

(1)DA

PUNJAB STATE ELECTRICITY REGULATORY COMMISSION
SCO 220-221, SECTOR 34-A, CHANDIGARH

To

The Chief Accounts Officer (Finance & Audit),
Punjab State Transmission Corporation Ltd.,
Shakti Sadan, Opp. Kali Mata Mandir,
The Mall, Patiala (Punjab).

No. PSERC/M&F/2248
Dated: 11.12.2018

Subject: Petition for True-up of FY 2017-18, Annual Performance Review (APR) of FY 2018-19 and determination of Tariff for FY 2019-20: Deficiencies thereof.

Refer your letter no.2867/FA/MYT-1 Vol.3 dated 30.11.2018 vide which Petition for True-up of FY 2017-18, Annual Performance Review (APR) of FY 2018-19 and determination of Tariff for FY 2019-20 has been filed. On a preliminary scrutiny of the Petition filed by PSTCL, the Commission has observed some deficiencies enclosed as Annexure-A (Financial) and Annexure-B (Technical).

You are therefore requested to ensure submission of the information / documents on these deficiencies to the Commission within seven days. The Petition will be taken on record only after receipt of satisfactory replies to these deficiencies.

DA /As above

- (i) Annexure-A (Pg 1 to 4)
- (ii) Annexure-B (Pg 5)

Sd/-
SECRETARY

Annexure – A (Financial)

1. Regarding the True-Up of FY 2017-18, kindly submit the following:
 - a) The comments of Comptroller and Auditor General of India on Annual Accounts of FY 2017-18.
 - b) Cost Accounts and Cost Audit Report for FY 2017-18

2. During the true-up of FY 2017-18, PSTCL had shown an addition (net of land and land rights) of Rs.496.56 crore for Transmission Business and Rs.3.88 crore for SLDC Business to Gross Fixed Assets due to capitalization of assets during FY 2016-17.

The Commission vide its letter No.1746 dated 29.12.2017 had called for the information relating to the assets capitalized during FY 2016-17. In reply, PSTCL vide letter no. 282/FA/Comml-23/Vol-V dated 29.01.2018 had supplied details of assets addition of Rs.496.56 crore during FY 2016-17. It was observed that PSTCL had also capitalized assets during FY 2016-17 pertaining to the previous years. PSERC vide its letter No. 2421/PSERC/Dir./M&F dated 07.03.2018 had called for the reasons for not capitalizing the assets pertaining to previous years during the respective year of its commissioning. PSTCL vide its Memo No.698 dated 09.03.2018 had intimated that the requisite information shall be supplied as soon as it is available. The said details are still not provided by PSTCL. Kindly furnish the requisite details.

3. During the year 2017-18, PSTCL has claimed actual capital expenditure of Rs.352.51 crore for Transmission Business and Rs.1.59 crore for SLDC Business, however, the Commission has approved Capital Expenditure / Investment Plan of Rs.328.29 crore for Transmission Business and Rs.10 crore for SLDC Business vide Order dated 13.12.2017 (in Petition No.44 of 2016). In this regard, relevant extract of Regulation 9 of MYT Regulations is reproduced below for reference:

“9.8. In the normal course, the Commission shall not revisit the approved capital investment plan during the control period. However,

during the Annual Performance Review, the Commission shall monitor the year wise progress of the actual capital expenditure incurred by the Applicant vis-à-vis the approved capital expenditure.

9.9. In case the capital expenditure is required for emergency work which has not been approved in the capital investment plan, the respective Applicant shall submit an application (containing all relevant information along with reasons justifying emergency nature of the proposed work) seeking approval by the Commission..."

As required by Regulation 9, PSTCL has not filed any application for approval of additional capital expenditure and has claimed a capital expenditure of Rs.352.51 crore for Transmission Business against approved capital expenditure of Rs.328.29 crore. Similarly, PSTCL has claimed capital expenditure of Rs. 303.93 crore for FY 2018-19 and Rs. 509.31 crore for FY 2019-20 for its transmission business and Rs. 12.21 crore for FY 2019-20 for SLDC business which is significantly higher compared to that approved by the Commission in its Capital Investment Plan Order in Petition No. 44 of 2016. As per the provisions of Regulation 9, PSTCL was required to file an application for approval of additional capital expenditure with detailed submissions, citing specific reasons. Kindly justify.

Further, kindly submit details of capital expenditure incurred (Rs.352.51 crore for Transmission Business and Rs.1.59 crore for SLDC Business) in line with the scheme wise / project wise expenditure approved by the Commission in Order dated 13.12.2018.

4. PSTCL has claimed Other Employee Cost for FY 2017-18 based on employee cost of Rs.215.90 crore for Transmission Business of FY 2016-17 after adding capitalized employee cost of Rs.43.43 crore as per Audited Annual Accounts for FY 2017-18. In this regard, kindly justify the expenditure based on the actual employee strength involved in capital works, normal and maintenance works.

5. Depreciation

As per MYT Regulations, Depreciation for generation and transmission assets

shall be calculated annually as per straight line method over the useful life of the asset. Provided, that the total depreciation during the life of the asset shall not exceed 90% of the original cost. Also, the remaining depreciable value as on 31st March of the year closing after a period of 12 years from date of commercial operation / put in use of the asset shall be spread over the balance useful life of the asset. The details of depreciation be provided in light of the aforesaid regulation incorporating the following:

- a) Details may kindly be prepared head wise for all assets with further break up of each asset to account codes.
- b) The details may kindly be furnished separately for Transmission Business & SLDC Business

The said details may be provided for MYT Control Period (FY 2017-18 to FY 2019-20). For ease of understanding, the details may be provided as per the enclosed 'Format-1'.

6. It is observed that during FY 2017-18 an amount of Rs.99.84 crore is recorded under the head other income (Note-25 of financials). Details of the same may kindly be provided.

Format - 1: Depreciation

Calculation sheet of Depreciation for FY 2017-18

Name of the asset	Account Code	Gross Value of assets as on 31.03.2005	Accumulated Depreciation as on 31.03.2005	Rate of depreciation (applicable for computing depreciation in Column 6)	Depreciation on assets in Column 3 for FY 2017-18	Additions made from 01.04.2005 to 31.03.2017	Accumulated Depreciation on additions from 01.04.2005 to 31.03.2017	Rate of depreciation (applicable for computing depreciation in Column 10)	Depreciation on assets in Column 7 for FY 2017-18	Proposed Additions from 01.04.2017 to 31.03.2018	Rate of depreciation (applicable for computing depreciation in Column 13)	Depreciation on additions (in Column 11) during FY 2017-18	Total Depreciation for FY 2017-18 (Column 6+10+13)	Closing Value of Gross Assets as on 31.03.2018 (Col.3+7+11)	Closing Value of Accumulated Depreciation as on 31.03.2018
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16

Calculation sheet of Depreciation for FY 2018-19

Name of the asset	Account Code	Gross Value of assets as on 31.03.2006	Accumulated Depreciation as on 31.03.2006	Rate of depreciation (applicable for computing depreciation in Column 6)	Depreciation on assets in Column 3 for FY 2018-19	Additions made from 01.04.2006 to 31.03.2018	Accumulated Depreciation on additions from 01.04.2006 to 31.03.2018	Rate of depreciation (applicable for computing depreciation in Column 10)	Depreciation on assets in Column 7 for FY 2018-19	Proposed Additions from 01.04.2018 to 31.03.2019	Rate of depreciation (applicable for computing depreciation in Column 13)	Depreciation on additions (in Column 11) during FY 2018-19	Total Depreciation for FY 2018-19 (Column 6+10+13)	Closing Value of Gross Assets as on 31.03.2019 (Col.3+7+11)	Closing Value of Accumulated Depreciation as on 31.03.2019
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16

Calculation sheet of Depreciation for FY 2019-20

Name of the asset	Account Code	Gross Value of assets as on 31.03.2007	Accumulated Depreciation as on 31.03.2007	Rate of depreciation (applicable for computing depreciation in Column 6)	Depreciation on assets in Column 3 for FY 2019-20	Additions made from 01.04.2007 to 31.03.2019	Accumulated Depreciation on additions from 01.04.2007 to 31.03.2019	Rate of depreciation (applicable for computing depreciation in Column 10)	Depreciation on assets in Column 7 for FY 2019-20	Proposed Additions from 01.04.2019 to 31.03.2020	Rate of depreciation (applicable for computing depreciation in Column 13)	Depreciation on additions (in Column 11) during FY 2019-20	Total Depreciation for FY 2019-20 (Column 6+10+13)	Closing Value of Gross Assets as on 31.03.2020 (Col.3+7+11)	Closing Value of Accumulated Depreciation as on 31.03.2020
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16

Annexure – B (Technical)

1. The actual transmission loss for FY 2017-18 and FY 2018-19 (H1) submitted in Table 3 (page 19) and Table 28 (page 51) respectively is required to be got validated from PSPCL/SLDC.
2. The transmission system availability for FY 2018-19 (H1) submitted in Table 30 (page 53) is required to be got validated from SLDC.
3. Transmission System Capacity:
 - i) Detailed calculation of transmission system capacity for FY 2018-19 and FY 2019-20 required to be submitted.
 - ii) In Table 27 for transmission system capacity for FY 2018-19 and FY 2019-20, the capacities of NRSE private projects has been taken into account while calculating the transmission capacity of PSTCL. The NRSE projects are generally connected with on 11/66 kV sub-stations, which is beyond the scope of PSTCL. As such, the transmission system capacity needs to be reviewed.

~~CONFIDENTIAL~~ 2018

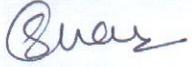
In the matter of : Petition for True-up for FY 2017-18, Annual Performance Review for FY 2018-19 and approval of revised ARR forecast and determination of Tariff for FY 2019-20 under Section 62, 64 and 86 of the Electricity Act, 2003 read with Regulation 11,12, 61 and 63 of PSERC (Terms and Conditions of Determination of Generation, Transmission, Wheeling and Retail Supply Tariff) Regulations, 2014, as amended from time to time.

AND

In the matter of : Punjab State Transmission Corporation Limited, The Mall, Patiala, 147001.

CAO (Finance & Audit), PSTCL, Patiala vide Memo No. 2867/FA/MYT-1 Vol.3 dated 30.11.2018 has filed a petition for True-up for FY 2017-18, Annual Performance Review for FY 2018-19 and approval of revised ARR forecast and determination of Tariff for FY 2019-20 under Section 62, 64 and 86 of the Electricity Act, 2003 read with Regulation 11,12, 61 and 63 of PSERC (Terms and Conditions of Determination of Generation, Transmission, Wheeling and Retail Supply Tariff) Regulations, 2014, as amended from time to time, a copy whereof is enclosed herewith for kind perusal.

DA/As above


Dy. Registrar

1. Chairperson
2. Member (S)
3. Member (A)
4. Secretary

No.PSERC/Reg./ 3179- 86

Dated: 30.11.2018

CC:

1. Director/Tariff (2 Sets)
2. Director/M&F (3 Sets)
3. Director/G&RE (1 Set)
4. Jt. Director/Regulations (1 Set)

alongwith enclosures

(B)

**PUNJAB STATE ELECTRICITY REGULATORY COMMISSION
SCO 220-221, SECTOR 34-A, CHANDIGARH**

To

The Chief Accounts Officer (Finance & Audit),
Punjab State Transmission Corporation Ltd.,
Shakti Sadan, Opp. Kali Mata Mandir,
The Mall, Patiala (Punjab).

No. 2427 /PSERC/M&F-295

Dated: 2-1-19

Subject: Petition for True-up of FY 2017-18, Annual Performance Review (APR) of FY 2018-19 and determination of Tariff for FY 2019-20: Deficiencies thereof.

Reference: This office letter no. 2248 dated 11.12.2018 and reply to thereof submitted by your office memo no. 2956 dated 18.12.2018.

The reply submitted by the PSTCL is incomplete as against point No-1, it has been mentioned that Comments of C&AG on Annual Accounts of FY 2017-18 and Cost Accounts and Cost Audit Report for FY 2017-18 will be submitted later. It would not be possible to process the petition particularly in the absence of the same.

It is therefore desired that the complete reply/information to the deficiencies pointed out vide above referred letter be submitted to the Commission latest by 07.01.2019.

Amreet
Secretary
ofc

