

BEFORE
MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION, SHILLONG

PETITION
FOR
TRUE UP OF FY 2015-16

FILED BY



**MEGHALAYA POWER DISTRIBUTION
CORPORATION LTD.**

LumJingshai, Short Round Road, Shillong - 793 001

BEFORE THE HON'BLE MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION

At its office at Lower Lachumiere, Shillong – 793001

FILE / PETITION NO.....

IN THE MATTER OF

TRUE UP OF DISTRIBUTION BUSINESS FOR FY 2015-16 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 DISTRIBUTION CORPORATION LIMITED, LUMJINGSHAI, 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. MePDCL has begun segregated commercial operations as an independent entity from 1st April 2013.
5. The petitioner has submitted the actual expenses of MePDCL for truing up of FY 2015-16 based on the audited Statement of Accounts.

6. The expenses of the holding company, MeECL is apportioned equally among the generation, transmission and distribution utilities since the 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) for MePDCL and tariff for FY 2015-16 in its tariff order dated 31st March 2015, in accordance with the MSERC Tariff Regulations, 2014.
9. Now, based on the provisions of Regulation 15 of the Tariff Regulations, 2014, MePDCL files this petition for approving the true-up of FY 2015-16.
10. The Board of Directors of MePDCL 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-C**.
11. The applicant, therefore, humbly prays before the Hon’ble Commission to pass appropriate order on the following:
 - a) Approval of true-up of expenses and revenue for FY 2015-16 as proposed in this Petition and allow the recovery of the true up gap in the tariff of FY 2018-19.
 - 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.

(P Sahkhar)
Superintending Engineer (R.A)

For and on behalf of
Meghalaya Power Distribution Corporation Ltd

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 15th 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."

- 1.1.2 It is submitted that this Petition True up for FY 2015-16 is hereby filed, based on the information received for FY 2015-16, Audited Statement of Accounts of the utility and pursuant to the initial Tariff Order dated 31st March 2015 and a subsequent review order of the distribution tariff Order on 11th August 2015 for FY 2015-16.

- 1.1.3 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..."

- 1.1.4** 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.

1.2 Submissions before the Hon'ble Commission

- 1.2.1 MePDCL hereby submits the petition under section 61, 62(c) & 62(d) of the Electricity Act, 2003, MSERC Terms and MSERC (Multi Year Tariff) Regulations, 2014 for approval of True Up FY 2015-16.
- 1.2.2 M/s A Paul & Co has been appointed as Statutory Auditor of MePDCL, and M/s M/S V. Singhi has been appointed as Statutory Auditor of MeECL. The firms are chartered Accountancy firms, appointed as Statutory Auditors for the FY 2015-16 by the Comptroller & Auditor General of India (C&AG).

2 Truing Up for FY 2015-16

2.1 Background

- 2.1.1 While approving the ARR for FY 2015-16 in the MYT control period, and further review order on the same, the Hon'ble Commission had considered the pre-audited Statement of Accounts of FY 2012-13 and Audited Statement of Accounts of FY 2011-12. Now, since the audited Statement of Accounts for FY 2015-16 for MePDCL and unaudited accounts of MeECL are available, and as such, MePDCL is claiming the truing up of ARR of FY 2015-16 based on the actual figures as per the audited account statements with necessary justifications as required. The audited accounts of MePDCL and MeECL for FY 2015-16 is attached as **Annexure A & B**.

2.2 Performance

2.2.1 Availability of Energy:

The power availability in the state of Meghalaya is primarily from three key sources- (a) from the generating stations of MePGCL, (b) from the allocated share of central power sector generating companies like NEEPCO, NHPC and NTPC etc. and (c) from short term power purchase from IEX/bilateral trade and banking etc. The comparison of actual source wise energy availability and the approved energy availability in FY 2015-16, is provided in the table below:

Table 1: Energy Available to MePDCL from various sources in FY 2015-16

Sr. No.	Source	Approved availability (MUs)	Actual availability (MUs)
A	MePGCL	1107	921.83
B	Outside purchase		
1	NTPC	202.63	0.00
2	NHPC Loktak HEP	50	1.69
3	NEEPCO (excl. free power)	556	561.86
4	OTPC Pallatana GPP	346	360.65
5	Free Power	58	56.12
C	Short Term (Bilateral/ Banking/ UI etc.)		
1	Mittal Processors Pvt. Ltd. (MPPL) – Swapping		272.94
2	Mittal Processors Pvt. Ltd. (MPPL) – Exchange		23.04
3	Meghalaya Power Ltd. (MPL) - Banking		34.74
4	NTPC Vidyut Vyapar Nigam Ltd.		1.48
5	Power Trading Corporation India Ltd (PTCIL) - Swapping		87.46
6	Unscheduled Interchange (UI)		15.98
D	Total Availability	2319.63	2337.79

- 2.2.2 It may be observed from the above table that the actual power availability from MePGCL and central power sector utilities was less than the approved figures and as such, MePDCL had to resort to short term power purchase on bilateral basis/banking/day ahead market etc. to meet the demand.
- 2.2.3 Also, surrendering of power from NHPC Loktak resulted in lower availability of power from the allocated sources.

2.2.4 Further, MePDCL would like to submit that under short term sources, MePDCL purchased most of the power under swapping arrangements during the lean season to meet the deficit by swapping power from the surplus monsoon season.

2.2.5 Energy Sales:

The comparison of actual category wise energy sold to consumers and the approved sales by the Hon'ble Commission is shown in the table below:

Table 2: Comparison of Energy Sales in FY 2015-16 (in MU)

Sl. No.	Consumer Category	Approved in TO dt 31.03.2015	MePDCL Actual
	LT Category		
1	Domestic (DLT) (Including MeECL Establishments).	378	376.93
2	Commercial (CLT)	75	65.02
3	Industrial (ILT)	6	5.38
4	Agriculture (AP)	0.11	0.09
5	Public Lighting (PL)	1.5	1.02
6	Water Supply (WSLT)	11	7.26
7	General Purpose	29	22.80
8	Kutir Jyoti	24	23.06
9	Crematorium	0.19	0.16
	HT Category		
10	Industrial (HT)	230	171.20
11	Water Supply (WS HT)	30	29.93
12	Domestic (DHT)	24	22.83
13	Commercial (CHT)	25	26.86
14	Bulk Supply (HT)	55	65.00
15	EHT Category		
16	Industrial (EHT)	160	211.60
17	ASEB (General purpose)	19	29.17
18	Sale to UI and Power Exchanges		
19	Swapping		
	Total	1067.8	1,058.32

2.2.6 The actual sales in FY 2015-16 for most of the categories (except industrial) were similar to the approved sales and there was an increase of demand in these categories in accordance with the increase considered in the ARR projections. While Industrial (HT) category saw less than approved sale but Industrial (EHT) witnessed higher than approved sale

2.2.7 T&D losses:

The Hon'ble Commission had provided a target of 23% for overall T&D losses in FY 2015-16 and had accordingly worked out the availability of the power and energy to be sold during the year. The figure of 23% is inclusive of the intra state transmission losses in the network of MePTCL and the sub-transmission and distribution losses in the network of MePDCL.

2.2.8 However, the actual T&D losses in FY 2015-16 is shown in the table below:

Table 3: Computation of T&D Losses for FY 2015-16

Sr. No.	Particulars	Calculation	Amount
1	Power purchased from the Eastern Region (ER)	A	0
2	Inter-state transmission loss for ER	B	2.12%
3	Net power purchased from the ER	$C=A*(1-B)$	0
4	Power purchased from the North -Eastern Region (NER)	D	980
5	Inter-state transmission loss for NER	E	3.20%
6	Net power available at state bus from external sources on long term	$F=(C+D)*(1-E)$	948.95
7	Power purchased from generating stations within the state	G	921.83
8	Power purchased from other sources	H	435.65
9	Power sold to other states (including swapping/UI/bilateral)	I	637.47
10	Net power available at state bus for sale of power within the state	$J=F+G+H-I$	1,668.95
11	Power sold to consumers within the state	K	1,058.32
12	Transmission & Distribution Losses	$L=J-K$	610.63
13	Transmission & Distribution Losses (%)	$M=L/J$	36.59%

2.2.9 MePDCL submits before the Hon'ble Commission to kindly allow the actual T&D losses of 36.59% since the losses have increased on account of increased supply to rural areas and small LT domestic and KutirJyoti consumers and increase of LT:HT ratio. The HT sales are reducing on account of open access and the LT sales are increasing on account of rural electrification schemes and increased supply. As such, MePDCL submits the Hon'ble Commission to reconsider the T&D losses and approve the actual T&D losses as shown above.

2.3 Determination of Annual Revenue Requirement (ARR)

2.3.1 Calculation Methodology

2.3.1.1 The Audited Statement of Accounts of MePDCL along with the unaudited accounts of the holding company, MeECL for FY 2015-16 are now available based on which, MePDCL has prepared the comparison of ARR sub components for FY 2015-16 and arrived at net Gap/ Surplus of the ARR components.

2.3.1.2 Since MeECL is a common holding company performing integrated common functions of all the three successor companies, the ARR of MeECL is to be shared by the three successor companies. As per the approach adopted by the Hon'ble Commission in its past Tariff Orders, MePDCL has considered equal allocations of ARR components of the holding company MeECL in the respective ARR of the three successor companies. As such, the figures of each component of ARR of the distribution company have been arrived at by adding the respective figure from the accounts of MePDCL and one third of the respective

figures from the accounts of MeECL.

2.3.2 Components of Tariff

In accordance with the MYT Tariff Regulations 2014, the ARR of Distribution Company shall comprise of following components:

- (1) Power Purchase Cost Including Transmission Charges
- (2) Operation and Maintenance Expenses
- (3) Interest on Loan Capital
- (4) Interest on Working Capital
- (5) Depreciation as may be allowed by the Commission
- (6) Return on Equity as may be allowed by the Commission
- (7) Taxes on Income.
- (8) Provision of bad and doubtful debts

2.3.3 Power Purchase Cost

2.3.4 As provided earlier, MePDCL had procured power from Central generating stations, from generating stations of MePGCL as well as from other sources like exchange/bilateral/swapping etc. All the State Generating stations being hydro are seasonal in nature and the annual generation depends on the rainfall for the year. One Unit of Umtru suffered due to siltation of hydraulic works, draining of penstock and construction on New Umtru HEP and could not generate to its required capacity. Taking all these factors into account, the power availability from the central generating stations and the generating stations of MePGCL was less than the approved figures, MePDCL had to resort to short term power purchase to meet the demand.

2.3.5 A comparison of source wise power purchase cost as per the Audited Accounts and approved Power Purchase Cost as per the Tariff Order for FY 2015-16 is shown in the following table.

Table 4: Source wise Power Purchase Cost for FY 2015-16

Sl. No	Source	MSERC Approved			MePDCL Actuals		
		Energy (MU)	Total Cost (Rs Cr)	Unit cost/kWh	Energy (MU)	Total Cost (Rs Cr)	Unit cost/kWh
	NTPC						
1	Farakka	28.00	11.01	3.93	0.00	-0.17	
2	Talchar	18.00	4.35	2.42	0.00	-0.09	
3	Kahalgaoon-I	15.00	5.87	3.91	0.00	-0.18	
4	Kahalgaoon-II	75.00	28.18	3.76	0.00	-1.10	
5	BTPS	-					
6	OTPC Pallatana	346.00	83.83	2.42	360.65	109.91	3.05
	NEEPCO	-					
7	Kopili Stage-I	85.00	8.66	1.02	76.61	93.58	12.21

Sl. No	Source	MSERC Approved			MePDCL Actuals		
		Energy (MU)	Total Cost (Rs Cr)	Unit cost/kWh	Energy (MU)	Total Cost (Rs Cr)	Unit cost/kWh
8	Kopili Stage-II	8.00	1.41	1.76	7.23	0.94	1.29
9	Khandong HEP	17.00	5.5	3.21	19.19	3.7	1.91
10	Free Power (6%of Kopili I, II &Khandong)	58.00			56.12		
11	RANGANADI HEP	131.00	40.40	3.08	151.59	45.59	3.01
12	DOYANG HEP	23.00	10.27	4.47	17.66	10.93	6.19
13	AGTPP	105.00	40.14	3.82	90.57	34.69	3.83
14	AGBPP	187.00	63.90	3.42	199.01	80.65	4.05
	NHPC						
17	Loktak	50.00	15.33	3.07	1.69	10.22	60.48
	MePGCL						
18	Sonapani	5.00	0.91	1.82	6.24	1.02	1.64
19	Lakroh						
20	Uiam Stage-I	116.00	15.27	1.32	112.87	15.06	1.33
21	Uiam Stage-II	46.00	8.5	1.84	57.88	9.6	1.65
22	Uiam Stage-III	139.00	25.33	1.82	116.66	23.30	2.00
23	Uiam Stage-IV	207.00	25.31	1.22	183.79	23.90	1.30
24	Umtru HEP	39.00	4.75	1.22	1.38	2.45	17.79
25	Myntdu-Leishka	480.0	135.45	2.82	443.02	130.46	2.94
	Other Charges to MePGCL		5.50				
	Short Term						
26	Mittal Processors Pvt. Ltd. (MPPL) – Swapping				272.94	7.71	0.28
27	Mittal Processors Pvt. Ltd. (MPPL) – Exchange				23.04	5.63	2.45
28	Meghalaya Power Ltd. (MPL) - Banking				34.74	0.00	0.00
29	NTPC Vidyut Vyapar Nigam Ltd.				1.48	0.11	0.74
30	Power Trading Corporation India Ltd (PTCIL) - Swapping				87.46	5.65	0.65
31	Unscheduled Interchange (UI)				15.98	0.12	0.08
32	Short Term Open Access Charges					-0.41	
	Total	2178.00	539.78	2.48	2337.79	613.17	2.62

2.3.6 Since the Power Purchase Cost including Inter and Intra State Transmission Cost is

legitimate and uncontrollable in nature, the Hon'ble Commission is requested to kindly approve the Power Purchase Cost as shown above while truing-up.

- 2.3.7 Regarding the RPO compliance, it is submitted that MePDCL has not purchased any power from solar and wind sources or purchased any non-solar RECs during FY 2015-16. However, it has procured enough surplus from other renewable sources (basically small hydro) and as such, it request Hon'ble Commission to waive of the RPO compliance for solar and wind. The details of purchase of energy is given below:

Table 5) A: Renewable Purchase Obligation Approved

Minimum quantum of purchase (in %) from renewable energy sources (in kWh) (Approved)					
Solar MUs	Solar (%)	Non Solar (MUs)	Non Solar (%)	Total MUs	Total
4.37	0.41%	11.639	1.09%	16.00	1.50%

Table 6) B: Renewable Purchase Obligation Actual

Quantum of purchase (in %) from renewable energy sources (in kWh) procured (Actual)					
Solar MUs	Solar (%)	Non Solar (MUs)	Non Solar (%)	Total MUs	Total
0	0	72.73	6.8%	72.73	6.8%

Table 7: Power Purchase from Small Hydro

Details of Small Hydro for RPO Compliance		
Small Hydro Electric Plant	Installed Capacity (MW)	Power Procured (MU)
Kopili Stage-II	25	7.23
Sonapani	1.5	6.24
Umtru HEP	11.2	1.38
Umiam Stage-II	20	57.88
Total		72.73

2.4 Transmission Charges

- 2.4.1 MePDCL is required to pay the inter-state transmission charges to PGCIL and the intra-state transmission charges to MePTCL. The former charges are determined by CERC and the latter one is determined by MSERC.
- 2.4.2 A comparison of the actual and approved transmission charges of FY 2014-15 is given below:

Table 8: Comparison of Transmission Charges for FY 2015-16 (INR Crore)

Sr. No.	Particulars	Approved in TO Dated 31.03.2015	Actuals
1	Inter-state transmission charges	55	87.23
2	Intra state transmission charges	78.12	78.12
	TOTAL	133.12	165.35

- 2.4.3 Since the transmission charges are uncontrollable in nature for MePDCL, it is therefore requested before the Hon'ble Commission to kindly approve the transmission charge at Rs 165.35Cr while truing-up.

2.5 Operation and Maintenance Expenses (O&M Expenses)

- 2.5.1 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 MePDCL 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.

2.5.2 Repairs and Maintenance Expenses (R & M expenses)

- 2.5.2.1 Repair & Maintenance expenses are dependent on various factors such as age of assets, nature of terrain, load served, volume of infrastructure, etc. Most of the lines and substations of MePDCL are aged and thus demand more frequent Repairs and Maintenance. The assets of MePDCL are old and require regular maintenance to ensure uninterrupted operations. MePDCL has been trying its best to ensure uninterrupted operations of the system and accordingly has been making necessary expenditure for R&M activities. The R&M Expenses incurred by MePDCL and one-third of that incurred by the holding company, MeECL is as shown below:

Table 9: R&M expenses for FY 2015-16 (INR Crore)

R&M Expense	MePDCL	MeECL/3	Total
Buildings	0.12	0.00	0.13
Plant & Machinery	0.46	0.00	0.46
Hydraulics Work	0.08	0.00	0.08
Civil Works	0.06	0.00	0.06
Lines & Cables	2.32	0.00	2.32
Vehicles	0.29	0.02	0.31
Furniture & Fixture	0.03	0.00	0.03
Office equipment	0.26	0.02	0.28
Total	3.62	0.05	3.67

- 2.5.2.2 The summary of the comparison of the actual R&M expenses for FY 2015-16 vis-à-vis the expenses approved by the Hon'ble Commission has been given in the table

below:

Table 10: True up of R&M expenses for FY 2015-16 (INR Crore)

Particulars	Approved in TO Dated 31.03.2015	Actuals
R&M Expenses	5.77	3.67

2.5.3 Employee Expenses

- 2.5.3.1 The employee expense incurred by MePDCL and the share of MeECL to be borne in FY 2015-16 as per the audited Statement of Accounts is as shown below:

Table 11: Employee expenses for FY 2015-16 (INR Crore)

Employee Expense	MePDCL	MeECL/3	Total
Salaries and wages	99.97	1.39	101.36
Contributions to provident and other funds	20.36	2.40	22.76
Staff welfare expenses	0.05	0.00	0.05
Total	120.39	3.79	124.18

- 2.5.3.2 The summary of the comparison of the actual Employee Expenses for FY 2015-16 vis-à-vis the expenses approved by the Hon'ble Commission has been given in the table below:

Table 12: True up of Employee Expenses for FY 2015-16 (INR Crore)

Particulars	Approved in TO Dated 31.03.2015	Actuals
Employee Cost	83	124.18

- 2.5.3.3 The Commission had provisionally estimated the Employee cost for the segregated companies since the final audited figures for the segregated companies were not available during the time of finalization of MYT of first control period. It may be observed that main reason for deviation in the actual and approved Employee expenses can be attributed to arrears from revision of pay order 2010 and 2015 (the implementation of both the pay revisions have taken place during this duration i.e between the period for which baseline was available at the time of MYT finalization and FY 2015-16). The licensee would also like to submit that it had not taken into account the terminal liabilities during the projection of employee costs which is INR 20.05 Cr for FY 2015-16. It is pertinent to note that the actual employee Expenses in FY 2015-16 has increased only by around 14.8 % from the actual and approved values of FY 2014-15 of INR 108.15 crores. The increase of 14.8 % is justified given the implementation of Revision of Pay. MePDCL humbly requests Hon'ble Commission to allow the actual employee expense of Rs 124.18 Crores for true up of FY 2015-16

2.5.4 Administration and General Expenses (A & G Expenses)

- 2.5.4.1 The A & G expenses incurred by MePDCL and the share of MeECL to be borne in FY 2015-16 as per the audited Statement of Accounts is as shown below:

Table 13: A&G Expenses for FY 2015-16 (INR Crore)

A&G Expense	MePDCL	MeECL/3	Total
Rent, rates & taxes	0.09	0.02	0.11
Insurance	0.03	0.01	0.04
Telephone, postage & Telegrams	0.11	0.03	0.14
Consultancy fees	0.82	0.62	1.43
Technical fees	0.00	0.00	0.00
Other professional charges	0.81	0.00	0.81
Conveyance & travel expenses	4.33	0.19	4.52
Electricity & Water charges	0.01	0.00	0.01
Others	0.43	0.15	0.58
MSERC Fees	0.12	0.00	0.12
Freight	0.00	0.00	0.00
Other material related expenses	0.50	0.00	0.50
Client Membership fee for Sale/ Purchase of Power	0.01	0.00	0.01
Total	7.25	1.02	8.27

- 2.5.4.2 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 14: True up of A&G Expenses for FY 2015-16(INR Crore)

Particulars	Approved in TO Dated 31.03.2015	Actuals
A&G Expenses	55	8.27

MePDCL humbly requests Hon'ble Commission to allow the actual A & G expense of Rs 8.27 Crores for true up of FY 2015-16

2.6 Depreciation

- 2.6.1 Depreciation as booked in the Statement of Accounts for FY 2015-16 for MePDCL and the apportioned amount of MeECL for various classes of assets is shown below:

Table 15: Asset Value of MePDCL for FY 2015-16

VALUE ASSETS AND DEPRECIATION: 2015-16						
Sl No	Particulars	Opening GFA	Addition	Withdrawn	Closing GFA	Depreciation
1	Land	2.19	0.04	0.00	2.23	0.00
2	Buildings	7.26	0.65	0.00	7.91	0.25
3	Hydraulic works	0.01	0.00	0.00	0.01	0.00
4	Other Civil works	3.44	0.40	0.00	3.84	0.11
5	Plant & Machinery	37.59	0.99	0.00	38.59	1.60
6	Lines & Cables	282.64	7.91	0.00	290.55	12.83
7	Vehicles	2.96	0.13	0.00	3.09	0.06
8	Furniture	1.60	0.01	0.00	1.61	0.05
9	Office equipment	2.53	0.03	0.00	2.56	0.11
	Less: Amortization of Assets Created out of Grants					4.72
	TOTAL:	340.23	10.17	0.00	350.39	10.30

Table 16: Depreciation for FY 2015-16 (INR Crore)

Asset Class	MePDCL	MeECL/3	Total
Land and land rights	0.00	0.00	0.00
Buildings	0.16	0.09	0.25
Hydraulic Works	0.00	0.00	0.00
Others Civil Works	0.10	0.01	0.11
Plant and Machinery	1.60	0.01	1.60
Lines and Cable Network	12.83	0.00	12.83
Vehicles	0.00	0.06	0.06
Furniture and Fixtures	0.03	0.02	0.05
Office Equipment	0.08	0.03	0.11
Less: Amortization of Assets Created out of Grants	4.73	0.00	4.73
TOTAL	10.07	0.23	10.30

2.6.2 Following table shows the comparison of the actual Depreciation vis-à-vis the Depreciation approved by the Hon'ble Commission in its various tariff orders for FY 2015-16.

Table 17: True up of Depreciation for FY 2015-16 (INR Crore)

Particulars	Approved in TO Dated 31.03.2015	Actuals
Depreciation	4.88	10.29

2.6.3 MePDCL would like to submit that during the time of approval of ARR of FY 2015-16, the segregated account statements for the new successor companies were not available and as such, the figures were calculated on a provisional basis. Now, since the audited statement of accounts are available, the true up is being done based on the actual value of opening assets and the assets capitalized during the year. It is submitted that the component wise depreciation is computed as per the provisions of Tariff Regulations, 2014. As such, the Hon'ble Commission is requested to kindly approve the actual depreciation as per the audited accounts.

2.6.4 MePDCL humbly requests Hon'ble Commission to allow the depreciation of Rs 10.29 Crores for true up of FY 2015-16

2.7 Interest and Financial Charges

2.7.1 It is submitted that the actual interest cost of Rs. 34.19 Crore of Interest & Finance Charges pertains to project loan for schemes like RGGVY, R APDRP and other State Government schemes as well as various financial charges for raising bank guarantee, security etc.. The following table shows the summary of the comparison of the actual Interest and Finance Charges for FY 2015-16 vis-à-vis the Interest and Finance Charges approved by the Hon'ble Commission.

Table 18: True up of Interest and Finance Charges for FY 2015-16 (INR Crore)

Particulars	Approved in TO dated 31.03.15	Actuals
Interest and finance charges	12.44	34.19

2.8 Interest on Working Capital

2.8.1 Working capital requirement for a distribution utility in Meghalaya is determined on a normative basis by the Regulation 34.3 of MYT Tariff Regulations, 2014. Now, based on the actual data for the components of working capital, the interest on working capital is computed below:

Table 19: Computation of Interest on Working Capital for FY 2015-16

Particulars	Amount
O&M for 1 Months (INR Crore)	11.34
Maintenance Spares (INR Crore)	3.45

Receivables for 2 Months (INR Crore)	164.27
Total (INR Crore)	179.06
Interest Rate (%)	14.75%
Interest on Working Capital (INR Crore)	26.41

- 2.8.2 The comparison of Interest on Working Capital for FY 2015-16 based on actual figures vis-à-vis that approved by the Honorable Commission is shown below:

Table 20: True up of Interest on Working Capital for FY 2015-16 (INR Crore)

Particulars	T.O	Actuals
Interest on Working Capital	17.35	23.71

- 2.8.3 The petitioner therefore, prays before the Honorable Commission to kindly approve the same and allow the difference to be passed on to the consumers.

2.9 Return on Equity

- 2.9.1 It is submitted that the return on equity is computed as per Regulation 27 and 31 of the Tariff Regulations, 2014. As per the above provisions of MYT Tariff Regulations, 2014, the computation of Return on Equity is shown below:

Table 21: True up of Return on Equity for FY 2015-16(INR Crore)

Sr. No.	Particulars	Approved in TO	Actuals
1	Opening Equity for the Year		801.20
2	Closing Equity for the Year		810.42
3	Average Equity for the Year	67.33	805.81
4	Rate of Return	14%	14%
5	Return on Equity	9.43	112.81

- 2.9.2 As per Audited Statement of Accounts for MePDCL for FY 2015-16, the average equity base has been considered as INR 805.81 (average of opening and closing balance of equity for FY 2015-16) Crores including average equity capital pending allotment of INR 435.60 Crore.
- 2.9.3 The Licensee would like to submit that the Hon'ble APTEL has pronounced the judgment on the Appeal no 74 of 2015 and Appeal no. 102 of 2015 filed by MePDCL and BIA against the MSERC True up Order for FY 2010-11 on 19.07.17. The tribunal found that there is no infirmity in the decision of the State Commission while determining the equity base and hence upheld the MSERC stand on RoE. However, MePDCL is seeking review of the Impugned Judgment of APTEL on RoE and the matter is under sub-judice. Hence the utility would like to retain its methodology as per the past petitions & stand on equity base determination as per the earlier petitions which is in line with MSERC Regulations and Transfer Notification Scheme.

- 2.9.4 It is therefore prayed before the Honorable Commission to kindly approve the Return on Equity for FY 2015-16 as computed above.

2.10 Other Income

- 2.10.1 A summary of the comparison of other income as per Audited Accounts of MePDCL for FY 2015-16 vis-à-vis the other income approved by the Hon'ble Commission has been given in the table below:

Table 22: Other Income in FY 2015-16 (INR Crore)

Sr. No.	Particulars	Approved in TO Dated 31.03.2015	Actuals
1	Non-Tariff Income	58.00	90.29
2	Income from Cross Subsidy Surcharge	9.86	
3	RE Subsidy	17.50	14.53
4	Subsidy for Payment of Power Purchase dues		6.33
5	Subsidies against loss on account of flood, fire cyclone		2.35
	TOTAL	85.36	113.49

- 2.10.2 It is submitted that MePDCL has been able to increase its Other Income in FY 2015-16 from the approved limits of the Hon'ble Commission and the benefit of the same is proposed to be passed on to the consumers.

2.11 Revenue from Sale of Power

- 2.11.1 A summary of the comparison of revenue from sale of power as per Audited Accounts of MePDCL for FY 2015-16 vis-à-vis the revenue from sale of power approved by the Hon'ble Commission has been given in the table below:

Table 23: Revenue from sale of power in FY 2015-16 (Rs. Cr)

Particulars	Approved in TO Dated 31.03.2015	Approved in TO Dated 11.08.2015	Actuals
Revenue from sale of power within state (Rs in Cr)	591.90	578.48	548.98
Revenue from sale of short term surplus power outside state (Rs in Cr)	186.50	199.93	106.11
TOTAL (Rs in Cr)	778.4	778.41	655.09
Units sold within state (MU)		1068	1058.32
Units sold outside state (MU)		696.13	637.47

- 2.11.2 It is submitted that the reduction in the revenue is because of the reduced amount of units sold both within the state and outside state and the change in sales mix within the state, which is uncontrollable. Further, it is pertinent to note that out of 637.47 MUs sold outside the state, 435.65 MUs are through swapping which is adjusted with power purchase during different time period. As such, there is no significant revenue earned from the power sold

under swapping. As such, the Commission is requested to consider this aspect while allowing the actual revenue from sale of surplus power outside the state. It is pertinent to note that the Hon'ble Commission in its order on 30th March 2017 on review of tariff order of FY 2016-17 had already considered this aspect and allowed the actual revenue from sale of surplus power considering the swapping quantum. Also, the per unit income sale of power through trading is dependent on the market and the same is uncontrollable for MePDCL. As such, MePDCL requests the Hon'ble Commission to allow the revenue as per the audited statement of accounts.

2.12 Aggregate Technical & Commercial (AT & C) Losses

2.12.1 The total revenue billed for sale of power within the state is Rs. 548.97crores which excludes the Electricity Duty billed and the revenue from sale of power outside state.

2.12.2 The revenue collected and AT&C loss for FY 2015-16 is calculated as shown below.

Table 24: AT&C Loss for FY 2015-16

Particulars (MePDCL)	Amount
Opening balance of receivables from sale of power within the state	233.2617
Revenue from sale of power within the state in FY 2015-16	548.98
Total	782.2388
Less: Closing balance of receivables from sale of power within the state	270.1976
Revenue realized in FY 2015-16 from sale of power within the state	512.0412
Collection Efficiency	93.27%
T&D losses	36.59%
AT&C Losses	40.85%

2.13 Aggregate Revenue Requirement and Revenue Gap/Surplus for FY 2015-16

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 MePDCL has also submitted the justification of each component being controllable or uncontrollable on part of MePDCL. Based on the above clause, the table below summarizes the Aggregate Revenue Requirement and Revenue Gap/Surplus for FY 2015-16 over and above the figures approved by the Honorable Commission in the Tariff orders dated 31.08.2015 & 11.8.2015

**Table 25: Aggregate Revenue requirement and Revenue Gap/(Surplus) for FY 2015-16
(INR Crore)**

Particulars	MePDCL Actuals	Approved in TO dated 31.03.2015/ 11.08.2015 ®	Loss/ (Gain)
Power Purchase Cost	614.24	539.78	74.46
Transmission Charges (PGCIL)	86.15	55.00	31.15
Transmission Charges (MePTCL)	78.12	78.12	-
Employee Expenses	124.18	83.00	41.18
Repair & Maintenance Expenses	3.67	5.77	(2.10)
Administration & General Expenses	8.27	55.00	(46.73)
Depreciation	10.29	4.88	5.41
Interest on Loan	34.19	12.44	21.75
Interest on Working Capital	26.38	17.35	9.03
Other Debits (Incl Provisions for Bad Debts)		3.00	(3.00)
Prior Period Charges /(Credits)		-	-
Income Tax	-	-	-
Return on Equity	112.81	9.43	103.38
Total Expenses	1,098.32	863.77	234.55
Less: Non-Tariff Income	90.29	58.00	32.29
Less: Cross subsidy surcharge	-	9.86	(9.86)
Less: R.E. Subsidy	14.53	17.50	(2.97)
Less: Subsidy against Power Purchase	6.33	-	6.33
Less: R.E. Subsidy Against Loss On Account Of Flood, Fire Cyclone Etc	2.35	-	2.35
Less: Revenue Grant for Other Expenditure	0.51	-	0.51
Less: Sale of Surplus Power	106.11	199.93	(93.82)
Less: Revenue from Sale of Power	548.98	611.96	(62.98)
Net Gap / (Surplus)	329.22		362.70

- 3 MePDCL humbly request the Hon'ble Commission to pass through gap of INR 362.70 Crore under the truing up of FY 2015-16 in the ARR of FY 2018-19