

BEFORE
THE HARYANA ELECTRICITY REGULATORY COMMISSION



Filing of the Petition for True Up of FY 2015-16 on behalf of Dakshin Haryana Bijli Vitran Nigam Ltd. under HERC (Terms and Conditions for Determination of Tariff for Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2012 along with the other guidelines and directives issued by the Hon'ble Commission from time to time and under Section 45, 46, 47, 61, 62, 64 and 86 of the Electricity Act 2003 read with the relevant guidelines.

FILED BY,
DAKSHIN HARYANA BIJLI VITRAN NIGAM LIMITED

HISAR



Superintendent Engineer (Regulatory Affairs)

FIRST FLOOR, VIDYUT SADAN,
HISAR - 125005

Date: 30th November 16

BEFORE THE HARYANA ELECTRICITY REGULATORY COMMISSION, PANCHKULA

IN THE MATTER OF: Filing of the True Up Petition for FY 2015-16 by Dakshin Haryana Bijli Vitran Nigam Ltd. Under HERC (Terms and Conditions for determination of tariff for generation, transmission, wheeling and distribution & retail Supply under Multi Year Tariff Framework) Regulations, 2012 as amended from time to time and under Section 45, 46, 47, 61, 62, 64 and 86 of The Electricity Act 2003 read with the relevant guidelines.

AND

IN THE MATTER OF: DAKSHIN HARYANA BIJLI VITRAN NIGAM LIMITED (hereinafter referred to as "DHBVN"), having its registered office at Vidyut Sadan, Vidyut Nagar, Hisar, Haryana.

DHBVN respectfully submits as under: -

1. The DHBVN is a State owned Distribution Company and registered under the companies Act, 1956, formed under corporatisation/ restructuring of erstwhile Haryana State Electricity Board (HSEB) and is creditworthy for the distribution and retail supply of electricity (License No. DRS-2 of 2004) in the South Zone of State of Haryana.
2. Pursuant to the enactment of the Electricity Act, 2003, every utility is required to submit its Aggregate Revenue Requirement (ARR) for the control period and Tariff Petitions as per procedures outlined in section 61, 62 and 64 of Electricity Act 2003, and the HERC (Terms and conditions for Determination of Tariff for Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2012 as amended from time to time herein referred as HERC MYT Tariff Regulations, 2012.

3. The present petition is filed with the Hon'ble Commission for True-up purpose on the basis of available audited Annual Accounts of DHBVN for the period of FY 2015-16.
4. In view of power delegated to Managing Director by Board of Directors in its meeting held on 20.06.2014 against agenda item no. 157.61, the truing up is being filed has been discussed and approved by the Managing Director of DHBVN and Mr. Rajinder Kumar Sabharwal, SE/RA, DHBVN has been authorized to execute and file the said truing up for FY 2015-16 on behalf of DHBVN.
5. This petition has been prepared in accordance with the provisions of Sections 61, 62 of the Electricity Act, 2003 and has taken into consideration the Clause 13 (Truing Up) of the HERC (Terms and conditions for Determination of Tariff for Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2012.
6. DHBVN along with this petition is submitting the regulatory formats with data & information to an extent applicable and would make available any further information/ additional data required by the Hon'ble Commission during the course of proceedings.
7. Further the HERC vide Order dated 7th November, 2016 has stated as below:
 - i) ***“Two months time, from the date of this Order, is allowed to the power utilities i.e. HPGCL, HVPNL, UHBVN and DHBVN to finalize their respective Business Plan, Capital Investment Plan for the FY 2017-18 and the ARR/Tariff Petition (s) for the FY 2017-18. Accordingly, for the FY 2017-18, there shall be annual determination of the ARR/Tariff.*”**

However DHBVN is filing a petition before the Hon'ble Commission while reserving its right to file any additional submissions and revised petition after the decision on the Review Petition filed against the Tariff Order dated 1.08.2016 or otherwise till the date of extended period i.e. 07.01.2017 (two months from 07.11.2016).

Prayers to the Commission:

The DHBVN respectfully prays that the Hon'ble Commission may:

- Admit this Petition for true up of ARR for FY 2015-16 based on the audited annual accounts of the Petitioner for FY 2015-16;

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- Examine the proposal submitted by the DHBVN in the enclosed petition for a favourable dispensation;
 - Treat the current filing as complete in view of substantial compliance as also the specific requests for waivers with justification placed on record.
 - Allow the Truing-up for FY 2015-16 to be carried out in such a way and pass on the revenue gap/ (surplus) in the respective petition of DHBVN along with suitable Holding Cost over the true up gap;
 - Pass suitable orders with respect to approval for (surplus)/ deficit in the True Up for FY 2015-16 amounting Rs.754.47 Cr. for DHBVN along with suitable holding cost over the same. Such gap may be added to the estimated Annual Revenue Requirement of the petitioner in FY 2016-17 and projected revenue requirement of 2017-18 as submitted by the petitioner vide APR submissions done for FY 2016-17 and ARR submissions for FY 2017-18 separately.
 - Pass a separate order for the DHBVN against the present petition;
 - DHBVN may also be permitted to propose suitable changes in the ARR, prior to the final approval by the Hon'ble Commission. DHBVN believes that such an approach would go a long way towards providing a fair treatment to all the stakeholders and may eliminate the need for a further review or clarification.
 - Condone any inadvertent omissions/errors/shortcomings and permit DHBVN to add/change/modify/alter this filing and make further submissions as may be required at a future date.
 - Pass such Order, as the Hon'ble Commission may deem fit and appropriate keeping in view the facts and circumstances of the case submitted by the Petitioner.

Dakshin Haryana Bijli Vitran Nigam Limited
DHBVN

Hisar, Haryana
Dated: 30th Nov-16

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Chapter 1. Introduction

1.1 Background

1.1.1 DHBVN had filed the ARR petition for FY 2015-16 for its Distribution and Retail Supply Business for seeking approval of Hon'ble Commission vide Memo. No. Ch. 15/SE/RA-500 dated 30.11.2014, under the provisions of sec 26(5) of the Haryana Electricity Reform Act, 1997 read with HERC (Terms & Conditions for Determination of Distribution and Retail Supply Tariff) Regulations 2012 and sec 62 & 64 of the Electricity Act, 2003 along with applicable provisions for DHBVN.

1.1.2 Hon'ble Commission issued a single MYT Order; vide dated 29th May, 2014 for both the Licensees i.e. for UHBVN & DHBVN, considering provisions as per notified HERC (Terms and Conditions for Determination of Tariff for Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2012.

1.2 Current petition

1.2.1 This petition for yearly true up purpose is submitted by "Dakshin Haryana Bijli Vitran Nigam Limited" considering Audited Annual Accounts for the period from 1st April 2015 to 31st March 2016.

1.2.2 The current petition has been prepared in accordance with the provisions of the following Acts/Policies/Regulations:

- a) Electricity Act 2003;
- b) National Electricity Policy;
- c) National Tariff Policy;
- d) HERC (Terms and Conditions for Determination of Tariff for Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2012;
- e) HERC (Terms and conditions for grant of connectivity and open access for intra-State transmission and distribution system) Regulations, 2012 and applicable current amendments;

1.2.3 DHBVN has made genuine efforts for compiling all relevant information relating to Truing up petition for FY 2015-16 as per the regulations issued by the Hon'ble Commission and has also made every effort to ensure that information provided to the Hon'ble Commission is accurate and free from material errors. However, there may be certain deficiencies owing to the compilation of accounts of DHBVN and hence, DHBVN prays to the Hon'ble Commission that the information provided be accepted for the current filing.

1.3 Contents of the petition

1.3.1 This petition comprises of:

- ✓ Determination of final Revenue Gap / (Surplus) for FY 2015-16 through Truing up exercise

Chapter 2. Truing Up of FY 2015-16

2.1 Principles of Truing Up for FY 2015-16

2.1.1 DHBVN is carrying out the truing up exercise for FY 2015-16, based on the audited annual accounts of DHBVN for the period from 1st April 2015 to 31st March 2016.

2.1.2 The Audited Annual Accounts for the above period are submitted along with petition as **Annexure 1: Audited Annual Accounts of FY 2015-16**

2.1.3 As per Para 4.2 of Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2012.

“.....4.2 The Commission shall adopt Multi Year Tariff (MYT) framework for determination of ARR/tariff for each year of the Control Period from FY 2013-14. However, there shall be annual determination of ARR/ tariff for the utilities for FY 2013-14 for their respective businesses as per these regulations.”

2.1.4 Hence, the Hon’ble Commission shall undertake the True-up of Aggregate Revenue Requirement of Licensee for the period of FY 2015-16, based on the comparison of the actual performance of the year with the approved estimate for the period of FY 2015-16.

2.1.5 It is submitted by DHBVN that the approved figures presented in this chapter for FY 2015-16 are taken from the **HERC Order on Distribution & Retail Supply ARR & Tariff of UHBVNL & DHBVNL for FY 2015-16, dated 07th May 2015**, from the **Analysis of ARR filings and Commission’s Order section** and may be read accordingly.

2.2 No of Consumers and Connected Load

2.2.1 The actual number of consumers and connected load of DHBVN as on 31st March 2016 is tabulated below:

Table 1: No of Consumers & Connected Load

Figures as on 31st March, 2016			
Sr. NO	Category	No. of Consumers	Connected Load (kW)
1	Domestic	23,44,385	42,75,658
2	Non Domestic	2,82,654	15,97,195
3	HT Industry	7,038	8,90,234
4	LT industry	49,073	30,11,185
5	Agriculture metered	2,11,062	21,81,919
6	Agriculture Unmetered	92,138	9,35,149
7	Railway Traction	5	75,400
8	Bulk supply	647	5,87,026
9	Street Lighting	1,127	13,995
10	PWW	11,828	2,02,598
11	Others	24,964	43,192
	Total	30,24,921	1,38,13,552

2.3 Power Purchase and Power Purchase Cost

2.3.1 The Power Purchase operation for DHBVN is undertaken by an administrative body called Haryana Power Purchase Cell (**HPPC**) Government of Haryana, Power Department has transferred the power trading business from HPGCL to the Distributing Nigam i.e. DHBVNL and UHBVNL with effect from 1st April 2008 vide its notification dated 11th April 2008. As provided with the notification, the Haryana Power Purchase Cell (HPPC) be handled by the transferee Companies on Single Buyer Model and the functions of procuring short term and long term power will be discharge by HPPC, Panchkula. During FY 2015-16, the Nigam has purchased the Power from short term and long term sources as per detail given below. The cell is operated through representatives from both the Haryana Discoms. The power requirement is met mainly through following resources:

- i. NTPC
- ii. NHPC
- iii. NPC

- iv. HPGCL
- v. BBMB
- vi. Open Access & Others

2.3.2 The details of power procured cost from for FY 2015-16 is shown in the following table.

Table 2: Power Purchase Details for FY-2015-16

Sr. No.	Particulars	Unit in (MU)	Rupees in Cr.	Rate Per Unit (Rs.)
1	Long Term	26,337.08	10,099.53	3.83
2	Short Term	1,948.53	798.88	4.10
3	Unscheduled Interchange	214.12	150.21	7.02
4	Total Power Purchase (1+2+3)	28,499.73	11,048.63	3.88
5	Transmission charges PGCIL & open Access		815.63	
6	Total Power Purchase (4+5)	28,499.73	11,864.26	4.16
7	Less (a) Transmission losses	1,136.76		
8	(b) Inter State sale of Power			
9	Net Power Purchase (Delivery Point)	27,362.97	11,864.26	4.34
10	Add Interstate sale of power (1)			
11	Total	27,362.97	11,864.26	4.34
12	Add Transmission charges of HVPNL		636.15	
13	Total (11+12)	27,362.97	12,500.40	4.57

2.3.3 It is submitted that the Hon'ble Commission in order dated 7th May 2015 had approved power purchase for both Discom on combined basis. The appellant submits herewith that in actual for the FY 2015-16, the power allocation ratio is 44% and 56 % for UHBVN and DHBVN respectively.

Table 3: Power Purchase Details for FY-2015-16

Sl.No	Name of the Station	Approved for FY 15-16			UHBVNL			DHBVNL			Actuals for FY 15-16		
		Approved Purchase Quantum	Per Unit Cost	Approved Power Purchase Cost	Actual Purchased Quantum	Per Unit Cost	Actual Power Purchase Cost	Actual Purchased Quantum	Per Unit Cost	Actual Power Purchase Cost	Actual Purchased Quantum	Per Unit Cost	Actual Power Purchase Cost
		(MUs)	Rs. / Unit	(Rs million)	(MUs)	Rs. / Unit	(Rs million)	(MUs)	Rs. / Unit	(Rs million)	(MUs)	Rs. / Unit	(Rs million)
1	NTPC Stations	4906.02	3.45	16942.88	1997.74	3.56	7115.11	2570.53	3.55	9118.36	4568.27	3.55	16233.47
	Total NTPC	4906.02	3.45	16942.88	1997.74	3.56	7115.11	2570.53	3.55	9118.36	4568.27	3.55	16233.47
2	NHPC Stations	1718.93	2.30	3957.89	827.11	2.74	2268.78	1026.84	2.80	2876.49	1853.95	2.78	5145.27
	Total NHPC	1718.93	2.30	3957.89	827.11	2.74	2268.78	1026.84	2.80	2876.49	1853.95	2.78	5145.27
3	Total SJVNL	494.99	2.90	1437.40	179.74	2.98	536.08	220.71	3.05	673.35	400.45	3.02	1209.43
4	Others Stations	52642.04	3.74	196709.08	17492.00	4.00	69932.02	22519.00	3.93	88478.31	40011.00	3.96	158410.34
5	Banking Power				1707.20	4.10	6999.53	1947.78	4.10	7985.90	3654.98	4.10	14985.43
6	Short term power				13.66	4.66	63.60	0.75	3.94	2.95	14.41	4.62	66.55
	Grand Total	59761.98		219047.25	22217.45		86915.13	28285.61		109135.36	50503.06		196050.49
7	Unscheduled interchange (UI)				182.46	6.69	1219.82	214.12	7.02	1502.15	396.58	6.86	2721.97

Sl.No	Name of the Station	Approved for FY 15-16			UHBVNL			DHBVNL			Actuals for FY 15-16		
		Approved Purchase Quantum	Per Unit Cost	Approved Power Purchase Cost	Actual Purchased Quantum	Per Unit Cost	Actual Power Purchase Cost	Actual Purchased Quantum	Per Unit Cost	Actual Power Purchase Cost	Actual Purchased Quantum	Per Unit Cost	Actual Power Purchase Cost
		(MUs)	Rs. / Unit	(Rs million)	(MUs)	Rs. / Unit	(Rs million)	(MUs)	Rs. / Unit	(Rs million)	(MUs)	Rs. / Unit	(Rs million)
8	CTU Transmission Charges			7854.50			5559.52			8156.27			13715.79
	Sub-Total	59761.98		226901.75	22399.91		93694.47	28499.73		118793.79	50899.64		212488.25
9	Add: Intra State Transmission Charges			12783.50			6397.32			6361.46			12758.78
	Total Transmission Charges			12783.50			6397.32			6361.46			12758.78
	Sub-Total	59761.98		239685.25	22399.91		100091.79	28499.73		125155.25	50899.64		225247.04
	T/n Losses				904.55			1136.76			2041.31		
	Net Total	59761.98		239685.25	21495.36		100091.79	27362.97		125155.25	48858.33		225247.04
	Unitary Charges						(143.66)			(150.47)			
	Other Surcharges												
	Total	59761.98		239685.25	21495.36		99948.13	27362.97		125004	48858.33		225247.04

2.3.4 Further, it is submitted that average actual per unit cost comes out at Rs. 4.57 per unit; higher than the average approved per unit cost @ Rs.4.47 per unit. The actual average per unit cost is higher than approved levels due to increase in power purchase cost from various sources.

2.3.5 The DHBVN prays to the Hon'ble Commission to approve the actual power purchase quantum of 27363 MUs and associated power purchase cost Rs.12500.4 Cr for DHBVN for FY 2015-16 as per the Audited Annual Accounts as summarized in the table above.

2.4 Operation & Maintenance Expenses

2.4.1 The Operation & Maintenance Expenses of the company includes:

- Employee Expenses;
- Repair & Maintenance Costs and
- Administrative and General Expenses.

2.4.2 Employee Expense consists of salaries, dearness allowance, bonus, terminal benefits in the form of pension & gratuity, leave encashment and staff welfare expenses.

2.4.3 Repairs and Maintenance Expenses is meant for the day to day upkeep of the distribution network of the Company and form an integral part of the Company's efforts towards reliable and quality power supply as also in the reduction of losses in the system.

2.4.4 Administrative expenses mainly comprise of rents, telephone and other communication expenses, professional charges, conveyance and travelling allowances and other debits.

2.4.5 A comparison of Actual against the approved Net O&M Expenses (after deducting the capitalization) is highlighted in the following table.

Table 4: O&M Expenses for FY 2015-16

				Rs. Cr
Sr.	Particulars	Approved	Actual	Difference
1	Employee Expense	518.52	637.69	(119.17)
2	Administration & General Expense	60.46	72.13	(11.67)
3	Repair & Maintenance Expense	98.07	35.64	62.43
4	Terminal Liability	150	392.00	(242.00)
Total		827.05	1,137.46	(310.41)

2.4.1 As per the table above it is submitted that the actual expenses of DHBVN for FY 2015-16 has been reported at higher side against the expenses approved by the Hon'ble Commission for FY 2015-16. The provision for terminal liabilities is higher than those approved by the Commission, which has been made in accordance to expected liabilities and to cover past shortage in past provisions.

2.4.2 As seen from the aforementioned table; the total O&M Expenses for FY 2015-16 have been provided along with the approved expenses for FY 2015-16. DHBVN prays the Hon'ble Commission to approve the actual O&M expenses of Rs. 1137.46 Cr.

2.5 Employee Expenses

2.5.1 The 'Employees cost' includes the cost incurred by the distribution licensees on their employees who are presently working as well as for their retired employees. The cost of working employees includes salary, dearness allowance and other allowances such as HRA, CEA, LTC, medical reimbursement etc. However, in case of retired employees and those who would retire during the year, the distribution licensees have to discharge financial liabilities towards pension, gratuity, leave encashment benefit etc.

2.5.2 DHBVN has incurred Terminal Liabilities of Rs. 392.00 Cr., Basic salary expenses of employees as Rs 195.02 Cr., expenses of contract based employees of Rs. 115.86, and Rs. 222.66 Cr. for dearness and other allowances.

2.5.3 The summary of the actual employee expenses for FY 2015-16 against the expenses approved by the Hon'ble Commission has been given in the table below:

Table 5: Employee Expenses for FY 2015-16

Sr.	Particulars	Rs. Cr.		
		FY 2015-16		
		Approved	Actual	Difference
1	Basic Salary	518.52	195.02	
2	Dearness Allowance		222.66	
3	Expenditure on Contract Employees		115.86	
4	Other Allowances		112.23	
5	Terminal Liabilities		392.00	
	Total	518.52	1,037.78	(519.26)
6	Less: Employee cost capitalized		8.09	(8.09)
7	Net Employee Cost	518.52	1,029.68	(511.16)

2.5.4 DHBVN prays the Hon'ble Commission to approve the actual Employee Expense for FY 2015-16 of Rs. 1029.68 against the approved expense of Rs. 518.52 Cr. as per the details given in above table.

2.6 Repair & Maintenance Expenses

2.6.1 Repair and Maintenance expenditure is dependent on various factors. R&M cost is meant for the upkeep of the system. Every asset requires repair and maintenance at some point and the DHBVN has to spend a good amount on R&M to keep its assets running. DHBVN has been trying its best to ensure uninterrupted operations of the system and accordingly has been undertaking necessary expenditure for R&M activities.

2.6.2 DHBVN prays to Hon'ble Commission to approve the actual R&M Expense for FY 2015-16 of Rs. 35.64 Cr. against the approve expense of Rs.98.07 Cr. as per the details given in table below:

Table 6: R&M Expenses for FY 2015-16

Sr.	Particulars	Approved	Actual	Rs. Cr
				Difference
1	R&M Expense	98.07	35.64	62.43

2.7 Administrative & General Expenses

2.7.1 The actual A&G Expense incurred during the FY 2015-16 is Rs. 74.3 Cr. against Rs. 60.43 Cr. as approved by the Hon'ble Commission.

2.7.2 The summary of the comparison of the actual A&G expenses for FY 2015-16 vis-à-vis the expenses approved by the Hon'ble Commission has been given in the table below:

Table 7: A&G Expenses for FY 2015-16

Sr.	Particulars	Approved	Actual	Rs. Cr
				Difference
1	Gross A&G Expense	60.46	79.07	(18.61)
2	Less: Expenses Capitalised		6.94	(6.94)
3	Net A&G Expense	60.46	72.13	(11.67)

2.7.3 DHBVN prays the Hon'ble Commission to approve the actual A&G Expense for FY 2015-16 of Rs. 72.13 Cr. as per the details given in above table.

2.8 Capital Expenditure

2.8.1 The Hon'ble Commission originally approved a Capital Expenditure of Rs 867.29 Cr. for DHBVN for FY 2015-16 in its order dated 7th May 2015 and revised approval of Rs 614.35 Crores in its order dated August 01, 2016. . As per the audited annual

accounts of DHBVN for FY 2015-16; the actual Capital Expenditure for DHBVN is Rs. 587.88 Cr. DHBVN, thus requests the Hon'ble Commission to approve the same.

2.9 Interest Cost on long term loans

2.9.1 The Hon'ble Commission has allowed an amount of **Rs. 134.16 Cr.** as interest cost on capex loans for FY 2015-16. The detailed actual interest and finance charges incurred for FY 2015-16 under long term loan heads, as per audited annual accounts of DHBVN, has been provided below in the **Table 8: Total Interest & Finance Cost for FY 2015-16.**

2.10 Interest on Working Capital and Borrowings

2.10.1 The Hon'ble Commission has allowed the interest on borrowings for working capital as per the MYT Regulation. However, it is submitted that the actual interest on working capital and borrowings incurred for FY 2015-16, as per audited annual accounts of DHBVN, has been provided in **Table 8: Total Interest & Finance Cost for FY 2015-16.**

2.11 Interest on Consumer Security Deposits

2.11.1 The Hon'ble Commission has allowed Rs. 94.01 Cr. as interest on consumer security deposit for FY 2015-16. However, the actual expenses as per audited annual accounts of DHBVN under this head works out to be Rs.15.41 Cr. for FY 2015-16 and the same has been provided in Table 8: Total Interest & Finance Cost for FY 2015-16.

2.11.2 The actual interest on FRP borrowings as per audited annual accounts of DHBVN under this head works out to be Rs.546.89 Cr. for FY 2015-16 and the same has been provided in Table 8: Total Interest & Finance Cost for FY 2015-16.

2.12 Total Interest & Finance Cost

2.12.1 The total Interest and Finance Expense as per the audited annual accounts of DHBVN for FY 2015-16 vis-à-vis approved by the Hon'ble Commission is shown in the table below;

Table 8: Total Interest & Finance Cost for FY 2015-16

(Rs. Cr)

Interest on Loan			
Sr.	Category	Approved	Actual
1	Gross Interest on Capex Loans	134.16	208.33
	Add: Interest on Working Capital Loan diverted toward Capex		2.22
2	Less: Interest Capitalized		105.08
3	Net Interest on Capex Loans	134.16	105.46
4	Interest on Working Capital Loans	186	1,102.81
5	Interest on Consumer Security Deposits	94.01	15.41
6	Cost of raising finance, bank charges and guarantee charges	10	1.62
7	Interest on FRP Borrowings	-	546.89
	Total	424.17	1,772.19

2.12.2 It is submitted that the amount of **Rs. 2.22 Cr.** is the interest amount of working capital/short term loan, which was utilized for capital expenditure works through fund diversion. Hence, DHBVN prays the Hon'ble Commission to approve this amount of **Rs. 2.22 Cr.** as a legitimate expense and allow the same in true up.

2.12.3 The Hon'ble Commission is requested to approve the actual Expenses for interest & finance cost for FY 2015-16 as per the details given in above table.

2.13 Depreciation

2.13.1 The Hon'ble Commission, in its order approved a net depreciation of Rs. 202.26 Cr. after adjusting for depreciation on consumer's contribution for FY 2015-16.

2.13.2 DHBVN while estimating the depreciation expense for FY 2015-16 has considered the depreciation on opening balance of Gross Block for the corresponding year. The computation of depreciation is based on Straight Line Method. DHBVN has considered category wise actual depreciation rates of FY 2015-16.

2.13.3 The net depreciation after adjusting for depreciation on consumer's contribution and grants comes out at Rs. 199.89 Cr. The Hon'ble Commission is thus requested to approve the same.

2.14 Return on Equity

2.14.1 As per the audited annual accounts of DHBVN for FY 2015-16; the ROE works out to be Rs. 203.80 Cr. However, the Hon'ble Commission has been disallowing the returns on equity in the past. The DHBVN would like to submit that as per the Hon'ble APTEL Judgment dated 18th April, 2012 on Appeal No. 102 of 2011; the HVPNL was allowed ROE as per Regulation 17 of the HERC (Terms and conditions for determination of transmission tariff) Regulations, 2008, i.e. @ 14% per annum.

2.14.2 Further it is submitted that allowing RoE to HVPNL and not allowing any returns to DHBVN would result in financial burden and financial stress to Nigam; therefore the Hon'ble Commission is requested to approve the return on equity @ 14% to the distribution licensee as well.

2.15 Non-Tariff Income

2.15.1 The Non-Tariff Income approved by Hon'ble Commission for DHBVN in FY 2015-16 was Rs. 149.83 Cr. However, as per the audited annual accounts of DHBVN for FY 2015-16; the Non-Tariff Income has been computed as Rs.224.46 Cr.

2.15.2 DHBVN submits that delayed payment surcharge is collected against the receivables from the consumers that are not received in time. As there is a delay in receiving the revenue, the Nigam has to procure additional working capital. Therefore, the revenue

received on account of delayed payment surcharges is not income of the Nigam, rather it's a carrying cost recovered from consumers to pay the interest on the increased portion of working capital which occur because of delay in receiving the revenue. Therefore, it is requested that the revenue from delayed payment surcharge should not be considered as income of the Nigam.

2.15.3 Hence, an amount of Rs.79.08 Cr. which accounted under the head of Delay Payment Surcharge in Non- Tariff Income should be exempted to be counted as non-tariff income for DHBVN and the resultant non-tariff income should be approved after deduction of DPS.

2.15.4 DHBVN request to Hon'ble Commission to kindly approve the same as per the above submission.

2.16 Expenditure due to other debits

2.16.1 It is submitted that as per the audited accounts of DHBVNL, an amount equivalent to **Rs. 32.49 Cr.** has been recorded under the head of other debits. This amount consists of expenditure on account of revenue amount refunded, miscellaneous losses and written off amount as well as amount of unrealised surcharge from consumer. The Hon'ble Commission is requested to approve the same for FY 2015-16.

2.17 Prior period Expenses

2.17.1 The prior period details including exceptional items of DHBVN have been provided as below in tabular form:

Table 9: Prior period expenses for FY 2015-16

Rs. Cr.	
Prior period Expenses	
Prior period Income	0.83

2.17.2 The Hon'ble Commission is requested to approve the same for FY 2015-16 for the DHBVN.

2.18 Category wise Sales

2.18.1 The Category wise actual and approved sale for FY 2015-16 has been shown in the following table:

Table 10: Category wise energy sales

(MU's)

Category wise sales for FY 2015-16			
Sr. No.	Category	Approved Sales	Actual Sales
1	Domestic	4,716	4,153
2	Non Domestic	4,155	2,402
3	HT Industry	5,431	4,723
4	LT industry	901	879
5	Agriculture metered	2,673	5,197
6	Agriculture Unmetered	1,831	
7	MITC	0	-
8	Lift irrigation	185	158
9	Railway Traction (metro)	349	170
10	Bulk supply	629	556
11	Street lighting	73	63
12	PWW	531	478
	Total	21,471	18,777

2.18.2 The approved figure of sales by the Hon'ble Commission for FY 2015-16 has been arrived at using the methodology adopted in previous tariff orders; i.e. by considering CAGR of previous three years data provided by the Discoms for connected load, number of consumers, sales and the resulting consumer category wise load factor and thereafter applying the projected load factor to the projected consumer category wise connected load. However, it can be observed from the above table that actual sales of DHBVN for FY 2015-16 is slightly lower than the approved level by the Hon'ble Commission.

2.18.3 The Hon'ble Commission is requested to approve the above submission for FY 2015-16.

2.19 True up of RE subsidy:

2.19.1 The total agricultural sales approved by the Hon’ble Commission in FY 2015-16 were 8571 MUs and against the same a subsidy of Rs. 6196.91 Crs. for UHBVN and DHBVN was allowed. This amounts to a per unit subsidy of Rs. 7.23/unit. Based on the feeder data, the actual agricultural sales, following HERC methodology of 16% losses on AP Feeder data emerges to 3936 MUs for UHBVN and 4969 MUs for DHBVN.

2.19.2 Therefore, for total sales of 8905.19 MUs, the eligibility of subsidy emerges to Rs. 6438.74 Cr. (8905.19 MUs*Rs. 7.23 per unit). Consequently, post true up, the deficit subsidy emerges to Rs. 241.83 Cr.

Table 11: True up of RE subsidy for FY 2015-16

Particulars	2015-16
Total RE subsidy allowed by HERC in Tariff order for 2015-16 (Rs Crs)	6,196.91
Total Agricultural sales approved by HERC in T.O (Mus)	8,570.73
Approved Per unit Subsidy (Rs./unit)	7.23
Agriculture Sales based on Feeder data minus 16% losses (Mus) UHBVN	3,936.09
Agriculture Sales based on Feeder data minus 16% losses (Mus) DHBVN	4,969.10
Agriculture Sales based on Feeder data minus 16% losses (Mus)	8,905.19
Eligibility of subsidy based on actual sales of 2015-16 (Rs. Crs)	6,438.74
Subsidy Outstanding/(Surplus) (Rs. Crs)	241.83

2.19.3 The table below provides an overview of the difference between the approved expenditure for FY 2015-16 under consideration vis-à-vis the actual expenditure incurred by the Nigam.

2.19.4 Thus the difference in approved and actual expenditure as per the summary table below for UHBVN and DHBVN may be allowed to the distribution licensees along with separate allocation of RE subsidy to the discoms for FY 2015-16.

2.20 Summary of ARR for FY 2015-16 as per audited annual accounts:

2.20.1 Based on the submissions in the aforementioned paragraphs; the ARR for FY 2015-16 as per the audited annual accounts of DHBVN and as approved by the Hon'ble Commission in its Tariff order is summarized in the table below:

Table 12: Aggregate Revenue Requirement for FY 2015-16

Rs. Cr			
Summary of Actual ARR for FY 2015-16			
Sr.	Particulars	Approved	Actual*
1	Power Purchase Expenses	11,155.44	11,048.63
2	Transmission Charges	1101.76	1,451.77
3	SLDC Charges	49.13	
4	Operations and Maintenance Expenses	827.05	1,137.46
4.1	Employee Expense	518.52	637.69
4.2	Administration & General Expense	60.46	72.13
4.3	Repair & Maintenance Expense	98.07	35.64
4.4	Terminal Liability	150.00	392.00
5	Depreciation	202.26	199.89
6	Total Interest & Finance Charges	424.17	1,772.19
7	Return on Equity Capital	-	203.80
8	Prior Period Expense		-0.83
9	Other Debits		32.49
10	Total Expenditure	13,759.81	15,845.42
11	Less: Non Tariff Income	149.83	224.46
12	Net Aggregate Revenue Requirement	13,609.98	15,620.96
13	Total Revenue		12,337.15
13.1	Revenue from Interstate sales		891.76
13.2	Revenue from Intrastate sales		11,445.39
14	Gap		3,283.81
15	Govt. subsidy		2529.34
16	Net Gap		754.47

Prayer to the Hon'ble Commission

2.20.2 The petitioner respectfully prays that the Hon'ble Commission to Allow the Truing-up for FY 2015-16 and pass on the revenue gap/ (surplus) in the respective petitions of DHBVN as per the agreed principles along with suitable Holding Cost over the true up gap.

Chapter 3. Annexure 1

3.1 Annual Audited Accounts of FY 2015-16

