'ble APTEL in the matter of consideration of interest rates for determination of interest on working capital loans by the Hon'ble Commission in Tariff Order of FY 2013-14. The Petitioner also filed an appeal in the Hon'ble APTEL vide appeal no 262 of 2014 with regard to the methodology adopted by the Hon'ble Commission for determination of various components of ARR in Tariff Order of FY 2014-15. The hearings for appeal no. 259 of 2013 are complete and the judgement is reserved. The Hon'ble Commission is requested to revisit the various components of ARR in accordance with the judgements of the Hon'ble APTEL and suitably adjust the ARR in the subsequent Tariff Order.





**1.4. Amendment of the PSERC (Terms and Conditions for Determination of Tariff) Regulations, 2005**

1.4.1. The Hon'ble Commission notified PSERC (Terms and Conditions for Determination of Tariff), Second Amendment, Regulations, 2012 on 17<sup>th</sup> September 2012 and stated as under:

*"1 (2): These Regulations shall come into force on the date of their publication in the official Gazette of the Government of Punjab."*

The Regulations were published in the official gazette of the Govt. of Punjab on 18<sup>th</sup> September 2012 and as such the amended Regulations came into force from the said date.

1.4.2. The Hon'ble Commission vide this Amendment, notified the normative approach for determination of O&M expenses for the future years considering the true up of the O&M expenses for FY 2011-12 as base O&M expenses. Extract of the said para is reproduced below:

*"Regulation 28 (2) (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."*

1.4.3. The Petitioner humbly submits that it had incurred the expenses for FY 2012-13 on the basis of projections as submitted in the Tariff Petition for FY 2012-13 which was filed in November 2011 and further the Tariff Order for FY 2012-13 was notified on 16<sup>th</sup> July 2012. Mandating the approach of normative determination of O&M expenses for FY 2012-13 with effect from 01 April 2012 instead of date of notification i.e. 17<sup>th</sup> September 2012 is not in accordance with and spirit of the aforesaid amended Regulation of Hon'ble Commission.

1.4.4. The Petitioner also requests the Hon'ble Commission that the amendments in the Regulations may be effective from a prospective financial year or from the date of notification of the amendment in the Regulations.

1.4.5. The Hon'ble Commission is therefore requested to adopt a prudent approach while truing up the ARR for FY 2012-13 and review of FY 2014-15 and projections of FY 2015-16.

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**TRUE UP FOR FY 2012-13**

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## 2. TRUING UP OF FY 2012-13 FOR PSTCL

### 2.1. Background

- 2.1.1. In this section, the Petitioner submits the true up of FY 2012-13 for STU and SLDC functions of the PSTCL.
- 2.1.2. The Hon'ble Commission in its Tariff Order for FY 2012-13, pronounced on 16<sup>th</sup> July 2012 for PSTCL, approved the ARR of Rs. 830.01 Cr including revenue gap and its carrying cost. Out of this, the Hon'ble Commission approved Rs. 801.44 Cr for transmission business and Rs. 28.57 Cr for load despatch business. Further, PSERC in its Tariff Order for FY 2013-14 dated 10<sup>th</sup> April 2013, approved a revised ARR of Rs. 919.19 Cr including revenue gap of previous years, comprising Rs. 874.15 Cr for transmission business and Rs. 45.04 Cr for load despatch business.
- 2.1.3. The Petitioner submits the true up for FY 2012-13 on the basis of PSERC (Terms and Conditions for Determination of Tariff) Regulations, 2005 and subsequent amendments. Since the annual audited accounts are now available, the Petitioner has submitted the actual numbers. 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 2012-13 for transmission and SLDC business.

### 2.2. Description of the Transmission System

- 2.2.1. Details of the transmission system of PSTCL as on 01<sup>st</sup> April 2012 and 31<sup>st</sup> March 2013 are tabulated below:

**Table 1: Transmission system of PSTCL during FY 2012-13**

S. No.	Particulars	Opening (As on 1 <sup>st</sup> April 2012)	Addition during the year	Closing (As on 31 <sup>st</sup> March 2013)
<b>Transmission Lines (Circuit kms)</b>				
1	400 kV	-	-	-
2	220 kV	5,035.32	111.14	5,146.46
3	132 kV	3,111.10	-23.90	3,087.20
	<b>Total</b>	<b>8,146.42</b>	<b>87.24</b>	<b>8,233.66</b>
<b>Substations (Nos)</b>				
1	400 kV	-	1	1
2	220 kV	62	8	70
3	132 kV	77	1	78
	<b>Total</b>	<b>139</b>	<b>10</b>	<b>149</b>
<b>Transmission Substation Bays (Nos)</b>				

S. No.	Particulars	Opening (As on 1 <sup>st</sup> April 2012)	Addition during the year	Closing (As on 31 <sup>st</sup> March 2013)
1	400 kV		4	4
2	220 kV	387	60	447
3	132 kV	425	85	510
4	66 kV	411	419	830
	<b>Total</b>	<b>1,223</b>	<b>568</b>	<b>1,791</b>
<b>Substation Capacity</b>				
1	Substation Capacity	18,885.67	4,375.50	23,261.17

### 2.3. Transmission System Capacity

- 2.3.1. The Petitioner submits to the Hon'ble Commission the gross and net transmission capacities of the State, considering the State and private generating capacities and Central sector allocations as on 31<sup>st</sup> March 2013. Detailed breakup of these capacities are provided below:

**Table 2: Generation capacity in MW during FY 2012-13 as on 31 March 2013**

Name of Project	Gross Installed Capacity / Share (MW)	Net Installed Capacity / Net Share (MW)
GNDTP, Bathinda	440	392
GGSTP, Ropar	1260	1153
GHTP, Lehra Mohabbat (Unit # 1 & 2) (Stage-I)	420	384
GHTP, Lehra Mohabbat (Unit # 3 & 4) (Stage-II)	500	458
<b>TOTAL THERMAL</b>	<b>2620</b>	<b>2386</b>
Shanan	110	109
UBDC-I	45	45
UBDC-II	46	46
<b>UBDC TOTAL</b>	<b>91</b>	<b>91</b>
RSPP	600	
Less 20% J&K and 4.6% HP share from RSD	-148	
<b>Net RSD share of Punjab</b>	<b>452</b>	<b>451</b>
ASHP	134	133
MHP-1&2	90	90
MHP-3&4	117	117

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Name of Project	Gross Installed Capacity / Share (MW)	Net Installed Capacity / Net Share (MW)
<b>MHP Total</b>	<b>207</b>	<b>207</b>
<b>TOTAL HYDRO</b>	<b>995</b>	<b>991</b>
PEDA & Others including Jalkheri	469	421
Micro Hydel	6	6
<b>BBMB</b>	<b>1110</b>	<b>1104</b>
Singrauli STPS	200	179
Rihand STPS-I	110	97
Rihand STPS Stage-II	102	92
Rihand-III	41	37
Unchahar-I	36	32
Unchahar-II	60	53
Unchahar-III (Unit#5)	17	15
Anta GPS	49	46
Auraiya GPS	83	78
Dadri NCGPS	132	123
NAPS	51	44
RAPP (Unit#3 & 4)	100	86
RAPP (Unit#5 & 6)	46	39
Bairasiul HPS	84	80
Salal HPS	184	175
Nathpa Jhakri HPS	152	145
Tehri Stage-I (4 Units)	77	73
Dulhasti HEP	32	31
Tanakpur HPS	17	16
Chamera HPS-I	55	52
Dhauliganga HEP	28	27
Chamera HPS-II	30	29
Chamera-III	18	17
Sewa-II HEP (3 Units)	10	10
Uri HPS	66	63
Koteshwar HEP (Unit-I)	25	24
Farakka STPS	22	20
Kahalgaon-I	51	45
Kahalgaon-II STPS	120	108
Durgapur DVC TPS	200	180
Pragati-III(Bawana)PPCL	137	128
Malana-2 (PTC)	86	82
Mundra Ultra Mega Project	85	82

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Name of Project	Gross Installed Capacity / Share (MW)	Net Installed Capacity / Net Share (MW)
<b>TOTAL CENTRAL SECTOR</b>	<b>2507</b>	<b>2306</b>
<b>TOTAL TRANSMISSION CAPACITY</b>	<b>7706</b>	<b>7214</b>

**2.4. Transmission System Availability**

2.4.1. The Petitioner submits to the Hon'ble Commission that the overall Transmission System Availability as certified by Chief Engineer SLDC, in FY 2012-13 was 99.93%. This reflects the operational efficiency of PSTCL's transmission system.

2.4.2. The following table provides the transmission system availability for each month of FY 2012-13:

**Table 3: Transmission System Availability during FY 2012-13**

S. No.	Month	Availability (%)
1.	Apr-12	99.92%
2.	May-12	99.92%
3.	Jun-12	99.86%
4.	Jul-12	99.90%
5.	Aug-12	99.97%
6.	Sep-12	99.96%
7.	Oct-12	99.96%
8.	Nov-12	99.92%
9.	Dec-12	99.96%
10.	Jan-13	99.86%
11.	Feb-13	99.90%
12.	Mar-13	99.97%
	<b>Average Availability</b>	<b>99.93%</b>

2.4.3. 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:

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**Table 4: Transmission System availability for other states for FY 2012-13**

*All figures in percentage (%)*

S. No.	Name of the states	Transmission System Availability
1.	Chhattisgarh	99.62%
2.	Madhya Pradesh	98.00%
3.	Gujarat	99.46%
4.	Punjab	99.93%

## **2.5. Transmission Losses**

- 2.5.1. In its Tariff Petition for FY 2013-14, PSTCL has projected the transmission loss at 4.5% for FY 2012-13. The Hon'ble Commission fixed the transmission loss level at 2.5% for FY 2012-13 at the same level as approved for FY 2011-12. The Commission assured that it would revisit the issue of transmission loss in the review for FY 2012-13 after the boundary meters are provided and energy audit is conducted.
- 2.5.2. The Petitioner submits that it placed a work order cum contract agreement on 26<sup>th</sup> October 2012 with Wallaby Metering System (P) Ltd, now EDM India Private Limited for implementation of interstate boundary metering cum Transmission Level Energy Audit Scheme. The firm (Supplier cum Integrator) was required to supply, commission and integrate about 700 ABT (Availability Based Meters) with Central Energy Center along with associated communication, equipment/ devices like models, SIMs etc. for calculating overall transmission losses, line losses, transformer losses and availability of power from interstate points for calculating real time drawl from Central Sector generators to control over/ under drawl from the grid. Meters are to be installed at the boundary points with PSPCL/ interstate points. These are the points where the power is given by PSPCL to PSTCL and the points from where PSTCL is supplying power to PSPCL.
- 2.5.3. The firm has supplied and integrated with the Central Data Centre about 721 ABT meters with associated communication equipment/devices and has established state of the art Central Data Centre. The firm has submitted preliminary loss report. Perusal of the report indicates that the transmission losses vary up to 3.94% as per

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report dated 6<sup>th</sup> November, 7<sup>th</sup> November and 8<sup>th</sup> November 2014 depending upon loading conditions of the system and time-period used. The real time data of few (6 numbers) locations was not available due to communication issues and was taken from the other end by installing additional ABT meter at the receiving end. To further correct the losses, the firm has been asked to identify and install Meters at the left over points. For communication connectivity wherever GSM signal is not available, the firm is require to install V-SAT at its cost.

2.5.4. The firm has also installed 450 conventional energy meters (CEM) at each and every node in the PSTCL grid where existing energy meters were not available. However out of the total old/ existing energy meters (approx. 600) could not be integrated/ made communicable with the new system which has been setup at Centralized Energy Center, SLDC, Ablowal. As such 600 more CEMs are being proposed to be procured, so that all the data for the purpose of energy audit from the all the main meters at all these metering nodes in PSTCL grid is available remotely. The project is expected to be complete by 31-5-2015. The Petitioner shall submit to the Hon'ble Commission the results of the energy audit as soon as the same are available.

2.5.5. The Petitioner submits to the Hon'ble Commission that various transmission utilities of other similar states have their transmission losses in the range of 3.38%-4.55%.

**Table 5: Transmission Losses for FY 2012-13 for different states (%)**

*All figures in percentage (%)*

S. No.	State / Transmission Utility	Transmission Loss for FY 2012-13
1.	Chhattisgarh	4.55%
2.	Rajasthan	4.39%
3.	Gujarat	3.89%
4.	Madhya Pradesh	3.38%

2.5.6. In view of the above, as the transmission loss figure are not available for FY 2012-13, the Petitioner prays to the Hon'ble Commission to approve the transmission losses as stated in subsection 2.5.3 above.

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**2.6. Employee Cost (Salary and other expenses)**

2.6.1. The relevant extract of Regulation 28 Employee Cost of the (Terms and Conditions for Determination of Tariff), Second Amendment, Regulations, 2012 is reproduced below:

- "(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 (s) 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.*

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(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)."*

2.6.2. The Petitioner submitted the revised employee expenses for FY 2012-13 during ARR petition for FY 2013-14. The Hon'ble Commission approved the revised employee expenses in Tariff Order of FY 2013-14 as per the table given below:

**Table 6: Revised Estimate and Approved Salary & other Expenses for FY 2012-13**

*All figures in Rs. Cr.*

S. No.	Particulars	STU		SLDC	
		Revised	Approved	Revised	Approved
1	Other Employee Cost	185.41	111.46	6.91	2.95
2	Arrear	12.87	12.87	0.65	0.65
3	Impact of pay revision	0	26.10	0	0
4	Employee cost for new installation	0	19.00	0	0
	<b>Total Employee Cost</b>	<b>198.28</b>	<b>169.43</b>	<b>7.56</b>	<b>3.60</b>

2.6.3. It is submitted that since the audited annual accounts are finalized, the Petitioner submits the same to the Hon'ble Commission for consideration. Following table provides the detailed salary and other expenses for FY 2012-13:

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**Table 7: Salary and other employee expenses for FY 2012-13 (Audited)**

All figures in Rs. Cr.

Sr. No	Particulars	STU	SLDC	PSTCL
1	Salaries	94.50	3.37	97.86
2	Overtime	3.99	0.00	3.99
3	Dearness Allowance	53.42	1.95	55.36
4	Other Allowances	16.31	0.60	16.91
	<b>Total (A)</b>	<b>168.22</b>	<b>5.91</b>	<b>174.12</b>
5	Staff Welfare Expenses			
i	Electricity Concession to Employees	1.99	0.00	1.99
ii	Staff Welfare Expenses	0.28	0.0024	0.29
	<b>Total (B)</b>	<b>2.28</b>	<b>0.0024</b>	<b>2.28</b>
6	Medical Expenses	1.07	0.02	1.09
7	LTC Expenses	0.28	0.01	0.29
	<b>Total (C)</b>	<b>1.35</b>	<b>0.03</b>	<b>1.38</b>
8	<b>Grand Total(A+B+C)</b>	<b>171.84</b>	<b>5.94</b>	<b>177.78</b>
	Less :			
i	Establishment cost recoverable on execution of 66 kV works	1.18	0.00	1.18
ii	Employee costs capitalized	43.62	0.00	43.62
	<b>Total</b>	<b>44.80</b>	<b>0.00</b>	<b>44.80</b>
	Add : Prior period expenses/losses	0.01	0.00	0.01
	<b>Net Total</b>	<b>127.05</b>	<b>5.94</b>	<b>132.99</b>

2.6.4. The above salary component of the Employee expenses includes arrears on account of pay revision of the employees of Rs 15.95 Cr comprising of Rs 15.40 Cr for STU and Rs 0.55 Cr for SLDC.

2.6.5. The following table gives the actual employee details for FY 2012-13 for STU and SLDC functions of PSTCL:

**Table 8: Employees details for FY 2012-13**

S. No.	Particulars	STU	SLDC	PSTCL
1	Opening no. of employees	3042	80	3122
2	Addition during the year	51	1	52
3	Recruitment of employees	343	0	343
4	Retirees hired on contractual	148	0	148

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S. No.	Particulars	STU	SLDC	PSTCL
	basis			
5	No. of employees retired/ resigned during the year	225	6	231
6	Closing no. of employees	3359	75	3434

2.6.6. The Petitioner submits to the Hon'ble Commission the staffing norms for Operation & Maintenance of 132 kV, 220 kV and 400 kV sub stations, fixed by the Board of Directors of PSTCL as under :

**Table 9: Staffing norms for O&M of substations**

S. No.	Name of Post	132 kV Substation	220 kV Substation	400 kV Substation
1	Sr. XEN/ Addl. SE	0	0	1
2	SSE/AEE	1	1	10
3	JE-1 (S/Stn.)	1	4	0
4	SSO / JE-2 (S/Stn.)	3	0	0
5	SSA	4	4	4
6	RTM	4	4	0
7	Telephonist/LDC	1	2	0
8	Oil Cleaner	1	1	0
9	Chowkidar	1	0	0
10	Peon	1	1	2
11	Electrician Gr. 2 (Electrical)	1	1	4
12	UDC	0	1	1
13	Crane Operator (Where crane is provided)	0	1	0
14	Mali	0	1	0
15	Sweeper	0	1	0
16	Fitter / Mechanical Mistri	0	1	0
	<b>Total</b>	<b>18</b>	<b>23</b>	<b>22</b>

2.6.7. Further, the Petitioner submits that the industry norm for maintenance staff of transmission line is 18 for 350 ckt km.

2.6.8. Considering the staffing norms for O&M of substations and lines as mentioned above, the total staff requirement for existing transmission assets as on 01 April

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2012 is 3231 (2812 for substations and 419 for transmission lines). Further, the additional staff for new substations and transmission lines added during FY 2012-13 would be 228 employees (224 for substations and 4 for transmission lines). The total staff requirement for O&M function comes out to be 3459. Thus the total manpower requirement of PSTCL was much higher than the actual employee strength for FY 2012-13 considering the requirements for other functions like Construction and maintenance of Transmission System, Administrative, Planning, Establishment, Accounts, Finance, Audit, Testing, Load Despatch, etc.

- 2.6.9. From the above description, it is evident that the Petitioner is understaffed. In order to bridge the said resource gap, it outsourced 1051 staff at various designations to meet its staff requirement. The additional expenses on account of outsourced staff amounting to Rs 8.19 Cr have been discussed in the Section 2.10. Had the Petitioner recruited this staff on permanent basis, the Employee Cost would have increased by Rs 23.84 Cr.
- 2.6.10. With regards of approval of O&M expenses, the Petitioner relies its wisdom on the judgment of the Hon'ble Appellate Tribunal For Electricity (APTEL) in the matter of PSPCL v/s PSERC dated 18.10.2012 in Appeal No. 7 of 2011, 46 of 2011 and 122 of 2011. The excerpts of Para 7 of the judgment are reproduced below:

*“According to the Appellant, once the normative approach has been adopted by the Commission, there cannot be any further adjustment on the basis of the actual expenses on account of it being less. When the State Regulations make a provision on this issue no different norm does call for any consideration. The Tariff Regulations, 2005 provided for determination of O&M expenses on normative basis considering the expenses for the year 2005-2006 as the base year with application of escalation factor and this was applied for in the year 2008-2009 but in the impugned orders actuals have been provided for and on the basis of the actuals A&G expenses and R&M expenses were reworked out. In this connection, reference has been made to the decision in Haryana Power Generation Corporation Ltd. Vs. Haryana Electricity Regulatory Commission & Another (Appeals No.42 &43 of 2008 dated 31.07.2009) and NTPC Ltd. Vs. Central Electricity Regulatory Commission & Ors., 2007 ELR APTEL 828. When once norms as per the Regulations were followed it should be followed so far as the Regulations remain unaltered. Regulation 10 of the Tariff Regulations, 2005 specifically provides for the manner in which the under achievement and over achievement of the normative parameters are to be adjusted. In respect of the tariff order for Financial Year 2011-12 the Commission in respect of the R&M expenses allegedly did not allow*

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*Rs.38.52 Cr. Since the true-up for this period is yet to come the Commission will have re-look into the matter according to the Regulations in vogue. We, therefore, direct the Commission to re-examine the point and pass appropriate order according to the law.”*

- 2.6.11. In reference to the APTEL’s judgment, the Petitioner has determined its employee expenses for STU and SLDC for FY 2012-13 on normative basis for salary and other expenses and impact of pay revision allowed by the Hon’ble Commission for FY 2011-12.
- 2.6.12. The Hon’ble Commission determined Rs 107.31 Cr for salary and other expense and Rs 23.68 Cr on account of impact of pay revision for STU for FY 2011-12. The amount allowed for SLDC was Rs 2.56 Cr for salary and other expenses and Rs 0.56 Cr on account of impact of pay revision. The Petitioner has applied the increase in WPI of 7.35% to the salary and other expenses allowed for FY 2011-12, in order to determine normative Employee Expense for FY 2012-13.
- 2.6.13. The Petitioner further requests the Hon’ble Commission to consider additional employee cost for half year of FY 2012-13 in accordance with its Regulation 28 (3) (c). The additional employee requirement on account of new installations comes to 228 as per subsection 2.6.8. The Petitioner submits that, in order to meet the existing shortage of employees and requirement for new transmission system commissioned during the year, it recruited minimum required staff during FY 2012-13. The estimated annual expenditure of the net increase in employees is Rs 9.94 Cr. The Petitioner requests the Hon’ble Commission to allow additional employee cost on half year basis as Rs 4.97 Cr.
- 2.6.14. Accordingly, the expenses towards salary and other expenses for FY 2012-13 are given as per the table given below:

**Table 10: Other Employee Expense in FY 2012-13**

*All figures in Rs. Cr.*

Sr. No.	Particulars	STU	SLDC	PSTCL
1	Other Employee Cost for FY 2011-12 (as determined by Hon'ble Commission)	130.99	3.12	134.11
2	Increase as per WPI @7.35% for FY 2012-13	9.63	0.23	9.86
3	Add: Additional cost for new	4.97	0.00	4.97

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Sr. No.	Particulars	STU	SLDC	PSTCL
	recruits			
4	Add: Arrear of pay revision	15.40	0.55	15.95
5	Salary and other Employee Cost for FY 2012-13	160.99	3.90	164.89

2.6.15. Petitioner requests the Hon'ble Commission to approve the salary and other employee cost of Rs 160.99 Cr for STU and Rs 3.90 Cr for SLDC as determined by the Petitioner.

## 2.7. Terminal Benefits

2.7.1. The Hon'ble Commission through its Tariff Regulations notified that:

- "(3) The employee cost for a distribution licensee (s) shall be determined as follows*
- (a) The employee cost as claimed by the distribution licensee (s) 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.....*
- (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)."*

2.7.2. The Petitioner submitted the revised estimate of Terminal Benefits for FY 2012-13 in its tariff petition for FY 2013-14 which were approved by the Hon'ble Commission as per the following table:

**Table 11: Terminal Benefits revised and approved for FY 2012-13**

*All figures in Rs. Cr.*

S. No	Particulars	STU		SLDC	
		Revised	Approved	Revised	Approved
1	Terminal Benefits	170.00	170.00	0.00	0.00

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2.7.3. The Petitioner submits that the Annual accounts have now been audited and the Petitioner requests the Hon'ble Commission to approve the amount of terminal benefits for the employees as per the given table in accordance with its Regulation.

**Table 12: Terminal Benefits for FY 2012-13 (Audited)**

*All figures in Rs. Cr.*

Sr. No	Particulars	STU	SLDC	PSTCL
1	Share of Pension, Gratuity & Medical	140.93	0.00	140.93
2	Share of Leave Encashment	18.56	0.00	18.56
	Total Share @ 11.36% as per Transfer Scheme	159.49	0.00	159.49
3	Other Terminal Benefits	1.44	0.03	1.47
4	Medical expenses reimbursement/ Medical Allowance	4.49	0.00	4.49
5	Leave Travel Assistance/Concession	1.16	0.00	1.16
6	Solatium	0.13	0.00	0.13
7	Memento and Gifts	0.01	0.00	0.01
8	Terminal Benefits to employees recruited by PSTCL	0.38	0.00	0.38
	<b>Total</b>	<b>167.10</b>	<b>0.03</b>	<b>167.13</b>

2.7.4. It is further submitted that the employees recruited by PSTCL are covered under New Pension Scheme (NPS) and are entitled to gratuity under the provisions of the Payment of Gratuity Act, 1972 and the leave salary under the Leave Rules of the Corporation. For discharging the said terminal liabilities, PSTCL has gone for actuarial valuation as on 31.3.2013 towards gratuity and leave salary and the amount claimed as per the valuation is Rs.0.38 Cr.

**2.8. Total Employee Expenses**

2.8.1. Total Employee Expenses including salary and other expenses and Terminal Benefits for STU and SLDC is given as per the table below:

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**Table 13: Total Employee Expenses for FY 2012-13**

*All figures in Rs. Cr.*

Sr. No.	Particulars	STU	SLDC	PSTCL
1	Other Expenses			
a	Salary and Other Employee Cost for FY 2012-13	140.62	3.35	143.97
b	Additional cost for new recruits	4.97	0.00	4.97
c	Amount of pay revision	15.40	0.55	15.95
2	Terminal Benefits	167.10	0.03	167.13
3	<b>Total Employee Cost</b>	<b>328.09</b>	<b>3.93</b>	<b>332.02</b>

2.8.2. Petitioner requests the Hon'ble Commission to approve the total employee cost of Rs 328.09 Cr for STU and Rs 3.93 Cr for SLDC as determined by the Petitioner.

**2.9. Repair and Maintenance (R&M) Expenses**

2.9.1. The Hon'ble Commission through its Tariff Regulation notified that:

*"(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."*

2.9.2. The Petitioner, in its revised Tariff Petition for approval of ARR for FY 2012-13, had submitted the R&M Expenses which were approved by the Hon'ble Commission in its Tariff order for FY 2013-14 as per the given table:

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**Table 14: R&M revised expenses submitted and approved for FY 2012-13**

*All figures in Rs. Cr.*

S. No	Particulars	STU		SLDC	
		Revised	Approved	Revised	Approved
1	R & M Expenses	54.58	71.45	2.32	0.19
2	R & M Expenses on asset addition during FY	14.98	17.15	1.76	0.04
3	Less Capitalisation	0.17			
	<b>Net R &amp; M Expenses</b>	<b>69.38</b>	<b>88.60</b>	<b>4.08</b>	<b>0.23</b>

- 2.9.3. The actual R&M expenses incurred, as per the audited annual account for FY 2012-13 are provided as below:

**Table 15: R&M Expenses for FY 2012-13 (Audited)**

*All figures in Rs. Cr.*

Sr. No.	R&M Expenses	STU	SLDC	PSTCL
1	<b>Net Total</b>	<b>52.19</b>	<b>2.04</b>	<b>54.23</b>

- 2.9.4. The Petitioner is submitting a comparative study of the R&M expenses as a percentage of average GFA for FY 2012-13 for similar STUs. The same has been provided in the following table:

**Table 16: Comparative study of R&M Expenses for FY 2012-13 across other states**

*All figures in percentage (%)*

S. No.	Name of the States	R&M expenses as a percentage of average GFA (%)
1.	Chhattisgarh	0.96%
2.	Gujarat	1.86%
3.	<b>Punjab</b>	<b>0.97%</b>

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- 2.9.5. Relying on the Hon'ble APTEL's judgment regarding normative approach for determining O&M expenses as given in subsection 2.6.10, the Petitioner has considered the normative R&M expenses determined by the Hon'ble Commission as Rs 62.32 Cr ( $60.72+0.80+0.80$ ) considering the R&M expenses for assets added during FY 2011-12 on complete year basis.
- 2.9.6. The Petitioner further submits that the Gross Fixed Assets (GFA) are not fairly segregated amongst STU and SLDC. Hence, the Petitioner has segregated its normative R&M expenses amongst STU and SLDC on the basis of R&M expenses as per Audited Accounts for FY 2012-13. The breakup of R&M expenses for STU and SLDC comes to Cr 59.98 Cr and Rs 2.34 respectively. By applying the increase in WPI at the rate of 7.35% for FY 2012-13, the R&M expenses for STU and SLDC comes to Rs 64.39 Cr and Rs 2.51 Cr respectively.
- 2.9.7. The Petitioner submits that the capitalization of fixed assets during FY 2012-13 was Rs 590.73 Cr for STU and Rs 0.25 Cr for SLDC. The opening value of GFA as on 01.04.2012 was Rs 5265.14 Cr for STU and Rs 5.51 Cr for SLDC. The R&M expenses for these assets added during the year are being considered assuming that these assets remained in service of the STU and SLDC for six months on an average during FY 2012-13.
- 2.9.8. The proportion of R&M expenses to opening GFA ( $64.39/5265.14$ ) for STU has been applied on addition of assets of Rs 590.73 Cr for half year. Thus, the allowable R&M expenses for the fixed assets added during the financial year works out to Rs 3.61 Cr for STU. Hence, R&M expenses for FY 2012-13 for STU come to Rs 68.00 ( $64.39+3.61$ ) Cr.
- 2.9.9. Similarly, the proportion of R&M expenses to opening GFA ( $2.51/5.51$ ) for SLDC has been applied on addition of assets of Rs 0.25 Cr for half year. Thus, the allowable R&M expenses for the fixed assets added during the financial year works out to Rs 0.06 Cr for SLDC. Hence, R&M expenses for FY 2012-13 for SLDC come to Rs 2.57 ( $2.51+0.06$ ) Cr.
- 2.9.10. The total R&M expense for PSTCL works out to Rs 70.57 ( $68.00+2.57$ ) Cr. The Petitioner therefore requests the Hon'ble Commission to consider the facts presented by it and approve the R&M expenses determined by the Petitioner as below:

**Table 17: R&M Expenses for FY 2012-13**

*All figures in Rs. Cr.*

Sr. No.	Particulars	STU	SLDC	PSTCL
1	Normative R&M expense for FY 2011-12	59.98	2.34	62.32
2	R&M expense after applying increase in WPI @7.35% for FY 2012-13	64.39	2.51	66.90
3	R&M for assets added during FY 2012-13 for 6 months	3.61	0.06	3.67
4	<b>R&amp;M for FY 2012-13</b>	<b>68.00</b>	<b>2.57</b>	<b>70.57</b>

## 2.10. Administrative & General Expenses

2.10.1. The Hon'ble Commission through its Tariff Regulation notified that:

- "(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.*

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*(6) O&M expenses excluding employee expenses for gross fixed assets added during the year shall be considered for a period of six months in cases where Commercial Operation Date of the assets is not available otherwise from the date of commissioning on pro-rata basis."*

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2.10.2. The Petitioner, in its revised Tariff Petition for approval of ARR for FY 2012-13, had submitted the A&G Expenses which were approved by the Hon'ble Commission in its Tariff order for FY 2013-14 as per the given table:

**Table 18: A&G expenses submitted and approved for FY 2012-13**

*All figures in Rs. Cr.*

S.No	Particulars	STU		SLDC	
		Revised	Approved	Revised	Approved
1	Other A&G Expense	24.68	16.45	0.99	0.04
2	Additional A&G expenses on the asset addition	6.91	3.97	0.76	0.01
3	Utility annual license fee + processing fee	0.50	0.50	0.00	0.00
	<b>Total A&amp;G</b>	<b>32.09</b>	<b>20.92</b>	<b>1.75</b>	<b>0.05</b>

2.10.3. The actual A&G expenses incurred as per the audited annual account for FY 2012-13 are as provided below:

**Table 19: A&G Expenses for FY 2012-13 (Audited)**

*All figures in Rs. Cr.*

Sr. No.	A&G Expenses	STU	SLDC	PSTCL
1	A&G Expenses	9.56	1.08	10.64
2	Audit Fees	0.32	0.00	0.32
3	Add: License and ARR fee	0.53	0.00	0.53
4	Outsourcing expenses for engagement of Personnel on Contract basis	8.09	0.11	8.19
5	<b>Total A&amp;G expenses</b>	<b>18.50</b>	<b>1.18</b>	<b>19.68</b>

2.10.4. The Petitioner further submits a comparative study of the A&G expenses, as a percentage of average GFA for FY 2012-13, for similar STUs as per the following table:

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**Table 20: Comparative study of A&G Expenses for FY 2012-13 across states**

*All figures in percentage (%)*

S. No.	Name of the States	A&G expenses as a percentage of average GFA (%)
1.	Chhattisgarh	0.90%
2.	Gujarat	0.81%
3.	<b>Punjab</b>	<b>0.35%</b>

- 2.10.5. Relying on the Hon'ble APTEL's judgment regarding normative approach for determining O&M expenses as given in para 2.6.10, the Petitioner has considered the A&G expense determined by the Hon'ble Commission as Rs 14.33 Cr (13.97+0.18+0.18) considering the A&G expenses for assets added during FY 2011-12 on complete year basis.
- 2.10.6. The Petitioner submits that its GFA have not been segregated fairly amongst STU and SLDC. Hence the Petitioner has segregated its A&G expenses amongst STU and SLDC on the basis of A&G expenses for STU and SLDC as per Audited Accounts for FY 2012-13. The breakup of A&G expenses for STU and SLDC comes to Rs 13.47 Cr and 0.86 Cr respectively. By applying increase in WPI @7.35%, the A&G expenses for STU come out to be Rs 14.46 Cr and Rs 0.93 Cr SLDC for FY 2012-13.
- 2.10.7. The Petitioner submits that the capitalization of fixed assets during FY 2012-13 was Rs 590.73 Cr for STU and Rs 0.25 Cr for SLDC. The opening value of GFA as on 01.04.2012 was Rs 5265.14 Cr for STU and Rs 5.51 Cr for SLDC. The A&G expenses for these assets added during the year are being considered assuming that these assets remained in service of STU for six months on an average during FY 2012-13.
- 2.10.8. The proportion of A&G expenses to opening GFA (14.46/5265.14) for STU has been applied on addition of assets Rs. 590.73 Cr for half year. Thus, the allowable A&G expenses for fixed assets added during the financial year works out to Rs 0.81 Cr for STU. Further adding Rs 0.32 Cr as Audit fee and Rs 0.50 Cr as License and ARR fee for FY 2012-13 paid on actual basis, the, A&G expenses for FY 2012-13 work out to Rs 16.09 (14.46+0.80+0.32+0.50) Cr. for STU.

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- 2.10.9. Similarly, the proportion of A&G expenses to opening GFA (0.93/5.51) for SLDC has been applied to the addition of assets of Rs 0.25 Cr for half year. Thus the allowable A&G expenses for the fixed assets added during the financial year works out to Rs 0.02 Cr for SLDC. A&G expenses for FY 2012-13 work out to Rs 0.95 (0.93+0.02) Cr. for SLDC.
- 2.10.10. Further, it is also submitted that the number of employees with the Petitioner were less than requirement. Hence, the security/ watch and ward of the substations during FY 2012-13 was outsourced. As such, the A&G of base year of FY 2011-12 did not include the outsourcing cost of security/ watch and ward. Had the Petitioner recruited this staff on permanent basis, the Employee Cost would have increased more than Rs 8.19 Cr, comprising of Rs 8.09 Cr for STU and Rs 0.11 Cr for SLDC, on account of outsourced staff.
- 2.10.11. The net A&G expenses are now determined as Rs 17.04 Cr for PSTCL comprising of Rs 16.09 Cr for STU and Rs 0.95 Cr for SLDC for FY 2012-13.

**Table 21: A&G Expenses for FY 2012-13**

*All figures in Rs. Cr.*

Sr. No.	Particulars	STU	SLDC	PSTCL
1	Normative A&G expense for FY 2011-12	13.47	0.86	14.33
2	A&G expense after applying increase in WPI @7.35% for FY 2012-13	14.46	0.93	15.38
3	A&G for assets added during FY 2012-13 for 6 months	0.81	0.02	0.83
4	Add: Audit Fee	0.32	0.00	0.32
5	Add: License and ARR fee	0.50	0.00	0.50
	<b>A&amp;G for FY 2012-13</b>	<b>16.09</b>	<b>0.95</b>	<b>17.04</b>

- 2.10.12. The Petitioner therefore requests the Hon'ble Commission to consider the above facts submitted by it and approve the A&G expenses for FY 2012-13 as determined by the Petitioner.

## 2.11. Investment

- 2.11.1. The Petitioner submits that it had made Investment of Rs 965.07 Cr out of which Rs 577.38 Cr was converted to Gross Fixed Assets during FY 2012-13. The remaining investment was carried over as Capital Work in Progress to the next year. Details of

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Capital Work in Progress (CWIP) is provided as below:

**Table 22: Capital Work in Progress (CWIP) for FY 2012-13**

*All figures in Rs. Cr.*

S. No.	Particulars	STU	SLDC	PSTCL
1	Opening Capital work in progress	1242.48	5.48	1247.96
2	Add: Addition during the year including capitalization of interest, employee cost & other expenses	963.75	1.32	965.07
3	Less: Transferred to fixed assets during the year	577.38	0.00	577.38
4	Closing Capital Works in progress	1628.85	6.80	1635.65

2.11.2. Further, the Petitioner submits that it has booked assets worth Rs 13.61 Cr directly to the fixed assets which were not routed through Capital Works in Progress.

## 2.12. Depreciation Charges

2.12.1. The Hon'ble Commission through its Tariff Regulations notified that:

*"Regulation 25 Depreciation*

*For the purpose of tariff, depreciation shall be computed in the following manner:*

*a. The value base for the purpose of depreciation shall be the historical cost of the assets, that is actual expenses limited to approved capital cost where such capital cost has been approved by the Commission.*

*Provided that land is not a depreciable asset and its cost shall be excluded from the capital cost while computing depreciation.*

*b. The historical cost of the asset shall include additional capitalisation.*

*c. The historical cost shall include foreign currency funding converted to equivalent rupees at the exchange rate prevalent on the date when foreign currency was actually availed but not later than the date of commercial operation.*

*d. Depreciation for generation and transmission assets shall be calculated annually as per straight-line method over the useful life of the asset at the rate of depreciation specified by the Central Electricity Regulatory Commission from time to time.*

*e. Depreciation for distribution and other assets not covered by CERC shall be as per the rates notified in the Companies Act as revised from time to time.*

*Provided that the total depreciation during the life of the asset shall not exceed 90% of the original cost."*



- 2.12.2. The Petitioner, in its revised tariff petition for approval of ARR for FY 2012-13, revised the projected depreciation charges which were further approved by the Hon'ble Commission in its Tariff Order for FY 2013-14 as given in the following table:

**Table 23: Depreciation Charges submitted and approved for FY 2012-13**

*All figures in Rs. Cr.*

S. No	Particulars	STU		SLDC	
		Revised	Approved	Revised	Approved
1	Depreciation	188.6	147.9	0.63	0.40

- 2.12.3. For the true-up of ARR for FY 2012-13, the Petitioner submits the details of depreciation as per the annual audited accounts for FY 2012-13 as per the details provided below:

**Table 24: Depreciation Charges for FY 2012-13 (Audited)**

*All figures in Rs. Cr.*

Sr. No.	Particulars	STU	SLDC	PSTCL
1	Depreciation	108.28	0.49	108.78

- 2.12.4. The Petitioner thus requests the Hon'ble Commission to approve the depreciation of Rs 108.28 Cr for STU and Rs 0.49 Cr for SLDC as per the audited account for FY 2012-13.

### 2.13. Interest Charges

- 2.13.1. The Hon'ble Commission in its Tariff Regulation has notified:

**"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*

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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.”

- 2.13.2. The Petitioner, in the revised Tariff Petition for ARR for FY 2012-13, has submitted the revised estimation of Interest charges which were approved by the Hon'ble Commission in its Tariff Order for FY 2013-14 and tabulated hereunder as:

**Table 25: Interest Charges submitted and approved for FY 2012-13**

All figures in Rs. Cr.

Particulars	STU		SLDC	
	Revised	Approved	Revised	Approved
Interest & Finance Charges	205.36	180.18	0.71	0.06

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2.13.3. The Petitioner submits that, as per the audited annual accounts, the source wise total long term loans outstanding for PSTCL for FY 2012-13 as on 31st March 2013 are given as per the table below:

**Table 26: Loan schedule for FY 2012-13**

*All figures in Rs. Cr*

S. No.	Name of Source	Opening Balance as on 01.04.12	Received	Re-paid	Closing Balance as on 31.03.2013
	<b>Long Term Loans</b>				
1	REC	1140.93	827.57	37.07	1931.42
2	OBC	211.55	0.00	57.21	154.34
3	SBOP	50.00	0.00	11.11	38.89
4	LIC	220.47	0.00	40.92	179.55
5	Loan from PSPCL	715.86	77.06	0.00	792.92
6	GPF liability	201.79	17.76	0.00	219.55
	<b>Total</b>	<b>2540.59</b>	<b>922.39</b>	<b>146.31</b>	<b>3316.67</b>
	<b>Working Capital Loans</b>				
7	REC (STL)	100.00	0.00	100.00	0.00
	<b>Total</b>	<b>100.00</b>	<b>0.00</b>	<b>100.00</b>	<b>0.00</b>
	<b>Total loans for STU</b>	<b>2640.59</b>	<b>922.39</b>	<b>246.31</b>	<b>3316.67</b>
8	Loan for SLDC	0.00	0.77	0.00	0.77
	<b>Total loan for PSTCL</b>	<b>2640.59</b>	<b>923.16</b>	<b>246.31</b>	<b>3317.44</b>

2.13.4. The Petitioner submits that it has incurred the Interest Charges as given in the table below:

**Table 27: Interest and Finance Charges for FY 2012-13 (Audited)**

*All figures in Rs. Cr.*

S. No.	Interest on Loans (Rs. Cr.)	STU	SLDC	PSTCL
	<b>Interest on Loans:</b>			
1	Life Insurance Corporation	21.55	0.00	21.55

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S. No.	Interest on Loans (Rs. Cr.)	STU	SLDC	PSTCL
2	Rural Electrification Corporation	189.17	0.010	189.18
3	Commercial Banks	26.00	0.00	26.00
4	Loan from PSPCL	85.62	0.00	85.62
6	General Provident Fund	17.52	0.00	17.52
	<b>Total</b>	<b>339.86</b>	<b>0.010</b>	<b>339.87</b>
7	<b>Other interest &amp; finance charges:</b>			
i	Miscellaneous finance charges	1.39	0.006	1.40
	<b>Total</b>	<b>1.39</b>	<b>0.006</b>	<b>1.40</b>
	<b>Grand Total</b>	<b>341.26</b>	<b>0.017</b>	<b>341.28</b>
8	Less : Interest capitalized	133.82	0.00	133.82
9	Add: Prior period expenses/losses	0.22	0.00	0.22
	<b>Net Total</b>	<b>207.65</b>	<b>0.017</b>	<b>207.67</b>

- 2.13.5. The Petitioner requests the Hon'ble Commission to allow the interest and finance charges of Rs 207.65 Cr for STU and Rs 0.017 Cr for SLDC as per its Audited Accounts for FY 2012-13.
- 2.13.6. The Petitioner submits that the investments in the past years were more than the loans drawn during the corresponding period. The details of loans and capital expenditure for the previous years are submitted as per the table below:

**Table 28: Details of Loans and Capital Expenditure**

*All figures in Rs. Cr.*

Financial Year	Loan	Capital Expenditure	Difference
FY 2010-11	288.35	505.09	216.74
FY 2011-12	839.40	922.79	83.39
FY 2012-13	923.16	965.07	41.91
<b>Cumulative</b>	<b>2050.91</b>	<b>2392.95</b>	<b>342.04</b>

- 2.13.7. The Petitioner submits that Loans were not drawn in the initial years due to late finalization of balance sheet which was notified on 24.12.2012 by the Govt. of Punjab vide Amended Transfer Scheme, 2012. Till that date PSTCL retained the excess amount i.e. difference of transmission charges as per the Tariff Order for FY 2010-11 and reviewed transmission charges for FY 2010-11 from PSPCL. Now, as

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true up of FY 2010-11 and FY 2011-12 have been finalized, PSTCL owes to PSPCL this excess amount received which will be repaid in the coming years. So, there was less borrowings as compared to the capital expenditure in the initial years.

2.13.8. It is pertinent to mention that the outstanding difference between capital expenditure and loans up to FY 2012-13 was Rs 342.04 Cr. The Petitioner has met this difference partly by the amount received from PSPCL and partly from its internal accruals amounting to Rs 79.90 Cr (Please refer subsection 2.15.3). This internal accrual has been reckoned as paid up equity capital for the purpose of computing return on equity as it is actually utilized for meeting the capital expenditure in accordance with 'Regulation 25 (3) Return on Equity' of the PSERC Tariff Regulations.

2.13.9. The Petitioner submits that the excess amount received from PSPCL will be repaid through loans in the future years and interest will be claimed only in those years.

#### 2.14. Interest on Working Capital

2.14.1. The Hon'ble Commission through its Tariff Regulations has notified:

*“Regulation 30- Working Capital & Interest rate on Working Capital*

*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”*

2.14.2. The Petitioner, in its revised tariff petition for approval of ARR of FY 2012-13, has computed the Interest on Working Capital which were approved by the Hon'ble Commission as per the table given below:

**Table 29: Interest on Working Capital submitted and approved for FY 2012-13**

*All figures in Rs. Cr.*

S. No	Particulars	STU		SLDC	
		Revised	Approved	Revised	Approved
1	Working Capital	290.78	239.71	8.23	2.87
2	Interest on Working Capital	42.89	26.20	1.21	0.31

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2.14.3. Interest on Working Capital for FY 2012-13 is determined as per the table below:

**Table 30: Interest on Working Capital for FY 2012-13**

*All figures in Rs. Cr.*

Sr. No.	Particulars	STU	SLDC	PSTCL
1	Receivable equivalent to two months	141.22	1.64	142.85
2	Maintenance spares @ 15% of operation and maintenance expenses	61.83	1.12	62.95
3	Operation and maintenance expenses for one month	34.35	0.62	34.97
4	Total working capital	237.40	3.37	240.77
5	Rate of Interest	14.75%	14.75%	14.75%
6	<b>Interest on Working capital</b>	<b>35.02</b>	<b>0.50</b>	<b>35.51</b>

2.14.4. The Hon'ble Commission is requested to allow the Interest on Working Capital of Rs 35.02 Cr for STU and Rs 0.50 Cr for SLDC as determined by the Petitioner in accordance with the provisions of the relevant Regulations.

## 2.15. Return on Equity (RoE)

2.15.1. The Hon'ble Commission in its Tariff Regulations has notified:

### *"25. RETURN ON EQUITY*

- 1. Return on Equity shall be computed @ 15.5% on the paid up equity capital determined in accordance with Regulation 24.*
- 2. Equity invested in foreign currency shall be allowed a return up to the prescribed limit under clause (1) of this Regulation in the same currency and the payment on this account shall be made in Indian Rupees based on the exchange rate on the date of declaration of dividends. The difference in actual exchange rate and the provisional exchange rate considered while determining the ARR and Tariff shall be taken into consideration at the time of Truing Up.*
- 3. The premium raised by the generating company or the licensee while issuing share capital and investment of internal resources created out of free reserve, if any, shall also be reckoned as paid up equity capital for the purpose of*

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*computing return on equity, subject to limit prescribed in Regulation 24, provided such premium amount and internal resources are actually utilised for meeting capital expenditure.*

*4. For allowing Return on Equity, the Commission shall consider the actual amount of equity employed in creation of assets."*

2.15.2. The Petitioner had claimed revised RoE for ARR of FY 2012-13, with details given as the following table. The RoE was claimed by grossing up by the tax rate. The Commission approved the RoE as per the table given below:

**Table 31: Return on Equity submitted and approved for FY 2012-13**

*All figures in Rs. Cr.*

S. No	Particulars	STU		SLDC	
		Revised	Approved	Revised	Approved
1	Return On Equity	75.38	93.90	0.00	0.00

2.15.3. The Petitioner booked a profit of Rs 200.81 Cr during FY 2012-13 as per the Audited Accounts. An amount of Rs 42.14 Cr was paid as tax on the profit earned. The net profit of Rs 158.66 Cr was accrued to the Reserves and Surplus account of the Petitioner. The Petitioner had a standing loss of Rs 78.76 Cr at the opening of FY 2012-13, which was adjusted against the net profit earned during FY 2012-13. The balance surplus amount of Rs 79.90 Cr being the internal accruals has been utilized to fund the gap between loan and capital expenditure as discussed in the subsection 2.13.8.

2.15.4. The Petitioner has determined RoE for 170 days of FY 2012-13 at a rate grossed up by Tax rate of 20.96% as 19.61%. For remaining period, the Petitioner has determined the RoE at the rate of 15.5% in accordance with the effective date of notification of the Amendment to the Tariff Regulations. The Petitioner computed the RoE for FY 2012-13 with details as provided below:

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**Table 32: Return on Equity for FY 2012-13**

All figures in Rs. Cr.

Sr. No.	Particulars	PSTCL
1	Equity at the opening of FY 2012-13	605.88
2	Internal accruals/ free reserves reckoned as paid up equity	79.90
2	Pre tax % RoE	15.50%
3	Tax Rate	20.96%
4	Gross up % RoE	19.61%
5	Equity before notification of Amended Tariff Regulation (((605.88+79.90/2)*19.61%*170 days/365 days)	58.99
6	Equity for the remaining period of FY 2012-13 (((605.88+79.90/2)*15.50%*195 days/365 days)	53.48
7	<b>Total RoE (5+6)</b>	<b>112.47</b>

2.15.5. Thus, the Petitioner humbly requests the Hon'ble Commission to allow the RoE of Rs 112.47 Cr determined for FY 2012-13.

## 2.16. Tax on Income

2.16.1. The Hon'ble Commission in its Tariff Regulation has notified:

"32: Tax on Income

1. *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.*

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

3. *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.*

4. *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."*

2.16.2. The Petitioner submits that it had paid tax amounting to Rs 42.14 Cr for its income

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of FY 2012-13.

- 2.16.3. The Petitioner submits before the Hon'ble Commission that it has incurred this tax on its Income during FY 2012-13 on account of higher revenue recovered by the Petitioner due to pass through of the past years revenue gap and revenue earned through miscellaneous non-tariff income and income on account of open access charges which were uncontrollable and which contributed to profit more than ROE.
- 2.16.4. The Petitioner submits that, by virtue of the PSERC Tariff Regulations, it was entitled to tax on RoE amounting to Rs 12.36 Cr till 17.09.2012. Further, Rs 11.21 Cr as Corporate tax @ 20.96% on the RoE is allowable for the remaining period of FY 2012-13 as per amended PSERC Tariff Regulations. Thus the total tax allowable as per Regulations is Rs 23.57 Cr.
- 2.16.5. The Petitioner, therefore, prays to the Hon'ble Commission to allow the total tax paid towards MAT amounting to Rs.42.14 Cr as tax on the income for FY 2012-13 to be passed through in the true up as discussed in aforementioned paragraphs.

**2.17. ULDC charge**

- 2.17.1. The revised ULDC charges submitted by the Petitioner for FY 2012-13 and further as approved by the Hon'ble Commission through Tariff Order for FY 2013-14 are shown in the table below:

**Table 33: ULDC charges submitted and approved for FY 2012-13**

*All figures in Rs. Cr.*

S. No	Particulars	STU		SLDC	
		Revised	Approved	Revised	Approved
1	ULDC Charge	0	0	17.30	13.30

- 2.17.2. The Petitioner now submits the ULDC charges as per the Audited Accounts for FY 2012-13 as per the table below:

**Table 34: ULDC charges (Audited)**

*All figures in Rs. Cr.*

Sr. No	Particulars	PSTCL
1	ULDC Charges - SLDC own share	3.37
2	ULDC Charges - BBMB share	1.02
3	ULDC Charges - Central Sector share	9.52
	<b>Total</b>	<b>13.91</b>

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2.17.3. The Petitioner prays the Hon'ble Commission to approve the ULDC charges of Rs 13.91 Cr as per the Audited Accounts for FY 2012-13.

## 2.18. Non-Tariff Income

2.18.1. The Hon'ble Commission in its Tariff Regulation has notified:

*"Regulation 34 Non Tariff Income*

*Following components of income shall be treated as non tariff income for the generating company or the licensee (s) as applicable:*

- *Meter/metering equipment/service line rentals*
- *Service charges*
- *Customer charges*
- *Revenue from late payment surcharge*
- *Miscellaneous receipts*
- *Incentives from CGS's*
- *Miscellaneous charges (except PLEC charges)*
- *Interest on staff loans and advances*
- *Interest on advances to suppliers*
- *Income from trading*
- *Income from staff welfare activities*
- *Excess found on physical verification*
- *Interest on investments, fixed and call deposits and bank balances*
- *Net recovery from penalty on coal liaison agents*
- *Prior period income*
- *Income from open access charges i.e. application fee, cross subsidy surcharge, additional surcharge, transmission and/or wheeling charges, scheduling charges etc."*

2.18.2. The Petitioner in its revised tariff petition for approval of ARR for FY 2012-13, re-estimated non tariff income which was approved by the Hon'ble Commission as per the given table:

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**Table 35: Non tariff income submitted and approved for FY 2012-13**

*All figures in Rs. Cr.*

S. No	Particulars	STU		SLDC	
		Revised	Approved	Revised	Approved
1	Non Tariff Income	5.76	61.21	5.85	5.85

- 2.18.3. Now as per the audited annual accounts, Non-Tariff income for transmission function of PSTCL, without considering the revenue from open access consumers is as given below:

**Table 36: Non tariff income for FY 2012-13 (Audited)**

*All figures in Rs. Cr.*

Sr. No	Particulars	STU	SLDC	PSTCL
1	Non Tariff Income	14.98	3.37	18.35

- 2.18.4. Thus, the petitioner respectfully requests the Hon'ble Commission to consider Non-Tariff Income as of Rs 14.98 Cr for STU and Rs 3.37 Cr for SLDC per the audited account.

**2.19. Transmission Charges from Open Access Consumers**

- 2.19.1. The Petitioner submits to the Hon'ble Commission that it has received Rs. 64.64 Cr. as transmission charges from open access customers as per the audited annual accounts for FY 2012-13 and thus requests the Hon'ble Commission to approve the same of Rs 55.46 Cr for STU and Rs 9.18 Cr for SLDC for FY 2012-13.

**Table 37: Transmission charges from open access consumers (Audited)**

*All figures in Rs. Cr.*

Sr. No	Particulars	STU	SLDC	PSTCL
1	Transmission Charges from Open Access Customers	55.46	0	55.46
2	Operating charges from open access customers	0.002	9.18	9.18
3	<b>Total</b>	<b>55.46</b>	<b>9.18</b>	<b>64.64</b>

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**2.20. Incentive on Transmission system availability**

2.20.1. The Petitioner submits to the Hon'ble Commission that as per its Tariff Regulations:  
**"10. EXCESS OR UNDER RECOVERY WITH RESPECT TO NORMS AND TARGETS**

1. *The generating company or the licensee, as the case may be, shall retain the entire gain arising from over achievement of the norms laid down by the Commission in these Regulations or targets set by the Commission from time to time.*

2. *The generating company or the licensee, as the case may be, shall bear the entire losses on account of its failure to achieve the norms laid down by the Commission or targets set by the Commission from time to time.*

3. *The Transmission licensee shall be paid transmission charge (inclusive of incentive) for a calendar month for a transmission system or part thereof*  

$$= AFC \times (NDM / NDY) \times (TAFM / NATAF)$$

*Where, AFC = Annual fixed cost specified for the year, in Rupees*

*NATAF = Normative annual transmission availability factor shall be taken as 98%*

*NDM = Number of days in the month*

*NDY = Number of days in the year*

*TAFM = Transmission system availability factor for the month, in %, calculated by the respective Transmission Licensee got verified and certified by the SLDC."*

2.20.2. In accordance with this regulation the Petitioner is eligible for incentive for over achieving the availability targets for transmission system availability which has been verified and certified by SLDC.

2.20.3. The net transmission charges inclusive of incentive on the basis of fixed charges for STU are given as per the table below. The incentive has been determined from the date of notification of the PSERC (Terms and Conditions for Determination of Tariff), Second Amendment, Regulations, 2012 in the Gazette on 18<sup>th</sup> September 2012:

**Table 38: Incentive on Transmission System Availability for FY 2012-13**

*All figures in Rs. Cr.*

S. No.	Month	Monthly Transmission Charge	Transmission charges inclusive incentive	Incentive
1.	Apr-12	69.64	69.64	

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S. No.	Month	Monthly Transmission Charge	Transmission charges inclusive incentive	Incentive
				-
2.	May-12	71.96	71.96	-
3.	Jun-12	69.64	69.64	-
4.	Jul-12	71.96	71.96	-
5.	Aug-12	71.96	71.96	-
6.	Sep-12	69.64	70.25	0.60
7.	Oct-12	71.96	73.40	1.44
8.	Nov-12	69.64	71.01	1.36
9.	Dec-12	71.96	73.40	1.44
10.	Jan-13	71.96	73.33	1.37
11.	Feb-13	65.00	66.26	1.26
12.	Mar-13	71.96	73.41	1.45
	<b>Total</b>	<b>847.32</b>	<b>856.23</b>	<b>8.92</b>

2.20.4. The Petitioner submits to the Hon'ble Commission to approve the incentive of Rs 8.92 Cr for transmission system availability as determined above for FY 2012-13.

**2.21. Annual Revenue Requirement**

2.21.1. The summary of the approved ARR and the expenses for FY 2012-13 in accordance with the PSERC Tariff Regulations 2005 and its subsequent amendments is presented as per the table given below:

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**Table 39: Annual Revenue Requirement (ARR) for FY 2012-13**

*All figures in Rs. Cr.*

Sr. No.	Particulars	Initially Approved			Allowable Expense		
		STU	SLDC	PSTCL	STU	SLDC	PSTCL
1	Employee Cost	211.12	4.54	215.66	328.09	3.93	332.02
2	R&M expenses	68.89	0.18	69.07	68.00	2.57	70.57
3	A&G expenses	13.79	0.03	13.82	16.09	0.95	17.04
4	Depreciation	147.90	0.40	148.3	108.28	0.49	108.78
5	Interest charges	244.85	1.65	246.5	207.65	0.02	207.67
6	Interest on Working Capital	25.15	0.77	25.92	35.02	0.50	35.51
7	ULDC Charges	0	21.00	21.00	0.00	13.91	13.91
8	Return on Equity	50.92	0	50.92	112.47	0.00	112.47
9	Tax on Income as per Regulation	0.00	0.00	0.00	23.57	0.00	23.57
	<b>Total</b>	<b>762.62</b>	<b>28.57</b>	<b>791.19</b>	<b>899.18</b>	<b>22.36</b>	<b>921.55</b>
10	Less: Non tariff income	36.98	0.00	36.98	14.98	3.37	18.35
11	Less: Charges from short term open access consumers	0.00	0.00	0.00	55.46	9.18	64.64
12	Additional Tax on Income (section 2.16)	0.00	0.00	0.00	18.57	0.00	18.57
13	<b>Annual Revenue Requirement</b>	<b>725.64</b>	<b>28.57</b>	<b>754.21</b>	<b>847.32</b>	<b>9.81</b>	<b>857.13</b>
14	Incentive	0.00	0.00	0.00	8.92	0.00	8.92
15	<b>Gross ARR</b>	<b>725.64</b>	<b>28.57</b>	<b>754.21</b>	<b>856.23</b>	<b>9.81</b>	<b>866.05</b>
	Revenue Gap for FY 2011-12 carried forward	71.17	0.00	71.17	0.00	0.00	0.00
	Carrying cost for Revenue Gap	4.63	0.00	4.63	0.00	0.00	0.00
16	<b>Cumulative Revenue Requirement</b>	<b>801.44</b>	<b>28.57</b>	<b>830.01</b>	<b>856.23</b>	<b>9.81</b>	<b>866.05</b>

2.21.2. The Petitioner requests the Hon'ble Commission to allow the true up of ARR determined as per the table given above for FY 2012-13.

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**2.22. Revenue Surplus / (Gap) for PSTCL**

2.22.1. The following table computes the Revenue Surplus / (Gap) based on the allowable revenue required by the Petitioner and approved revenue from tariff for FY 2012-13:

**Table 40: Revenue Surplus / (Gap) for FY 2012-13**

*All figures in Rs. Cr.*

Sr. No.	Particulars	STU	SLDC	PSTCL
1	Allowable ARR	856.23	9.81	866.05
2	Revenue from approved Tariff	801.44	28.57	830.01
3	Revenue Gap- Surplus (+)/ Deficit (-) for FY 2012-13	-54.79	18.76	-36.04

2.22.2. Thus the Petitioner requests the Hon'ble Commission to allow the revenue gap for PSTCL for FY 2012-13 as per the above given table.

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**TRUE UP FOR FY 2013-14**

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3. TRUING UP OF FY 2013-14 FOR PSTCL

3.1. True up for FY 2013-14

3.1.1. The Petitioner would also like to respectfully submit that since the annual accounts for FY 2013-14 are not finalized; it is not submitting the petition for the true up of ARR for FY 2013-14. Clause-9 (2) of PSERC (Terms and Conditions for Determination of Tariff) Regulations, 2005 also 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)*

3.1.2. PSTCL submits that the Truing-up exercise may be undertaken only on the basis of audited annual accounts. Since the accounts for FY 2013-14 are not audited, it is respectfully submitted that the Truing-up exercise may be undertaken by the Hon'ble Commission for the FY 2013-14 after the finalization of audited annual accounts.



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**REVIEW OF ARR FOR FY 2014-15**

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#### 4. REVIEW OF ARR FOR FY 2014-15 FOR PSTCL

##### 4.1. Background

- 4.1.1. In this section, the Petitioner submits the revised estimate for FY 2014-15 for STU and SLDC functions of the PSTCL.
- 4.1.2. The Hon'ble Commission in its Tariff Order dated 22<sup>nd</sup> August 2014 had approved the ARR for FY 2014-15 for transmission and load despatch business of PSTCL as Rs 895.66 Cr including the surplus and carrying cost up to FY 2013-14. Out of this, Rs 865.99 Cr was approved for STU including revenue surplus/ (gap) and carrying cost up to FY 2013-14 and Rs 29.67 Cr for SLDC.
- 4.1.3. The Petitioner submits that it has now computed the revised estimates of ARR for FY 2014-15 based on the actual numbers of first half and projection for remaining half of FY 2014-15. The Petitioner has projected the expenses for various heads for FY 2014-15 on the basis of past trends, regulatory norms and activities that are planned and proposed to be taken up during the remaining period of FY 2014-15.
- 4.1.4. 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.

##### 4.2. Description of the Transmission System

- 4.2.1. Details of the actual addition during H1 of FY 2014-15 and estimated addition during H2 of the FY 2014-15 to the transmission system of PSTCL is tabulated below:

**Table 41: Transmission system of PSTCL during FY 2014-15**

S. No.	Particulars	Opening (As on 1 <sup>st</sup> April 2014)	Addition during H1	Addition during H2	Closing (As on 31 <sup>st</sup> March 2015)
<b>Transmission Lines (Circuit kms)</b>					
1	400 kV	367.75	1092.48	0.00	1460.22
2	220 kV	5520.77	91.71	273.00	5885.48
3	132 kV	3112.20	0.00	20.00	3132.20
4	<b>Total</b>	<b>9,000.72</b>	<b>1,184.18</b>	<b>293.00</b>	<b>10,477.90</b>
<b>Substations (Nos)</b>					
1	400 kV	2	2	0	4
2	220 kV	83	4	2	89
3	132 kV	76	-2	0	74
	<b>Total</b>	<b>161</b>	<b>4</b>	<b>2</b>	<b>167</b>
<b>Transmission Substation Bays (Nos)</b>					

S. No.	Particulars	Opening (As on 1 <sup>st</sup> April 2014)	Addition during H1	Addition during H2	Closing (As on 31 <sup>st</sup> March 2015)
1	400 kV	6	18	0	24
2	220 kV	469	27	35	531
3	132 kV	514	2	0	516
4	66 kV	857	18	0	875
	<b>Total</b>	<b>1846</b>	<b>65</b>	<b>35</b>	<b>1946</b>
<b>Substation Capacity(MVA)</b>					
1	Substation Capacity	27,113.17	2,392.50	1420.00	30925.67

#### 4.3. Transmission System Capacity

- 4.3.1. The Petitioner submits to the Hon'ble Commission that in tariff petition for approval of ARR for FY 2014-15, the Petitioner projected the net transmission capacity of the system for FY 2014-15 as 12946.72 MW and the Hon'ble Commission in its Tariff Order had approved transmission capacity of 12244.31 MW for FY 2014-15.
- 4.3.2. The Petitioner submits to the Hon'ble Commission that based on the actual transmission capacity of Punjab along with the proposed capacity addition plan, the estimated Gross Transmission Capacity as on 31st March 2015 would be 11,036 MW. Detailed source wise breakup of the same is provided below:

**Table 42: Projected Generation capacity in MW for FY 2014-15 as on 31 March 2015**

Name of Project	Gross Installed Capacity / Share (MW)	Net Installed Capacity / Net Share (MW)
GNDTP, Bathinda	450	401
GGSSTP, Ropar	1260	1153
GHTP, Lehra Mohabbat (Unit # 1 & 2) (Stage-I)	420	384
GHTP, Lehra Mohabbat (Unit # 3 & 4) (Stage-II)	500	458
<b>TOTAL THERMAL</b>	<b>2630</b>	<b>2395</b>
Shanan	110	109
UBDC-I	45	45
UBDC-II	46	46
<b>UBDC TOTAL</b>	<b>91</b>	<b>91</b>

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Name of Project	Gross Installed Capacity / Share (MW)	Net Installed Capacity / Net Share (MW)
**RSPP	600	
Less 20% J&K and 4.6% HP share from RSD	-148	
<b>Net RSD share of Punjab</b>	<b>452</b>	<b>451</b>
ASHP	134	133
MHP-1&2	90	90
MHP-3&4	117	117
Mukerian Hydel Project State II	18	18
<b>MHP Total</b>	<b>225</b>	<b>225</b>
<b>TOTAL HYDRO</b>	<b>1013</b>	<b>1009</b>
<b>TOTAL (HYDRO+THERMAL)</b>	<b>3643</b>	<b>3404</b>
PEDA & NRSE Projects	579	519
Micro Hydel	6	6
Rajpura TPP	1400	1400
Talwandi Sabo TPP	660	660
<b>BBMB</b>	<b>1161</b>	<b>1155</b>
Farakka STPS	22	20
Kahalgaon-I	51	45
Tala	30	29
Kahalgaon-II STPS	120	109
Singrauli STPS	200	179
Rihand STPS-I	110	97
Rihand STPS Stage-II	102	92
Unchahar-I	36	32
Unchahar-II	60	53
Unchahar-III	17	15
Anta GPS	49	46
Auraiya GPS	83	78
Dadri NCGPS	132	124
NAPS	51	44
RAPP B	100	86
RAPP C	46	40
Bairasiul HPS	84	80
Salal HPS	184	175
Rampur HEP	42	40
Nathpa Jhakri HPS	152	145
Tehri Stage-I	77	74
Dulhasti HEP	32	31

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Name of Project	Gross Installed Capacity / Share (MW)	Net Installed Capacity / Net Share (MW)
Tanakpur HPS	17	16
Chamera HPS-I	55	53
Parbati III HEP	41	39
Dhauliganga HEP	28	27
Chamera HPS-II	30	29
Sewa-II HEP (3 Units)	10	10
Uri-I HPS	66	63
Uri-II HPS	20	19
Koteshwar HEP	25	24
Rihand-III	83	75
Chamera-III	18	17
<b>IPPs</b>		
Durgapur DVC TPS	200	179
Pragati-III(Bawana)PPCL	69	64
Malana-2 (PTC)	86	82
Sasan Ultra Mega Project	558	539
Mundra Ultra mega project	475	458
<b>New Projects</b>		
Koldam	28	27
<b>Central Sector (Firm Share)</b>	<b>3588</b>	<b>3351</b>
<b>TOTAL INSTALLED CAPACITY</b>	<b>11036</b>	<b>10495</b>

#### 4.4. Transmission System Availability

- 4.4.1. The Petitioner submits that it has maintained the Transmission System Availability well above the normative annual transmission availability factor as mandated by Hon'ble Commission in PSERC Regulations up to September 2014.
- 4.4.2. The average transmission system availability from April to September 2014 was 99.95%.
- 4.4.3. The following table provides the month wise system availability up to September 2014:

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**Table 43: Transmission System Availability for FY 2014-15 upto September 2014**

S. No.	Month	Availability (%)
1.	Apr-14	99.95%
2.	May-14	99.93%
3.	Jun-14	99.94%
4.	Jul-14	99.95%
5.	Aug-14	99.97%
6.	Sep-14	99.94%

4.4.4. The Petitioner prays to the Hon'ble Commission to allow transmission system availability incentive to the Petitioner while undertaking the True up of ARR for FY 2014-15.

**4.5. Transmission Losses**

4.5.1. In its Tariff Petition for FY 2014-15, PSTCL had projected the transmission loss at 4.5% for FY 2014-15. The Hon'ble Commission fixed the transmission loss level at 2.5% for FY 2014-15. The Commission assured that it would revisit the issue of transmission loss in the review for FY 2014-15 after the boundary meters are provided and energy audit is conducted.

4.5.2. The Petitioner requests the Hon'ble Commission to refer section 2.5 of this petition for approval of the transmission losses.

**4.6. Capital Expenditure Plan and Capital Works in Progress**

4.6.1. The Petitioner is submitting a revised Investment Plan for Transmission function to the Hon'ble Commission. This plan has the details 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.

**4.6.2. Status of 400 kV works**

The transmission lines and substations envisaged under Talwandi Sabo Thermal Power Project have already been commissioned. However, the works relating to some of the bays, residential quarters, etc are in progress. During FY 2014-15 the total capital expenditure for the project will be Rs 127.03 Cr.

The transmission lines under Rajpura Thermal Project have already been





commissioned but the substation is likely to be commissioned by 30<sup>th</sup> June 2015. The expected fund requirement for the project during FY 2014-15 is Rs 43.06 Cr.

**4.6.3. Status of 220 kV/ 132 kV**

The Petitioner plans to invest Rs 334.47 Cr during FY 2014-15 for 220/132 kV works.

**4.6.4. Status of ERP**

The Petitioner submits that administrative approval has been accorded for implementation of ERP in PSTCL at an estimated expenditure of Rs 36.95 Cr over a period of 3 years commencing from FY 2015-16, for finalization of various modules and preparation of DPR/ FRS from the consultant such as Financial Accounting and Controlling, Human Resource Management, Procurement and Contracts Management, Maintenance Management and Project Management, etc. MDI Gurgaon has been appointed as ERP consultant for providing consultancy for implementation of ERP in PSTCL. The RfP (Request for Proposal) has been approved. A budget of Rs 0.20 Cr has been allocated for FY 2014-15 out of which Rs 0.15 Cr is expected to be the capital expenditure during FY 2014-15. The RfP is expected to be floated soon.

**4.6.5. Others**

The Petitioner plans to invest Rs 20 Cr in equipments required for oil and diagnostic lab set up by PSTCL and for miscellaneous tools and plants required for operation and maintenance of transmission system.

The details of the capital investment plan are as under:

**Table 44: Proposed Capital Investment Plan for STU for FY 2014-15**

*All figures in Rs. Cr.*

Sr. No.	Description of Work	Opening CWIP for FY 2014-15 H1	Capex in FY 2014-15 H1	Estimated Capex FY 2014-15 H2	Capitalisation during FY 2014-15	Closing CWIP for FY 2014-15
1	400 kV Transmission Works	961.81	67.09	103.00	1106.28	25.62
2	220 kV and 132 kV Transmission Works	719.92	154.12	180.35	668.21	386.18
3	ERP	0.00	0.00	0.15	0.00	0.15

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Sr. No.	Description of Work	Opening CWIP for FY 2014-15 H1	Capex in FY 2014-15 H1	Estimated Capex FY 2014-15 H2	Capitalisation during FY 2014-15	Closing CWIP for FY 2014-15
4	Others	0.00	0.00	20.00	20.00	0.00
	<b>Total</b>	<b>1681.73</b>	<b>221.21</b>	<b>303.50</b>	<b>1794.49</b>	<b>411.96</b>

4.6.6. **Capital investment plan for SLDC**

Detail of capital investment plan for SLDC is summarized below:

**Table 45: Proposed Capital Investment Plan for SLDC for FY 2014-15**

*All figures in Rs. Cr.*

Sr. No.	Description of Work	Opening CWIP in FY 2014-15	Capex in FY 2014-15 H1	Estimated Capex FY 2014-15 H2	Capitalisation during FY 2014-15	Closing CWIP for FY 2014-15
1	Procurement of 47 RTUs for SCADA Scheme	2.04	0.01	4.46	6.51	0.00
2	Equipment including voice recording and Islanding scheme in Punjab	5.47	0.00	0.44	0.00	5.91
3	ABT meters	0.74	0.00	12.00	12.74	0.00
	<b>Total</b>	<b>8.25</b>	<b>0.01</b>	<b>16.90</b>	<b>19.25</b>	<b>5.91</b>

4.7. **Employee expenses (Salary and other expenses)**

4.7.1. The employee expenses submitted by the Petitioner and further as approved by the Hon'ble Commission through Tariff Order for FY 2014-15 are shown in the table below:

**Table 46: Employee expenses submitted and approved for FY 2014-15**

*All figures in Rs. Cr.*

Particulars	STU		SLDC	
	Submitted	Approved	Submitted	Approved
Other Employee Expenses	147.58	109.73	8.52	6.8

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- 4.7.2. The Petitioner submits the following staffing details for STU for FY 2014-15 to the Hon'ble Commission:

**Table 47: Employees details for STU for FY 2014-15**

S. No.	Particulars	FY 2014-15
1	Opening no. of employees	3510
2	Addition during the year	432
3	No. of employees retired/ resigned during the year	210
4	Closing no. of employees	3732

- 4.7.3. The Petitioner submits the following staffing details for SLDC for FY 2014-15 to the Hon'ble Commission:

**Table 48: Employees details for SLDC for FY 2014-15**

S. No.	Particulars	FY 2014-15
1	Opening no. of employees	75
2	Addition during the year	18
3	No. of employees retired/ resigned during the year	8
4	Closing no. of employees	85

- 4.7.4. Considering the staffing norms for O&M of substations and lines as mentioned in subsections 2.6.6 and 2.6.7, the total staff requirement for existing transmission assets, as on 01 April 2014 is 3784 (3321 for substations and 463 for transmission lines). Further, the additional staff requirement for new substations and transmission lines added/ to be added during FY 2014-15 would be 222 employees (146 for substations and 76 for transmission lines). The total staff requirement for O&M function comes out to be 4006. From the above, it is clear that the total manpower requirement of PSTCL is much higher than the actual employee strength for FY 2014-15 considering the requirements for other functions like Construction and maintenance of Transmission System, Administrative, Planning, Establishment, Accounts, Finance, Audit, Testing, Load Despatch, etc.

- 4.7.5. The employee cost for 222 employees recruited/ to be recruited for STU during FY

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2014-15 required for the new installations of transmission system in accordance with Regulation 28 (3) (c) of PSERC Regulations has been considered for 3 months which comes to Rs 1.68 Cr.

4.7.6. Similarly, the Petitioner will add net 10 employees for SLDC during FY 2014-15 to bridge the manpower shortage. The additional cost has been considered for 3 months as Rs 0.08 Cr.

4.7.7. In reference to the APTEL's judgment as per subsection 2.6.10, the Petitioner has determined its employee expenses for STU and SLDC for FY 2014-15 on the basis of salary and other expenses as determined for FY 2013-14 excluding the arrears on pay revision and adding recruitment cost for full year during FY 2013-14.

4.7.8. The WPI increase for FY 2013-14 was 5.98%. Applying the WPI increase to the salary and other Employee expenses determined for FY 2012-13 considering the additional recruitment on full year basis after excluding arrears of pay revision and further adding the additional employee expenses for employees recruited on half year basis during FY 2013-14, the salary and other employee expenses are determined to be Rs 163.97 Cr and Rs 3.55 Cr for STU and SLDC respectively for FY 2013-14.

4.7.9. It is submitted that WPI of 4.80% has been determined as half yearly increase for April to September 2014 over April to September 2013. The WPI increase has been applied to the salary and other expenses determined for FY 2013-14, in order to determine salary and other Employee Expenses for FY 2014-15.

4.7.10. The Petitioner submits the revised employee expenses for FY 2014-15 as per the table below:

**Table 49: Revised Employee expense during FY 2014-15**

*All figures in Rs. Cr.*

Sr. No.	Particulars	STU	SLDC	PSTCL
1	Other Employee Cost for FY 2013-14	163.97	3.55	167.52
2	Increase as per WPI @4.80% for FY 2014-15	7.86	0.17	8.03
3	Add: Additional recruitment cost	1.68	0.08	1.75
4	Add: Arrear of pay revision	1.83	0.02	1.84

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Sr. No.	Particulars	STU	SLDC	PSTCL
5	Salary and other Employee Cost for FY 2014-15	175.33	3.81	179.15

#### 4.8. Terminal Benefits

4.8.1. The Terminal Benefits submitted by the Petitioner and further as approved by the Hon'ble Commission through Tariff Order for FY 2014-15 are shown in the table below:

**Table 50: Terminal benefits submitted and approved for FY 2014-15**

*All figures in Rs. Cr.*

Particulars	STU		SLDC	
	Submitted	Approved	Submitted	Approved
Terminal Benefits	188.93	188.93	0	0.00

4.8.2. The Petitioner submits that as per the Transfer scheme payment is being made on account of Terminal Benefits for the erstwhile PSEB employees in the defined ratio between PSPCL and PSTCL. The estimated expenditure is Rs 218.36 Cr for PSTCL.

4.8.3. It is submitted that the employees recruited by PSTCL are covered under New Pension Scheme (NPS) and are entitled to gratuity under the provisions of the Payment of Gratuity Act, 1972 and the leave salary under the Leave Rules of the Corporation. For discharging the said terminal liabilities, PSTCL has gone for actuarial valuation as on 31.3.2015 towards gratuity and leave salary.

4.8.4. The Petitioner submits that it got actuarial valuation conducted to determine the amount of gratuity and leave encashment for FY 2014-15 for new employees recruited by PSTCL. The details of actuarial valuation are given as the following table:

**Table 51: Terminal benefits for PSTCL employees for FY 2014-15**

*All figures in Rs. Cr.*

Sr. No.	Particulars	STU	SLDC*	PSTCL
1	Gratuity	0.97	0.00	0.97

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Sr. No	Particulars	STU	SLDC*	PSTCL
2	Leave Encashment	2.00	0.00	2.00
3	<b>Terminal Benefits</b>	<b>2.96</b>	<b>0.00</b>	<b>2.96</b>

\*Terminal benefits for SLDC staff is included in STU

- 4.8.5. The Petitioner submits the revised estimate of terminal benefits for PSTCL for FY 2014-15 as per the table below:

**Table 52: Revised Terminal benefits for FY 2014-15**

*All figures in Rs. Cr.*

Sr. No	Particulars	STU	SLDC	PSTCL
1	Terminal benefits for employees of erstwhile PSEB	218.36	0.00	218.36
2	Terminal benefits for new employees recruited by PSTCL	2.96	0.00	2.96
3	<b>Terminal Benefits</b>	<b>221.32</b>	<b>0.00</b>	<b>221.32</b>

- 4.8.6. The Petitioner also submits that it is not projecting any amount for progressive funding of terminal benefits amounting to Rs 117.05 Cr for FY 2014-15, as the same was not approved by the Hon'ble Commission in its Tariff Order for FY 2014-15. This is without prejudice to our rights and contentions in our appeal no. 262 of 2014 submitted before the Hon'ble APTEL.

#### 4.9. Total Employee Expenses

- 4.9.1. Total Employee Expenses including salary and other expenses and Terminal Benefits for STU and SLDC are given as per the table below:

**Table 53: Total Employee Expenses for FY 2014-15**

*All figures in Rs. Cr.*

Sr. No.	Particulars	STU	SLDC	PSTCL
1	<b>Other Expenses</b>			
a	Salary expenses for FY 2014-15	171.83	3.72	175.55
b	Additional recruitment cost	1.68	0.08	1.75
c	Amount of pay revision	1.83	0.02	1.84
2	<b>Terminal Benefits</b>	<b>221.32</b>	<b>0.00</b>	<b>221.32</b>

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Sr. No.	Particulars	STU	SLDC	PSTCL
3	Total Employee Cost	396.65	3.81	400.47

4.9.2. The Hon'ble Commission is requested to approve the Total employee cost of Rs 396.65 Cr for STU and Rs 3.81 Cr for SLDC as determined by the Petitioner.

#### 4.10. Repair & Maintenance (R&M) Expenses

4.10.1. The R&M expenses submitted by the Petitioner and further as approved by the Hon'ble Commission through Tariff Order for FY 2014-15 are shown in the table below:

**Table 54: R&M expenses submitted and approved for FY 2014-15**

*All figures in Rs. Cr.*

Particulars	STU		SLDC	
	Submitted	Approved	Submitted	Approved
R&M expenses	61.33	46.45	5.15	4.04

- 4.10.2. The WPI increase for FY 2013-14 was 5.98%. Applying the WPI increase to the R&M expenses as determined for FY 2012-13 considering the R&M expenses for assets capitalized during FY 2012-13 on full year basis, and further adding the R&M expenses for assets capitalized (as per provisional accounts) during FY 2013-14 on half year basis, the R&M expenses are determined as Rs 80.41 Cr and 2.79 Cr for STU and SLDC respectively for FY 2013-14.
- 4.10.3. The Petitioner submits the revised estimate of R&M expenses for FY 2014-15 on the basis of R&M expenses as determined for FY 2013-14. The R&M expenses for asset addition during FY 2013-14 have been considered for complete year. The R&M expenses for FY 2013-14 have been escalated by increase in WPI @ 4.80%.
- 4.10.4. The proportion of escalated R&M expenses to the opening GFA for FY 2014-15 has been applied on the capitalization in order to determine R&M expenses for assets added during FY 2014-15. This calculation has been done for both STU and SLDC separately, considering that the new assets remained in service of the STU and SLDC for six months on an average during FY 2014-15.
- 4.10.5. Details of R&M determination are given as per the table below:

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**Table 55: Revised R&M expenses for FY 2014-15**

*All figures in Rs. Cr.*

Sr. No.	Particulars	STU	SLDC	PSTCL
1	R&M expenses for FY 2013-14	84.94	2.80	87.74
2	R&M expenses after applying increase in WPI @4.80%	89.01	2.93	91.94
3	R&M for assets added during FY 2014-15	12.19	4.88	17.07
4	<b>R&amp;M expenses for FY 2014-15</b>	<b>101.19</b>	<b>7.82</b>	<b>109.01</b>

4.10.6. The Petitioner requests the Hon'ble Commission to approve the R&M expenses of Rs 101.19 Cr for STU and Rs 7.82 Cr for SLDC as determined by the Petitioner.

**4.11. Administrative & General (A&G) Expenses**

4.11.1. The A&G expenses submitted by the Petitioner and further as approved by the Hon'ble Commission through Tariff Order for FY 2014-15 are shown in the table below::

**Table 56: A&G expenses submitted and approved for FY 2014-15**

*All figures in Rs. Cr.*

Particulars	STU		SLDC	
	Submitted	Approved	Submitted	Approved
A&G expenses	30.59	21.56	2.60	1.17

4.11.2. The WPI increase for FY 2013-14 was 5.98%. Applying the WPI increase to the A&G expenses as determined for FY 2012-13 excluding audit, ARR fee and outsourcing cost and adding the A&G expenses for assets capitalized (as per provisional accounts) during FY 2012-13 on full year basis, and further adding the A&G expenses for assets capitalized during FY 2013-14 on half year basis, audit, ARR and licensee fee for FY 2013-14, the A&G expenses are determined as Rs 35.18 Cr and 1.19 Cr for STU and SLDC respectively for FY 2013-14.

4.11.3. The Petitioner submits the revised estimate of A&G expenses for FY 2014-15 on the basis of A&G expenses as determined for FY 2013-14. The A&G expenses for asset addition for FY 2013-14 have been considered for complete year. The A&G

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- expenses for FY 2013-14 have been escalated by increase in WPI @ 4.80%.
- 4.11.4. The proportion of escalated A&G expenses to the opening GFA for FY 2014-15 has been applied on the capitalization in order to determine A&G expenses for assets added during FY 2014-15. This calculation has been done for both STU and SLDC separately, considering that the new assets remained in service of the STU and SLDC for six months on an average during FY 2014-15.
- 4.11.5. It is also submitted that the audit fee and license fee for FY 2014-15 has been estimated same as for FY 2013-14.
- 4.11.6. Details of the calculations for A&G expenses are as given below:

**Table 57: Revised A&G Expenses for FY 2014-15**

*All figures in Rs. Cr.*

Sr. No.	Particulars	STU	SLDC	PSTCL
1	A&G expenses for FY 2013-14	19.07	1.03	20.10
2	A&G expenses after applying increase in WPI @4.80%	19.99	1.08	21.07
3	A&G for assets added during FY 2014-15	2.74	1.80	4.53
4	Add: Audit Fee	0.28	0.00	0.28
5	Add: License and ARR fee	0.50	0.00	0.50
	<b>A&amp;G expenses for FY 2014-15</b>	<b>23.50</b>	<b>2.88</b>	<b>26.38</b>

- 4.11.7. The Petitioner requests the Hon'ble Commission to approve the A&G expenses of Rs 23.50 Cr for STU and Rs 2.88 Cr for SLDC as determined by the Petitioner.

**4.12. Depreciation Charges**

- 4.12.1. The details of the depreciation expenses initially submitted and approved by the Commission as per Tariff order for FY 2014-15 are given as per the table below:

**Table 58: Depreciation charges submitted and approved for FY 2014-15**

*All figures in Rs. Cr.*

Particulars	STU		SLDC	
	Submitted	Approved	Submitted	Approved
Depreciation	239.44	186.00	1.86	1.45

- 4.12.2. The revised depreciation charges for FY 2014-15 have been computed considering

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the average of opening and closing GFA for FY 2014-15 on account of asset addition during FY 2014-15. Depreciation rates have been taken as per CERC Tariff Regulations 2014. The computation of the same has been depicted in Formats F9 and F9-LD for STU and SLDC respectively attached along with this Petition. The depreciation charges on GFA for STU and SLDC has been summarized in the table below:

**Table 59: Depreciation charges for FY 2014-15**

*All figures in Rs. Cr.*

Particulars	STU	SLDC	PSTCL
Depreciation	193.87	0.74	194.61

4.12.3. The Petitioner humbly requests the Hon'ble Commission to approve depreciation of Rs 193.87 Cr for STU and Rs 0.74 Cr for SLDC as per revised estimate for FY 2014-15.

**4.13. Advance Against Depreciation**

4.13.1. The Hon'ble Commission through its Tariff Regulations has notified:

*“Regulation 27- Depreciation*

*The generating company and the licensees shall make all efforts for aligning the tenure of long term debt with permissible rate of depreciation to reduce front loading of tariffs. In case of inadequacy of cash for repayment of debt, only in extreme cases, the*

*Commission may allow Advance Against Depreciation (AAD) in addition to the allowable Depreciation in the following manner:*

*AAD = Loan repayment amount as per the schedule of repayment subject to a ceiling of 1/10th of loan amount as per Regulation 24 minus depreciation as per schedule*

*Provided that Advance Against Depreciation shall be permitted only if the cumulative repayment up to a particular year exceeds the cumulative depreciation up to that year,*

*Provided further that Advance Against Depreciation in a year shall be restricted to the extent of difference between cumulative repayment and cumulative depreciation*

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up to that year.”

- 4.13.2. In accordance with the quoted Regulation, the Petitioner submits before the Hon’ble Commission that it had taken loans of Rs 1284.32 Cr for 400 kV transmission system upto 31.03.2014 and the outstanding loan as on 31.03.2015 will be Rs 1390.93. Thus, the average loan outstanding for FY 2014-15 would be Rs 1337.63 Cr. Additional capitalization of Rs 1106.27 Cr (576.25 for H1 and 530.02 for H2) is estimated for FY 2014-15. The cumulative depreciation as on 31.03.2015 on these assets would be Rs 34.88 Cr (Rs 5.06 Cr. for FY 2013-14 and Rs 29.82 Cr for FY 2014-15). The cumulative repayment of this loan would be Rs 93.02 Cr. upto FY 2014-15. The Petitioner further submits that the amount of loan repayment of Rs 63.48 Cr during the year would be more than the amount of depreciation of Rs 29.82 Cr. In accordance with the Regulation 27 of PSERC Tariff Regulation 2005 , the Petitioner proposes to claim advance against depreciation as per the following table which is difference between the loan repayment and depreciation amount:

**Table 60: Advance Against Depreciation for FY 2014-15**

*All figures in Rs. Cr.*

S. No.	Particulars	Amount
1	Average Loan Amount	1337.63
2	1/10th of Loan Amount	133.76
3	Loan repayment during the year	63.48
4	Cumulative Loan Repayment as on 31.03.2015	93.02
5	Depreciation during the year	29.82
6	Cumulative Depreciation as on 31.03.2015	34.88
	<b>Advance Against Depreciation</b>	<b>33.66</b>

- 4.13.3. The Hon’ble Commission is requested to approve the Advance against depreciation of Rs 33.66 Cr as determined by the Petitioner.

**4.14. Interest and Finance Charges**

- 4.14.1. The interest and finance charges submitted by the Petitioner and further as approved by the Hon’ble Commission through Tariff Order for FY 2014-15 are shown in the table below:

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**Table 61: Interest on loans submitted and approved for FY 2014-15**

*All figures in Rs. Cr.*

S. No.	Particulars	STU		SLDC	
		Submitted	Approved	Submitted	Approved
1	Interest on Loan	469.41	310.62	3.12	1.91
2	Interest on GPF	16.31	16.31	0.00	0.00
3	Capitalisation of Interest charge	50.00	8.16	0.00	0.51
4	<b>Interest and Finance charges</b>	<b>435.72</b>	<b>318.77</b>	<b>3.12</b>	<b>1.40</b>

4.14.2. In order to compute the revised interest and finance charges for FY 2014-15, Interest Charges have been calculated on the basis of actual interest rates and opening and closing of various loans for H1 and H2 of FY 2014-15 for STU and SLDC:

4.14.3. Thus, as discussed above, the loan schedule and total interest charges for H1 of FY 2014-15 for STU and SLDC is determined as per the given table:

**Table 62: Loan Schedule and Interest on loans for H1 of FY 2014-15**

*All figures in Rs. Cr.*

Sr. No.	Particulars (Source)	Opening Balance as on 01.04.14	Received	Re-paid	Closing Balance as on 30.09.2014	Amount of Interest due
1	OBC	97.31	0.00	14.30	83.01	5.54
2	SBOP,MTL	25.00	0.00	5.35	19.65	1.38
3	LIC	138.63	0.00	31.17	107.46	4.45
4	REC	2564.88	243.56	43.74	2764.70	154.31
5	Loan from PSPCL	693.81	0.00	49.55	644.26	39.91
6	GPF liability	197.59	0.00	10.97	186.62	0.00
	<b>Total STU</b>	<b>3717.22</b>	<b>243.56</b>	<b>155.08</b>	<b>3805.70</b>	<b>205.59</b>
1	SLDC (REC)	0.77	0.66	0.00	1.43	0.08
	<b>Total PSTCL</b>	<b>3717.99</b>	<b>244.22</b>	<b>155.08</b>	<b>3807.13</b>	<b>205.67</b>

4.14.4. The loan schedule and total interest charges for H2 of FY 2014-15 for STU and SLDC is determined as per the given table:

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**Table 63: Loan Schedule and Interest on loans for H2 of FY 2014-15**

*All figures in Rs. Cr.*

Sr. No.	Particulars (Source)	Opening Balance as on 01.10.14	Receivable	Repayment	Closing Balance as on 31.03.2015	Amount of Interest due
1	OBC	83.01	0.00	14.30	68.71	4.62
2	SBOP,MTL	19.65	0.00	5.56	14.09	1.11
3	SBOP, MTL	0.00	60.00	0.00	60.00	2.94
4	LIC	107.46	0.00	9.75	97.71	8.15
5	REC	2764.70	201.15	71.61	2894.24	176.74
6	Loan from PSPCL	644.26	0.00	49.56	594.70	37.03
7	NABARD	0.00	20.00	0.00	20.00	0.60
8	GPF liability	186.62	0.00	10.98	175.64	16.31
	<b>Total STU</b>	<b>3805.70</b>	<b>281.15</b>	<b>161.76</b>	<b>3925.09</b>	<b>247.49</b>
1	SLDC (REC)	1.43	16.25	0.00	17.68	0.90
	<b>Total PSTCL</b>	<b>3807.13</b>	<b>297.40</b>	<b>161.76</b>	<b>3942.77</b>	<b>248.39</b>
	Guarantee charges payable to GoP					1.20
	Interest and finance charges for H2					249.59
	Interest and finance charges for H1					205.67
	Gross Interest and finance charges for FY 2014-15					455.26
	Less: Capitalisation of Interest charges					120.00
	<b>Net Interest and Finance charges for PSTCL for FY 2014-15</b>					<b>335.26</b>

4.14.5. The Petitioner hereby requests the Hon'ble Commission to approve net Interest Charges of Rs 334.28 Cr for STU and Rs 0.98 Cr for SLDC FY 2014-15.

#### 4.15. Interest on Working Capital

4.15.1. The interest on working capital submitted by the Petitioner and further as approved by the Hon'ble Commission through Tariff Order for FY 2014-15 are shown in the table below:

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**Table 64: Interest on loans for submitted and approved for FY 2014-15**

*All figures in Rs. Cr.*

Particulars	STU		SLDC	
	Submitted	Approved	Submitted	Approved
Interest on working capital	51.09	28.76	1.52	0.52

- 4.15.2. The Petitioner has computed the revised working capital requirement for FY 2014-15 for transmission and load despatch business of PSTCL. SBI PLR as on 1st April 2014 was 14.75%. Accordingly, the Interest on Working Capital is determined as the given table:

**Table 65: Interest on Working Capital for FY 2014-15**

*All figures in Rs. Cr.*

Sr. No.	Particulars	STU	SLDC	PSTCL
1	Receivable equivalent to two months	214.28	3.55	217.83
2	Maintenance spares @ 15% of operation and maintenance expenses	78.20	2.18	80.38
3	Operation and maintenance expenses for one month	43.45	1.21	44.65
4	Total working capital	335.93	6.93	342.86
5	Rate of Interest	14.75%	14.75%	14.75%
6	<b>Interest on Working capital</b>	<b>49.55</b>	<b>1.02</b>	<b>50.57</b>

- 4.15.3. The Petitioner humbly prays to the Hon'ble Commission to approve Interest on Working Capital of Rs 49.55 Cr for STU and Rs 1.02 Cr for SLDC for FY 2014-15 as per the revised estimates.

**4.16. Return on Equity**

- 4.16.1. The Petitioner submitted the estimated return on equity in its Tariff petition for FY 2014-15 as per the given table:

**Table 66: Return on Equity submitted for FY 2014-15**

*All figures in Rs. Cr.*

S. No.	Particulars	STU	SLDC	PSTCL
1	Opening Balance-Equity Capital	605.88	0	605.88
2	Equity addition during the year through Internal Accruals	0	0	0
3	Closing balance-Equity Capital	605.88	0.00	605.88
4	Return on Equity%	15.50%	15.50%	15.50%
5	<b>RoE</b>	<b>93.91</b>	<b>0.00</b>	<b>93.91</b>

- 4.16.2. The Hon'ble Commission approved Rs 93.91 Cr as return on equity for STU as claimed by the Petitioner.
- 4.16.3. The Petitioner has computed revised RoE as per the table provided below. It is submitted that the opening equity for FY 2014-15 is the closing equity as submitted for True up of FY 2012-13:

**Table 67: Return on Equity projected for FY 2014-15**

*All figures in Rs. Cr.*

S. No.	Particulars	STU	SLDC	PSTCL
1	Opening Balance-Equity and free reserves	685.78	0.00	685.78
2	Additional Equity	0.00	0.00	0.00
3	Closing Equity and free reserves	685.78	0.00	685.78
4	Pre tax Rate	15.50%	15.50%	15.50%
	<b>RoE [Average of (1 and 3)*4]</b>	<b>106.30</b>	<b>0.00</b>	<b>106.30</b>

- 4.16.4. The Petitioner humbly requests the Hon'ble Commission to allow the RoE of Rs 106.30 Cr for FY 2014-15 as determined by the Petitioner.
- 4.17. Income Tax**
- 4.17.1. As per the ARR figures being submitted for review, the Petitioner shall earn minimum profit equivalent to RoE.
- 4.17.2. In accordance with the PSREC Tariff Regulation, the Petitioner submits the calculation of tax on Return on Equity as per the table given below:

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**Table 68: Tax on income for FY 2014-15**

*All figures in Rs. Cr.*

Sr. No.	Particulars	Amount
1	Return on Equity	106.30
2	Tax Rate	20.96%
3	<b>Tax on RoE</b>	<b>22.28</b>

4.17.3. The Petitioner thereby requests the Hon'ble Commission to approve tax on income of Rs 22.28 Cr for FY 2014-15 as per the estimates submitted by the Petitioner.

**4.18. ULDC Charges**

4.18.1. The ULDC charges submitted by the Petitioner and further as approved by the Hon'ble Commission through Tariff Order for FY 2014-15 are shown in the table below:

**Table 69: ULDC charges submitted and approved for FY 2014-15**

*All figures in Rs. Cr.*

Particulars	STU		SLDC	
	Submitted	Approved	Submitted	Approved
ULDC charge	0	0	17.61	17.61

4.18.2. It is submitted that the ULDC charges are on account of expenses made by the SLDC. The Petitioner submits the revised ULDC charges for FY 2014-15 as per the given table:

**Table 70: ULDC charges for FY 2014-15**

*All figures in Rs. Cr.*

Sr. No	Particulars	H1	H2	Annual
1	ULDC Charges Phase-1	1.38	2.62	4.00
2	ULDC Charges Phase-2	0.00	1.00	1.00
3	NRLDC Fees & Charges	1.23	1.77	3.00
	<b>Total</b>	<b>2.61</b>	<b>5.39</b>	<b>8.00</b>

4.18.3. The Petitioner thereby requests the Hon'ble Commission to approve ULDC charges



of Rs 8.00 Cr for FY 2014-15 as per the revised estimates submitted by the Petitioner.

**4.19. Non-Tariff Income**

4.19.1. The Non Tariff income submitted by the Petitioner and further as approved by the Hon'ble Commission through Tariff Order for FY 2014-15 are shown in the table below:

**Table 71: Non-Tariff income submitted and approved for FY 2014-15**

*All figures in Rs. Cr.*

Particulars	STU		SLDC	
	Submitted	Approved	Submitted	Approved
Non Tariff Income	8.05	10.72	0.05	3.32

4.19.2. The Petitioner now submits the revised estimate of Non Tariff income for FY 2014-15 as per the following table and requests the Hon'ble Commission to approve the same as Rs 7.16 Cr for STU and Rs 1.90 Cr for SLDC:

**Table 72: Non-Tariff income for FY 2014-15**

*All figures in Rs. Cr.*

Particulars	STU			SLDC		
	H1	H2	Annual	H1	H2	Annual
Non Tariff Income	3.58	3.58	7.16	0.95	0.95	1.90

**4.20. Revenue from Open Access Consumers**

4.20.1. In the ARR Petition for FY 2014-15, PSTCL did not project any receipt of Transmission charges from Open Access Consumers for Transmission business for FY 2014-15.

4.20.2. The Hon'ble Commission may be conscious of the fact that income from OA Consumers is an infirm source of revenue. In PSPCL Tariff Order, the Commission has also allowed lot of incentives to consumers for using PSPCL power e.g. introduction of ToD Tariff & kVAh Tariff, rebate to consumers catered at higher voltages, rebate to consumers for using power more than a threshold limit etc., which may result in minimizing the use of open access power.

4.20.3. In view of the above fact, the Hon'ble Commission, determined NIL income from

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- OA consumers for both Transmission & SLDC business of PSTCL for FY 2014-15.
- 4.20.4. The Petitioner in this review petition submits the revised estimated for revenue from open access consumers based on the actual data for first half of FY 2014-15. The Petitioner requests the Hon'ble Commission to approve the revenue from open access charges of Rs 7.45 Cr for STU and Rs 2.05 Cr for SLDC as submitted in the following table.

**Table 73: Revenue from Open Access consumers for FY 2014-15**

*All figures in Rs. Cr.*

Particulars	STU			SLDC		
	H1	H2	Annual	H1	H2	Annual
Open Access Charges	5.45	2.00	7.45	1.50	0.55	2.05

- 4.21. **Unrecovered amount of Carrying cost from GoP as per Tariff Order 2014-15**
- 4.21.1. It is submitted that the Hon'ble Commission in its Tariff Order for FY 2014-15 passed on carrying cost of Rs 39.05 Cr to the Govt of Punjab due to delay in the finalization of the Opening Balance Sheet of PSTCL by the Govt, which had been notified by GoP on 24.12.2012.
- 4.21.2. Since this amount was not allowed to be recovered through tariff from PSPCL, hence the Petitioner requests the Hon'ble Commission to allow its recovery while approving the revised estimates for FY 2014-15.
- 4.22. **Annual Revenue Requirement**
- 4.22.1. The following table summarizes the revised estimate of aggregate revenue required for FY 2014-15 for transmission function of PSTCL:

**Table 74: Annual Revenue Requirement for FY 2014-15 for STU**

*All figures in Rs. Cr.*

Sr. No.	Particulars	Submitted	Approved by the Commission	Revised Estimate
1	Employee cost	336.51	298.66	396.65
2	R&M expenses	61.33	46.45	101.19
3	Administrative and General	30.59	21.56	23.50

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Sr. No.	Particulars	Submitted	Approved by the Commission	Revised Estimate
	expenses			
4	Depreciation +AAD	239.44	186.00	227.54
5	Interest and Finance charges	435.72	318.77	334.28
6	Interest on working capital	51.09	28.76	49.55
7	Return on Equity	93.91	93.91	106.30
8	ULDC Charges	-	-	-
9	Tax on Income	-	-	22.28
10	Unrecovered amount of carrying cost from GoP	-	-	39.05
11	<b>Annual Revenue Requirement</b>	1248.59	994.11	1300.35
12	<b>Less:</b>			
	i.Non-Tariff income	8.05	10.72	7.16
	ii.Charges from Open Access Customers	-	-	7.45
13	<b>Net Annual Revenue Requirement</b>	1240.54	983.39	1285.74

4.22.2. The following table summarizes the revised estimate of aggregate revenue required for  
FY 2014-15 for SLDC:

**Table 75: Annual Revenue Requirement for FY 2014-15 for SLDC**

*All figures in Rs. Cr.*

Sr. No.	Particulars	Submitted	Approved by the Commission	Revised Estimate
1	Employee cost	8.52	6.80	3.81
2	R&M expenses	5.15	4.04	7.82
3	Administrative and General expenses	2.60	1.17	2.88
4	Depreciation +AAD	1.86	1.45	0.74
5	Interest charges	3.12	1.40	0.98
6	Interest on working capital	1.52	0.52	1.02
7	Return on Equity	-	-	-
8	ULDC Charges	17.61	17.61	8.00
9	Tax on Income	-	-	-

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Sr. No.	Particulars	Submitted	Approved by the Commission	Revised Estimate
10	<b>Annual Revenue Requirement</b>	<b>40.38</b>	<b>32.99</b>	<b>25.24</b>
11	<b>Less:</b>			
	i.Non-Tariff income	0.05	3.32	1.90
	ii.Charges from Open Access Customers	-	-	2.05
12	<b>Net Annual Revenue Requirement</b>	<b>40.33</b>	<b>29.67</b>	<b>21.29</b>

4.22.3. The following table summarizes the revised estimate of aggregate revenue required for FY 2014-15 for PSTCL:

**Table 76: Annual Revenue Requirement for FY 2014-15 for PSTCL**

*All figures in Rs. Cr.*

Sr. No.	Particulars	Submitted	Approved by the Commission	Revised Estimate
1	Employee cost	345.03	305.46	400.47
2	R&M expenses	66.48	50.49	109.01
3	Administrative and General expenses	33.19	22.73	26.38
4	Depreciation +AAD	241.30	187.45	228.28
5	Interest and Finance charges	438.84	320.17	335.26
6	Interest on working capital	52.61	29.28	50.57
7	Return on Equity	93.91	93.91	106.30
8	ULDC Charges	17.61	17.61	8.00
9	Tax on Income	-	-	22.28
10	Unrecovered amount of carrying cost from GoP	-	-	39.05
11	<b>Annual Revenue Requirement</b>	<b>1288.97</b>	<b>1027.10</b>	<b>1325.59</b>
12	<b>Less:</b>			
	i.Non-Tariff income	8.10	14.04	9.06
	ii.Charges from Open Access Customers	-	-	9.51
13	<b>Net Annual Revenue Requirement</b>	<b>1280.87</b>	<b>1013.06</b>	<b>1307.02</b>

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#### 4.23. Estimated Revenue Surplus / (Gap) for PSTCL

4.23.1. The following tables computes the Revenue Surplus / (Gap) for FY 2014-15 based on the total estimated actual fixed costs incurred and the estimated revenue to be earned by the Petitioner:

**Table 77: Projected Revenue Surplus / (Gap) for FY 2014-15**

*All figures in Rs. Cr.*

S. No.	Particulars	STU	SLDC	PSTCL
1	Net Annual Revenue Requirement	1285.74	21.29	1307.02
2	Revenue from Tariff	983.39	29.67	1013.06
3	Surplus/ (Gap) carried forward	-302.35	8.38	-293.96

4.23.2. The Petitioner requests the Hon'ble Commission to consider the revenue gap as estimated by the Petitioner for FY 14-15.

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**PROJECTIONS OF ARR FOR FY 2015-16**

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## 5. PROJECTION OF ARR FOR FY 2015-16 FOR PSTCL

### 5.1. Background

- 5.1.1. The Petitioner submits that this section corresponds to the projection of Annual Revenue Requirement for transmission and load despatch business of PSTCL for FY 2015-16.
- 5.1.2. The Petitioner submits that it has projected various components of ARR for FY 2015-16 on the basis of past trends, regulatory norms and activities that are planned and programmed to be taken up during FY 2015-16.
- 5.1.3. 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.

### 5.2. Description of the Transmission System

- 5.2.1. The Petitioner submits that the transmission system estimated by PSTCL as on 31<sup>st</sup> March 2016 is as given below:

**Table 78: Projected Transmission system of PSTCL during FY 2015-16**

S. No.	Particulars	Opening (As on 1 <sup>st</sup> April 2015)	Addition during the year	Closing (As on 31 <sup>st</sup> March 2016)
<b>Transmission Lines (Circuit kms)</b>				
	400 kV	1460.22	0.00	1460.22
	220 kV	5885.48	550.00	6435.48
	132 kV	3132.20	40.00	3172.20
	<b>Total</b>	<b>10,477.90</b>	<b>590.00</b>	<b>11,067.90</b>
<b>Substations (Nos)</b>				
1	400 kV	4	1	5
2	220 kV	89	6	95
3	132 kV	74	0	74
	<b>Total</b>	<b>167</b>	<b>7</b>	<b>174</b>
<b>Transmission Substation Bays (Nos)</b>				
1	400 kV	24	4	28
2	220 kV	531	66	597
3	132 kV	516	0	516
4	66 kV	875	0	875
	<b>Total</b>	<b>1946</b>	<b>70</b>	<b>2,016</b>
<b>Substation Capacity (MVA)</b>				
1	Substation Capacity	30,925.67	3,520.00	34,445.67

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### 5.3. Transmission system

5.3.1. Transmission system will be augmented to meet the generation capacity of the sources which are listed as below:

**Table 79: Projected Generation capacity in MW for FY 2015-16 as on 31 March 2016**

Name of Project	Gross Installed Capacity / Share (MW)	Net Installed Capacity / Net Share (MW)
GNDTP, Bathinda	450	401
GGSSTP, Ropar	1260	1153
GHTP, Lehra Mohabbat (Unit # 1 & 2) (Stage-I)	420	384
GHTP, Lehra Mohabbat (Unit # 3 & 4) (Stage-II)	500	458
<b>TOTAL THERMAL</b>	<b>2630</b>	<b>2395</b>
Shanan	110	109
UBDC-I	45	45
UBDC-II	46	46
UBDC TOTAL	91	91
**RSP	600	
Less 20% J&K and 4.6% HP share from RSD	-148	
<b>Net RSD share of Punjab</b>	<b>452</b>	<b>451</b>
ASHP	134	133
MHP-1&2	90	90
MHP-3&4	117	117
Mukerian Hydel Project State II	18	18
<b>MHP Total</b>	<b>225</b>	<b>225</b>
<b>TOTAL HYDRO</b>	<b>1013</b>	<b>1009</b>
<b>TOTAL (HYDRO+THERMAL)</b>	<b>3643</b>	<b>3404</b>
PEDA & NRSE Projects	840	753
Micro Hydel	6	6
Rajpura TPP	1400	1400
Talwandi Sabo TPP	1320	1320
<b>BBMB</b>	<b>1161</b>	<b>1155</b>
Farakka STPS	22	20
Kahalgaon-I	51	45

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Name of Project	Gross Installed Capacity / Share (MW)	Net Installed Capacity / Net Share (MW)
Tala	30	29
Kahalgaon-II STPS	120	108
Singrauli STPS	200	179
Rihand STPS-I	110	97
Rihand STPS Stage-II	102	92
Unchahar-I	36	32
Unchahar-II	60	53
Unchahar-III	17	15
Anta GPS	49	46
Auraiya GPS	83	78
Dadri NCGPS	132	123
NAPS	51	44
RAPP B	100	86
RAPP C	46	39
Bairasiul HPS	84	80
Salal HPS	184	175
Rampur HEP	42	40
Nathpa Jhakri HPS	152	145
Tehri Stage-I	77	73
Dulhasti HEP	32	31
Tanakpur HPS	17	16
Chamera HPS-I	55	52
Parbati III HEP	41	39
Dhauliganga HEP	28	27
Chamera HPS-II	30	29
Sewa-II HEP (3 Units)	10	10
Uri-I HPS	66	63
Uri-II HPS	20	19
Koteshwar HEP	25	24
Rihand-III	83	74
Chamera-III	18	17
<b>IPPs</b>		
Durgapur DVC TPS	200	178
Pragati-III(Bawana)PPCL	69	64
Malana-2 (PTC)	86	82
Sasan Ultra Mega Project	558	538
Mundra Ultra mega project	475	457
<b>New Projects</b>		

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Name of Project	Gross Installed Capacity / Share (MW)	Net Installed Capacity / Net Share (MW)
Koldam	111	106
<b>Central Sector (Firm Share)</b>	<b>3671</b>	<b>3423</b>
<b>TOTAL INSTALLED CAPACITY</b>	<b>12041</b>	<b>11462</b>

#### 5.4. Transmission System Availability

5.4.1. The Petitioner submits that it will maintain the Transmission System Availability above the normative annual transmission availability factor as mandated by Hon'ble Commission in PSERC Regulations for FY 2015-16.

#### 5.5. Transmission Losses

5.5.1. The Petitioner submits that, it has installed boundary ABT meters at interface points between PSTCL and PSPCL (details as given in section 2.5) and the remaining works will be completed by May 2015. The Petitioner further submits that actual transmission losses are expected to be available by the end of May 2015.

5.5.2. The Petitioner requests the Hon'ble Commission to approve the transmission losses for FY 2015-16 at 4%, till the availability of actual transmission losses.

#### 5.6. Capital Expenditure Plan for PSTCL

5.6.1. The Petitioner, in this section is submitting the investments required to be made during FY 2015-16 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.

#### 5.6.2. Status of 400 kV works

##### Talwandi Sabo Thermal Power Project

The balance work of 400 kV transmission system for evacuating power from Talwandi Sabo Power project is to be completed FY 2015-16. The Petitioner plans to invest Rs 49.00 Cr on the remaining works of the Talwandi Sabo Thermal Power Project.

##### Rajpura Thermal Power Project

Rajpura Thermal Power Projects are likely to be completed in all respects during FY 2015-16 and the substation at Rajpura Thermal Power Project is likely to be commissioned by 30<sup>th</sup> June 2015. The Petitioner plans to invest Rs 70.00 Cr during



FY 2015-16.

**5.6.3. Status of 220 kV/ 132 kV**

The Petitioner plans to invest Rs 358.46 Cr during FY 2015-16 for 220/132 kV works.

**5.6.4. Status of ERP**

The Petitioner has already initiated the work on ERP implementation, as detailed under Section 4.6.4, and will invest Rs 6.41 Cr on this project during FY 2015-16.

**Table 80: Proposed ERP implementation expenditure for FY 2015-16**

*All figures in Rs. Cr.*

Sr. No.	Description of Work	Estimated Capex in FY 2015-16
1	ERP software license, ATS, Implementation Services, Support Cost	5.96
2	Cost for PC and peripherals for the ERP center	0.2
3	Cost for the WAN communication link	0.25
	<b>Total</b>	<b>6.41</b>

**5.6.5. Establishment of Training Center**

The Petitioner also submits that in accordance with the National Training Policy issued by Ministry of Power, Govt. of India, it is mandatory to provide training to officers and staff to handle 400 KV, 220 KV and 132 KV systems along with Communication System as per provisions of IE Rules 1956. After the unbundling of PSEB, the Technical Training Institute ( TTI) of erstwhile PSEB has been vested with PSPCL. Hence PSTCL at present, has no Training Centre of its own which is the utmost requirement. Temporarily, PSTCL is imparting training to its employees at various institutes in India. The Petitioner proposes to establish a Training Center for its employees. The proposed Training Center will be set-up in Ablowal where required vacant space is available. The total built-up area is estimated to be 25806 Sq.ft comprising Lecture Hall, Conference Hall, Guest Faculty Room, Computer Lab, Model Room, Technical Simulation Lab, E-Library, Auditorium-Cum-Projector Room, Dining Room with Kitchen, Washrooms, Dormitory, Hostels, Common Room, Admin Block & Corridor & Veranda. Besides, the Centre will be equipped with Computers, Simulators etc. at an estimated cost of Rs 10.98 Cr. The construction of the Training Center will start in FY 2015-16 and capex proposed during FY 2015-16 is Rs 4.50 Cr.

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**5.6.6. Others**

The Petitioner plans to invest Rs 15 Cr in equipments required for oil and diagnostic lab set up by PSTCL and for miscellaneous tools and plants required for operation and maintenance of transmission system.

5.6.7. The Petitioner submits that the total expenditure for FY 2015-16 will Rs 503.37 Cr for STU as per the given table:

**Table 81: Proposed Capital Investment Plan for STU for FY 2015-16**

*All figures in Rs. Cr.*

Sr. No.	Description of Work	Estimated Capex in FY 2015-16
1	400 kV Transmission Works (balance)	119.00
2	220 kV and 132 kV Transmission Works	358.46
3	ERP	6.41
4	Training Center	4.50
5	Others	15.00
	<b>Total</b>	<b>503.37</b>

5.6.8. The capital investment for SLDC during FY 2015-16 is summarized below:

**Table 82: Proposed Capital Investment Plan for SLDC for FY 2015-16**

*All figures in Rs. Cr.*

Sr. No.	Description of Work	Estimated Capex in FY 2015-16
1	Procurement of 118 RTUs for remaining/ upcoming/ for future substations of PSTCL	14.50
2	Equipment including voice recording and Islanding scheme in Punjab	2.50
	<b>Total</b>	<b>17.00</b>

**5.6.9. Capital Works in Progress**

The following table summarizes the projected status of opening and closing capital works in progress for STU and SLDC:



**Table 83: Summary of Capital works in progress for FY 2015-16**

*All figures in Rs. Cr.*

Sr. No.	Particulars	STU	SLDC	PSTCL
1	Opening CWIP	411.96	5.91	417.87
2	Addition to CWIP	503.37	17.00	520.37
3	Less: Transfer to Fixed Assets	669.46	17.00	686.46
4	Closing CWIP	245.87	5.91	251.78

**5.7. Employee Strength**

5.7.1. The Petitioner submits to the Hon'ble Commission the details of the employee strength and recruitment plan for FY 2015-16 as per the given table:

**Table 84: Projected Employee details for FY 2015-16 for PSTCL**

S. No.	Particulars	STU	SLDC	PSTCL
1	Opening no. of employees	3732	85	3817
2	Addition during the year	710	6	716
3	No. of employees retired/ resigned during the year	153	6	159
4	Closing no. of employees	4289	85	4374

5.7.2. The Petitioner submits that as mentioned in the previous sections, new 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. Further, in order to meet the existing shortage of employees at PSTCL for field operations as well as office works, the Petitioner, requires 1043 (1037 for STU and 6 for SLDC) employees including 190 (160 for new substations and 30 for new transmission lines) employees. However, during FY 2015-16, the Petitioner plans to recruit 520 employees to bridge the existing shortage of employees for field as well as other functions of PSTCL like Construction and maintenance of Transmission System, Administrative, Planning, Establishment, Accounts, Finance, Audit, Testing, etc. Further, 190 employees will be recruited for operations and maintenance of transmission assets addition during the year for STU and 6 employees for SLDC.

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Hence, the Petitioner will recruit 716 employees for PSTCL during FY 2015-16.

5.7.3. In view of the above, the Petitioner humbly requests the Hon'ble Commission to allow the additional employee cost for FY 2015-16.

**5.8. Employee Cost (Salary and other expenses)**

5.8.1. In reference to the APTEL's judgment as per subsection 2.6.10, the Petitioner has determined its employee expenses for STU and SLDC for FY 2015-16 on the basis of salary and other expenses as determined for FY 2014-15.

5.8.2. It is submitted that increase in WPI of 4.80% has been taken as mentioned in subsection 4.7.9 for FY 2015-16. The increase in WPI has been applied to the salary and other expenses determined for FY 2014-15, in order to determine salary and other Employee Expenses for FY 2015-16.

5.8.3. In accordance with Regulation 28 (3) (c) of PSERC Regulations and the staffing norms of PSTCL for substations and lines, amount of Rs 3.02 Cr has been determined as additional employee cost of 190 employees for operation and maintenance of the new transmission assets for half year of FY 2015-16. The cost for additional 520 employees to bridge the employee shortage for STU on half yearly basis has been determined as Rs 3.42 Cr. Similarly, the cost of 6 employees for SLDC will be Rs 0.11 Cr on half yearly basis. The resultant impact of this recruitment will be that the Petitioner will outsource the activities of watch and ward and office jobs only, thus cutting the cost of outsourced expenses.

5.8.4. The Petitioner submits the employee expenses for FY 2015-16 as per the table below:

**Table 85: Employee expenses for FY 2015-16**

*All figures in Rs. Cr.*

Sr. No.	Particulars	STU	SLDC	PSTCL
1	Other Employee Cost for FY 2015-16	175.18	3.88	179.06
2	Increase as per WPI @4.80% for FY 2014-15	8.40	0.19	8.59
3	Add: Employee cost for maintenance of new assets	3.02	0.00	3.02
4	Add: Additional employee cost for	3.42	0.11	3.53

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Sr. No.	Particulars	STU	SLDC	PSTCL
	new recruits			
5	Add: Arrear of pay revision	0.50	0.02	0.52
6	<b>Salary and other Employee Cost for FY 2015-16</b>	<b>190.53</b>	<b>4.19</b>	<b>194.71</b>

### 5.9. Terminal Benefits

- 5.9.1. The Petitioner submits that as per the Transfer scheme payment is being made on account of Terminal Benefits for the erstwhile PSEB employees in the defined ratio between PSPCL and PSTCL. The estimated expenditure is Rs 232.28 Cr for PSTCL for FY 2015-16.
- 5.9.2. It is submitted that the employees recruited by PSTCL are covered under New Pension Scheme (NPS) and are entitled to gratuity under the provisions of the Payment of Gratuity Act, 1972 and the leave salary under the Leave Rules of the Corporation. For discharging the said terminal liabilities, PSTCL has gone for actuarial valuation as on 31.3.2016 towards gratuity and leave salary.
- 5.9.3. The Petitioner submits that it got actuarial valuation conducted to determine the amount of gratuity and leave encashment for FY 2015-16 for employees recruited by PSTCL. The details of actuarial valuation are given as the following table:

**Table 86: Terminal benefits of PSTCL employees for FY 2015-16**

*All figures in Rs. Cr.*

Sr. No.	Particulars	STU	SLDC*	PSTCL
1	Gratuity	1.35	0.00	1.35
2	Leave Encashment	2.91	0.00	2.91
3	<b>Terminal Benefits</b>	<b>4.27</b>	<b>0.00</b>	<b>4.27</b>

*\*Terminal benefits for employees of SLDC is included in STU*

### 5.9.4. Progressive Funding of Terminal Benefits

The Petitioner submits that it has to contribute towards terminal benefits as progressive funding as per the Transfer Scheme of the Govt of Punjab. The share of PSTCL on account of progressive funding of Terminal Benefits will be Rs 106.44 Cr for FY 2015-16.

The Hon'ble Commission did not approve the progressive funding of terminal benefits in the tariff order of FY 2014-15 which was claimed in consonance to the

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transfer scheme of the Govt of Punjab. Considering the Hon'ble Commission's approach in Tariff Order of FY 2014-15, the Petitioner has not included the above amount of progressive funding of Rs 106.44 Cr in its ARR of FY 2015-16 with request that pursuant to the orders on our appeal in the matter, the same may be allowed by the Hon'ble Commission in the ARR of FY 2015-16.

- 5.9.5. Thus the total requirement of amount for terminal benefits is given as per the table below:

**Table 87: Terminal benefits for FY 2015-16**

*All figures in Rs. Cr.*

Sr. No.	Particulars	STU	SLDC	PSTCL
1	Terminal benefits for FY 2015-16	232.28	0.00	232.28
2	Terminal Benefits for PSTCL employees	4.27	0.00	4.27
3	<b>Terminal Benefits</b>	<b>236.55</b>	<b>0.00</b>	<b>236.55</b>

**5.10. Total Employee Expenses**

- 5.10.1. Total Employee Expenses including salary and other expenses and Terminal Benefits for STU and SLDC are given as per the table below:

**Table 88: Total Employee Expenses for FY 2015-16**

*All figures in Rs. Cr.*

Sr. No.	Particulars	STU	SLDC	PSTCL
1	<b>Other Expenses</b>			
a	Salary and Other Employee Cost for FY 2015-16	183.58	4.06	187.64
b	Add: Employee cost for maintenance of new assets	3.02	0.00	3.02
c	Add: Additional employee for new recruits	3.42	0.11	3.53
d	Amount of pay revision	0.50	0.02	0.52
2	Terminal Benefits	236.55	0.00	236.55
3	<b>Total Employee Cost</b>	<b>427.07</b>	<b>4.19</b>	<b>431.26</b>

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5.10.2. The Hon'ble Commission is requested to approve the Total employee cost of Rs 427.07 Cr for STU and Rs 4.19 Cr for SLDC as determined by the Petitioner.

**5.11. Repair & Maintenance (R&M) Expenses**

5.11.1. The Petitioner submits the projected R&M expenses for FY 2015-16 on the basis of R&M expenses as determined for FY 2014-15. The R&M expenses for asset addition for FY 2014-15 have been considered on complete year basis. The R&M expenses for FY 2014-15 have been escalated by increase in WPI @ 4.80%.

5.11.2. The proportion of escalated R&M expenses to the opening GFA has been applied on the capitalization in order to determine R&M expenses for assets added during FY 2015-16. This calculation has been done for both STU and SLDC separately, considering that the new assets would remain in service of the STU and SLDC for six months on an average during FY 2015-16.

5.11.3. Details of R&M determination are given as per the table below:

**Table 89: R&M expenses for FY 2015-16**

*All figures in Rs. Cr.*

Sr. No.	Particulars	STU	SLDC	PSTCL
1	R&M expenses for FY 2014-15	113.38	12.70	126.08
2	R&M expenses after applying increase in WPI @4.80%	118.82	13.31	132.13
3	R&M for assets added during FY 2015-16	4.76	0.17	4.93
4	<b>R&amp;M for FY 2015-16</b>	<b>123.58</b>	<b>13.48</b>	<b>137.06</b>

5.11.4. The Hon'ble Commission is requested to approve the R&M expenses for FY 2015-16 as Rs 132.58 Cr for STU and Rs 13.48 Cr for SLDC determined by the Petitioner.

**5.12. Administrative & General (A&G) Expenses**

5.12.1. The Petitioner submits the estimated A&G expenses for FY 2015-16 on the basis of A&G expenses as determined for FY 2014-15. The A&G expenses for asset addition for FY 2014-15 have been considered on complete year basis. The A&G expenses for FY 2014-15 have been escalated by increase in WPI @ 4.80%.

5.12.2. The proportion of escalated A&G expenses to the opening GFA has been applied on the capitalization in order to determine A&G expenses for assets added during FY



2015-16. This calculation has been done for both STU and SLDC separately, considering that the new assets would remain in service of the STU and SLDC for six months on an average during FY 2015-16.

5.12.3. It is also submitted that the audit fee, ARR and license fee has been kept same as for FY 2014-15.

5.12.4. Details of the calculations for A&G expenses are as given below:

**Table 90: A&G Expenses for FY 2015-16**

*All figures in Rs. Cr.*

Sr. No.	Particulars	STU	SLDC	PSTCL
1	A&G expenses for FY 2014-15	25.46	4.67	30.13
2	A&G expenses after applying increase in WPI @4.80%	26.68	4.90	31.58
3	A&G for assets added during FY 2015-16	1.07	0.06	1.13
4	Add: Audit Fee	0.28	0.00	0.28
5	Add: Licence and ARR fee	0.50	0.00	0.50
	<b>A&amp;G for FY 2015-16</b>	<b>28.53</b>	<b>4.96</b>	<b>33.49</b>

5.12.5. The Petitioner requests the Hon'ble Commission to approve the A&G expenses for FY 2015-16 as Rs 28.53 Cr for STU and Rs 4.96 Cr for SLDC determined by the Petitioner.

### 5.13. Depreciation Charges

5.13.1. Depreciation charges for FY 2015-16 have been computed considering the average of opening and closing GFA for FY 2015-16 on account of asset addition during FY 2015-16. Depreciation rates have been taken as per CERC Tariff Regulations 2014. The computation of the same has been depicted in Format F9 and F9-LD of STU and SLDC respectively, attached along with this Petition. The depreciation charges on GFA for STU and SLDC has been summarized in the table below:

**Table 91: Depreciation charges for FY 2015-16**

*All figures in Rs. Cr.*

Particulars	STU	SLDC	PSTCL
Depreciation	232.96	1.60	234.56

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5.13.2. The Petitioner humbly requests the Hon'ble Commission to approve depreciation of Rs 232.96 Cr for STU and Rs 1.60 Cr for SLDC as determined by the Petitioner for FY 2015-16.

**5.14. Advance Against Depreciation**

5.14.1. The Petitioner submits before the Hon'ble Commission that it would take loan of Rs 119 Cr for 400 kV transmission system during FY 2015-16. The average loan outstanding as on 31.03.2016 would be Rs 1398.43 Cr. The estimated cumulative loan repayment would be Rs 197.02 Cr upto FY 2015-16. The cumulative depreciation as on 31.03.2016 on these assets would be Rs 104.64 Cr (Rs 2.53 for FY 2013-14, Rs 34.88 Cr for FY 2014-15 and Rs 67.24 Cr for FY 2015-16). The Petitioner submits that the amount of loan repayment of amount Rs 104 Cr during FY 2015-16 would be more than the amount of depreciation of amount Rs 67.24 Cr as per the projections. In accordance with the Regulation 27 of the PSERC Tariff Regulations, the Petitioner proposes to claim advance against depreciation as per the following table which is difference between the loan repayment and depreciation claimed as per previous section, in order to meet the difference between the loan repayment amount and the actual depreciation:

**Table 92: Advance Against Depreciation for FY 2015-16**

*All figures in Rs. Cr.*

S. No.	Particulars	Amount
1	Average Loan Amount	1398.43
2	1/10th of Loan Amount	139.84
3	Loan repayment during the year	104.00
4	Cumulative Loan Repayment as on 31.03.2016	197.02
5	Depreciation during the year	67.24
6	Cumulative Depreciation as on 31.03.2016	104.64
	<b>Advance Against Depreciation</b>	<b>36.76</b>

5.14.2. The Hon'ble Commission is requested to approve the Advance against depreciation of Rs 36.76 Cr as determined by the Petitioner.

**5.15. Interest and Finance Charges**

5.15.1. In order to compute the interest and finance charges for FY 2015-16, Interest Charges have been calculated on the basis of actual interest rates and estimated





- opening and closing balance of various loans for FY 2015-16 for STU and SLDC:
- 5.15.2. Thus, as discussed above, the loan schedule and total interest charges for FY 2015-16 for STU and SLDC is determined as per the given table:

**Table 93: Loan Schedule and Interest on loans for FY 2015-16**

*All figures in Rs. Cr.*

Sr. No.	Particulars (Source)	Opening Balance as on 01.04.15	Estimated Received	Estimated Repayment	Closing Balance as on 31.03.2016	Amount of Interest due
1	OBC	68.71	0.00	28.60	40.11	6.59
2	SBOP,MTL	14.09	0.00	10.91	3.18	1.15
3	SBOP, MTL	60.00	0.00	3.75	56.25	6.83
4	LIC	97.71	0.00	40.92	56.79	8.11
5	REC	2894.24	473.37	200.00	3167.61	363.77
6	Loan from PSPCL	594.70	0.00	99.11	495.59	65.33
7	NABARD	20.00	30.00	0.00	50.00	3.85
8	GPF liability	175.64	0.00	21.95	153.69	14.40
	<b>Total STU</b>	<b>3925.09</b>	<b>503.37</b>	<b>405.24</b>	<b>4023.22</b>	<b>470.03</b>
1	SLDC (REC)	17.68	17.00	0.00	34.68	4.01
	<b>Total PSTCL</b>	<b>3942.77</b>	<b>520.37</b>	<b>405.24</b>	<b>4057.90</b>	<b>474.04</b>
	Less: Capitalisation of Interest charges					39.92
	<b>Net Interest and Finance Charges</b>					<b>434.12</b>

- 5.15.3. The Petitioner requests the Hon'ble Commission to approve the interest charges of Rs 430.10 Cr as interest charges STU and Rs 4.01 Cr for SLDC for FY 2015-16.

#### 5.16. Interest on Working Capital

- 5.16.1. The Petitioner submits that for computation of Interest on Working Capital for FY 2015-16, it has taken recourse to the methodology as adopted as per the PSERC (Terms and Conditions for Determination of Tariff), Second Amendment, Regulations, 2012. Based on the above Regulation, the Petitioner has computed the working capital requirement for FY 2015-16 for PSTCL.
- 5.16.2. It is also submitted that SBI PLR for 1<sup>st</sup> April 2015 is not available as of now, hence latest available SBI PLR as on 1st April 2014, which was 14.75% has been considered to determine the interest on working capital for FY 2015-16. Detailed computation of the same is provided below:

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**Table 94: Interest on Working Capital for FY 2015-16**

*All figures in Rs. Cr.*

Sr. No.	Particulars	STU	SLDC	PSTCL
1	Receivable equivalent to two months	242.38	6.07	248.45
2	Maintenance spares @ 15% of operation and maintenance expenses	86.88	3.39	90.27
3	Operation and maintenance expenses for one month	48.27	1.89	50.15
4	Total working capital	377.52	11.35	388.87
5	Rate of Interest	14.75%	14.75%	14.75%
6	<b>Interest on Working capital</b>	<b>55.68</b>	<b>1.67</b>	<b>57.36</b>

5.16.3. Thus, the Petitioner humbly requests the Hon'ble Commission to approve the Interest on Working Capital of Rs 55.68 Cr for STU and Rs 1.67 Cr for SLDC as determined by the Petitioner.

**5.17. Return on Equity**

5.17.1. The Petitioner submits that it has considered the opening equity for FY 2015-16 same as closing equity for FY 2014-15.

5.17.2. The Petitioner has computed RoE as per the table provided below:

**Table 95: Return on Equity projected for FY 2015-16**

*All figures in Rs. Cr.*

S. No.	Particulars	STU	SLDC	PSTCL
1	Opening Balance-Equity Capital and free reserves	685.78	0.00	685.78
2	Additional Equity	0.00	0.00	0.00
3	Closing Equity and free reserves	685.78	0.00	685.78
4	Pre tax Rate	15.50%	15.50%	15.50%
	<b>RoE [Average of (1 and 3)*4]</b>	<b>106.30</b>	<b>0.00</b>	<b>106.30</b>

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5.17.3. The Petitioner humbly requests the Hon'ble Commission to allow the RoE of Rs 106.30 Cr for FY 2015-16 as determined by the Petitioner.

#### 5.18. Income Tax

5.18.1. As per the ARR figures being submitted, the Petitioner shall earn minimum profit equivalent to RoE.

5.18.2. The Petitioner submits that it is liable to pay Tax (MAT) on book profit during the FY 2015-16. 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%).

5.18.3. As per PSERC Tariff Regulations 2005, Tax on Return on Equity for FY 2015-16 is computed as per the following table:

**Table 96: Tax on income for FY 2015-16**

*All figures in Rs. Cr.*

Sr. No.	Particulars	Amount
1	Return on Equity	106.30
2	Tax Rate	20.96%
3	Tax on RoE	22.28

5.18.4. The Petitioner thereby requests the Hon'ble Commission to approve tax on income of Rs 22.28 Cr for FY 2015-16 as per the estimates submitted by the Petitioner.

#### 5.19. ULDC Charges

5.19.1. It is submitted that the ULDC charges are on account of expenses made by the SLDC. The Petitioner submits the estimated ULDC charges for FY 2015-16 as per the given table:

**Table 97: ULDC charges for FY 2015-16**

*All figures in Rs. Cr.*

Sr. No	Particulars	Amount
1	ULDC Charges Phase-1	4.50
2	ULDC Charges Phase-2	1.50
3	NRLDC Fees & Charges	3.00
	<b>Total</b>	<b>9.00</b>

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5.19.2. The Petitioner thereby requests the Hon'ble Commission to approve ULDC charges of Rs 9.00 Cr as per the estimates submitted by the Petitioner.

**5.20. Non Tariff Income**

5.20.1. The Petitioner submits the Non Tariff income for FY 2015-16 as per the following table and requests the Hon'ble Commission to approve the same as Rs 5.00 Cr for STU and Rs 1.50 Cr for SLDC:

**Table 98: Non-Tariff income for FY 2015-16**

*All figures in Rs. Cr.*

Particulars	STU	SLDC	PSTCL
Non Tariff Income	5.00	1.50	6.50

**5.21. Revenue from Open Access Consumers**

5.21.1. The Petitioner submits the estimate of revenue from open access charges for FY 2015-16 as per the following table given and requests the Hon'ble Commission to approve the same as Rs 4.00 Cr for STU and Rs 1.00 Cr for SLDC:

**Table 99: Revenue from Open Access consumers for FY 2015-16**

*All figures in Rs. Cr.*

Particulars	STU	SLDC	PSTCL
Open Access Charges	4.00	1.00	5.00

**5.22. Annual Revenue Requirement without gap and carrying cost**

5.22.1. The following table summarizes the projected aggregate revenue required for FY 2015-16 for PSTCL as per the PSERC Tariff Regulations 2005 and its subsequent amendments:

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**Table 100: Annual Revenue Requirement for FY 2015-16**

*All figures in Rs. Cr.*

Sr. No.	Particulars	STU	SLDC	PSTCL
1	Employee cost	427.07	4.19	431.26
2	R&M expenses	123.58	13.48	137.06
3	Administrative and General expenses	28.53	4.96	33.49
4	Depreciation +AAD	269.72	1.60	271.32
5	Interest charges	430.10	4.01	434.12
6	Interest on working capital	55.68	1.67	57.36
7	Return on Equity	106.30	0.00	106.30
8	ULDC Charges	0.00	9.00	9.00
9	Tax on Income	22.28	0.00	22.28
10	<b>Annual Revenue Requirement</b>	<b>1463.27</b>	<b>38.91</b>	<b>1502.18</b>
11	<b>Less:</b>			
	i. Non-Tariff income	5.00	1.50	6.50
	ii. Charges from Open Access Customers	4.00	1.00	5.00
12	<b>Net Annual Revenue Requirement</b>	<b>1454.27</b>	<b>36.41</b>	<b>1490.68</b>

**5.23. Treatment of overall Revenue Gap**

5.23.1. The detail of revenue surplus /(gap) upto FY 2014-15 is tabulated below:

**Table 101: Revenue (Surplus)/ Gap upto FY 2014-15**

*All figures in Rs. Cr.*

Particulars	Allowed/ Allowable	Received	Difference	Revenue (Surplus) already allowed	Revenue Gap to be allowed
FY 2010-11	538.45	401.97	136.48	136.48	0.00
FY 2011-12	631.79	491.45	140.34	140.34	0.00
FY 2012-13	866.05	830.01	36.04	18.01	18.03
FY 2013-14	-	-	-	-415.66	-
FY 2014-15	1307.02	1013.06	293.96	-	293.96
<b>Cumulative surplus /(gap)</b>	<b>3343.31</b>	<b>2736.49</b>	<b>606.82</b>	<b>-120.83</b>	<b>311.99</b>

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- 5.23.2. It is submitted that the Petitioner has filed appeal vide appeal no. 259 of 2013 in the Hon'ble APTEL in the matter of consideration of interest rates for determination of interest on working capital loans by the Hon'ble Commission in Tariff Order of FY 2013-14. The Petitioner also filed an appeal in the Hon'ble APTEL vide appeal no 262 of 2014 with regard to the methodology adopted by the Hon'ble Commission for determination of various components of ARR in Tariff Order of FY 2014-15. The hearings for appeal no. 259 of 2013 are complete and the judgement is reserved. The Hon'ble Commission is requested to revisit the various components of ARR in accordance with the judgements of the Hon'ble APTEL and suitably adjust the ARR in the subsequent Tariff Order.
- 5.23.3. Based on the above computed cumulative carrying cost on actual revenue surplus/ (gap) The Petitioner has determined the net carrying cost recoverable in FY 2015-16 hereunder:

**Table 102: Computation of cumulative Carrying cost as per accounts upto FY 2015-16**

*All figures in Rs. Cr.*

FY	Revenue Surplus/ Gap	Rate of Interest	Period	Duration	Interest	Carrying cost	Carrying cost already allowed	Net carrying cost
2012-13	36.04	14.75%	2012-13	6 months	2.66			
		14.45%	2013-14	1 year	5.21			
			2014-15	1 year	5.32			
			2015-16	6 months	2.66	15.84	2.08	13.76
2014-15	293.96	14.75%	2014-15	6 months	21.68			
			2015-16	6 months	21.68	43.36		43.36
<b>TOTAL</b>						<b>59.20</b>	<b>2.08</b>	<b>57.12</b>

- 5.23.4. Based on the net revenue gap and carrying cost as computed above, the adjusted ARR for FY 2015-16 is determined hereunder:

**Table 103: Adjusted Revenue Requirement for PSTCL for FY 2015-16**

*All figures in Rs. Cr.*

S. No.	Aggregate Revenue Requirement	PSTCL
1	ARR for FY 2015-16	1,490.68

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S. No.	Aggregate Revenue Requirement	PSTCL
2	Add: Net Revenue Gap	311.99
3	Add: Net Carrying cost	57.12
	<b>Adjusted ARR required for FY 2015-16</b>	<b>1,859.79</b>

5.23.5. Thus, the Petitioner prays the Hon'ble Commission to approve the cumulative revenue requirement (including previous revenue surplus / (gaps) and carrying cost) determined by the Petitioner as per the above table for FY 2015-16 including:

- (a) ARR of Rs. 36.41 Cr for SLDC
- (b) ARR of Rs. 1823.38 Cr for STU
- (c) Total ARR of Rs 1859.79 Cr for PSTCL



## 6. TRANSMISSION AND LONG & SHORT TERM OPEN ACCESS CHARGES

### 6.1. Background

6.1.1. 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.

6.1.2. 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;*

... ”

### 6.2. Open Access Charges in terms of Rs./MW/Month

6.2.1. Short term Open Access customer shall be liable to pay transmission charges determined by the Hon'ble Commission.

6.2.2. Surcharge and/ or any other charge on Long / Short Term Open Access, if any, as decided by the Hon'ble Commission will be applicable.

6.2.3. The transmission charge payable by a short-term customer will be levied on hourly basis in Rs/MWh.

6.2.4. The total State generation capacity including ISGS share which will flow through the transmission network of PSTCL, after netting off inter-state transmission losses is 11462 MW during FY 2015-16. The Petitioner, therefore, proposes the LTOA charges and STOA charges as below:

**Table 104: Proposed Transmission and open access charges for FY 2015-16**

S. No.	Particulars	Units	FY 2015-16
1	ARR (Net)	Rs. Cr.	1823.38
2	Transmission Capacity	MW	11461.52
3	<b>Transmission Tariff</b>	<b>(Rs/MW/Month)</b>	<b>132572.88</b>

6.2.5. 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.

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### 6.3. Reactive Energy Charges

- 6.3.1. 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.

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## 7. PRAYER

7.1.1. 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 audited annual accounts and relevant PSERC Tariff Regulations) of ARR for FY 2012-13 of Petitioner;
- (b) Approval of Review of ARR for FY 2014-15 considering the justification and rationale submitted for transmission and SLDC functions;
- (c) Approval of ARR and Tariff determination for FY 2015-16 considering the justification and rationale submitted for transmission and SLDC functions;
- (d) 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;
- (e) Pass such further orders, as the Hon'ble Commission may deem fit and proper keeping in view the facts and circumstances of the case.

7.1.2. 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.**