



मेघालय MEGHALAYA

BEFORE THE HON'BLE MEGHALAYA STATE ELECTRICITY REGULATORY
COMMISSION, SHILLONG.

01AA 894811

FILE/PETITION NO.

IN THE MATTER OF:

TRUING UP OF THE ANNUAL REVENUE REQUIREMENT FOR THE FINANCIAL
YEAR 2010-11.

AND IN THE MATTER OF

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

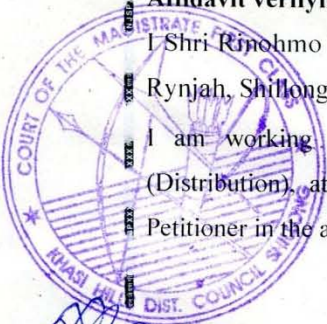
PETITIONER

Affidavit verifying the Petition

I Shri Rinothmo Sungoh, aged 50 years, son of (L) A. Chullet, residing at Pohkseh, PO
Rynjah, Shillong - 793006, do solemnly affirm and say as follows:-

I am working as Superintending Engineer, Re-organization, office of the Director
(Distribution), at Meghalaya Power Distribution Corporation Limited (MePDCL), is the
Petitioner in the above matter and am duly authorized to make this petition.

Continued..



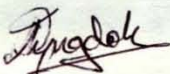
That the statement made in reply to the petition herein annexed and enclosed is based on the information as derived from the records and I believe them to be true.

VERIFICATION


Solemnly affirm at Shillong on this 23rd day of September 2014 that the contents of the above petition are true to my knowledge and no part of it is false and no material has been concealed there from.

In acknowledgement thereof, I swear this affidavit before the Magistrate First Class, Shillong on this 23rd day of September 2014

Identified by:


(Ms. S. LYNLIDOH)




(Rinohmo Sungoh)

Petitioner
Superintending Engineer (RO)
Office of the Director (Distribution)
Meghalaya Power Distribution Corporation Limited
Lum Jingleh, Shillong - 793001


23/9/14
Magistrate First Class
Subordinate District Council Court,
Shillong.

BEFORE
MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION, SHILLONG

PETITION
FOR
TRUE UP OF
AGGREGATE REVENUE REQUIREMENT (ARR)
FOR FY 2010-11

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

TRUING-UP OF THE AGGREGATE REVENUE REQUIREMENT (ARR) FOR THE YEAR 2010-11

AND IN THE MATTER OF

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

PETITIONER

The Petitioner respectfully submits as under:

1. With effect from 21st January 1975, the power supply Industry in Meghalaya had been under the control of the erstwhile Meghalaya State Electricity Board (MeSEB). On 31st March 2010, the Government of Meghalaya issued a Notification "The Meghalaya Power Sector Reforms Transfer Scheme 2010" thereby giving effect to the transfer of assets, properties, rights, liabilities, obligations, proceedings and personnel of the erstwhile MeSEB to, 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 Government of Meghalaya, vide Notification dated 19th May 2011, notified that the transfer scheme of the MeECL be extended for another period of 1 (one) year with effect from 1st April 2011. On 31st March 2012, Government of Meghalaya issued amendment to the above mentioned transfer scheme, to transfer Assets and Liabilities including all rights, obligations and contingencies with effect from 1st April 2012. The Government of Meghalaya issued latest notification on 23rd December 2013 thereby notifying the revised statement of Assets and Liabilities as on 1st April 2010 to be vested in Meghalaya Energy Corporation Limited.
2. The Meghalaya Energy Corporation Limited (MeECL) is functioning as a Holding Company and the other utilities, namely, Meghalaya Power Distribution Corporation Limited (MePDCL), the Meghalaya Power Generation Corporation Limited (MePGCL) and the Meghalaya Power Transmission Corporation Limited (MePTCL) have commenced commercial operation as independent entities from 1st April 2013 onwards.

3. 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.
4. Based on the Audited Statement of Accounts the True-up for FY 2010-11 is proposed.

1 Provisions of Law

- 1.1 The Hon'ble Commission has notified the Meghalaya State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2011 on 10th 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 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.

- 1.2 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. Accordingly, this petition is submitted based on provisions of the Tariff Regulations, 2011 and on the basis of actual Audited Accounts.
- 1.3 It is submitted that this Petition for True up for FY 2010-11 is hereby filed, based on Audited Annual Accounts of MeECL and pursuant to the Tariff Order dated 23rd August 2010 passed by Hon'ble Commission which is enclosed as Annexure I.

- 1.4 It is further submitted that, M/s A S Biswas & Company, A chartered Accountancy firm has been appointed as Statutory Auditor of Meghalaya Energy Corporation Limited for the FY 2010-11 by Comptroller & Auditor General of India (CAG). M/s A S Biswas & Company have Audited the Annual Accounts of Meghalaya Energy Corporation Limited as on 31st March 2011 under the Companies Act, 1956 and the audited statement of accounts is enclosed as Annexure II.

2 Truing Up for FY 2010-11

MeECL had filed ARR petition for FY 2010-11 on 16th Feb, 2010. Hon'ble Commission had passed Tariff Order on 23rd August 2010 after considering projections of MeECL. With effect from 1st April 2012, restructuring has been notified by Government of Meghalaya and pursuant to said notification MePDCL has been incorporated to undertake business of Distribution License. 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 petition, a comparison of figures approved by Hon'ble Commission and figures based on audited accounts are shown under relevant sections discussed herewith.

2.1 Category wise Sales and Revenue

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

Table 1: Comparison of Energy Sales and Revenue

Particular	Approved		Audited	
	Sales (MUs)	Revenue (Rs. Crs)	Sales (MUs)	Revenue (Rs. Crs)
FY 2010-11	1,101.10	420.22	1,105.31	380.90

It is submitted that the Tariff order dated 23rd August 2010 was applicable for 7 (Seven) months of FY 2010-11 i.e. from September'2010 to March'2011 but the computation for approved revenue of Rs. 420.22 Cr was done considering revenue recovery at revised tariff for whole FY 2010-11. For the period of April'10-August'10, the revenue was billed at a lower tariff as per the preceding tariff order of FY2009-10. Therefore, the effective average tariff applicable during FY2010-11 was lower than the average tariff approved by the Hon'ble Commission. Thus, there is a shortfall in billed revenue (Rs. 380.90 Cr) as reflected in audited statement of accounts and shown in table above.

It is submitted before the Hon'ble Commission to kindly approve 1105.31 MU as energy sale and Rs. 380.90 Cr as revenue from sale of power.

2.2 Power Purchase Cost

2.2.1 It is submitted that in FY 2010-11, MeECL had procured power from State owned generating stations as well as NEEPCO, NHPC, NTPC, IPPs, Traders, and other sources. A comparison of power purchase cost as per the Audited Accounts and approved Power Purchase Cost as per the Tariff Order for FY 2010-11 is shown in the following table.

Table 2: Power Purchase Cost for FY 2010-11

Source	Energy (MU)		Cost (Rs Cr)	
	Approved	Actual	Approved	Actual
Own Generation	534	507.50	NA	0.24
Central Share (NEEPCO+ NTPC+NHPC)	896	953.79	185.13	215.74
Short Term	80	175.36	12.65	31.25
Inter State Transmission Cost	NA	NA	40.99	56.64
Total	1,510.00	1,636.65	238.77	303.88

2.2.2 It is submitted that the Power Purchase Cost has increased due to increase in cost of power purchased from the long term sources, increase in procurement of short term power resulting from lean hydro season and increase in inter-state transmission cost. It is submitted that MeECL purchased power from Central Generating Stations, generation costs of which are determined by CERC. Therefore, as per PPAs entered with CGS, MeECL have to pay power purchase cost based on generation tariff determined by CERC and which is uncontrollable in nature. For FY 2010-11, 52% of the total power purchased was hydro power and due to lean hydro season MeECL had to rely on short term sources for meeting its requirement. It is further submitted that while passing tariff order for FY 2010-11, Hon'ble Commission had considered procurement of 976 MUs of energy from inter-state sources, whereas the actual energy transmitted were 1128MUs resulting in increase in Inter State Transmission Cost. 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 303.88 Cr** while truing-up.

2.3 Operation and Maintenance Expenses (O&M Expenses)

2.3.1 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.

2.3.2 Repairs and Maintenance Expenses (R & M expenses)

R & M Expenses are required for power stations and network assets such as Transmission & Distributions lines, sub-stations, distribution transformers, LT lines etc. R & M expenses are dependent on various factors such as age of assets, geography of state, load served etc. Most of the power stations, lines and substations of MeECL are aged and thus demand more frequent Repairs and Maintenance. Except for Stage I power station, which was renovated in 2001-02, age of power stations is between 25 to 50 years. Therefore these power stations require more expenses to maintain the scheduled generation. In addition to this, Meghalaya, being a state with hilly terrain, demands comparatively more expenses in maintaining the transmission and distributions network. 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 2010-11 vis-à-vis the expenses approved by the Hon'ble Commission has been given in the table below:

Table 3: R&M expenses for FY 2010-11 (Rs Cr)

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 are genuine and legitimate expenditure which may kindly be approved as per Audited Statement of Accounts.

2.3.3 Employee Expenses

- 2.3.3.1 The summary of the comparison of the actual Employee Expenses for FY 2010-11 vis-à-vis the expenses approved by the Hon'ble Commission has been given in the table below:

Table 4: Employee Expenses for FY 2010-11 (Rs Crs)

Particulars	FY 2010-11 (Approved)	FY 2010-11 (Audited)	Deviation
Employee Expenses	122.13	156.30	34.17

- 2.3.3.2 It is submitted that MeECL had projected the Employee Expenses after considering proposed pay revision due during the year. However, the Hon'ble Commission, while passing Tariff Order for FY 2010-11, had stated that revenue expenditure for meeting employees cost has to be based on duly notified and authorized pay scale and no increase in pay scales can be provided for unless duly notified by competent authority. It is submitted that major reasons for increase in employee expenses are provision for liabilities towards terminal benefits and lumpsum arrear payment arising out of revision of pay scale.
- As a corporate entity MeECL has to make provision for meeting its liabilities towards terminal benefits. Therefore MeECL has made a provision of Rs. 21 Cr for meeting employee's future terminal liabilities.
 - Due to revision of pay, MeECL vide order no MeECL/PB/46/2010/66 dated 9th December, 2010, had to make Lump sum Arrear payments of Rs 4.4 Cr during FY 2010-11.
- 2.3.3.3 It is submitted that as the deviation in Employee Expenses is mainly due to revision of pay, lump sum payment of arrears to employees and provision for Terminal benefits which are genuine and uncontrollable in nature, the Hon'ble Commission is requested to approve the Employee Expenses as per Audited Statement of Accounts.

2.3.4 Administration and General Expenses (A & G Expenses)

- 2.3.4.1 The summary of the comparison of the actual A&G Expenses for FY 2010-11 vis-à-vis the expenses approved by the Hon'ble Commission has been given in the Table below:

Table 5: A&G Expenses for FY 2010-11 (Rs Crs)

Particulars	FY 2010-11 (Approved)	FY 2010-11 (Audited)	Deviation
Administration & General Expenses	9.58	11.75	2.17

- 2.3.4.2 It is pertinent to submit here that while approving the ARR, the Hon'ble Commission had considered an increase of 9.99% over the provisional A & G Expense of Rs 9.58 Cr for FY 2009-10. However if the actual inflation rate of 10.45% (Consumer Price Index) for FY 2010-11 is applied on the actual A & G expense of Rs 10.01 Cr for FY 2009-10, the A & G expense for FY 2010-11 would be Rs 11.1 Cr. When the approved A & G Expense of Rs. 11.75 Cr is compared with this projection of Rs. 11.1 Cr, the deviation comes out to be only Rs. 0.65 Cr. Moreover the A & G Expenses do not depend only on the inflation rate, but also on expansion of business, types of trainings conducted, travel and conveyance of employees etc. Therefore it is submitted that A&G Expenses are genuine and uncontrollable expenditure and hence may kindly be approved as per Audited Statement of Accounts.

2.4 Depreciation

- 2.4.1 Following table shows the comparison of the actual Depreciation for FY 2010-11 vis-à-vis the Depreciation approved by the Hon'ble Commission.

Table 6: Depreciation for FY 2010-11 (Rs Crs)

Particulars	FY 2010-11 (Approved)	FY 2010-11 (Audited)	Deviation
Depreciation	17.08	27.02	9.94

- 2.4.2 It is submitted that while proposing ARR, MeECL calculates depreciation as per provisions of applicable Tariff Regulations. MeECL had proposed a Depreciation of Rs. 17.08 Cr which was calculated considering old rates of Depreciation. However, while finalizing Annual Accounts which are now audited, the Depreciation rates notified by CERC in Tariff Regulations for 2009-14 were considered. Therefore, due to change in rates, Depreciation has increased, which is beyond control of MeECL.
- 2.4.3 Therefore, the Hon'ble Commission is requested to kindly approve the entire amount of Depreciation as per Audited Statement of Accounts.

2.5 Interest and Financial Charges

- 2.5.1 The Interest charges on account of long-term loans depend on the outstanding loans and prevailing interest rates. Further, the projection of capital expenditure and the funding pattern for the same also has a major bearing on the projection of long-term interest expenditure.
- 2.5.2 It is submitted that the actual Interest & Finance Charges also include Rs. 0.62 Crs of Interest on State Govt. Loan. Hence, the claimed Interest and Finance Charges of Rs. 100.13 Cr exclude the Interest on State Government Loan. The following table shows the summary of the comparison of the actual Interest and Finance Charges for FY 2010-11 vis-à-vis the Interest and Finance Charges approved by the Hon'ble Commission.

Table 7: Interest and Finance Charges for FY 2010-11

Particulars	FY 2010-11 (Approved)	FY 2010-11 (Audited)	Deviation
Interest & Finance Charges	84.30	100.13	15.83

- 2.5.3 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 as per Audited Accounts.

2.6 Expenses Capitalized

- 2.6.1 A summary of the comparison of the actual Expenses Capitalized for FY 2010-11 vis-à-vis the expense capitalization approved by the Hon'ble Commission has been given in the table below:

Table 8: Expenses Capitalised for FY 2010-11 (Rs Crs)

Particulars	FY 2010-11 (Approved)	FY 2010-11 (Audited)	Deviation
Interest & Finance Charges Capitalised	66.21	71.11	4.90
Employee Expenses Capitalised	10.24	9.49	(0.75)
Administration & General Expenses Capitalised	-	2.52	2.52
Total Expenses Capitalised	76.45	83.12	6.67

2.6.2 It is submitted that the Hon'ble Commission may kindly approve the entire Expenses Capitalized as per Audited Accounts.

2.7 Other Debits (including provision for Bad Debts)

2.7.1 A summary of the comparison of the actual Other Debits (including provision for Bad Debts) for FY 2010-11 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 9: Other Debits (including provision for Bad Debts) for FY 2010-11 (Rs Crs)

Particulars	FY 2010-11 (Approved)	FY 2010-11 (Audited)	Deviation
Other Debits (including provision for Bad Debts)	10.00	41.19	31.19

2.7.2 It is submitted that the main reason behind increase in other debits is booking of Rs. 37.4 Cr of loss due to Foreign Exchange rate variation pertaining to JBIC and OECF loan. The detailed calculation is shown below:

Table 10: Computation of Loss due to Foreign Exchange rate variation

Sl No	Particulars	Figure as on March 31, 2011		Loss Incurred
		As Per the exchange rate prevailing at the time of transactions (2.5Yen/Rs)	As Per the exchange rate prevailing at the year end (1.85 Yen/Rs)	
1	OECF Loan (Japanese)	72.64	98.16	(25.52)
2	JBIC Loan (Japanese)	14.68	19.83	(5.16)
3	Interest accrued (O/s) on OECF Loan	18.42	24.89	(6.47)
4	Interest accrued (O/s) on JBIC Loan	0.80	1.09	(0.28)
	Total			(37.43)

Other debits also include Rs 2.53 Cr of Bad debts written off, Rs 1.2 Cr of infructuous capital expenditure written off and Rs 0.26 Cr of compensation relating to injuries and death etc. As all the expenses under other debits are uncontrollable in nature, it is submitted before the Hon'ble Commission to kindly approve the same as per Audited Statement of Accounts.

2.8 Income Tax

2.8.1 It is submitted that a summary of the comparison of the income tax as per Audited Accounts of erstwhile MeECL for FY 2010-11 vis-à-vis the income tax approved by the Hon'ble Commission has been given in the table below:

Table 11: Income Tax for FY 2010-11 (Rs Crs)

Particulars	FY 2010-11 (Approved)	FY 2010-11 (Audited)	Deviation
Income Tax	4.94	-	(4.94)

2.9 Prior Period Expense

2.9.1 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 2010-11.

Table 12: Net prior period Expense for FY 2010-11 (Rs Crs)

Particulars	FY 2010-11 (Audited)
Income relating to Previous Year	
Receipt from Consumers relating to prior period	0.06
Other excess provision relating to prior period	0.28
Other income relating to prior period	0.24
Total prior period income	0.58
Purchase of Power relating to prior period	1.28
Employee costs relating to prior period	2.91
Depreciation under provided in prior period	0.13
Interest & Other Finance charges relating to prior period	6.39
Administrative expenses relating to prior period	0.00
Other expenses relating to prior period	2.60
Total prior period expenses	13.30
Net prior period Expense	12.73

2.9.2 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.

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

- 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 2010-11

- Power Purchase Cost: Power purchase expense towards PTCIL and PGCIL was booked lower in earlier years, therefore the same is booked as prior-period expense in FY 2010-11
- Interest and Other Finance Charges: The Interest accrued and due on OECF, JBIC and CBI loans were booked lower in earlier years, therefore the same is booked as prior-period expense in FY 2010-11

2.9.4 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.

2.10 Return on Equity

2.10.1 It is submitted that the return on equity is computed based on Equity of Rs. 903.5 Cr as per Audited Statement of Accounts. The details computation is shown below:

Table 13: Return on Equity

Particulars	FY 2010-11 (Approved)	FY 2010-11 (Audited)
Equity (Rs Cr)	202.00	903.53
Rate of Return (%)	14%	14%
Return on Equity (Rs Cr)	28.28	126.49

It is submitted before the Hon'ble Commission to kindly approve Return on Equity of Rs. 126.49 Cr as per the Audited Statement of Account.

2.11 Aggregate Technical & Commercial (AT & C) Losses.

It is submitted that the AT&C loss for FY 2010-11 is 29.99 %, as shown in Table below:

Table 14: AT&C Losses for FY 2010-11

Sl No.	Particulars	Calculation	2010-11
1	Generation (own as well as any other connected generation net after deducting auxiliary consumption) within area of supply of MeECL	A	507.50
2	Input energy (Power purchased) of MeSEB	B	967.29
4	Total energy available for sale (within the licensed area to the consumers of the MeECL)	D=A+B	1474.79
7	Total energy billed (inside the state)	G	984.17
8	Amount billed to consumers (within the licensed area of MeECL)	H	366.39
9	Amount realized by the MeECL out of the amount billed at H	I	
	Revenue from sale of power		371.78
	RE subsidy		12.63
	Power purchased subsidy		0.00
	Total		386.78

10	Collection Efficiency (%)	$J=(I/H) \times 100$	104.92
11	Energy realized	$K=J \times G$	1032.57
12	T&D Loss (%)	$L=\{(D-G)/D\} \times 100$	33.27
13	AT&C Loss (%)	$M=\{(D-K)/D\} \times 100$	29.99

2.12 Other Income

2.12.1 It is submitted that as per the Audited Accounts 2010-11, other income was Rs 80.05 Crs. However, as per the Hon'ble Supreme Court's Order dated 28.08.2012, bills of industrial HT & EHT consumers were revised from Oct'2008 onwards, which has lead to change 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 the Delayed Payment Surcharge has reduced by Rs 26.45, from Rs 80.05 Crs to Rs 53.60 Crs. Therefore, MePDCL humbly prays before the Hon'ble Commission to kindly approve Other Income of Rs 53.60 Crs for FY 2010-11.

2.12.2 It is submitted for FY 2010-11 the RE Subsidy actually received was Rs. 12.63 Crs as against approved RE Subsidy of Rs. 14 Crs.

Table 15: Other Income & RE Subsidy Details for FY 2010-11

Particulars	FY 2010-11 (Approved)	FY 2010-11 (Audited)	Deviation
Other Income	24.94	53.60	28.66
R.E.Subsidy	14.00	12.63	(1.37)
Total	38.94	66.23	27.29

2.13 Aggregate Revenue Requirement and Revenue Gap/Surplus for FY 2010-11

The table below summarizes the Aggregate Revenue Requirement and Revenue Gap/Surplus for FY 2010-11.

Table 16: Aggregate Revenue requirement and Revenue Gap/Surplus for FY 2010-11

Particulars	FY 2010-11		
	Approved by MSERC	MeECL (Actual)	Deviation
Power Purchase Cost including Transmission Charges	238.77	303.88	65.11
Repair & Maintenance Expenses	19.51	22.79	3.28
Employee Expenses	122.13	156.30	34.17
Administration & General Expenses	9.58	11.75	2.17
Depreciation	17.08	27.02	9.94
Interest & Finance Charges	84.30	100.13	15.83
Other Debits (Incl Provisions for Bad Debts)	10.00	41.19	31.19
Income Tax	4.94	-	(4.94)
Prior Period Charges /(Credits)	-	12.73	12.73
Revenue Expenditure	506.31	675.78	169.47
Less: Expenses Capitalised			
Interest & Finance Charges Capitalised	66.21	71.11	4.90
Employee Expenses Capitalised	10.24	9.49	(0.75)
Administration & General Expenses Capitalised	-	2.52	2.52
Net Revenue Expenditure	429.86	592.66	162.80
Return on Equity Capital	28.28	126.49	98.21
Aggregate Revenue Requirement	458.14	719.16	261.02
Less: Non Tariff Income			
Other Income	24.94	53.60	28.66
R.E.Subsidy	14.00	12.63	(1.37)
Others (Amortization)	-	5.29	5.29
Net Aggregate Revenue Requirement	419.20	647.64	228.44
Revenue from Sale of Power	420.22	380.90	(39.32)
Net Surplus/ (Deficit)	1.02	(266.74)	

Prayer

In view of facts, circumstances and submissions made in this petition, the Petitioner prays that this Hon'ble Commission may be pleased to consider the submissions made in this petition and :

- (a) True-up the Net ARR to Rs. 647.64 Cr from the approved Net ARR of Rs. 419.20 Cr in the Tariff Order.
- (b) Allow the deficit of Rs. 266.74 Cr for FY 2010-11 to be recovered during FY 2015-16.
- (c) Pass such order disposing the petition seeking review of FY 2007-08 True-Up Order filed vide Letter No. MeECL/SE (RA)/23/Pt-II/7 dated 08/04/11 and pass on the revenue deficit in the ARR of FY 2015-16.
- (d) Pass such order disposing the petition seeking review of FY 2008-09 True-up Order filed vide Letter No. DD/T-444/2013-14/29 dated 15/05/13 and pass on the revenue deficit in the ARR of FY 2015-16.
- (e) Pass such order disposing FY 2009-10 True-Up petition filed vide Letter No. DD/T-444/2013-14/29 dated 15/05/13 and pass on the revenue deficit in the ARR of FY 2015-16.
- (f) Pass such orders, as Hon'ble Commission may deem fit and proper and necessary in view of the facts and circumstances of the case.
- (g) Condone any inadvertent omissions, errors & shortcomings and permit the applicant to add/change/modify/alter this filing and make further submissions as required.

Petitioner

R Sungoh

Superintending Engineer (R-O)

For & on behalf of Meghalaya Power Distribution Corporation Limited