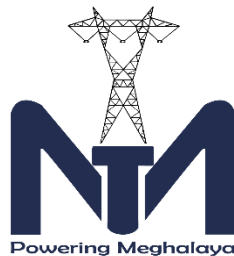


BEFORE
MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION
SHILLONG

PETITION
FOR
TRUE UP OF FY 2016-17

FILED BY



MEGHALAYA POWER TRANSMISSION CORPORATION LIMITED
LumJingshai, Short Round Road, Shillong - 793 001

BEFORE THE HONORABLE MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION

At its office at Lower Lachumiere, Shillong – 793001

File/Petition No.: _____

IN THE MATTER OF

TRUING-UP OF TRANSMISSION BUSINESS FOR THE FY 2016-17 AND REVISION OF TARIFF FOR THE FY 2019-20 OF THE MEGHALAYA POWER TRANSMISSION CORPORATION LIMITED (MePTCL) UNDER THE MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION (MULTI YEAR TARIFF) REGULATIONS, 2014 AND UNDER SECTIONS 62 & 64 READ WITH SECTION 86 OF THE ELECTRICITY ACT 2003.

AND IN THE MATTER OF

MEGHALAYA POWER TRANSMISSION CORPORATION LIMITED, LUMJINGSHAI, SHORT ROUND ROAD, 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 31st March 2010 leading to restructuring and unbundling of erstwhile Meghalaya State Electricity Board (MeSEB) into four entities namely
 - a. **Meghalaya Energy Corporation Limited (MeECL)**: the Holding Company;
 - b. **Meghalaya Power Distribution Corporation Limited (MePDCL)**: the Distribution Utility;
 - c. **Meghalaya Power Generation Corporation Limited (MePGCL)**: the Generation Utility;
 - d. **Meghalaya Power Transmission Corporation Limited (MePTCL)**: the Transmission Utility.
2. However, the holding company - MeECL carried out the functions of distribution, generation and transmission utilities from 1st April 2010 onwards, even after restructuring. Therefore, through notification dated 31st 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 1st April 2012.
3. On 23rd December 2013, the Government of Meghalaya has issued the latest transfer scheme notification thereby notifying the Assets and Liabilities as on 1st April 2010 to be vested in MeECL. Subsequently, the Government of Meghalaya has notified the 4th Amendment to the Notified Transfer Scheme dated 31st March 2010 on 29th April 2015, wherein the opening balances of all the four entities namely, MePGCL, MePTCL, MePDCL and MeECL as on 1st April 2012 have been notified.
4. MePTCL has begun segregated commercial operations as an independent entity from 1st April 2013.

5. The audited financial statements of MePTCL are inclusive of SLDC and as such the petitioner had submitted the actual consolidated expenses of MePTCL inclusive of transmission business and SLDC business for true up of FY 2016-17, based on the audited Statement of Accounts. Copy of the Audited Statement of Accounts, Statutory Audit Report and C&AG Report of MePTCL and MeECL for FY 2016-17 are appended as **Annexure-A**, **Annexure B** and **Annexure C** respectively. For SLDC charges, the petitioner has considered the tariff order as approved by the commission for revision of SLDC charges FY 2016-17 dated 31.03.2016.
6. The expenses of the holding company, MeECL is apportioned equally among the generation, transmission and distribution utilities since there MeECL is an administrative setup for all the three subsidiaries and undertakes common corporate functions of the three companies.
7. 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 Part – X (Sections 76 to 109) 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.
8. In exercise of its powers, MSERC had determined the segregated Aggregate Revenue Requirement (ARR) and tariffs of MePTCL for FY 2016-17, in accordance with the MSERC Tariff Regulations, 2014.
9. Now, based on the provisions of Regulation 15 of the Tariff Regulations, 2014, MePTCL files this petition for approving the true-up of FY 2016-17.
10. The Board of Directors of MePTCL have accorded approval for filing of this petition and authorized the undersigned to file the petition accordingly. The copy of the Board’s resolution is hereby enclosed as **Annexure-D**
11. While filing the present True-up petition for Transmission business, MePTCL has, to the best of its ability, endeavored to discharge its obligations and comply with the various applicable legal and regulatory directions and stipulations as per the Meghalaya State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2014.
12. The petitioner (MePTCL), therefore, humbly prays before the Hon’ble Commission to:
 - a. Approve the true-up of expenses and revenue of MePTCL for FY 2016-17 as proposed in this petition, and allow the recovery of the true up gap in the tariff of FY 2019-20.
 - b. 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.
 - c. To condone any inadvertent omissions, errors & shortcomings and permit the applicant to add/change/modify/alter this filing and make further submissions as required.

SASHI BHUSHAN NATH
Superintending Engineer (Elct)-II
O/O DIRECTOR (TRANSMISSION)
MEGHALAYA POWER TRANSMISSION CORPORATION LIMITED

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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 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.”

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 It is further stated that the amendment to regulation 1.4 of the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) regulations, 2014 dated 28 August 2017

“These Regulations shall be applicable for the determination of tariff in all cases covered under these regulations effective from April 1, 2015 and onwards up to 31st March 2018 and also for the next MYT control period beginning from 1st April 2018 to 31st March 2021.”

1.1.3 It is submitted that this Petition True up for FY 2016-17 is hereby filed, based on the information received for FY 2016-17, Audited Statement of Accounts of the utility and tariff Order dated 31st March 2016.

1.1.4 The Hon'ble Commission has notified the Meghalaya State Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2014 on 15th September 2014 which is applicable for determination of tariff effective from 1 April 2015. Regulation 6.2 (c) (i) of the said Regulations specifies that a mid-term review petition must comprise truing up of the previous year i.e. the first year of the control period. Regulation 11 of the said Regulations lays down the general guiding principles for truing up and the provisions of the said Regulations are reproduced below for reference:

“11. Truing-Up

11.1 Where the Aggregate Revenue Requirement and expected revenue from tariff and charges of a Generating Company or Transmission Licensee or Distribution Licensee is covered under a Multi-Year Tariff framework, then such Generating Company or Transmission Licensee or Distribution Licensee, as the case may be, shall be subject to truing up of expenses and revenue during the Control Period in accordance with these Regulations.

11.2 The Generating Company or Transmission Licensee or Distribution Licensee shall file an Application for Truing up of the previous year and determination of tariff for the ensuing year, within the time limit specified in these Regulations:

11.3 Provided that the Generating Company or Transmission Licensee or Distribution Licensee, as the case may be, shall submit to the Commission information in such form as may be prescribed by the Commission, together with the Audited Accounts including audit report by CA&G, extracts of books of account and such other details as the Commission may require to assess the reasons for and extent of any variation in financial performance from the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges:

11.4 Provided further that once the Commission notifies the Regulations for submission of Regulatory Accounts applications for tariff determination and truing up shall be based on the Regulatory Accounts.

11.5 The scope of the truing up shall be a comparison of the performance of the Generating Company or Transmission Licensee or Distribution Licensee with the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges and shall comprise of the following:

- a) a comparison of the audited performance of the applicant for the previous financial year with the approved forecast for such previous financial year, subject to the prudence check including pass-through of impact of uncontrollable factors;*
- b) Review of compliance with directives issued by the Commission from time to time;*
- c) Other relevant details, if any.*

11.6 In respect of the expenses incurred by the Generating Company, Transmission Licensee and Distribution Licensee during the year for controllable and uncontrollable parameters, the Commission shall carry out a detailed review of performance of an applicant vis-a-vis the approved forecast as part of the truing up.

11.7 Upon completion of the truing up under Regulation 11.4 above, the Commission shall attribute any variations or expected variations in performance for variables specified under Regulation 12 below, to factors within the control of the applicant (controllable factors) or to factors beyond the control of the applicant (uncontrollable factors):

Provided that any variations or expected variations in performance, for variables other than those specified under Regulation 12.1 below shall be attributed entirely to controllable factors.

11.8 Upon completion of the Truing Up, the Commission shall pass an order recording:

- a) the approved aggregate gain or loss to the Generating Company or Transmission Licensee or Distribution Licensee on account of controllable factors, and the amount of such gains or such losses that may be shared in accordance with Regulation 14 of these Regulations;*
- b) Components of approved cost pertaining to the uncontrollable factors, which were not recovered during the previous year, shall be pass through as per Regulation 13 of these Regulations;*
- c) Tariff determined for the ensuing year."*

Provided further that a Mid-term Review of the Business Plan may be sought by the Generating Company, Transmission Licensee and Distribution Licensee through an application..."

1.2 Submissions before the Hon'ble Commission

- 1.2.1 MePTCL hereby submits the petition under section 61, 62 of the Electricity Act, 2003, MSERC Terms and MSERC (Multi Year Tariff) Regulations, 2014 for approval of True Up FY 2016-17.

- 1.2.2 M/s Hari Singh & Associates has been appointed as Statutory Auditor of MePTCL, and M/s V. Singhi & Associates has been appointed as Statutory Auditor of MeECL. The firms are chartered Accountancy firms, appointed as Statutory Auditors for the FY 2016-17 by the Comptroller & Auditor General of India (C&AG).

2 True up of Transmission Business for FY 2016-17

2.1 Performance Highlights

- 2.1.1 MePTCL has inherited an ageing network from MeSEB which itself had inherited the network from Assam State Electricity Board (ASEB) in 1975. However, both erstwhile MeSEB and MePTCL have added significant network assets in previous few years in order to sustain the load growth and to provide reliable power transmission corridor to the state of Meghalaya.)
- 2.1.2 The key physical achievements of MePTCL are highlighted below:

Table 1: Voltage wise Transmission Line details

Details	Ckm (2016-17)
400 KV Line	4.43
220 KV Line	226.84
132 KV Line	1225

Table 2: Sub Station Details as on 31.03.2017

Sl. No.	Voltage	Capacity (MVA)	Nos.	Total Capacity (MVA)
1	400/220 kV	2X315	1	630
2	220/132 kV	2X160	1	320
3	220/132 kV	1X100	2	200
4	132/33 kV	1X50	1	50
5	132/33 kV	19X20	19	380
6	132/33 kV	2X12.5	2	25
7	132/33/11 kV	1x10	1	10
8	132/11 kV	2X10	2	20
9	132/33 kV	3X5	3	15
	Total :			1650

- 2.1.3 Apart from capacity building, MePTCL has also put in a lot of efforts in order to improve its system availability thereby ensuring reliable power. The improvement in the system availability in the last two years (for which this petition is being filed) is depicted below:

Table 3: System Availability of MePTCL for FY 2015-16 and FY 2016-17

Details	2015-16	2016-17
System Availability	95.37 %	97.93 %

The licensee would constantly strive to put in efforts to enhance its system for the benefit of all stakeholders.

2.2 Background

- 2.2.1 The power transmission in the state of Meghalaya is carried out by Meghalaya Power Transmission Corporation Limited (MePTCL), a wholly owned subsidiary of Meghalaya Energy Corporation Limited (MeECL). As stated earlier, MeECL was a bundled entity till 30th March 2010 carrying out the functions of generation, transmission and distribution. Thereafter, through “The Meghalaya Power Sector Reforms Transfer Scheme 2010” and its subsequent amendments notified by the Govt. of Meghalaya, the independent unbundled 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 were formed. The individual entities started their independent commercial operations from 1st April 2013.
- 2.2.2 While approving the tariff of FY 2016-17, the Hon’ble Commission had considered the Audited Statement of Accounts of FY 2013-14 and C&AG audit report until 2011-12. Now, since the audited Statement of Accounts for FY 2016-17 are available, and that the true up of FY 2015-16 is completed, MePTCL is claiming the true up of ARR of FY 2016-17 based on the actual figures as per the audited account statements with necessary justifications as required. In addition, the expenses of the holding company, MeECL has been apportioned equally among MePGCL, MePTCL and MePDCL and added to their respective expense heads.

2.3 Return on Equity

- 2.3.1 The Honorable Commission had allowed an amount of Rs. 9.43 crores to MePTCL as Return on Equity for FY 2016-17 based on the opening equity for the year as per ‘The Meghalaya Power Sector Reforms Transfer Scheme 2010’. This was taken as provisional value subject to correction when audited accounts are available.
- 2.3.2 However, the actual closing equity component (paid up capital + equity share pending allotment) as per the audited accounts of MePTCL for FY 2016-17 is Rs. 421.19 (2+ 65.53) crores. Similarly, the opening equity capital as per audited accounts for FY 2016-17 is Rs. 407.30 (221.31+185.99) crores. As such, the average equity capital for FY 2013-14, for calculation of RoE, works out to be Rs. 414.25 crores.
- 2.3.3 It may be noted that, for the first year of operation, the equity component appearing in the balance sheet as per the transfer scheme is to be considered for computation of Return on Equity but now, the equity should be considered based on the actual equity (including share application money pending allotment) reflected in audited statement of accounts. Moreover, the Commission had approved only provisional values subject to correction at the time of audited accounts reflecting the size of equity.

2.3.4 Based on these submissions, the true up of Return on Equity comes up to be as shown below:

Table 4: Return on Equity for FY 2016-17 (in Rs. Cr.)

Particulars	Actuals of MePTCL
Opening Equity (Shareholders Eq. +Pending Allotment)	407.30
Closing Equity (Shareholders Eq. +Pending Allotment)	421.19
Avg. Equity considered for true up	414.25
RoE (%)	14%
Return on Equity (in Rs. Cr.)	57.99
Equity Approved in T.O	9.43
Gap/(Surplus)	48.56

2.3.5 The petitioner prays to the Honorable Commission to kindly allow the gap as per the table above.

2.4 Operation and Maintenance

2.4.1 As per the directives of the Regulation, the Honorable Commission has approved the Operation and Maintenance expenditures under the following heads:

- **Employee Expenses**
- **Repair and Maintenance Expenses**
- **Administrative and General Expenses**

2.4.2 In the absence of audited accounts, the Honorable Commission for passing the Tariff Orders considered only provisional/pre-audited figures of O&M cost heads. Now, since the audited accounts are available, the Petitioner submits before the Honorable Commission, the actual audited figures for trueing up.

Employee Expenses

2.4.3 The Honorable Commission had approved an amount of Rs. 18.80 crores as employee expense of MePTCL for FY 2016-17 vide its Tariff Order.

2.4.4 The actual employee expenses incurred by MePTCL in FY 2016-17 per the audited accounts is Rs. 64.65 crores as shown below. This includes payout towards apportionment for Terminal Benefits amounting to Rs. 21.96 crore and implementation of Revision of Pay (2015) amounting to Rs. 11.20 crore , both which is inevitable in nature.

Table 5: Employee expense for FY 2016-17(in Rs. Cr.)

Particulars	MePTCL	1/3rd of MeECL
Salaries and wages	38.17	1.76
Contributions to provident and other funds	22.25	2.44
Staff Welfare Expenses	0.02	0.00
Employee Expense	60.44	4.21
Total Employee Expense (MePTCL+1/3rd MePTCL)		64.65
Approved in T.O		18.8
Additional Claimed in True Up (Surplus)/Gap		45.85

2.4.5 The petitioner prays to the Honorable Commission to kindly allow pass this gap appropriately.

Repair and Maintenance Expenses

2.4.6 The Honorable Commission had approved an amount of Rs. 4.30 crores as the R&M expense of MePTCL for FY 2016-17 its Tariff Order.

2.4.7 However, the actual R&M expenses incurred by MePTCL in FY 2016-17 as per the audited accounts is Rs. 3.26 crores as shown below.

Table 6: R&M expense for FY 2016-17(in Rs. Cr.)

Particulars	MePTCL	1/3rd of MeECL
Buildings	0.02	0.00
Plant and Equipment	0.48	0.07
Hydraulic works		0.00
Civil Works	0.02	
Lines & Cables	2.52	
Vehicles	0.03	0.02
Furniture and Fixtures	0.02	0.00
Office equipment	0.02	0.05
R&M Expense	3.11	0.15
Total R&M Expense (MePTCL+1/3rd MePTCL)		3.26
Approved in T.O		4.3
Additional Claimed in True Up (Surplus)/Gap		(1.04)

2.4.8 The petitioner prays to the Honorable Commission to kindly allow adjust this deviation appropriately.

Administrative and General Expenses (Including Annual License Fees)

2.4.9 The Honorable Commission had approved an amount of Rs. 23.90 crores as the A&G expense of MePTCL for FY 2016-17 vide its Tariff Order.

2.4.10 However, the actual A&G expenses excluding bad debts incurred by MePTCL in FY 2016-17 as per the audited accounts is Rs. 2.31 crores as shown below:

Table 7: Details of A&G Expenses of MePTCL for FY 2016-17(in Rs. Cr.)

Particulars	MePTCL	1/3rd of MeECL
Insurance Charges	0.01	0.01
Rent, Rates and Taxes	0.00	0.02
Telegram, Postage, Telegraph and Telex charges	0.04	0.03
Training, conveyance and vehicle running expenses	1.06	0.21
Printing and stationery expenses	0.03	0.03
Auditors' remuneration	0.04	0.01
Consultancy Charges	0.00	0.21
Books & Periodicals	0.00	0.00
Fees and subscription expenses	0.01	0.00
Advertisement charges	0.11	0.03
Legal and professional charges	0.00	0.10

Particulars	MePTCL	1/3rd of MeECL
Meghalaya State Electricity Regulatory Commission (MSERC) Fees	0.06	0.00
Electricity and Water Charges	0.01	
Entertainment expenses	0.00	0.01
Loss on Investments		0.01
Miscellaneous expenses	0.01	0.00
Freight Charges	0.25	0.00
A&G Expense	1.63	0.68
Total A&G Expense (MePTCL+1/3rd MePTCL)		2.31
Approved in T.O (A&G Expense and License Fee)		23.93
Additional Claimed in True Up (Surplus)/Gap		(21.62)

2.4.11 The petitioner prays to the Commission to adjust the deviation accordingly.

2.5 Interest & Finance Charges

1.1.8 The Honorable Commission had approved any amount Rs. 8.09 Crore as interest on loans of MePTCL for FY 2016-17 vide its Tariff Order.

1.1.9 However, the actual Interest expenses on term loans incurred by MePTCL in FY 2016-17 as per the audited accounts is Rs. 10.91 crores and 1/3rd of MePTCL as Rs. 3.47 crore..

1.1.10 Thus, the actual interest expenses incurred by the petitioner is Rs. 14.38 crores against figures approved by the Commission. This are legitimate expenses incurred on the loans taken from Government of Meghalaya for capital expenditure. Details of Statement of Loans and break up of State Government Loans have been provided as **Annexure E and Annexure F** respectively. Therefore, the petitioner prays to the Commission to pass on the gap as per the table below.

Table 8: Interest & Finance Charges details (in Rs. Cr.)

Particulars	MePTCL	1/3rd of MeECL
Interest on State Govt Loans	3.47	-
(Interest on Loan From REC (MTL - TI)	4.54	-
Interest on Loan From REC (MTL - TII)	0.70	-
Interest on Loan From MeECL	2.21	-
Interest on Loan (a)	10.91	3.47
Other Bank Charges (b)	0.001	0.001
Interest & Finance charges (IFC) (a+b)	10.91	3.47
Total IFC Expense (MePTCL+1/3rd MePTCL)		14.38
Approved in T.O		8.09
True Up (Surplus)/Gap		6.29

2.6 Interest on Working Capital

2.6.1 MePTCL is claiming interest and financial charges as per the working capital norms prescribed in Tariff regulations. As per MSERC Tariff Regulations, 2014, working capital of transmission licensee would comprise the following:

- a. O&M Expense for one month

- b. Maintenance spares at the rate of 1% of the historical cost escalated at the rate of 6% per annum from the date of commercial operation and;
- c. Receivables equivalent to two months transmission charges calculated on target availability level.
- 2.6.2 Furthermore, the Regulations specify that the rate of interest on working capital would be the short term prime lending rate of State Bank of India on 1st April of the year for which the petition is being filed (i.e. 2016-17).
- 2.6.3 Based on these provisions, the approvals of the Commission in its Transmission Tariff order for FY 2016-17 vis-à-vis the petitioner's submissions (including apportioned amounts of MeECL) for true up can be summarized as follows:

Table 9: Interest on Working capital(in Rs. Cr.)

Sl. No.	Particulars	Actuals of MePTCL
A	O&M Expenses for 12 months	70.22
B	O&M Expense for 1 month (B/12)	5.85
C	Avg. Fixed Assets for FY 16-17 (MePTCL+1/3rd MeECL)	436.65
D	1% Spares on Opening GFA	4.37
E	Receivables for 2 months	22.83
F	Total Working Capital (B+D+E)	33.05
G	SBI short term PLR as on 01 April 2016	14.05%
H	Interest on Working Capital	4.64
I	Equity Approved in T.O	3.54
J	Gap/(Surplus)	1.10

- 2.6.4 The interest on working capital computed based on the audited figures of the petitioner is higher than the provisionally approved figures by Rs. 3.54 crores. This deviation is because the Commission had computed the interest on working capital based on provisional value of gross fixed assets, which were subject to validation when audited accounts for the ensuing year are available.
- 2.6.5 The petitioner therefore prays to the Commission to kindly allow this gap appropriately.

2.7 Depreciation

- 2.7.1 The Honorable Commission in its Transmission Tariff Order had allowed Rs. 21.44 crores to be recovered as depreciation.
- 2.7.2 However, based on the audited statement of accounts for FY 2016-17, the net depreciation of MePTCL along with one-third of the audited depreciation of MeECL (the holding company) is arrived at Rs. 21.09 crore.

Table 10: Depreciation for MePTCL in FY 2016-17 (in Rs. Cr.)

Sl No.	Particulars	Gross Carrying Amount			Accumulated Depreciation				
		As At 31st March, 2016	Additions during the year	Disposals/ Deductions during the year	As At 31st March, 2017	As At 31st March, 2016	Depreciation for the year	Adjustments or Deductions during the year	As At 31st March, 2017
1	Land	4.09	0.00	-	4.10	-	-	-	-
2	Buildings	10.81	2.14	-	12.95	2.85	0.37	-	3.23
3	Plant and Equipment	150.77	0.31	-	151.08	30.28	7.70	-	37.98
4	Furniture and Fixtures	0.85	0.01	-	0.87	0.17	0.05	-	0.22
5	Vehicles	0.03	-	-	0.03	0.03	-	-	0.03
6	Office equipment	0.36	0.01	-	0.36	0.16	0.02	-	0.19
7	Bearer Plants	-	-	-	-	-	-	-	-
8	Others:	-	-	-	-	-	-	-	-
8 (a)	Hydraulic Works	0.09	-	-	0.09	0.00	0.00	-	0.01
8 (b)	Other Civil Works	9.29	1.20	-	10.49	1.10	0.33	-	1.43
8 (c)	Lines and Cable Network	246.65	0.68	-	247.33	73.09	12.40	-	85.49
9	Assets under lease	-	-	-	-	-	-	-	-
	Total	422.95	4.35	-	427.29	107.69	20.88	-	128.57

Sl. No.	Asset Group	Gross Carrying Amount				Accumulated Depreciation			
		As At 31st March 2016	Additions during the year	Disposals and/ or Deductions during the year	As At 31st March 2017	As At 31st March 2016	Depreciation for the year	Adjustments or Deductions during the year	As At 31st March 2017
1	Land	5.46	0.03	0.14	5.34	-	-	-	-
2	Buildings	8.46	-	-	8.46	6.38	0.27	-	6.65
3	Plant and Equipment	4.66	-	-	4.66	4.01	0.02	(0.01)	4.03
4	Furniture and Fixtures	2.12	0.00	-	2.13	1.63	0.05	-	1.68
5	Vehicles	8.25	0.05	0.04	8.26	6.38	0.20	-	6.57
6	Office equipment	3.05	0.04	-	3.09	1.99	0.10	-	2.09
7	Bearer Plants	-	-	-	-	-	-	-	-
8	Others:	-	-	-	-	-	-	-	-
8 (a)	Hydraulic Works	0.02	-	-	0.02	0.01	0.00	-	0.01
8 (b)	Other Civil Works	2.41	-	-	2.41	2.12	0.00	-	2.13
8 (c)	Lines and Cable Network	0.19	-	-	0.19	0.16	0.01	-	0.16
9	Assets under lease	-	-	-	-	-	-	-	-
	Total	34.62	0.12	0.18	34.56	22.68	0.65	(0.01)	23.33

2.8 SLDC Charges

2.8.1 The Honorable Commission, in its Transmission Tariff Order had allowed an amount of Rs. 1.00 crores as SLDC charges to be recovered by the transmission licensee in FY 2016-17. Based on the tariff order for SLDC charges dated 30.03.2016 for FY 2016-17 and actuals MePTCL adheres to the approved charges on this petition.

2.9 Taxes on Income

1.1.11 The Honorable Commission had not allowed any amount as taxes on income in its transmission tariff order for FY 2016-17 the petitioner has also not paid any amount as taxes in the year and therefore there is no deviation to be claimed under this head.

2.10 Income from Operations

1.1.12 The Honorable Commission, in its Transmission Tariff Order had approved an amount of Rs. 83.29 crores to be recovered by the licensee through tariff in FY 2016-17

1.1.13 Against this, as per the audited statement of accounts, the actual revenue recovered by the licensee from transmission operations (excluding SLDC income received from MePGCL) in the FY 2016-17 is Rs. 83.28 crores resulting in no deviation from the approved values.

2.11 Other Income

2.11.1 The Honorable Commission, in its Transmission Tariff Order had provisionally approved an amount of Rs. 5.4 crores to be earned by the licensee from sources other than tariff.

2.11.2 However, as per the audited statement of accounts, the actual non-tariff income earned by the licensee comes up to be Rs. 25.68 crores, the details of which is as shown below:

Table 11: Other Income details (in Rs. Cr.)

Particulars	MePTCL	1/3rd of MeECL
Interest Income	3.88	3.67
Rentals, discounts, fees & penalties, Misc. Receipts, Sale of scrap	0.55	0.30
Income from Transmission and Operating Charges, Open Access Charges, Point of Connection Charges	17.28	
Other Income	21.70	3.98
Total Other Income (MePTCL+1/3rd MePTCL)		25.68
Approved in T.O		5.24
Claimed in True Up (Surplus)/Gap		(20.44)

1.1.14 Based on the above submission, MePTCL prays to the Commission to adjust the above deviation accordingly.

2.12 Prior Period Income

1.1.15 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 Income as a net of MePTCL and apportioned amount from MeECL for FY 2016-17.

Table 12: Prior Period Income for FY 2016-17(in Rs. Cr.)

Sl. No.	Particulars	MePTCL	1/3rd of MeECL
a	Interest Income from Banks	15.92	0.01
b	Other Excess Provision	-	-
c	Other Income	-	-
d	Amortization of grants	0.46	0.002
1	Prior period Income(a+b+c+d)	16.38	0.01
2	Total Prior Period Income (MePTCL+1/3rd MePTCL)		16.39
3	Prior period Income components already adjusted in True up order of FY 15-16 dtd 25.09.2018 as listed below:		11.93
3.a	<i>Income on Fixed Deposit reinvested as observed in the C&AG audit report. Note B1 of CAG</i>		3.39
3.b	<i>MeECL interest C&AG report Note A6 of MeECL</i>		8.30
3.c	<i>C&AG report of MeECL interest accrued on fixed deposits not included 1/3rd of Rs.0.72 Crore. Note B1 of MeECL</i>		0.24
4	Claimed in True Up (Surplus)/Gap		(4.46)

2.12.1 Therefore, the petitioner requests honorable Commission to pass through the surplus as per the actuals and true up order for FY 2015-16, for adjusting the accounting the prior period incomes in FY 2016-17.

2.13 Aggregate Revenue Requirement and Revenue Gap/Surplus for True up of FY 2016-17

2.13.1 The above section details the actual expense and revenue components along with the difference from the same with the approved figures of MSERC. The explanation for the difference in each of the component has also been provided as required.

2.13.2 MePTCL has also submitted the justification of each component being controllable or uncontrollable on part of MePTCL. Based on the above clause, the table below summarizes the Aggregate Revenue Requirement and Revenue Gap/Surplus for FY 2016-17 over and above the figures approved by the Honorable Commission in the Tariff orders dated 30.03.2016.

Table 13: Aggregate Revenue Requirement and Revenue Gap/Surplus for True up of FY 2016-17(in Rs. Cr.)

Sl. No.	Particulars	MSERC Approved (T.O 30.03.2016)	MePTCL Actuals	Gain/ (Surplus)
1	Return on Equity (RoE)	9.43	57.99	48.56
2	Operation and Maintenance Expenses			-
2.i	<i>Employee Expenses</i>	18.80	64.65	45.85
2.ii	<i>R&M Expenses</i>	4.30	3.26	(1.04)
2.iii	<i>A&G Expenses (Including License Fee)</i>	23.93	2.31	(21.62)
3	Interest and Finance charges	8.09	14.38	6.29
4	Interest on Working Capital	3.54	4.65	1.11
5	Depreciation	21.44	21.09	(0.35)
6	SLDC charges	1.00	1.00	-
7	Bad debts	-	17.03	17.03
8	Prior Period expense		0.004	0.00
9	Total Annual Expenditure	90.53	169.34	
10	Less : SLDC ARR	2.00	2.00	-
11	Less: Other Income	5.24	8.40	(3.16)
12	Less: Income from Transmission and Operating Charges, Open Access Charges , Point of Connection Charges	-	17.28	(17.28)
13	Less: Prior Period Income	-	16.38	(16.38)
14	Add: Prior period items already adjusted in true up of FY 15-16 dated 25.10.2018	-	(11.93)	11.93
15	Net ARR (10-11-12-13-14-15)	83.29	137.21	
16	Revenue from Tariff		83.28	
17	True Up Gap (16-17)		53.93	

MePTCL humbly requests the Hon'ble Commission to pass through gap of INR 53.93 Crore under the trueing up exercise for FY 2016-17 and pass through in the transmission ARR of FY 2019-20.