

BEFORE  
MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION,  
SHILLONG

**PETITION**  
FOR  
**ADJUSTMENT OF TRUE UP OF  
AGGREGATE REVENUE REQUIREMENT (ARR)  
FOR FY 2011-12 AND TRUE UP OF  
AGGREGATE REVENUE REQUIREMENT (ARR) FOR FY 2012-13**

**FILED BY**



**MEGHALAYA POWER DISTRIBUTION CORPORATION  
LTD.**

**Lum Jingshai, Short Round Road, Shillong - 793 001**

**BEFORE THE HON'BLE MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION**

FILE / PETITION NO.....

IN THE MATTER OF

ADJUSTMENT OF TRUING-UP OF THE AGGREGATE REVENUE REQUIREMENT (ARR) FOR THE FY 2011-12 AND TRUING-UP OF THE AGGREGATE REVENUE REQUIREMENT (ARR) FOR THE FY 2012-13 OF THE MEGHALAYA POWER DISTRIBUTION CORPORATION LIMITED (MePDCL) UNDER THE MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION (TERMS AND CONDITIONS FOR DETERMINATION OF TARIFF) REGULATIONS, 2011 AND UNDER SECTION-62 READ WITH SECTION 86 OF THE ELECTRICITY ACT 2003.

AND IN THE MATTER OF

MEGHALAYA POWER DISTRIBUTION CORPORATION LIMITED, LUMJINGSHAI, SHILLONG – 793001, MEGHALAYA

**PETITIONER**

***The Petitioner respectfully submits as under:***

1. In exercising its powers conferred under the section 131 and 133 of the Electricity Act 2003, the State Government of Meghalaya notified "The Meghalaya Power Sector Reforms Transfer Scheme 2010" on 31<sup>st</sup> March 2010 leading to restructuring and unbundling of erstwhile Meghalaya State Electricity Board (MeSEB) into four entities namely (i) Meghalaya Energy Corporation Limited (MeECL), the Holding Company; (ii) Meghalaya Power Distribution Corporation Limited (MePDCL), the Distribution Utility; (iii) Meghalaya Power Generation Corporation Limited (MePGCL), the Generation Utility; & (iv) Meghalaya Power Transmission Corporation Limited (MePTCL), the Transmission Utility. However, the holding company - MeECL carried out the functions of distribution, generation and transmission utilities from 1<sup>st</sup> April 2010 to 31<sup>st</sup> March 2012. Therefore, through notification dated 31<sup>st</sup> March 2012, State Government notified an amendment to The Power Sector Reforms Transfer Scheme leading to effective unbundling of MeECL into MeECL (Holding Company), MePDCL (Distribution Utility), MePGCL (Generation utility) and MePTCL (Transmission Utility) from 1<sup>st</sup> April 2012 onwards.
2. The Meghalaya State Electricity Regulatory Commission (hereinafter referred to as "MSERC" or "the Hon'ble Commission") is an independent statutory body constituted under the provisions of the Electricity Act (EA), 2003. The Hon'ble Commission is vested with the authority of regulating the power sector in the State inter alia including determination of tariff for electricity consumers.
3. On 23<sup>rd</sup> December 2013 the Government of Meghalaya has issued the latest transfer scheme notification thereby notifying the Assets and Liabilities as on 1<sup>st</sup> April 2010 to be vested in MeECL. Subsequently, the Government of Meghalaya has notified the 4<sup>th</sup> Amendment to the Notified Transfer Scheme dated 31<sup>st</sup> March 2010 on 29<sup>th</sup> April 2015, wherein the opening balances of all the four entities namely, MePGCL, MePTCL, MePDCL and MeECL as on 1<sup>st</sup> April 2012 have been notified.

4. MePDCL has begun segregated commercial operations as an independent entity from 1<sup>st</sup> April 2013 onwards. The Meghalaya State Electricity Regulatory Commission (MSERC, hereinafter referred to as "The Hon'ble Commission") has determined the segregated Aggregate Revenue Requirement (ARR) and tariffs for MePDCL for FY 2013-14 and FY2014-15 in accordance with Meghalaya State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2011.
5. Under Section 62 and under The Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2014 (hereinafter referred to as "MYT Regulations, 2014"), MePDCL had filed its Annual Revenue Requirement for the control period FY 2015-16 to FY 2017-18 and determination of tariff for FY 2015-16 on 22<sup>nd</sup> December 2014. In respect to the said petition MYT order was issued by Hon'ble Commission on 31<sup>st</sup> March 2015. The Hon'ble Commission has allowed increase in tariff and the new tariff was effective from 1<sup>st</sup> April 2015.
6. Based on the provisions 15 of the Tariff Regulations, 2011, MePDCL files this petition for approving certain adjustments arising out of true-up of FY 2011-12 as per order dated: 31<sup>st</sup> March 2015 and Review Order dated: 11<sup>th</sup> August 2015 and approval of truing-up for FY 2012-13.
7. The Board of Directors of MePDCL have accorded approval for filing of this petition and authorized the undersigned to file the petition accordingly.
8. The applicant, therefore, humbly prays before the Hon'ble Commission to pass appropriate order on the following:
  - a. Adjustment of True Up FY 2011-12
  - b. Truing-up of FY 2012-13;
  - c. To pass such orders, as Hon'ble Commission may deem fit and proper and necessary in view of the facts and circumstances of the case;
  - d. To condone any inadvertent omissions, errors & shortcomings and permit the applicant to add/change/modify/alter this filing and make further submissions as required.

(R Sungoh)

Superintending Engineer (Re-Organisation),

For and on behalf of

Meghalaya Power Distribution Corporation Ltd

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### Abbreviations

ARR	Aggregate Revenue Requirement
FY	Financial Year
GoM	Government of Meghalaya
kWh	Kilo Watt Hour
KV	Kilo Volt
kVA	Kilo Volt Ampere
kVAh	Kilo Volt Ampere Hour
MSERC	Meghalaya State Electricity Regulatory Commission
MU	Million Units (Million kWh)
MW	Mega Watt
MYT	Multi Year Tariff
O&M	Operation & Maintenance
FPPPA	Fuel and Power Purchase Price Adjustment
MeECL	Meghalaya Energy Corporation Limited
MePDCL	Meghalaya Power Distribution Corporation Limited
MePTCL	Meghalaya Power Transmission Corporation Limited
MePGCL	Meghalaya Power Generation Corporation Limited
MYT Regulations 2014	MSERC (Multi Year Tariff) Regulation, 2014

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## 1 Introduction

### 1.1 Provisions of Law for True-up

1.1.1 The Hon'ble Commission has notified the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2014 on 15<sup>th</sup> September 2014. It is submitted that the Regulation 1.4 of the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) regulations, 2014 states as under:

*" 1.4 They shall be applicable for the determination of tariff effective from April 1, 2015 in all cases covered under these Regulations. Provided that for the purpose of review or of truing up of revenues and expenses pertaining to FYs prior to 2015-16, the provisions under MSERC (Terms and Conditions for Determination of Tariff) Regulations, 2011 shall apply."*

1.1.2 The Hon'ble Commission had notified the Meghalaya State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2011 on 10<sup>th</sup> February 2011 (hereinafter referred as "Tariff Regulations, 2011"). These Regulations provide the framework under which the licensees shall operate. Accordingly, the key provisions of the said Regulations are reproduced below for reference.

#### ***"15. Review and Truing-Up***

*(1) .....*

*(2) 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'.*

*(3) The generating company or the licensee, as the case may be, shall make an application before the Commission, for 'truing up' of ARR of the previous year by 30<sup>th</sup> September of the following year, on the basis of Audited statement of accounts and the Audit Report, thereon. The generating company or the licensee shall get their accounts Audited within a specified time frame, either by the Comptroller & Auditor General of India or by a Statutory Auditor drawn from the panel of Statutory Auditors approved by the Comptroller & Auditor General of India, from time to time, to enable them to file the application for 'truing up' within the specified date, that is 30th September of the following year."*

1.1.3 Section 61 & Section 62(c) & (d) of Electricity Act 2003 empower the Hon'ble Commission to determine tariff for wheeling and retail sale of electricity for the Distribution Licensee.

1.1.4 The Power Sector Reforms Transfer Scheme lead to effective unbundling of MeECL into MeECL (Holding Company), MePDCL (Distribution Utility), MePGCL (Generation utility) and

MePTCL (Transmission Utility) from 1<sup>st</sup> April 2012 onwards. The audited accounts of all the utilities are prepared separately, but since a combined tariff petition for FY 2012-13 was filed and accordingly a combined tariff order dated: 20<sup>th</sup> January 2012 was issued for all the entities, the Petition for True up for FY 2012-13 is hereby filed by combining the audited annual accounts of all the three Utilities.

1.1.5 It is submitted that this Petition for adjustment of FY 2011-12 and True up for FY 2012-13 is hereby filed, based on the information received for FY 2011-12 and Audited Annual Accounts of the utilities and pursuant to the Tariff Order dated 20<sup>th</sup> January 2012 passed by Hon'ble Commission.

1.1.6 It is submitted that as per Regulation 15 (3) of the Meghalaya State Electricity Regulatory Commission (Terms and Condition for determination of tariff) Regulations, 2011, the licensee shall get their accounts audited either by C&AG of India or by a Statutory auditor drawn from the panel of Statutory auditor approved by the C&AG.

*“(3) The generating company or the licensee, as the case may be, shall make an application before the Commission, for ‘truing up’ of ARR of the previous year by 30th September of the following year, on the basis of audited statement of accounts and the Audit Report, thereon. The generating company or the licensee shall get their accounts audited within a specified time frame, either by the Comptroller & Auditor General of India or by a Statutory Auditor drawn from the panel of Statutory Auditors approved by the Comptroller & Auditor General of India, from time to time, to enable them to file the application for ‘truing up’ within the specified date, that is 30th September of the following year.”*

1.1.7 In the **Judgment of High Court of Delhi dated: 30<sup>th</sup> October 2015**, states that the requirement of C&AG is not necessary for determination of Tariff by the State Commission. The relevant extract of the Order is reproduced below and is appended as **Annexure -A**

“....

*D. Audit under Section 20(1), for the reasons stated i.e. for determination of tariff is not expedient in public interest as the determination of tariff is on the sole domain of DERC which is well empowered to itself conduct the same or have the same conducted and the report of CAG of audit of DISCOMs has no place in the Regulatory Regime brought about by the Electricity Act and the Reforms Act.*

*E. Thus, the impugned direction for audit of DISCOMs under Section 20(1) of the CAG Act is quashed / set aside.*

....”

1.1.8 It is further submitted that, M/s Kiron Joshi & Associates has been appointed as Statutory Auditor of MePDCL, M/s A Paul & Co has been appointed as Statutory Auditor of MePTCL, MePGCL, and M/s Amit O P Sharma & Associates has been appointed as Statutory Auditor



of MeECL. The firms are chartered Accountancy firms, appointed as Statutory Auditors for the FY 2012-13 by Comptroller & Auditor General of India (C&AG). M/s Kiron Joshi & Associates, M/s A Paul & Co. and M/s Amit O P Sharma & Associates have audited the Annual Accounts of MePDCL, MePTCL & MePGCL and MeECL, respectively for FY 2012-13 under the Companies Act, 1956.

1.1.9 The audited statement of accounts for MePGCL, MePTCL, MePDCL and MeECL for FY 2012-13 are appended as **Annexure B**.

## 1.2 **Submissions to the Hon'ble Commission**

1.2.1 MePDCL hereby submits the petition under section 61, 62(c) & 62(d) of the Electricity Act, 2003, tariff Regulations, 2011 for approval of adjustments arising out of true-up order of FY 2011-12, true-up of FY 2012-13.

## 2 Adjustment of Truing Up of FY 2011-12

2.1.1 The Hon'ble Commission passed the Review Order dated 11<sup>th</sup> August 2015, in which the Hon'ble Commission mentioned that certain components of ARR shall be considered upon furnishing the requisite information and shall be submitted along with the petition of ARR & tariff for FY 2016-17. The requisite components of the True up Order are reproduced below along with the relevant information for the Hon'ble Commission to allow in the True up adjustment.

### 2.2 Power Purchase Cost for FY 2011-12

2.2.1 The extract of statement of the Hon'ble Commission in its Review Order dated 11<sup>th</sup> August 2015 is reproduced below:

#### Commission's Analysis and Order (Point 1 Page no 3)

".....

*In this reference the Commission would like to point out that during the tariff order of FY 2011-12 the Commission has already directed MePDCL to get a proper audit of power purchase amount and furnish a report to the Commission by 30.09.2015 so that necessary adjustment may be made at appropriate time. Further the annual accounts for FY 2011-12 are not certified by C&AG. As such the power purchase cost of Rs.389.89 Crores admitted in true up does not require any change for the present. However the same may be submitted in the petition for ARR & Tariff for FY 2016-17 and will be examined subject to filing of petition along with C&AG certified copy of annual accounts and abstract of station wise power purchase bills for FY 2011-12 duly segregating the penal amount covered if any in the bills.*

....."

2.2.2 In compliance to the above, MePDCL has submitted the audit of power purchase amount by the Statutory auditor M/s Kiron Joshi & Associates vide letter no: MePDCL/D(D)/2015-16/T-453/60 dated:2.11.2015. MePDCL prays before the Hon'ble Commission to allow the power purchase cost of amount Rs 431.19 Cr as per the certificate of Statutory Auditor as appended **Annexure-C**.

**Table 1: Comparison of power Purchase Cost (Rs Cr)**

Particular	Review Order dated 11 <sup>th</sup> Aug 2015	True Up Adjustment as per Auditors' Certificate
Power Purchase Cost including Transmission Cost for FY 2011-12	389.38	431.20

**Table 2: Summary of Auditors' Report on power Purchase Cost (Rs Cr)**

Particular	Amount (Rs Cr)
NHPC	23.87
NEEPCO	179.93
PGCIL	52.24

NTPC	103.00
NVVN	2.09
UI (Inter)	50.14
VAR Pool	0.10
VAR ASEB	0.01
SCF	6.93
UI (Intra) : SCF	0.01
UI (Intra) :GVCIL	0.027
UI (Intra) : ACL	0.421
POSOCO	0.761
Surcharge	11.38
Open Access Charges	0.25
<b>Total Power Purchase for the FY 2011-12</b>	<b>431.19</b>

### 2.3 Prior Period Charges

2.3.1 The extract of statement of the Hon'ble Commission in its Review Order dated 11<sup>th</sup> August 2015 is reproduced below:

**Commission's Analysis and Order (Point 3 Page no 4)**

".....

*The Commission has already directed MePDCL to get an audit of power purchase expenditures and send a report to the Commission. If required so, the suitable corrections can be made thereafter.*

...."

2.3.2 With reference to the same the MePDCL is submitting the details of prior period charges with Chartered Accountant Certificate as appended as **Annexure-D**. MePDCL prays before the Hon'ble Commission to allow the prior period charges of Rs 2.80 Cr as submitted.

**Table 3: Comparison of Prior Period Charges (Rs Cr)**

Particular	Review Order dated 11 <sup>th</sup> Aug 2015	True Up Adjustment as per Chartered Accountant' Certificate
Prior Period Charges /(Credits)	-	2.80

### 2.4 Revenue Collection for FY 2011-12

2.4.1 The extract of statement of the Hon'ble Commission in its Review Order dated 11<sup>th</sup> August 2015 is reproduced below:

**Commission's Analysis and Order (Point 5 Page no 5)**

".....

*As such with the available information the revenue realized has been computed. However this will be examined in Tariff Order for FY 2016-17 subject to filing of petition along with C&AG audited annual accounts for FY 2011-12 with details of opening and closing balances of trade receivables and category wise revenue actually collected during FY 2011-12.*

.....”

2.4.2 MePDCL hereby submits the Chartered Accountants’ certificate for the revenue billed and revenue collected for the year FY 2011-12 as appended as **Annexure-E**.

**Table 4: Summary Actual Revenue Billed for FY 2011-12 (Rs Cr)**

Sr. No	Particulars	Account Code	Amount (Rs Crore)
1	Total Revenue Billed		417.60
2	Less: Electricity Duty	61.501-510	2.64
	Total Revenue Billed		414.96
	Less Others	61.6-61.9	9.86
3	Revenue from UI Sales	61.110-122	14.59
4	<b>Net Revenue Billed</b>		<b>390.519</b>

**Table 5: Summary of Actual Revenue Collected for FY 2011-12 (Rs Cr)**

Sr. No	Particulars	Account Code	Amount (Rs Crore)
1	Total Revenue Collected		381.54
2	Less: Delayed Payment Surcharge	23.704	47.05
	Others	23.701-705	3.23
3	<b>Net Revenue Billed</b>		<b>331.26</b>

2.4.3 Based on the actual revenue billed and collected, the actual AT&C loss calculation and penalty calculation are shown below:

**Table 6: AT&C Loss Calculation for FY 2011-12**

Particulars	Calculation	Units	Review Order dated 11 <sup>th</sup> Aug 2015	True Up Adjustment as per Auditors’ Certificate
Generation (own as well as any other connected generation net after deducting auxiliary consumption) within area of supply of MeECL	A	MU	497.71	497.71
Input energy (Power purchased) of MeSEB	B	MU	1078.44	1078.44
Input energy (metered export) by the DISCOM at interface point of DISCOM network	C	MU	84.15	84.15
Total energy available for sale (within the licensed area to the consumers of the MeECL)	D=A+B-C	MU	1,492.00	1,492.00
Total energy billed (inside the state)	G	MU	1,093.97	1093.97

Particulars	Calculation	Units	Review Order dated 11 <sup>th</sup> Aug 2015	True Up Adjustment as per Auditors' Certificate
Amount billed to consumers (within the licensed area of MeECL)	H	Rs Cr.	390.51	390.51
Amount realized by the MeECL out of the amount billed at (H)				
• Revenue from sale of power		Rs Cr.		331.26
• RE subsidy	I	Rs Cr.		13.28
• Power purchased subsidy		Rs Cr.		-
• Total		Rs Cr.	318.31	344.55
Collection Efficiency (%)	$J=(I/H) \times 100$	%	81.51%	88.23%
Energy realized	$K=J \times G$	MU	891.71	965.21
T&D Loss (%)	$L=\{(D-G)/D\} \times 100$	%	26.68%	26.68%
AT&C Loss (%)	$M=\{(D-K)/D\} \times 100$	%	40.23%	35.31%

Table 7: AT &amp; C Loss Penalty calculation for FY 2011-12

Particulars	Unit	Review Order dated 11 <sup>th</sup> Aug 2015	True Up Adjustment as per Auditors' Certificate
Actual AT&C losses of previous year	%	35.64%	35.64%
Mandated minimum reduction of AT&C Losses for Entities having AT&C Losses in excess of 30%.	%	3%	3%
Max Permissible AT & C Loss to be achieved	%	32.64%	32.64%
Actual AT&C Losses	%	40.23%	35.31%
Shortfall in Minimum Reduction	%	7.59%	2.67%
Energy Sales	MUs	1093.97	1093.97
Average rate for sale of Power	Rs./Unit	3.57	3.57
Shortfall in MUs	MUs	83.03	29.18
Penalty	Rs. Cr	29.64	10.42

2.4.4 Accordingly the MePDCL submits adjustment of True up FY 2011-12 Aggregate Revenue Requirement:

Particulars	Review Order	True Up Adjustment
Power Purchase Cost including Transmission Charges	389.38	431.20
Repair & Maintenance Expenses	19.89	19.89
Employee Expenses	150.43	150.43
Administration & General Expenses	10.18	10.18
Depreciation	27.10	27.10
Interest & Finance Charges	27.50	27.50
Other Debits (Incl Provisions for Bad Debts)	4.11	4.11
Income Tax	-	-
Prior Period Charges /(Credits)	-	2.80
Others (Losses relating to Fixed Assets)	-	-
Net Revenue Expenditure	628.59	673.21
Add: Return on Equity Capital	28.28	28.28
Aggregate Revenue Requirement	656.87	701.49
Less: Non Tariff Income		
Other Income	110.74	110.74
R.E.Subsidy	13.42	13.42
Ammortization	5.09	5.09
Net Aggregate Revenue Requirement	527.62	572.23
Revenue from Sale of Power	405.10	405.10
Net Surplus/ (Deficit)	(122.52)	(167.13)
Less Penalty due to non achievement of AT&C Loss	29.64	10.42
Net Surplus/ (Deficit)	(92.88)	(156.72)

2.4.5 Therefore it is prayed before the Hon'ble Commission to kindly allow MePDCL to claim the net deficit of Rs. 63.84 Cr (Rs.156.72 Cr less Rs.92.88 Cr).

### 3 Truing Up for FY 2012-13

- 3.1.1 MeECL had filed ARR petition for FY 2012-13 on 15<sup>th</sup> December, 2011. Thereafter, the Hon'ble Commission had passed Tariff Order for FY 2012-13 on 20<sup>th</sup> January 2012.
- 3.1.2 In line with the provisions of Tariff Regulations, 2011, MePDCL is filing this Petition for True Up for the FY 2012-13. Information provided in the True Up for FY 2012-13 is on the basis of audited statement of accounts and considering principles adopted by the Hon'ble Commission in its previous Orders on Interest on Term Loan, Return on Equity, Interest on Working Capital and Depreciation. The actual performance has been compared with the approved numbers in the Tariff Order dated 20<sup>th</sup> January, 2012.
- 3.1.3 With effect from 1<sup>st</sup> April 2012, restructuring has been notified by Government of Meghalaya and pursuant to the said notification MePDCL is incorporated to undertake business of Distribution Licensee. As the true-up exercise is undertaken to determine revenue gap/surplus based on actual performance, the same can be passed on through tariff of Distribution Licensee. Keeping in view the restructuring, MePDCL is submitting this True-up petition so that revenue gap/surplus as may be determined by Hon'ble Commission can be passed on through Distribution Tariff. In each of the table shown in this section of the petition, a comparison of figures approved by Hon'ble Commission and figures based on audited accounts are shown under relevant heads discussed hereunder.

### 3.2 Energy Sales and Revenue

- 3.2.1 A Comparison of actual energy sale and revenue with approved energy sale and revenue is shown in the table below:

**Table 8: Comparison of Energy Sales and Revenue**

Particulars	Approved		Audited			
	Sales (MUs)	Revenue (Rs. Crs)	Sales (MUs)	Revenue (Rs. Crs)		
Domestic			364.17	101.97		
Commercial			74.78	40.25		
Industrial			482.71	218.45		
Pub. Lighting			2.36	1.15		
Agri/Irri			0.33	0.09		
Pub. Water Work	1,561.09	682.45	35.67	17.16		
Bulk Supply			66.56	32.72		
Misc/General Purposes			13.87	0.64		
Const. Projects HT			1.00	0.45		
Sale to ASEB			19.08	8.28		
Short Term			144.40	25.34		
Others			32.02	13.77	NA	96.70
<b>Total</b>			<b>1,593.11</b>	<b>696.22</b>	<b>1,204.94</b>	<b>543.20</b>

3.2.2 It is submitted before the Hon'ble Commission to kindly approve 1,204.94 MU as energy sale and Rs. 543.20 Cr as revenue from sale of power.

### 3.3 Energy Requirement and Energy balance

3.3.1 The Energy requirement of MePDCL is given in the table below:

**Table 9: Power Purchase**

	Particulars	Unit	FY 2012-13
1	Energy Purchase from ER	MU	289.95
2	ER Transmission Loss	%	2.82%
3	ER Transmission Loss	MU	8.18
4	Net energy from ER	MU	281.77
5	Energy Purchase from NER	MU	495.98
6	Total at NER Periphery	MU	777.75
7	NER Transmission Loss	%	3.48%
8	NER Transmission Loss (MUS)	MU	27.07
9	Net Energy Available	MU	750.69
10	ST PP	MU	270.85
11	Less UI/ Sale Outside	MU	144.40
12	Net Outside Purchase Power	MU	877.15
13	Own Generation	MU	704.74
14	Total Power	MU	1581.88
15	Transmission Loss	%	4.00%
16	Total Power	MU	1518.61
17	Actual Sales	MU	1060.55

3.3.2 MePDCL has purchased power from Eastern region (ER) and North eastern region (NER). The average regional transmission losses of the respective regions for FY 2012-13 are considered from the Annual report of Power System Operation Corporation Limited (POSOCO) North Eastern Regional Load Despatch Center (NERLDC) at 3.48% and Annual report of Eastern Regional Power Committee for NER losses at 2.82%. The relevant extracts are appended as **Annexure-F**.

Energy balance calculation is shown below:

**Table 10: Energy Requirement and Availability**



A	Energy Requirement	Unit	
1	Energy sales within state	MU	1060.55
2	T&D Loss	%	30.16%
3	T&D Loss	MU	458.06
4	Energy Requirement (1+3)	MU	1518.61
B	Energy Availability		
5	Purchase ER	MU	289.95
6	ER Transmission Loss	%	2.82%
7	Net Purchase ER	MU	281.77
8	Purchase NER	MU	495.98
9	Total Power (7+8)	MU	777.75
10	NER Transmission Loss	%	3.48%
11	Net Purchase NERLDC	MU	750.69
12	Gross Purchase MePGCL	MU	704.74
13	Bilateral UI Purchase	MU	270.85
14	Total (11+12+13)	MU	1726.28
15	Intra state loss @4%	MU	69.05
16	Net (14-15)	MU	1657.23
17	Surplus (16-4)	MU	138.62
18	Gross up by 4%	MU	144.17

### 3.4 Power Purchase Cost

3.4.1 It is submitted that in FY 2012-13, MeECL had procured power from Central generating stations as well as from other sources. The power purchase cost as shown in the statement of accounts is Rs 519.51Cr which consists of cost of generation from MePGCL and Transmission cost of MePTCL but since the True-up exercise is considered by combining the statement of accounts of all entities the power purchase cost of MePGCL and MePTCL is not considered here. A comparison of power purchase cost as per the Audited Accounts and approved Power Purchase Cost as per the Tariff Order for FY 2012-13 is shown in the following table.

**Table 11: Power Purchase Cost for FY 2012-13**

Particulars	Approved			Audited		
	Quantum (MUs)	Cost (Rs Cr)	Per Unit Cost (Rs./Unit)	Quantum (MUs)	Cost (Rs Cr)	Per Unit Cost (Rs./Unit)
Own Generation	864.4	NA	NA	704.74	NA	NA
NEEPCO	633.30	135.36	2.14	485.89	139.05	2.86
NTPC	279.19	98.55	3.53	289.95	92.25	3.18
NHPC	65.28	14.96	2.29	10.09	11.97	11.86
BTPS	113.88	40.09	3.52	-	-	-
OTPC palatana	156.86	55.37	3.53	-	-	-
Short Term	23.76	9.5	4.00	270.85	56.00	2.07
Inter State Transmission Cost	NA	52	NA	NA	46.24	NA
<b>Total</b>	<b>2136.67</b>	<b>405.83</b>	<b>1.90</b>	<b>1,761.52</b>	<b>345.52</b>	<b>1.96</b>

3.4.2 It is submitted that the Central Generating power stations BTPS and OTPC Palantana did not start commercial operation and hence no power is procured from these stations. Therefore, in order to meet the shortfall in energy MePDCL has to depend on short-term market.

3.4.3 It is pertinent to submit here that at the time of Tariff filing MeECL had intimated the Hon'ble Commission about the revision of annual fixed cost of Central Generating Stations by CERC vide letter dated 19<sup>th</sup> December 2011 (MeECL/SE(RA)/51/2011-12/28 dated 19.12.11 at point no 3. However the Hon'ble Commission mentioned in the Tariff Order that any liabilities accrued due to previous years purchases, due to change in tariff by CERC, shall be considered after prudence check at the time of truing up of that year petition. The same is reproduced below:

*"The cost of power purchase from central generating station shall be taken on the basis of the Tariff as approved by the CERC. The regulation also specifies that if there is a variation in the power purchase in excess of the approved requirement of the power the Commission may take up the need of the additional power at the time of truing up of the Tariff."*

3.4.4 Since the Power Purchase Cost including Inter State Transmission Cost is legitimate and uncontrollable in nature, the Hon'ble Commission is requested to kindly approve the Power Purchase Cost at Rs 345.52 Cr while truing-up.

3.4.5 The power purchase quantum and the abstract of total power purchase cost along with copies of bills from all the sources during the year are appended along with the petition as **Annexure- G.**

### 3.5 Operation and Maintenance Expenses (O&M Expenses)

3.5.1 Operations and Maintenance (O&M) Expenses of the Company consists of the following

elements:

- **Repairs and Maintenance expenses:** Repairs and Maintenance Expenses are incurred for the day to day upkeep of the assets of MeECL and form an integral part of the Company's efforts towards reliable & quality power supply and reduction of losses in the system.
- **Employee Expenses:** Employee expenses comprise of salaries, dearness allowance, bonus, terminal benefits in the form of pension & gratuity, leave encashment and staff welfare expenses.
- **Administrative and General Expenses:** Administrative expenses mainly comprises of rents, telephone and other communication expenses, professional charges, conveyance and travelling allowances and other debits.

### 3.5.2 Repairs and Maintenance Expenses (R & M expenses)

Repair & Maintenance expenses are dependent on various factors such as age of assets, geography of state, load served, volume of infrastructure, etc. Most of the power stations, lines and substations of MeECL are aged and thus demand more frequent Repairs and Maintenance. The assets of MeECL are old and require regular maintenance to ensure uninterrupted operations. MeECL has been trying its best to ensure uninterrupted operations of the system and accordingly has been making necessary expenditure for R&M activities. The summary of the comparison of the actual R&M expenses for FY 2012-13 vis-à-vis the expenses approved by the Hon'ble Commission has been given in the table below:

**Table 12: R&M expenses for FY 2012-13 (Rs Cr)**

Particulars	FY 2012-13 (Approved)	FY 2012-13 (Audited)	Deviation
Repair and Maintenance Expense	29.94	15.01	(14.93)

It is submitted that R&M Expenses are necessary to incur as and when required to supply quality power to its consumers continuously and therefore the same is uncontrollable in nature. Hence R&M expenses amounting to Rs 15.01 Cr are genuine and legitimate expenditure which may kindly be approved as per Audited Statement of Accounts.

### 3.5.3 Employee Expenses

3.5.3.1 The summary of the comparison of the actual Employee Expenses for FY 2012-13 vis-à-vis the expenses approved by the Hon'ble Commission has been given in the table below:

**Table 13: Employee Expenses for FY 2012-13(Rs Cr)**

Particulars	FY 2012-13 (Approved)	FY 2012-13 (Audited)	Deviation
Employee Expenses	197.87	203.17	5.30
<i>Less: Employee Expense Capitalised</i>	6.70	19.20	12.50
<b>Net Employee Expense</b>	<b>191.17</b>	<b>183.97</b>	<b>(7.20)</b>

3.5.3.2 It is submitted that the Employee Expenses amounting to Rs 183.97 Cr are genuine and uncontrollable in nature; the Hon'ble Commission is requested to approve the net Employee Expenses as per Audited Statement of Accounts.

### 3.5.4 Administration and General Expenses (A & G Expenses)

3.5.4.1 The summary of the comparison of the actual A&G Expenses for FY 2012-13 vis-à-vis the expenses approved by the Hon'ble Commission has been given in the Table below:

**Table 14: A&G Expenses for FY 2012-13 (Rs Cr)**

Particulars	FY 2012-13 (Approved)	FY 2012-13 (Audited)	Deviation
Administrative & General Expense (A & G Expense)	11.67	14.41	2.74
<i>Less: A &amp; G Expense Capitalised</i>	-	0.73	0.73
<b>Net A &amp; G Expense</b>	<b>11.67</b>	<b>13.68</b>	<b>2.01</b>

3.5.4.2 It is submitted that the A & G Expenses depend on many factors such as inflation rate, expansion of business, types of trainings conducted, travel and conveyance of employees etc. Therefore it is submitted that A&G Expenses amounting to Rs 13.68 Cr are genuine and uncontrollable expenditure and hence may kindly be approved as per Audited Statement of Accounts.

### 3.6 Depreciation

3.6.1 Following table shows the comparison of the actual Depreciation for FY 2012-13 vis-à-vis the Depreciation approved by the Hon'ble Commission.

**Table 15: Depreciation for FY 2012-13 (Rs Cr)**

Particulars	FY 2012-13 (Approved)	FY 2012-13 (Audited)	Deviation
Depreciation	42.68	100.40	57.72

3.6.2 It is submitted that the component wise depreciation is computed as per the provisions of Tariff Regulations, 2011 and the detail is shown in Note 11 of the Audited Statement of Accounts. Therefore, the Hon'ble Commission is requested to kindly approve the

Depreciation amounting to Rs 100.40 Cr as per Audited Statement of Accounts.

3.6.3 It is submitted that the major deviation in depreciation is due to completion of Units-I& II of Myndtu Leshka Hydro Electric Plant (MLHEP) amounting to Rs 54.99Cr.

### 3.7 Interest and Financial Charges

3.7.1 It is submitted that Rs. 98.80 Cr of Interest & Finance Charges pertains to project loan, short term loan etc. The following table shows the summary of the comparison of the actual Interest and Finance Charges for FY 2012-13 vis-à-vis the Interest and Finance Charges approved by the Hon'ble Commission.

**Table 16: Interest and Finance Charges for FY 2012-13**

Particulars	FY 2012-13 (Approved)	FY 2012-13 (Audited)	Deviation
Interest & Finance Charges	98.46	136.76	38.30
<i>Less: Interest &amp; Finance Charges Capitalised</i>	<i>9.77</i>	<i>37.96</i>	<i>28.19</i>
<b>Net Interest &amp; Finance Charges</b>	<b>88.69</b>	<b>98.80</b>	

3.7.2 It is submitted that Rs 37.96 Cr Interest and Finance charge was capitalized, which pertains to interest during construction for the ongoing MLHEP and New Umtru projects.

3.7.3 It is submitted that Interest & Finance Charges are genuine and legitimate expenditure and the Hon'ble Commission may kindly approve the entire interest & finance charges amounting to Rs 98.80 Cr as per Audited Accounts.

### 3.8 Other Debits (including provision for Bad Debts)

3.8.1 A summary of the comparison of the actual Other Debits (including provision for Bad Debts) for FY 2012-13 vis-à-vis the Other Debits (including provision for Bad Debts) approved by the Hon'ble Commission has been given in the table below:

**Table 17: Other Debits (including provision for Bad Debts) for FY 2012-13 (Rs Cr)**

Particulars	FY 2012-13 (Approved)	FY 2012-13 (Audited)	Deviation
Other Debits (including provision for Bad Debts)	5.00	86.43	81.43

3.8.2 It is submitted that as per the Hon'ble Supreme Court's Order dated: 28<sup>th</sup> August 2012, bills of industrial HT & EHT consumers were revised from Oct'2008 to Nov'2009, which has led to reduction in revenue billed for the FY 2008-09 and FY 2009-10 and reduction in Delayed Payment Surcharge. As per direction of the Hon'ble Commission transaction audit

was conducted by Statutory Auditor for the revised bills and as per the Statutory Auditor Certificate following revision of Revenue billed and Delayed Payment Surcharge is to be incorporated in FY 2012-13, the auditors' certificate is appended as **Annexure-H**.

**Table 18: Supreme Court Order Calculation (Rs Cr)**

FY	Amount Already Billed		Amount To Be Billed(#)		Difference	
	Energy etc	DPC	Energy etc	DPC	Energy etc	DPC
2008-09	195.54 *	6.26	<b>172.84</b>	4.53	22.70	1.74
2009-10	231.82 *	27.28	<b>176.84</b>	11.64	54.97	15.64
2010-11		40.73		14.28	No Change	26.45
2011-12		58.79		22.73		36.06
2012-13		65.22		26.02		39.20
<b>Total</b>					<b>77.67</b>	<b>119.08</b>

**Note: Period from April 2012 to January 2013. \* Figures taken from audited accounts**

**# Bills revised for the period from October 2008 to November 2009 as per T.O. dated 10.09.09**

The reduction of Delayed Payment Surcharge amounting to Rs 79.88 Cr for the period of FY 2008-09 to FY 2011-12 relates to prior period entry therefore considered as bad debt written off and the reduction of Delayed Payment Surcharge amounting to Rs 39.20 Cr relates to FY 2012-13 and hence accounted in the delayed payment surcharge for the year 2012-13.

3.8.3 Hence, the other debits considered above for the financial year 2012-13 consists of Rs 79.88 Cr pursuant to Supreme Court order dated: 28<sup>th</sup> August 2012.

3.8.4 As all the expenses under other debits are uncontrollable in nature, it is submitted before the Hon'ble Commission to kindly approve Rs 86.43Cr as per Audited Statement of Accounts.

### 3.9 Prior Period Expense

3.9.1 It is submitted that the Accounting Standard 5 (AS 5) issued by Institute of Chartered Accounts of India deals with the Net Profit/Loss for the Period, Prior Period Items and Changes in Accounting Policies. Prior period items are material charges or credits which arise in the current period as a result of errors or omissions in the preparation of the financial statements of one or more prior periods. The following Table provides the details of the Prior Period Expenses for FY 2012-13.

**Table 19: Net prior period Expense for FY 2012-13 (Rs Cr)**

Particulars	MePGCL (Audited)	MePTCL (Audited)	MePDCL (Audited)	MeECL (Audited)	FY 2012-13 (Audited)
<b>Income relating to Previous Year</b>					
Receipt From Consumer relating to Prior Period	-	-	0.11	-	0.11
Interest & Other Finance charges relating to prior period	-	-	5.80	0.13	5.93
Excess Provision for depreciation in prior period	1.05	0.00	-	-	1.05
Other income relating to prior period	0.01	0.16	0.41	0.18	0.77
<b>Total prior period income</b>	<b>1.06</b>	<b>0.16</b>	<b>6.33</b>	<b>0.31</b>	<b>7.86</b>
Prior Period Wheeling Charges	-	-	12.49	-	12.49
Employee costs relating to prior period	0.26	0.68	0.89	0.12	1.95
Depreciation under provided in prior period	1.37	3.88	5.20	-	10.45
Interest & Other Finance charges relating to prior period	-	-	0.18	-	0.18
Other Charges relating to prior period	0.10	-	0.28	0.001	0.39
Other Prior Period: Interest earned during P/P on RGGVY	-	-	-	10.02	10.02
<b>Total prior period expenses</b>	<b>1.74</b>	<b>4.56</b>	<b>19.03</b>	<b>10.14</b>	<b>35.48</b>
<b>Net prior period Expense</b>	<b>0.68</b>	<b>4.40</b>	<b>12.70</b>	<b>9.83</b>	<b>27.61</b>

3.9.2 The disclosure of Prior Period items is in line with the Accounting Standard (AS)-5 on Prior Period and Extraordinary Items, which emphasizes that Prior period items should be separately disclosed in the current statement of profit and loss together with their nature and amount; and in a manner that their impact on current profit or loss can be perceived. Therefore prior period items which are necessary for smooth functioning of the company are pertaining to the previous financial year but recognized during current year and hence are of uncontrollable nature.

3.9.3 The certification of prior period charges for FY 2012-13 are appended as **Annexure-I**

3.9.4 Broad reasons for different heads of prior-period expenses are:

- *Wheeling Charge:* Prior Period Wheeling charge pertains to rectification entry in respect of power purchase cost of Rs 12.49 Cr, which was less accounted for during FY 2011-12. The Statutory auditor has audited the power purchase of FY 2011-12, where they have observed in the point # B(iii), that the power purchase cost to the tune of Rs 12.49 Cr for the FY 2011-12 was booked in the accounts only in FY 2012-13. The relevant auditor's report is appended as **Annexure -C**
- *Employee Cost:* Prior period Employee Cost pertains to accumulated liability towards Time Bound Financial Benefits, Revised Arrear DCRG, Pension, Shift Allowance, Arrear

DA, Compensatory Allowance, which were not accounted in earlier years and hence booked as prior-period expense in FY 2012-13.

- *Depreciation*: It is submitted due to delayed capitalization of some of the assets, the provision of Depreciation for prior period was provided during FY 2012-13.
- *Interest and Other Finance Charges*: The prior period Interest and finance charge relates to rectification entry pertaining to Interest and Finance charges of prior period.
- *Interest earned funds released under RGGVY*: As per Ministry of Power guidelines, the interest earned on the funds received for RGGVY project needs to be remitted to the Government. The relevant letter received from Rural Electrification Corporation Limited is appended as **Annexure-J**.

3.9.5 As submitted above, all the Prior period expenses are uncontrollable in nature, therefore the same may kindly be approved as per Audited Statement of Accounts.

### 3.10 Return on Equity

3.10.1 It is submitted that the return on equity is computed as per Regulation 100 and 101 of the Tariff Regulations, 2011. The relevant provisions are reproduced below:

#### ***“100. Debt-equity Ratio***

*(1) For the purpose of determination of tariff, the debt-equity ratio of 70:30 will be applied for all new investments during the financial year. Where equity employed is more than 30%, the amount of equity for the purpose of tariff shall be limited to 30% and the balance shall be treated as loan. Where actual equity employed is less than 30%, the actual equity shall be considered.*

*Provided that the Commission may, in appropriate case, consider equity higher than 30% for the purpose of determination of tariff, where the distribution licensee is able to establish to the satisfaction of the Commission that deployment of equity more than 30% is in the interest of general public.*

*(2) The debt and equity amounts in accordance with clause (1) above shall be used for calculating interest on loan, return on equity, advance against depreciation and foreign rate variation.*

#### ***101. Return on Equity***

*(1) Return on equity shall be computed on the equity base determined in accordance with Regulation 100, at a fixed rate of 14 percent, per annum.*

*Provided that equity invested in a foreign currency may be allowed a return upto the prescribed limit in the same currency and the payment on this account shall be*



made in Indian Rupees based on the exchange rate prevailing on the due date of billing. The difference in actual exchange rate and the provisional exchange rate considered while determining the ARR shall be taken into consideration at the time of 'Truing up'.

**(2) The equity amount appearing in the audited Balance Sheet or as per Transfer**

**Scheme Notification will be taken into account for the purpose of calculating the return on equity for the first year of operation, subject to such modifications as may be found necessary upon audit of the accounts if such a Balance Sheet was not audited.**

.....

Emphasis added”

As per the above provisions of Tariff Regulations, 2011, the computation of Return on Equity is shown below:

**Table 20: Return on Equity**

Particulars	FY 2012-13 (Actual)			
	MePGCL	MePTCL	MePDCL	Total
Opening Equity (Rs. Cr)	610.29	221.26	742.32	1,573.86
Additions during the year (Rs. Cr)	59.89	88.92	34.03	182.84
Closing Equity (Rs. Cr)	670.17	310.18	776.35	1,756.70
Equity Considered for RoE (Rs. Cr)	670.17	268.99	769.98	1,709.14
RoE %	14%	14%	14%	14%
<b>Return on Equity (Rs. Cr)</b>	<b>93.82</b>	<b>37.66</b>	<b>107.80</b>	<b>239.28</b>

It is submitted before the Hon'ble Commission to kindly approve Return on Equity of Rs. 239.28 Cr as per the Audited Statement of Account.

### 3.11 Aggregate Technical & Commercial (AT & C) Losses

3.11.1 The revenue Billed and revenue collected is calculated as shown below:

**Table 21: Revenue Billed for FY 2012-13 (Figures in Rs Cr)**

Sr. No	Particulars	Account Code	Amount (Rs Crore)
1	Total Revenue From Sale of Power Billed	61.101-510	450.37
2	Less: Electricity Duty	61.54	3.87
3	Revenue from UI Sales	61.110-122	25.34
4	Adjustment of Supreme Court Effect		77.67
	<b>Net Revenue Billed</b>		<b>343.48</b>

**Table 22: Revenue Collection for FY 2012-13 (Figures in Rs Cr)**

Sr. No	Particulars	Account Code	Amount (Rs Crore)
1	Total Revenue Collected		476.22
2	<i>Less: Electricity Duty</i>	23.2	8.16
2	<i>Less: Delayed Payment Surcharge</i>	23.704	156.54
3	<i>Add: Delayed Payment Surcharge Supreme Court Prior period rectification entry</i>	23.704	79.88
4	<i>Less: Others</i>	23.701-705	12.38
5	<i>Less: UI</i>	23.606 & 23.617	42.10
6	<i>Add: RE Subsidy</i>	63.11	10.37
7	<b>Net Revenue Collection</b>		<b>347.30</b>

3.11.2 The delayed payment surcharge of Rs 156.54 Cr in the head of accounts 23.704, contains the rectification entry, in compliance with the Supreme Court Order dated: 28<sup>th</sup> August 2012, duly certified by the Statutory auditor, which relates to the prior period entry for the period FY 2008-09 to FY 2011-12 of Rs 79.88 Cr and Rs 39.20 Cr which pertains to FY 2012-13. In order to calculate the revenue collection for the current financial year, only the Delayed payment surcharge related to the current financial year is considered, the extraordinary item of Rs 79.88 Cr relating to past period is not considered for the purpose of revenue collection as it is a rectification entry.

3.11.3 The adjustment of Rs 77.67 Cr pertains to reduction in revenue billed, in compliance with the Supreme Court Order dated: 28<sup>th</sup> August 2012 duly certified by the Statutory Auditor, which relates to the period FY 2008-09 and FY 2009-10.

3.11.4 It is submitted that the AT&C loss for FY 2012-13 is 29.39%, as shown in Table below:

**Table 23: AT&C Losses for FY 2012-13 (Figures in MUs)**

SI No.	Particulars	Calculation	Units	2012-13
1	Generation (own as well as any other connected generation net after deducting auxiliary consumption) within area of supply of MeECL	A	MU	676.55
2	Net Input energy to MeECL	B	MU	980.68
3	Input energy (metered export) by the DISCOM at interface point of DISCOM network	C	MU	138.62
4	Total energy available for sale (within the licensed area to the consumers of the MeECL)	$D=A+B-C$	MU	1,518.61
7	Total energy billed (Within the state)	G	Rs Cr.	1,060.55
8	Amount billed to consumers (within the licensed area of MeECL)	H	Rs Cr.	343.48
9	Amount realized by the MeECL out of the amount billed at H	I	Rs Cr.	347.30
10	Collection Efficiency (%)	$J=(I/H) \times 100$	%	101.11%
11	Energy realized	$K=J * G$	MU	1,072.34
12	T&D Loss (%)	$L=\{(D-G)/D\} \times 100$	%	30.16%
13	AT&C Loss (%)	$M=\{(D-K)/D\} \times 100$	%	29.39%

### 3.12 Other Income

3.12.1 It is submitted that as per the Audited Accounts 2012-13, other income is Rs 103.57Cr. A summary of the comparison of other income as per Audited Accounts of erstwhile MeECL for FY 2012-13 vis-à-vis the income tax approved by the Hon'ble Commission has been given in the table below:

**Table 24: Other Income (Rs. Cr)**

Particulars	FY 2012-13 (Approved)	MePGCL (Audited)	MePTCL (Audited)	MePDCL (Audited)	MeECL (Audited)	FY 2012-13 (Audited)	Deviation
Other Income	127.88	0.88	0.10	96.71	5.87	103.57	(24.31)

### 3.13 Revision of AT & C Loss and AT & C Penalty for FY 2008-09 and FY 2009-10

3.13.1 It is submitted vide Review Petition dated 15<sup>th</sup> May 2013 and Letter No. MePDCL/D(D)/T-444(I)/2014-15/33 dated 08.09.14, MePDCL has intimated the Hon'ble Commission about the revision in AT & C loss of FY 2008-09 due to the revision of Revenue Billed figure. However, in the True-Up order dated 30<sup>th</sup> September 2014, the Hon'ble Commission has not considered the impact of revised Revenue Billed figure for revision of AT & C loss of FY 2008-09 and mentioned that a final view on revision of AT & C loss and AT & C loss penalty will be taken when FY 2012-13 audited accounts are available. The relevant extract of the

true-up order is mentioned below:

“ .....

*16. As regards the request of MeECL for reviewing the true up order dated 18.02.2011 relating to FY 2008-09, the Commission reiterates that the true up order has already been passed based on the audited accounts and hence needs no re-examination. However, the request of MeECL with regard to change in revenue (Rs. 15.67 crores) and saving on penalty (Rs. 19.49 crores) due to Hon'ble Supreme Court's order dated 28.8.2012 may be looked into when the audited accounts of FY 2012-13, the year in which the actual adjustment of bills actually took place, and the audit report thereon are received. A final view on the surplus in 2008-09 will be taken thereafter. The review petition for FY 2008-09 is disposed of accordingly.*

....”

It is further submitted vide True-Up Petition dated 15<sup>th</sup> May 2013 and Letter No. MePDCL/D(D)/T-444(I)/2014-15/33 dated 08.09.14, MePDCL has intimated the Hon'ble Commission about the revision in AT & C loss of FY 2009-10 due to the revision of Revenue Billed figure. However, in the True-Up order dated 30<sup>th</sup> September 2014, the Hon'ble Commission has not considered the impact of revised Revenue Billed figure for revision of AT & C loss of FY 2009-10 and mentioned that a final view on revision of AT & C loss and AT & C loss penalty will be taken when FY 2012-13 audited accounts are available. The relevant extract of the true-up order is mentioned below:

“ .....

*13. In order to validate the revenue figures as submitted by MeECL with a certificate issued by M/s Kiron Joshi CA and to consolidate the figures, the Commission vide letter dated 29.08.2014 enquired from MeECL and in its reply on 15.09.2014, MeECL submitted that the actual adjustment of electricity bills of HT & EHT category of consumers following the Supreme Courts' orders dated 28.08.2012 took place during 2012-13 and that the change in respect of revenue and delayed payment charges will be incorporated in the statements of accounts of FY 2012-13. In the circumstances, the Commission is not in position to take a final view with regard on the surpluses or deficits unless audit by C&AG is done. MeECL/MePDCL will therefore finalise their accounts at least up to FY 2012-13 at the earliest so that necessary adjustment in the subsequent years may be considered. Since the implication of the Supreme Court order in 2009-10, as per MeECL is of the order of Rs.32.87 crores (Rs.59.45-34.53-30.47+38.42), the surplus of 2009-10 may be adjusted in the future tariff as and when the audited records of 2012-13 are placed.*

....”

3.13.2 As the Audited Statement of Accounts of FY 2012-13 are available; therefore the Hon'ble Commission is requested to kindly consider the revised revenue billed figure for revision of AT & C loss and revised penalty. The revision in revenue billed for FY 2008-09 and FY 2009-

10 has resulted in reduction in the AT&C loss which has a cascading effect on the penalty calculation.

3.13.3 As per the Auditors Certificate the reduction in revenue billed for FY 2008-09 and FY 2009-10 is Rs 22.70Cr and Rs 54.97Cr respectively.

3.13.4 The revised calculation of AT & C loss and penalty for FY 2008-09 and FY 2009-10 as shown below:

Table 25: AT&C Loss calculation of True up Order FY 20080-09 & FY 2009-10 after Supreme Court Effect

Particulars	Calculation	True Up Order		To be Revised	
		FY 08-09	FY 09-10	FY 08-09	FY 09-10
Generation (own as well as any other connected generation net after deducting auxiliary consumption) within area of supply of MeECL	A (MU)	552.84	534.79	552.84	534.79
Input energy (Power purchased) of MeSEB	B (MU)	830.95	819.61	839.2	819.61
Input energy (metered export) by the DISCOM at interface point of DISCOM network	C (MU)	10.88	13.16	10.88	13.16
Total energy available for sale (within the licensed area to the consumers of the MeECL)	D=A+B-C (MU)	1,372.91	1,341.24	1,381.16	1,341.24
Total energy billed (inside the state)	G (Rs Cr)	909.18	898.4	945.49	898.4
Amount billed to consumers (within the licensed area of MeECL)	H (Rs Cr)	334.04	388.27	311.34	333.30
Amount realized by the MeECL out of the amount billed at H	I (Rs Cr)				
Revenue from sale of power		333.97	343.4	333.97	343.4
RE subsidy		0	12.31	0	12.31
Power purchased subsidy		0	0	0	0
Total		333.97	355.71	333.97	355.71
Collection Efficiency (%)	J=(I/H)X100	99.98%	91.61%	107.27%	106.72%
Energy realized	K=J*G	908.99	823.06	1014.21	958.82
T&D Loss (%)	L={(D-G)/D}X100	33.78%	33.02%	31.54%	33.02%
AT&C Loss (%)	M={(D-K)/D}X100	33.79%	38.63%	26.57%	28.51%

Table 26: Penalty calculation of True up Order FY 2008-09 & FY 2009-10 after Supreme Court Effect

Particulars	Unit	True Up Order		To be Revised	
		FY 08-09	FY 09-10	FY 08-09	FY 09-10
Actual AT&C losses of previous year	%	31.62%	33.79%	31.62%	33.79%
Mandated minimum reduction of AT&C Losses for Entities having AT&C Losses in excess of 30%.	%	3%	3%	3%	3%
Max Permissible AT & C Loss to be achieved	%	28.62%	30.79%	28.62%	30.79%
Actual AT&C Losses	%	33.79%	38.63%	26.57%	28.51%
Shortfall in Minimum Reduction	%	5.17%	7.84%	0.00%	0.00%
Energy Sales	MUs	1044.6	898.4	1044.6	898.4
Average rate for sale of Power	Rs./Unit	3.61	4.32	3.61	3.71
Shortfall in MUS	MUs	54.01	70.47	-	-
Penalty in Rs Crores	Rs. Crs	19.49	30.46	-	-

3.13.5 As shown in the calculation above the penalty for FY 2008-09 and FY 2009-10 is Nil. Hence the total penalty reduced for the FY 2008-09 and FY 2009-10 is 49.95Cr (19.49Cr +30.46Cr).

### 3.14 Aggregate Revenue Requirement and Revenue Gap/Surplus for FY 2012-13

The table below summarizes the Aggregate Revenue Requirement and Revenue Gap/Surplus for FY 2012-13.

Table 27: Aggregate Revenue requirement and Revenue Gap/Surplus for FY 2012-13

Particulars	FY 2012-13						Actual (G+T+D+ H)	Deviation
	Approved by MSERC vide Order Dt: 20.1.12	MePGCL (G)	MePTCL (T)	MePDCL (D)	MeECL (H)			
Power Purchase Cost	353.83	0.00	0.00	299.28	0.00	299.28	(54.55)	
Transmission Charges	52.00			46.24		46.24	(5.76)	
Repair & Maintenance Expenses	29.94	5.78	2.80	6.24	0.18	15.01	(14.93)	
Employee Expenses	197.80	57.57	26.95	118.65	0.00	203.17	5.37	
Administration & General Expenses	11.67	3.77	1.41	5.08	4.15	14.41	2.74	
Depreciation	42.68	73.98	10.74	14.83	0.85	100.40	57.72	
Interest & Finance Charges	98.46	101.54	1.63	33.56	0.03	136.76	38.30	
Other Debits (Incl Provisions for Bad Debts)	5.00	1.82	0.00	82.22	2.40	86.43	81.43	
Income Tax	-	0.00	0.00	0.00	0.00	-	-	
Prior Period Charges /(Credits)	-	0.68	4.40	12.70	9.83	27.61	27.61	
Others (Losses relating to Fixed Assets)						-	-	
<b>Revenue Expenditure</b>	<b>791.38</b>	<b>245.14</b>	<b>47.93</b>	<b>618.81</b>	<b>17.44</b>	<b>929.32</b>	137.94	
<b>Less: Expenses Capitalised</b>						-	-	
<i>Interest &amp; Finance Charges Capitalised</i>	9.77	37.96				37.96	28.19	
<i>Employee Expenses Capitalised</i>	6.7	8.09		11.11		19.20	12.50	
<i>Administration &amp; General Expenses Capitalised</i>		0.73				0.73	0.73	
<b>Net Revenue Expenditure</b>	<b>774.91</b>	<b>198.35</b>	<b>47.93</b>	<b>607.70</b>	<b>17.44</b>	<b>871.42</b>	96.51	
Add: Return on Equity Capital	28.28	93.82	37.66	107.80		239.28	211.00	
<b>Aggregate Revenue Requirement</b>	<b>803.19</b>	<b>292.17</b>	<b>85.59</b>	<b>715.50</b>	<b>17.44</b>	<b>1110.70</b>	307.51	
<b>Less: Non Tariff Income</b>						-	-	
<i>Other Income</i>	127.88	0.88	0.10	96.71	5.87	103.57	(24.31)	
<i>R.E.Subsidy</i>	14.00	0.00	0.00	10.37		10.37	(3.63)	
<i>Ammortization</i>		0.02	0.45	6.72		7.19	7.19	
<i>Add:Reduction of Penalty due to Supreme Court Effect</i>						49.95	49.95	
<b>Net Aggregate Revenue Requirement</b>	<b>661.31</b>	<b>291.27</b>	<b>85.04</b>	<b>601.70</b>	<b>11.56</b>	<b>1039.52</b>	378.21	
Revenue from Sale of Power	682.45	-	-	446.50	0.00	446.50	(235.96)	
Less: Prior Period adjustment of Revenue Billed for FY 2008-09 and FY 2009-10						77.67		
<b>Net Surplus/ (Deficit)</b>	<b>21.14</b>	<b>(291.27)</b>	<b>(85.04)</b>	<b>(155.20)</b>	<b>(11.56)</b>	<b>(670.70)</b>		