



**MEGHALAYA POWER DISTRIBUTION CORPORATION
LIMITED**

**OFFICE OF THE DIRECTOR (DISTRIBUTION)
LUM JINGSHAI, SHORT ROUND ROAD, SHILLONG – 793 001.**

CIN : U40101ML2009SGC008374

☎: (0364) 2590289

email:dd.mepdcl@gmail.com

No. MePDCL/D(D)/T-444/Pt- VI/2016-17/4

Dated, Shillong the , 8th Feb, 2017.

To

The Secretary
Meghalaya State Electricity Regulatory Commission
Lower Lachumiere
Shillong – 793001

Subject: Additional information on the petition for True up of FY 2014-15, provisional true up of FY 2015-16, Mid-Term Review of the 1st MYT Control Period and Determination of Tariff for FY 2017-18

Dear Sir,

Most respectfully, on the behalf of Meghalaya Power Distribution Corporation Limited (MePDCL), I have the honor to submit that the “Petition for True up of FY 2014-15, provisional true up of FY 2015-16, Mid-Term Review of the 1st MYT Control Period and Determination of Tariff for FY 2017-18” for MePDCL has been filed vide Letter. No.: MePDCL/DD/T-444(Pt-V)/42 dated 16.01.2017.

However, now, we wish to present additional information which were inadvertently erred/omitted from the petition as follows:

1. True Up of FY 2014-15

While computing the Revenue Gap to be passed on to the consumers, there has been an error in the consideration of gains from Employee expenses and R&M expenses. Therefore, the corrected figures would be as per the table below.

Furthermore, the subsidy amount of Rs. 110.16 Crore was shown only as RE Subsidy and the breakup of the subsidy received has been provided in the table below.

**Table 1: Aggregate Revenue requirement and Revenue Gap / (Surplus) for FY 2014-15
(INR Crore)**

| Particulars | MSERC Approved vide TO dated 12.04.2014 | MePD CL Actuals | Loss/ (Gain) | Gain to be retained by MePD CL | Deposit in Contingency Reserve | Net Loss/ (Gain) to be passed on to consumers |
|---|---|-----------------|---------------|--------------------------------|--------------------------------|---|
| Power Purchase Cost | 554.50 | 578.02 | 23.52 | - | - | 23.52 |
| Cost to meet RPO Obligations | 3.86 | - | (3.86) | - | - | (3.86) |
| Transmission Charges (PGCIL) | 61.82 | 64.78 | 2.96 | - | - | 2.96 |
| Transmission Charges (MePTCL) | 72.79 | 72.72 | (0.07) | - | - | (0.07) |
| Employee Expenses | 111.00 | 108.15 | (2.85) | 1.00 | 0.85 | (1.00) |
| Repair & Maintenance Expenses | 8.41 | 6.18 | (2.23) | 0.78 | 0.67 | (0.78) |
| Administration & General Expenses | 7.62 | 10.60 | 2.98 | - | - | 2.98 |
| Depreciation | 4.37 | 10.19 | 5.82 | - | - | 5.82 |
| Interest on Loan | 12.40 | 26.03 | 13.63 | - | - | 13.63 |
| Interest on Working Capital | 23.03 | 24.26 | 1.23 | - | - | 3.52 |
| Other Debits (Incl Provisions for Bad Debts) | 0.15 | (1.05) | (1.20) | - | - | (1.20) |
| Prior Period Charges /(Credits) | - | 67.71 | 67.71 | - | - | 67.71 |
| Income Tax | - | - | - | - | - | - |
| Net Revenue Expenditure | 859.95 | 967.59 | 107.64 | | | |
| Add: Return on Equity Capital | 9.43 | 111.13 | 101.70 | - | - | 101.70 |
| Aggregate Revenue Requirement | 869.38 | 1,078.72 | 209.34 | | | |
| <i>Less: Non-Tariff Income</i> | 40.00 | 74.10 | (28.33) | 9.92 | 8.50 | - |
| <i>Less: Cross subsidy surcharge</i> | 5.77 | | | | | |
| <i>R.E. Subsidy</i> | 20.00 | 19.43 | 0.57 | | | 0.57 |
| <i>Subsidy for Payment of Power Purchase dues</i> | | 90.00 | (90.00) | | | (90.00) |
| <i>Subsidies against loss on account of flood, fire cyclone etc</i> | | 0.73 | (0.73) | | | (0.73) |
| <i>Revenue from sale of power outside state</i> | 184.74 | 52.76 | 131.98 | | | 131.98 |
| Revenue from Sale of Power within state | 619.63 | 498.09 | 121.54 | - | - | 121.54 |
| Net Gap / (Surplus) | (0.76) | 343.61 | 346.66 | 11.69 | 10.02 | 378.29 |

Based on the above, the Net Gap from true up of FY 2014-15 to be recovered through tariff of FY 2017-18 stands as follows:

Table 2: Gap from True up of FY 2014-15 to be passed on to ARR of FY 2017-18 (INR Crore)

| Particulars | Amount |
|--|---------------|
| Gap for FY 2014-15 after final True Up | 378.29 |
| Gap for FY 2014-15 approved in Provisional True Up | 16.29 |
| Balance Gap / (Surplus) | 362.00 |

I humbly pray before the Honorable Commission to kindly condone the error and allow replacing **Table 23 & 24** of the Petition with the ones submitted above.

2. Projected Employee Expense of FY 2017-18

The Board of Directors of MePDCL has planned to regularize 772 nos. of Jugalis who are involved in various repair and maintenance activities. The appointment is planned in August 2017 and would involve a financial implication of Rs. 77.73 Lakh per month. This was erroneously omitted while projecting the employee expense for FY 2017-18. Thus, after considering the same, the figures submitted as projected employee expenses in FY 2017-18 would increase by an amount of Rs. 0.78 Crore per month and the revised figures are as follows:

Table 3: Employee Expenses (projected) for FY 2017-18 (in INR Crore)

| | FY 2015-16 (Actuals) | FY 2016-17 (Estimated) | FY 2017-18 (Projected) |
|-------------------|-------------------------|---------------------------|---------------------------|
| Employee Expenses | 124.18 | 136.78 | 174.62 |

I humbly pray before the Honorable Commission to kindly condone the omission and allow replacing **Table 33** of the Petition with the one submitted above.

3. Projected Depreciation for FY 2017-18

While computing the estimated depreciation for FY 2016-17 in order to arrive at projected depreciation for FY 2017-18, the petitioner erroneously considered the opening GFA of FY 2015-16 as the opening GFA of FY 2016-17. The corrected figures are submitted as follows:

Table 4: Depreciation (Estimated) in FY 2016-17 (in INR Crore)

| | Particulars | Opening GFA | Addition | Withdrawn | Closing GFA | Rate of Dep | Depreciation |
|---|-------------------|-------------|----------|-----------|-------------|-------------|--------------|
| 1 | Land | 2.23 | 0.22 | | 2.44 | 0.00% | 0.00 |
| 2 | Buildings | 7.91 | 0.77 | | 8.68 | 3.34% | 0.25 |
| 3 | Hydraulic works | 0.01 | 0.00 | | 0.01 | 5.28% | 0.00 |
| 4 | Other Civil works | 3.84 | 0.37 | | 4.22 | 3.34% | 0.12 |
| 5 | Plant & Machinery | 38.64 | 3.76 | | 42.39 | 5.81% | 2.12 |
| 6 | Lines & Cables | 290.55 | 28.25 | | 318.80 | 5.28% | 14.48 |
| 7 | Vehicles | 3.09 | 0.30 | | 3.39 | 9.50% | 0.28 |
| 8 | Furniture | 1.61 | 0.16 | | 1.77 | 6.33% | 0.10 |

| | Particulars | Opening GFA | Addition | Withdrawn | Closing GFA | Rate of Dep | Depreciation |
|---|--|---------------|--------------|-------------|---------------|-------------|--------------|
| 9 | Office equipment | 2.56 | 0.25 | | 2.81 | 6.33% | 0.15 |
| | Less: Amortization of Assets Created out of Grants | | | | | | 4.73 |
| | TOTAL: | 350.44 | 34.07 | 0.00 | 384.51 | | 12.76 |

Table 5: Depreciation (Projected) for FY 2017-18 (in INR Crore)

| | Particulars | Opening GFA | Addition | Withdrawn | Closing GFA | Rate of Dep | Depreciation |
|---|--|---------------|--------------|-------------|---------------|-------------|--------------|
| 1 | Land | 2.44 | 0.24 | | 2.68 | 0.00% | 0.00 |
| 2 | Buildings | 8.68 | 0.85 | | 9.53 | 3.34% | 0.27 |
| 3 | Hydraulic works | 0.01 | 0.00 | | 0.02 | 5.28% | 0.00 |
| 4 | Other Civil works | 4.22 | 0.41 | | 4.63 | 3.34% | 0.13 |
| 5 | Plant & Machinery | 42.39 | 4.17 | | 46.56 | 5.81% | 2.32 |
| 6 | Lines & Cables | 318.80 | 31.34 | | 350.14 | 5.28% | 15.89 |
| 7 | Vehicles | 3.39 | 0.33 | | 3.72 | 9.50% | 0.30 |
| 8 | Furniture | 1.77 | 0.17 | | 1.94 | 6.33% | 0.11 |
| 9 | Office equipment | 2.81 | 0.28 | | 3.08 | 6.33% | 0.17 |
| | Less: Amortization of Assets Created out of Grants | | | | | | 4.73 |
| | TOTAL: | 384.51 | 37.80 | 0.00 | 422.31 | | 14.47 |

I humbly pray before the Honorable Commission to kindly condone the error and allow replacing **Table 37 & 38** of the Petition with the ones submitted above.

4. Annual Revenue Requirement (ARR) for FY 2017-18

Based on the above submissions, the revised ARR for FY 2017-18 is as follows:

Table 6: Annual Revenue Requirement (ARR) for the Control Period 2015-18 (in INR Crore)

| Particulars | 2015-16 (Actuals) | 2016-17 (Estimated) | 2017-18 (Projected) |
|-----------------------------------|-------------------|---------------------|---------------------|
| Power Purchase Cost | 613.92 | 745.92 | 1,203.16 |
| Transmission Charges (PGCIL) | 88.61 | 92.81 | 97.45 |
| Transmission Charges (MePTCL) | 170.34 | 181.08 | 219.51 |
| Employee Expenses | 124.18 | 136.78 | 174.62 |
| Repair & Maintenance Expenses | 3.67 | 3.86 | 4.05 |
| Administration & General Expenses | 8.10 | 8.50 | 8.93 |
| Depreciation | 10.30 | 12.76 | 14.47 |

| Particulars | 2015-16 (Actuals) | 2016-17 (Estimated) | 2017-18 (Projected) |
|---|------------------------------|--------------------------------|--------------------------------|
| Interest on Loan | 12.69 | 19.43 | 13.08 |
| Interest on Working Capital | 23.31 | 29.26 | 40.69 |
| Other Debits (Incl Provisions for Bad Debts) | (5.21) | - | - |
| Prior Period Charges /(Credits) | 1.02 | - | - |
| Income Tax | - | - | - |
| Return on Equity | 112.81 | 114.58 | 115.70 |
| Gross Annual Revenue Requirement (ARR) | 1,163.74 | 1,345.00 | 1,891.66 |
| Less: Non-Tariff Income | 85.07 | 85.07 | 85.07 |
| Less: R.E. Subsidy | 14.53 | 21.07 | 23.18 |
| Less: Subsidy against Power Purchase | 6.33 | - | - |
| Less: R.E. Subsidy Against Loss On Account Of Flood, Fire Cyclone Etc | 2.35 | - | - |
| Less: Revenue Grant for Other Expenditure | 0.51 | - | - |
| Less: Sale of Surplus Power | 106.11 | 120.40 | 211.72 |
| Net ARR | 948.84 | 1,118.46 | 1,571.70 |

I humbly pray before the Honorable Commission to kindly consider the above submissions and allow replacing **Table 44** of the Petition with the one submitted above.

5. Total Gap to be Recovered through Tariff of FY 2017-18

Based on the above submissions, the total gap to be recovered from the Tariff of FY 2017-18 now comes up to as shown below:

Table 7: Total Revenue requirement in FY 2017-18 (in INR Crore)

| Sl. No. | Particulars | Amount |
|----------------|---|-----------------|
| 1 | Revised ARR of FY 2017-18 | 1,571.70 |
| 2 | Add: Gap from True up of FY 2014-15 of MePDCL | 362.00 |
| 3 | Add: Gap from provisional True up of FY 2015-16 of MePDCL | 314.84 |
| 4 | Add: Gap from True up of FY 2014-15 of MePTCL | 60.50 |
| 5 | Add: Gap from provisional True up of FY 2015-16 of MePTCL | 89.00 |
| 6 | Add: Gap from True up of FY 2014-15 of MePGCL | 29.51 |
| 7 | Add: Gap from provisional True up of FY 2015-16 of MePGCL | 114.50 |
| 8 | Total Revenue Requirement for FY 2017-18 | 2,542.05 |

I humbly pray before the Honorable Commission to kindly consider the above submissions and allow replacing **Table 45** of the Petition with the one submitted above.

6. Revenue from Revised Tariff and Proposed Regulatory Asset

Thus, with the revised Revenue Requirement as computed above and the proposed tariff hike of 25%, the revenue from revised tariff and amount proposed to be considered as regulatory asset will be as shown below:

Table 8: Revenue Gap in FY 2017-18 with 25% tariff hike (in INR Crore)

| Particulars | Amount |
|---|-----------------|
| Total Revenue Requirement in FY 2017-18 | 2,542.05 |
| Less: Projected Revenue with 25% Tariff Hike | 801.50 |
| Projected Revenue Gap for FY 2017-18 (to be treated as Regulatory Asset) | 1,740.55 |

I humbly pray before the Honorable Commission to kindly consider the above submissions and allow replacing **Table 49** of the Petition with the one submitted above.

Based on the above submissions and revised calculations, the gap proposed to be kept as regulatory asset now stands at Rs. 1740.55 Crore against Rs. 1,747.89 Crore as submitted earlier.

On behalf of MePDCL, I humbly request the Honorable Commission to kindly condone the inadvertent errors/omissions and accept the submissions made above and pass orders as it may deem fit based on the facts and circumstances of the case.

Yours faithfully

(M. Shylla)
Superintending Engineer (Re-Organisation),
For and on behalf of
Meghalaya Power Distribution Corporation Ltd