MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION

1st Floor (Front Block Left Wing), New Administrative Building
Lower Lachumiere, Shillong – 793 001
East Khasi Hills District, Meghalaya

Case No. 5/2022

In the matter of Petition for Review of True up Order for FY 2019-20.

AND

Meghalaya Power Distribution Corporation Limited (the Petitioner)

Coram

Shri P.W. Ingty, IAS (Retd), Chairman
Shri Roland Keishing, Member (Law)

ORDER

(Dated: 3.10.2022)

1. The Commission has passed the order dated 22.02.2022 for true up of business for FY 2019-20.
2. As per Regulation 22 of MSERC Regulation 2014, MePDCL has filed the petition for Review of True up order for FY 2019-20.
3. Regulation 22.2 of MYT Regulation 2014 specifies that the Commission shall under take the review of True up of the business considering the terms & Conditions laid down there in that.
   a) the review petition is filed within sixty days from the date of the order, and / or
   b) There is error apparent on the face of the record.
4. (a) Commission considers that the petition is filed within 60 days of date of true up order passed.

   (b) There is no error apparent on the face of the record.
5. Commission taking into consideration of all the facts and records, audited SOA and Prudence check as per the Regulations, passed review order for the FY 2019-20 in the chapters annexed to this Order.

Sd/-	**Sd/-**
Shri. Roland Keishing	**Shri. P.W. Ingty, IAS (Retd)**
(Member)	**(Chairman)**

Review Petition on True Up Order for FY 2019-20 dated 22.02.2022:

1 Introduction

Petitioner's Submission

1.1. The present petition is being filed as per clause 22 of MSERC (Multi Year Tariff) Regulations 2014, which is reproduced below:

22 Review of Tariff Order

22.1 All applications for the review of tariff shall be in the form of petition accompanied by the prescribed fee. A petition for review of tariff can be admitted by the Commission under the following conditions:

a) the review petition is filed within sixty days for the date of the tariff order, and / or

b) there is an error apparent on the face of the record

22.2 On being satisfied that there is a need to review the tariff of any generating company or the licensee, the Commission may on its own initiate process of review of the tariff of any generating company or the licensee. The Commission may also, in its own motion review any tariff order to correct any clerical error or any error apparent of the face of the record.

1.2. The present petition is also being filed as per clause 21 of MSERC (Conduct of Business) Regulations 2006, which is reproduced below:

"A person aggrieved by a decision or order of the Commission from which no appeal is preferred, or is not allowed to be preferred, can seek a review of the order if new and important facts which, after the exercise of due diligence, were not within his knowledge or could not be produced by him at the time when the order was passed or on account of some mistake or error apparent on the face of record or for any other sufficient reason, by making an application within 60 days of the date of the order."

1.3. As such, the MSERC (Multi Year Tariff) Regulations 2014 provides for the petitioner or any other person aggrieved by an order of the Commission to file a review petition based on new facts and information, which was not considered during the time of issue of order or on account of apparent errors or mistakes. MePDCL, in this petition is requesting the Commission to review certain costs which were disallowed in view of the latest facts and information submitted in this petition or in view of apparent errors observed.

1.4. Further, as per the above clauses, the timeline specified by MSERC for submission of review petition is within 60 days of the date of the order of the Commission**.** MePDCL would like to submit that it is filing the review petition within the allowed timeline and as such, the Commission is requested to admit the same.

Commission's Analysis:

Commission considered that the licensee has filed petition for Review of True up orders for FY 2019-20 issued on 22.02.2022 as per the Regulation 22.1 (a) is within 60 days from the date of order.

Commission considers there is no error apparent on the face of the record.

Commission considers that the true up orders for FY 2019-20 dated 22.02.2022 were passed as per the Regulation 11.1 to 11.5 of the MYT Regulations 2014 taking into account the audited SOA, additional information and admissible allowances have been considered after prudence check.

2 Review of True Up of Business for FY 2019-20

2.1 Accounting of Energy Sale to ASEB

Petitioner's Submission

The Hon'ble Commission in its True Up order dated 22 February 2022, has considered the sale of 0.30 MU as Sale to ASEB and the sale to ASEB as sale outside the State stating "the proposed T&D losses 29.88% shall not be factored for the sales to ASEB for 0.30MU."

There is no sale to ASEB as can be clearly seen from Note 24.1 and Note 24.3 of SOA of MePDCL. Therefore, MePDCL requests the Hon'ble Commission not to factor the sale of 0.30 MU as sale to ASEB.

Further, the sale that was there for ASEB as per SOA of 2018-19 of MePDCL was the sale inside the state as ASEB was consumer of MePDCL through different supply points.

Commission's Analysis

The licensee has projected the sales of bulk supply (HT) including ASEB vide sl.no.14 of table no.2 of the True up petition at 84.86 MU for FY 2019-20.

Commission has segregated the sales to Assam from the HT bulk supply sales of 84.86 MU, while computing energy at 0.30 MU considering the Revenue reported at Rs.1.83 Crore vide note no.24 of SOA towards interstate sale of power to Assam.

Whereas the licensee claiming that there was no sales to Assam in the Review petition, is not true.

The T&D losses at 29.88% projected by the licensee considered for the sales within the state.

Commission had notified in the True up orders for FY 2019-20 dated 22.02.2022 that T&D losses of 29.88% shall not be factored for the sales to ASEB.

The licensee has not submitted voltage wise T&D losses in the true up petition and claiming the T&D losses of 29.88% for sales to ASEB consumers shall not be considerable.

The sale of surplus energy outside the state has been considered at 554.56 MU including sales to ASEB for 0.30 MU, thus the energy handled and sold outside the state would be matching with the energy balance statement approved in the True up order dated 22.02.2022 which does not impact on the energy account.

The claim of the licensee that sale to ASEB was sale inside the state, as ASEB was consumer of MePDCL through different supply points, shall not be treated as sales within the state.

Accordingly Energy accounting has been corresponding to the claim of the Licensee while T&D losses not being considered for sales to ASEB at 0.30 MU and outside state sales considered for 554.56 MU including ASEB, as against 554.26 MU disclosed in the audited accounts for FY 2019-20.

In view of the above analysis, commission considers no review of Energy balance is required for True up of FY 2019-20.

2.2 Computation of the balance surplus energy cost amounting to Rs.8.62 Crore

Petitioner's Submission

The Hon'ble Commission in its True Up order dated 22 February 2022, has considered balance surplus energy of 23.30 MU and Rs.8.62 Crore as the Revenue from this surplus power to be deducted from the Net ARR for True up of FY 2019-20 of MePDCL. The following are the observations of the Licensee on the methodology and calculations used by the Hon'ble Commission for surplus power along with suitable explanations to justify that there is no balance energy as claimed in true up:

(a) The Hon'ble Commission has computed the Energy Balance in Table 5 of the impugned order which is reproduced below:

Table 5 : Computation of Energy Balance for True up of FY 2019-20

Sl. No.	Particulars	Calculation	MU
1	Power purchased from the Eastern Region (ER)	A	0
2	Inter-state transmission loss for ER	B	1.80%
3	Net power purchased from the ER	C=A*(1-B)	0
4	Power purchased from the North -Eastern Region(NER)	D	998.45
5	Inter-state transmission loss for NER	E	3.00%
6	NER Regional Loss	(998.45*3%)	29.95
7	Net power available at state bus from external sources on long term	F=(C+D)*(1-E)	968.50
8	Power purchased from generating stations within the state	G	1070.14
9	Power purchased from other sources	H	311.86
10	Total Energy Available in the State periphery for sale	I=F+G+H	2350.50
11	Net Energy Available for sale by Discom	K	2350.50
12	Power sold to consumers	L	1259.18
13	Approved Energy Sales within the state (Excl. sales to ASEB of 0.30 MU)	M	1259.18
14	Transmission & Distribution Losses (%)	N	29.88%
15	T&D Losses in terms of MU	O	536.57
16	Energy Requirement for sale by Discom within state	P=M+O	1795.75
17	Surplus Energy	Q=K-P	554.75
18	Grossed Up at 4%	R=Q/0.96	577.86
19	Power sold to outside (incl.swap/UI/bilateral/ASEB (0.30 MU))	S	554.56
20	Balance Energy to be accounted (Sl.no.18 - Sl.no.19)	T	23.30

Commission considers Energy balance as computed above and balance surplus energy of 23.30 MU as computed above shall be accounted for by the licensee.

The balance surplus energy cost amounts to Rs. 8.62 Crore at Rs.3.70 ps/kwh weighted average power purchase cost for FY 2019-20 shall be recovered from the Net ARR for True up of FY 2019-20.

As there is no sale to ASEB, the above Table should become:

Table 1 : Revised Computation of Energy Balance for True up of FY 2019-20

Sl. No.	Particulars	Calculation	MU
1	Power purchased from the Eastern Region (ER)	A	0
2	Inter-state transmission loss for ER	B	1.80%
3	Net power purchased from the ER	C=A*(1-B)	0
4	Power purchased from the North -Eastern Region(NER)	D	998.45
5	Inter-state transmission loss for NER	E	3.00%
6	NER Regional Loss	(998.45*3%)	29.95
7	Net power available at state bus from external sources on long term	F=(C+D)*(1-E)	968.50
8	Power purchased from generating stations withinthe state	G	1070.14
9	Power purchased from other sources	H	311.86
10	Total Energy Available in the State periphery for sale	I=F+G+H	2350.50

Sl. No.	Particulars	Calculation	MU
11	Net Energy Available for sale by Discom	K	2350.50
12	Power sold to consumers	L	1259.18
13	Approved Energy Sales within the state	M	1259.48
14	Transmission & Distribution Losses (%)	N	29.88%
15	T&D Losses in terms of MU	O	536.70
16	Energy Requirement for sale by Discom within state	P=M+O	1796.18
17	Surplus Energy	Q=K-P	554.32
18	Grossed Up at 4%	R=Q/0.96	577.42
19	Power sold to outside (incl.swap/UI/bilateral)	S	554.26
20	Balance Energy to be accounted (Sl.no.18 - Sl.no.19)	T	23.16

The revised Balance Energy would be 23.16 MU instead of 23.30 MU.

(b) The formula adopted by the Hon'ble Commission in calculating the Balance energy to be accounted for is at variance with the formula calculated for determining the T&D loss.

T&D Loss includes all energy Loss i.e. all unaccounted energy is included in T&D loss. When there is unaccounted energy, it implies that T&D loss calculation is wrong. In this case, the T&D loss, therefore, 29.88% but should be higher than this 29.88%.

Further, unaccounted energy can only arise when approved T&D loss is different from the actual T&D loss. In this case, when the T&D loss proposed by MePDCL and the same is approved by the Hon'ble Commission, the question of unaccounted energy can never be there.

The unaccounted energy of 23.16 MU (Revised) arises due to the fact the formula (which is a reverse one) adopted by Hon'ble Commission is not consistent with the formula adopted for calculating the T&D loss. If the same formula is applied to calculate the T&D loss and the same formula is adopted to calculate the unaccounted energy, there will always be an unaccounted energy. Suppose that unaccounted energy is put back into the formula, to account the unaccounted energy, that calculate the T&D loss, the new T&D loss will reduce. But using the same formula for calculating the unaccounted energy, there will be again unaccounted energy. At no where will the unaccounted energy be zero as long as there is some percentage of T&D loss. This can be elaborated as:

Supposed the unaccounted energy of 23.16 Mu is put back (or accounted) in the table for computation of T&D loss, then the new T&D loss is

Table 2 : Computation of T&D Losses for FY 2019-20

Sl No	Particulars	Calculation	2019-20
1	Energy purchase from Eastern Region (ER)	A	0
2	Inter-State Transmission Loss in ER	B	1.80%
3	Net Power purchased from ER	C=A(1-B%)	0
4	Power purchase from CGS including Pallatana North Eastern Region (NER)	D	998.45
5	Total Power at NER	E=C+D	998.45
6	Inter-State Transmission Loss in NER	F	3%
7	Net Power available at state bus from external sourcess on long term	G=E*(1-F%)	968.5
8	Power purchase from State generating stations within the state	H	1070.14
9	Power purchase from other sources within the State	I	311.86
10	Power sold to other states (including swapping/UI/bilateral) + 23.16(unaccounted energy)	J	577.42
11	Net power available at state bus for sale of power within the state	K=G+H+I-J	1773.08
12	Power sold to consumers within the state	L	1259.48
13	Transmission & Distribution Losses	M=K-L	513.6
14	Transmission &Distribution Losses (%)	N=M/K	28.97%

If we apply this new T&D loss of 28.97% in the Table for computation of balance energy by the Hon'ble Commission, the table becomes

Table 3 : Computation of Energy Balance for True up of FY 2019-20 with T&D loss of 28.97%

Sl. No.	Particulars	Calculation	MU
1	Power purchased from the Eastern Region (ER)	A	0
2	Inter-state transmission loss for ER	B	1.80%
3	Net power purchased from the ER	C=A*(1-B)	0
4	Power purchased from the North -Eastern Region(NER)	D	998.45
5	Inter-state transmission loss for NER	E	3.00%
6	Net power available at state bus from external sources on long term	F=(C+D)*(1-E)	968.50
7	Power purchased from generating stations within the state	G	1070.14
8	Power purchased from other sources	H	311.86
9	Total Energy Available in the State periphery for sale	I=F+G+H	2,350.50
11	Net Energy Available for sale by Discom	K	2,350.50
12	Power sold to consumers	L	1259.48
13	Approved Energy Sales within the state (1105.03-0.47(ASEB))	M	1,259.48
14	Transmission & Distribution Losses (%)	N	28.97%
15	T&D Losses in terms of MU	O	513.69
16	Energy Requirement for sale by Discom within state	P=M+O	1773.17
17	Surplus Energy	Q=K-P	577.33
18	Grossed Up at 4%	R=Q/0.96	601.39
19	Power sold to other states (including swapping/UI/bilateral) + 23.16 (unaccounted energy)	S	577.42
20	Balance Energy to be accounted (Sl.no.18-19)	T	23.97

From the above table there is energy of 23.97 MU that has to be accounted. If the above procedure is repeated, the unaccounted energy will increase whereas T&D loss % will decrease. Clearly, the formula adopted to calculate the Balance surplus energy is incorrect.

In view of the above, MePDCL prays that the Hon'ble Commission consider the unaccounted energy as NIL and allow MePDCL to recover back Rs 8.62 Cr.

Commission's Analysis

The licensee has reported sales to bulk supply HT (including ASEB) for 84.86 MU out of the total sales reported in the audited accounts for 1259.48 MU for FY 2019-20.

Whereas Revenue reported from Interstate sale of power to ASEB reads as Rs.1.83 Crore vide note no.24 of SOA.

Thus it shall be prudent to assess the sales for the Revenue realized from ASEB.

Commission computed 0.30 MU as interstate sales to ASEB considering the Revenue receipt for Rs.1.83 Crore.

The licensee has proposed T&D loss at 29.88 % for the sales within the state at 1259.18 MU (1259.48 MU – 0.30 MU ASEB).

The total Energy available in the Discom periphery was 2350.50 MU after Regional system losses accounted. The petitioner also projected the volume of Energy available at 2350.50 MU.

The details of the Energy handled in the distribution system and surplus energy computed after allowing the T&D losses shall be as detailed in the table below.

S. no	Particulars	In MU's (29.88%)	As proposed by MePDCL (28.97%)
1	Total Energy available in the state periphery for FY 2019-20	2350.50	2350.50
2	Sales within the state (Excl. ASEB sale 0.30 MU)	1259.18	1259.48*
3	T&D losses	536.57	513.69
4	**Total Requirement (2+3)**	**1795.75**	**1773.17**
5	Surplus Energy (1-4)	554.75	577.33
6	Surplus Energy Grossed up at 4%	577.86	601.39
7	**Less:** Sales outside the state (incl. ASEB sale 0.30 MU)	554.56	554.26**
8	**Balance Energy to be Accounted for (6-7)**	**23.30**	**47.13**

(* Incl. sales to ASEB 0.30 MU, ** Excl. sales to ASEB 0.30 MU)

Whereas the approach projected by the Licensee in the Review petition does not disclose sales to Assam though the Revenue receipt disclosed from interstate sales to ASEB at Rs.1.83 Crore in the audited accounts for FY 2019-20.

The change in the T&D loss percentage filed for review at 28.97 % does not correspond to the total energy sales, Surplus Energy computed therein. Licensee has projected 23.16 MU as unaccounted energy for which no details are made available.

The computation of Energy balance corresponding to T&D loss at 29.88 % for sales within the state at 1259.18 MU had resulted in 23.30 MU balance surplus Energy for FY 2019-20. Whereas the suggested approach by the licensee resulting in 47.13 MU balance Energy to be accounted corresponding to 28.97 % loss for sales of 1259.48 MU (including ASEB sales at 0.30 MU) which shall not be considered after the audited accounts are filed along with the True up petition for FY 2019-20.

In view of the above clarifications, Commission does not consider Review of Energy balance as claimed by the petitioner for FY 2019-20.

2.3 Deduction of 1% Rebate from Power Purchase Cost including Transmission charges

Petitioner's Submission

The Hon'ble Commission in its True Up order dated 22 February 2022, has considered Rs 958.13 cr against the claim of Rs. 1097.57 Cr for power purchase cost including transmission charges for Powergrid & MePTCL. Out of disallowed cost, Rs 9.79 is the amount disallowed as 1%Rebate Amount. The detail deduction is shown below:

Table 4 : Amount deducted as 1% Rebate

Source	**1% Rebate**
NEEPCO	2.00
NTPC	1.67
OTPC	1.27
MePGCL	2.87
POSOCO	0.16
PGCIL	0.83
MePTCL	0.99
Total	**9.79**

The following are the observations of the Licensee along with suitable explanations to justify the why Rebate should not be deducted:

a) Misapplication of Regulation 36 of MYT Tariff Regulations 2014.

“36 Rebate

36.1 For payment of bills of generation tariff or transmission charges through Letter of Credit or otherwise, within 7 days of presentation of bills, by the Generating Company or the Transmission Licensee, as the case may be, a rebate of 2% on billed amount, excluding the taxes, cess, duties, etc., shall be allowed. Where payments are made subsequently through opening of Letter of Credit or otherwise, but within a period of one month of presentation of bills by the Generating Company or the Transmission Licensee, as the case may be, a rebate of 1% on billed amount, excluding the taxes, cess, duties, etc., shall be allowed.”

Regulations 36 clearly lays down the conditions under which the MePDCL is entitled to a rebate of 1% on billed amount. There is no provision for deemed rebate.

b) The Hon’ble Commission is mandated to carry out True-up on the basis of actuals and therefore, it is not authorized to assume a rebate of 1% on the billed amount. The rebate is an incentive for early payment and depends on the actual amount paid and the time for payment is relevant to be entitled to such incentive. Any rebate, if received from the Gencos and other utilities is duly reflected in the Statement of Account of MePDCL as Other Income.

c) Further the Central Generating Companies, viz NEEPCO, NTPC and OPTC and other Central Utilities, viz PGCIL and POSOCO are governed by Regulations of Central Electricity Regulatory Commission viz. CERC (Terms & Conditions of Tariff) Regulations, 2014. Therefore, reliance placed on Regulation 36 of the MSERC MYT Regulations 2014, to justify the reduction of rebate from the Power Purchase Cost of the Central Utilities is erroneous and untenable.

d) Rebate is nothing but an incentive for the payee to pay much in advance before the due date of the Bill by the payee for the benefit of receiver. For the Utilities that are governed by the MSERC MYT Regulations 2014, the due date is 30 days. This is rather exceptional because due date and rebate are for same period. In case of Central Utilities governed by CERC (Terms & Conditions of Tariff) Regulations, 2014, the due date is 60 days.

MePDCL prays that the Hon'ble Commission not to deduct Rs 9.79 Cr as 1% rebate amount and allow MePDCL to recover this amount from consumers.

Commission's Analysis

The Transmission charges (MePTCL and PGCIL), are part of the Power Purchase cost of the distribution licensee which has been factored in determination of ARR and Tariff orders.

Commission had approved the ARR and Tariff order for FY 2019-20 including the interest on working capital at Rs.18.43 Crore for which the licensee would have no liability to be discharged out of the tariff revenue collected from the consumers.

The Regulation 36 of MYT Regulations 2014 amply envisages earning of 1% rebate by paying the Power Purchase cost and transmission charges liabilities promptly within the stipulated 30 days time by the generators and transmission licensees.

CERC Regulation 44 (2) of 2014 reads - *where payments are made on any day after 2 days and within a period of 30 days of presentation of bills by the generating company or the transmission licensee, a rebate of 1% shall be allowed.*

CERC Regulation 58 (2) of 2019 reads - *where payments are made on any day after 5 days and within a period of 30 days of presentation of bills by the generating company or the transmission licensee, a rebate of 1% shall be allowed.*

The distribution licensee shall avail the rebate facility provided by the generators and transmission licensee for prompt payment out of the amount provided towards interest on working capital in the ARR and Tariff Order, as part of the performance parameters and sustainable operations.

Commission considers deduction of 1% rebate from the power purchase cost payable to Generators and Transmission licensees is as per the Regulations and as part of the efficiency, economical use of resources and good performance of Distribution Company.

In view of the clarification, Commission considers no review of deduction of 1% rebate is necessary for true up of FY 2019-20.

2.4 Deduction of Rs 7.46 Cr as balance rebate from ARR and inclusion of Rs 2.33 Cr as part of other income.

Petitioner's Submission

While approving the Non Tariff and Other Income at Rs 137.00 Cr at Table 34 of the impugned order, the Hon'ble Commission has also considered the Rebates on Purchase of Energy amounting to Rs 2,33,03,662.00 i.e.Rs. 2.33 Cr. The Table 34 is reproduced here below:

Table 34 : Approved Non Tariff and Other Income for True up FY 2019-20

Sl. No	Particulars	For the Year ended 31st March 2020
	Non Tariff Income	
1	Meter Rent	3,14,16,311.78
2	Margin Payment Charges collected from consumers	16,97,30,460.00
3	Reconnection fees	64,500.00
4	DPS Collected from Consumers	30,19,43,434.67
5	Rebates on Purchase of Energy	2,33,03,662.00
6	Other charges from Consumers	10,81,81,574.90
7	Cross Subsidy Surcharge	27,61,57,766.00
	Sub Total- (A)	**91,07,97,709.35**
	Other Income	
1	From Banks	3,76,24,119.00
2	From Others	66,119.00
3	Rental and Hiring Income	2,79,490.00
4	Fees and Penalties	16,749.00
5	Sale of scrap, tender forms and others	13,07,500.00
6	Miscellaneous receipts	3,64,72,990.34
7	Amortization of Grants and subsidies	13,34,45,912.58
8	Amortization of Consumer Contributions	2,65,75,066.94
9	Revenue Grants for Other Expenditure	13,81,18,506.00
	Sub Total- (B)	**37,39,06,452.86**
10	The Other Income from MeECL apportioned share reported in note no.20 of audited accounts **(C)**	8,53,00,000.00
	Total (A+B+C)	**137,00,04,162.21**

This amount Rs 2,33,03,662.00 should not have been considered as the Hon'ble Commission has already considered Rs 9.79 Cr as Rebate. Hon'ble Commission further errs when it considers balance rebate shall be adjusted as other income from net ARR at Rs.7.46 Crore for True up of FY 2019-20.

The Hon'ble Commission has approved the Power purchase cost in Table 12 of the impugned order as given below:

Table 12 : Approved Power Purchase Cost for True up of FY 2019-20

Sl. no	**Name of the Generator/Source**	**Energy Drawn in MU**	**MePDCL Actuals (in Rs Cr)**	**Approved for True up (Rs Cr)**
1	NEEPCO	597.82	255.92	190.42
2	NHPC	0.00	1.74	0.00
3	OTPC LTD	400.63	139.19	125.82
4	NVVN LTD	0.00	0.00	0.00
5	NTPC LTD	0.00	203.75	151.74
6	POSOCO	0.00	1.56	1.54
7	APPCL	124.47	4.53	4.53
8	MPL-Banking	4.02	0.00	0.00
9	MPPL & Keipl	105.76	2.53	2.53
11	DEVIATION (INTER)	59.93	19.30	17.41
12	DEVIATION (INTRA)	5.04	-0.02	-0.02
13	VAR Charges	0.00	0.00	0.00
14	Adhunik Cement (Swap)	12.64	0.00	0.00
15	MePGC Ltd	1070.14	287.47	284.53
	Sub-Total	**2380.45**	**915.98**	**778.50**
	Transmission Charges			
15	**PGCIL**	0.00	82.95	81.98
16	**MePTC Ltd**	0.00	98.64	97.65
	Total	**2380.45**	**1097.57**	**958.13**

Commission approves Power Purchase cost at Rs. 958.13 Crore including Transmission charges for True up of FY 2019-20.

The amount Rs 958.13 approved for power purchase cost was after deducting an amount of Rs 9.79 Cr on account of Rebate. Therefore, the amount of power purchase cost including the 1% rebate is Rs 967.92 Cr.

By saying that balance rebate shall be adjusted as other income from net ARR at Rs.7.46 Crore for True up of FY 2019-20, effectively it means that the Net power purchase cost becomes Rs. 950.67 Cr as shown below:

Table 5 : Net Approved Power Purchase Cost for True up of FY 2019-20

Power Purchase Cost without rebate	967.92
Less 1% Rebate	9.79
Power purchase Cost with rebate	958.13
Less balance rebate	7.46
Net Power purchase cost	**950.67**

However, the actual power purchase cost should be Rs 960.46 Cr as indicated below:

Table 6 : Actual Net Power Purchase Cost for True up of FY 2019-20

Power Purchase Cost without rebate	967.92
Less 1% Rebate	9.79
Power purchase Cost with rebate	958.13
Add Rebate under Other Income	2.33
Net Power purchase cost	**960.46**

Therefore, MePDCL prays that the Hon'ble Commission allow MePDCL to recover Rs 7.46 Cr due to wrong deduction of balance rebate and Rs 2.33 Cr due to wrong consideration as part of Non Tariff and Other Income.

Commission's Analysis

The 1% Rebate for prompt payment of power purchase dues amounted at Rs.7.46 Crore as notified vide page no.36 after adjustment of 1% Rebate already disclosed in the other income table no. 34 for Rs.2.33 Crore in the True up order was as per the Regulation 36 of MSERC MYT Regulations 2014 and also as per the CERC Regulation 44 (2) of 2014 and 58 (2) of 2019. The same has been amply clarified in para 2.3 of the Review petition above.

Commission had deducted the 1% rebate as per the Regulations while disclosing the deduction as such already notified in the True up orders requires no review for FY 2019-20.

2.5 Depreciation

Petitioner's Submission

The Hon'ble Commission has approved Depreciation in Table 25 of the impugned order as Nil which is depicted below:

Table 25 : Computation of GFA/Depreciation for True up of FY 2019-20

Particulars	Opening Balance	Additions	Retirements	Closing Bal	% of Depr	Amount
Land	1.60	0.10		1.70	-	
Buildings	13.60	-		13.60	3.34%	0.41
Plant and Equipment	51.85	2.78		54.63	5.28%	2.53
Furniture and Fixtures	0.99	0.003		0.99	6.33%	0.06
Vehicles	0.69	-		0.69	9.50%	0.06
Office Equipment	1.82	0.04		1.86	6.33%	0.10
Hydraulic works	0.09	-		0.09	5.28%	0.004
Other Civil works	3.04	-		3.04	3.34%	0.09

Particulars	Opening Balance	Additions	Retirements	Closing Bal	% of Depr	Amount
Lines and Cable Network	371.34	33.21		404.55	5.28%	18.44
Total	**445.02**	**36.14**		**481.15**		**21.69**
Add: 1/3rd Share of MeECL Depreciation as claimed						0.15
Less : Depreciation On Grants and contributions available				**748.05**	**4.68%**	**35.00**
Net Dep for Discom						**-13.16**

The licensee shall adopt the GFA as computed in the above table in all the future filings for Regulatory purpose.

Commission approves depreciation as -NIL- for true up of FY 2019-20.

The formula adopted by Hon'ble Commission, fails to take into the account the amount of Rs 13,34,45,912.58 against Amortization of Consumer Contributions and the amount of Rs 2,65,75,066.94 against Amortization of Consumer Contribution and which have been considered as part of Table 34 : Approved Non Tariff and Other Income for True up FY 2019-20 of the impugned order.

While calculating the depreciation, the Hon'ble Commission has lessened the value of Depreciation by deducting Depreciation on Grants and Contributions available. With this methodology it can be clearly seen that the net amount of depreciation can be negative. The question therefore, arises as to whether the depreciation can be negative? When the result of the formula indicates negative, it implies that either the formula or the values considered is/ are wrong. It does not make any sense if after getting a negative value and then replace it by zero or Nil. The result of the formula can at best be zero. But looking at the above formula, the value of depreciation can be negative. It fact with this formula, the depreciation value will decrease further from zero with the coming years which is evident from the following table depicting the Amount on Depreciation that has been approved over the years:

Table 7 : Detail Depreciation approved over the years

(Rs.Cr)

Particular	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Depreciation*	11.01	10.64	10.32	10.15	8.32	1.10

It is unimaginable to think that MePDCL & MeECL with so much asset, there will be no depreciation.

It may be mentioned that Note: - 1 Company Information and Significant Accounting Policies of the SOA, has spelt out the Significant accounting policies applied to Depreciation/amortization, Capital work-in- progress & Government grants. In particular, sl 10 relating to Government Grants is reproduced here-under:

10. Government grants

a) Government grants received are recognized when there is reasonable assurance that the Company will comply with the conditions associated with the grant. Government Grants are classified as capital assets and revenue based on the nature of the grant.

b) Grants and Subsidies received for specific assets (property, plant and equipment) are disclosed as 'Grants and Subsidies' (Deferred Incomes) on the Liabilities side of the Balance Sheet as a separate line item. They are amortized in proportion to depreciation on related assets (thereby, amortized based on the expected lives of the related assets), and presented within 'Other Income.'

c) The related assets herein primarily include Plant and Equipment, Lines and Cable Networks.

   There, Since the rates of depreciation as prescribed by the Central Electricity Regularity Commission (CERC) for the purpose of tariff are being followed by the Company, the same are being used for amortization of such related assets as well.

d) The rate so arrived at is 5.28% as per the CERC guidelines for the related assets mentioned. As seen from the operations during previous years, the creation of assets against capital grants received during the period generally take more than a year for completion. The same are thereby booked under capital work-in-progress. Hence, grants and subsidies have been amortized at 5.28% of their opening balance for the reporting period.

e) Grants and Subsidies on Revenue Accounts are disclosed separately as Income in the Statement of Profit & Loss.

From the above, it is clearly stated that amortization is linked to depreciation and amortization is linked to the amount of grants that is capitalized.

Therefore, it is prayed that the Hon'ble Commission applies its prudence so as to overcome these defects.

The reason for getting negative result in the above methodology, is that the values of Grants considered is in totality whereas the value of Assets is only the capitalized one. Therefore, there is a mismatch in the value of assets vis-à-vis the value of Grants considered. This is due to the fact that Grants is not only against the assets that are capitalized but also against the Capital Work-in- Progress. The Capital Work-in- Progress is disclosed in Note 3 of the SOA.

Therefore, in order to arrive at the reasonable formula, the only way out is to apportion the Amount of Grants into two parts – one part against Asset that is capitalized i.e GFA, and the other part against Capital Work-in- Progress and is given below:

Table 8 : Detail break up of Grants and subsidies

Particulars	**As on 31-03-2019**	**As on 31-03-2020**	**Average**
GFA	445.03	481.07	463.05
Capital Work-in-Progress	1220.20	872.13	1046.17
Total	1665.23	1353.20	1509.22
Grants and Subsidies	554.23	941.86	748.05
Grants against GFA			229.53
Grants against Capital Work-in- Progress			518.51

Using this value of 229.53 as Grants and Subsidies, the Table 25: Computation of GFA/Depreciation for True up of FY 2019-20 of the impugned order becomes:

Table 9 : Revised Computation of GFA/Depreciation for True up of FY 2019-20

(Rs.Cr)

Particulars	**Opening Balance**	**Additions**	**Retire ments**	**Closing Bal**	**% of Depr**	**Amount**
Land	1.60	0.10		1.70	-	
Buildings	13.60	-		13.60	3.34%	0.41
Plant and Equipment	51.85	2.78		54.63	5.28%	2.53
Furniture and Fixtures	0.99	0.003		0.99	6.33%	0.06
Vehicles	0.69	-		0.69	9.50%	0.06
Office Equipment	1.82	0.04		1.86	6.33%	0.10
Hydraulic works	0.09	-		0.09	5.28%	0.004
Other Civil works	3.04	-		3.04	3.34%	0.09
Lines and Cable						
Total	**445.02**	**36.14**		**481.15**		**21.69**
Add: 1/3rd Share of MeECL Depreciation as claimed						0.15
Less : Depreciation on Grants and contributions available				229.53	4.68%	10.74
Net Dep for Discom						**11.10**

The Hon'ble Commission is requested to allow an additional amount of Rs 11.10 Cr depreciation charge as shown in the table below:

Table 10 : Additional Depreciation Claim in Review

(Rs. Cr)

Sr. No.	Particulars	Amount
1	Depreciation allowed by MSERC in the True Up order	Nil
2	Depreciation Charges claimed by MePDCL in the review	11.10
3	Additional Depreciation Charges to be allowed in the review petition (=2-1)	11.10

Commission's Analysis

The depreciation has been computed as per the Regulation 33 notified in the True up orders dated 22.02.2022.

The methodology suggested by the licensee is not in line with the MSERC Regulations and accounting principles.

The grants and contributions part as reported in the audited accounts vide note 17.1 is considered for computation of depreciation wherein the average grants reported at Rs.748.05 Crore (net off) excluding the deductions reported for Rs.20.14 Crore.

The grants available with the licensee is more than the assets base available in the business, computation of depreciation resulted in negative allowance as per the Regulations.

Therefore depreciation treated as NIL.

The amortization of grants and contributions as claimed in the petition amounted for Rs.16.00 Crore shown in other income vide note no.25 which is less than the deduction reported during the year for Rs.20.14 Crore vide note no.17.1 is considered as other income.

The licensee has also disclosed Other income at Rs.37.39 Crore in the profit and loss account to meet the Revenue Gap which included Rs.16.00 Crore towards amortization of grants and contribution for FY 2019-20.

In view of the clarification, commission considers no review of depreciation is required for True up of FY 2019-20.

2.6 Inclusion of Amortization of Grants and Subsidies as part of Non Tariff and Other Income.

Petitioner's Submission

The Hon'ble Commission has approved Non Tariff and Other Income as Rs 137.00 Cr in the impugned order as depicted below:

Table 11 : Approved Non Tariff and Other Income for True up FY 2019-20

(Rs. Cr)

Sl.No	Particulars	For the Year ended 31st March 2020
	Non Tariff Income	
1	Meter Rent	3,14,16,311.78
2	Margin Payment Charges collected from consumers	16,97,30,460.00
3	Reconnection fees	64,500.00
4	DPS Collected from Consumers	30,19,43,434.67
5	Rebates on Purchase of Energy	2,33,03,662.00
6	Other charges from Consumers	10,81,81,574.90
7	Cross Subsidy Surcharge (note 24.2 of SoA)	27,61,57,766.00
	Sub Total- (A)	**91,07,97,709.35**
	Other Income	
1	From Banks	3,76,24,119.00
2	From Others	66,119.00
3	Rental and Hiring Income	2,79,490.00
4	Fees and Penalties	16,749.00
5	Sale of scrap, tender forms and others	13,07,500.00
6	Miscellaneous receipts	3,64,72,990.34
7	Amortization of Grants and subsidies	13,34,45,912.58
8	Amortization of Consumer Contributions	2,65,75,066.94
9	Revenue Grants for Other Expenditure	13,81,18,506.00
	Sub Total- (B)	**37,39,06,452.86**
1	The Other Income from MeECL apportioned share reported in note no.20 of audited accounts (C)	8,53,00,000.00
	Total (A+B+C)	**137,00,04,162.21**

Commission considers Non Tariff and Other income at Rs.137.00 Crore for True up of FY 2019-20.

The Hon'ble Commission has, while approving the Depreciation amount, adopted the calculation of Depreciation after lessening the Depreciation on the amount of Grants and Contributions available. In doing so, it fails to consider the amount of Rs. 13,34,45,912.58 against Amortization of Grants and subsidies and the amount of Rs. 2,65,75,066.94 against Amortization of Consumer Contributions that have been considered as part of Other Income.

It may be mentioned that Note: - 1 Company Information and Significant Accounting Policies of the SOA, has spelt out the Significant accounting policies that are applied to Depreciation/amortization, Capital work-in-progress & Government grants. In particular, the sl 10 relating to Government Grants is reproduced here- under:

10. Government grants

a) Government grants received are recognized when there is reasonable assurance that the Company will comply with the conditions associated with the grant. Government Grants are classified as capital assets and revenue based on the nature of the grant.
b) Grants and Subsidies received for specific assets (property, plant and equipment) are disclosed as 'Grants and Subsidies' (Deferred Incomes) on the Liabilities side of the Balance Sheet as a separate line item. They are amortized in proportion to depreciation on related assets (thereby, amortized based on the expected lives of the related assets), and presented within 'Other Income.'
c) The related assets herein primarily include Plant and Equipment, Lines and Cable Networks.

   There, Since the rates of depreciation as prescribed by the Central Electricity Regularity Commission (CERC) for the purpose of tariff are being followed by the Company, the same are being used for amortization of such related assets as well.
d) The rate so arrived at is 5.28% as per the CERC guidelines for the related assets mentioned. As seen from the operations during previous years, the creation of assets against capital grants received during the period generally take more than a year for completion. The same are thereby booked under capital work-in-progress. Hence, grants and subsidies have been amortized at 5.28% of their opening balance for the reporting period.
e) Grants and Subsidies on Revenue Accounts are disclosed separately as Income in the Statement of Profit & Loss.

From the above, it is clearly stated that amortization is linked to depreciation and amortization is linked to the amount of grants that is capitalized.

Further, with respect to Consumer contribution, the net depreciation is nil as the whole amount is amortized.

By lessening the Depreciation on Grants and contributions available, it implies that the Hon'ble Commission has again carried out amortization on the amount of Grants and Contributions available. Thus, amortization has been done twice on the amount of Grants and Contributions available.

As the methodology of calculating of Depreciation includes the reduction due to Depreciation on Grants and contributions available, the amount of Rs 13,34,45,912.58 against Amortization of Consumer Contributions and the amount of Rs 2,65,75,066.94 against Amortization of Consumer Contributions, therefore, should not be considered as part of Other Income. The revised Non Tariff and Other Income is:

Table 12 : Approved Non Tariff and Other Income for True up FY 2019-20

(Rs. Cr)

Sl. No	Particulars	For the Year ended 31st March 2020
	Non Tariff Income	
1	Meter Rent	3,14,16,311.78
2	Margin Payment Charges collected from consumers	16,97,30,460.00
3	Reconnection fees	64,500.00
4	DPS Collected from Consumers	30,19,43,434.67
5	Rebates on Purchase of Energy	2,33,03,662.00
6	Other charges from Consumers	10,81,81,574.90
7	Cross Subsidy Surcharge	27,61,57,766.00
	Sub Total- (A)	**91,07,97,709.35**
	Other Income	
1	From Banks	3,76,24,119.00
2	From Others	66,119.00
3	Rental and Hiring Income	2,79,490.00
4	Fees and Penalties	16,749.00
5	Sale of scrap, tender forms and others	13,07,500.00
6	Miscellaneous receipts	3,64,72,990.34
7	Revenue Grants for Other Expenditure	13,81,18,506.00
	Sub Total- (B)	**21,38,85,473.34**
1	The Other Income from MeECL apportioned share reported in note no.20 of audited accounts (C)	8,53,00,000.00
	Total (A+B+C)	**1,20,99,83,182.69**

The Hon'ble Commission is requested to allow a reduction of Rs 16.00 Cr from Non Tariff and Other Income as shown in the table below:

Table 13 : Additional Non Tariff and Other Income Claim in Review

(Rs Cr)

Sl. No.	Particulars	Amount
1	Return on Equity allowed by MSERC in the True Up order	137.00
2	Return on Equity claimed by MePDCL in the review	121.00
3	Additional Return on Equity to be allowed in the review petition (=2-1)	-16.00

Commission's Analysis

The claim of the Licensee in the above table has no relevance to Amortization of grants and contributions for FY 2019-20.

The average grants and contributions are considered at Rs.748.05 Crore (net off) after deducting proposed Rs. 20.14 Crore during the year reported in note no.17.1 of SOA.

The amortization of Rs. 16.00 Crore which has been under reported in audited accounts vide note no.25 is considered as other income as against the deduction projected for Rs.20.14 Crore in note no.17.1 of audited accounts. Thus there was no double deduction towards Amortization of grants and contributions in the True up orders dated 22.02.2022.

The methodology suggested by the petitioner is not in line with the MSERC MYT Regulations 2014 and not in line with the accounting principles.

Commission considers No review of Amortization grants required in the True up of FY 2019-20.

2.7 Return on Equity

Petitioner's Submission

The Hon'ble Commission has approved Return on Equity as NIL in the impugned order as depicted below:

Table 14 : Computation of Return on Equity for True up FY 2019-20

Sl. No	Particulars	(Rs. In Crore)
1	GFA as on 31.03.2019	445.02
2	Addition during year	36.14
3	GFA as on 31.03.2020	481.16
4	Average Assets (1+3)/2	463.09
5	**Less:** Grants available for FY 2019-20 as per note 17.1	748.05
6	**Net Capital cost for ROE**	**-284.96**
7	Opening Equity	5.85
8	Closing Equity Capital (-284.96 *30%)	-85.48
9	Avg Equity (5.85+ (-85.48))/2	-39.82
10	**ROE at 14% (-39.82*14%)**	**-5.57**

Commission approves Return on Equity as -NIL- for True up of FY 2019-20.

While calculating the Net GFA liable for ROE, the Hon'ble Commission has lessened the value of GFA by Grants and Contributions available. With this methodology there can be the possibility that Net GFA can be negative. The question therefore, arises as to whether the net GFA can be negative? When the result of the formula indicates negative, it implies that either the formula or the values considered is/ are wrong. It does not make any sense if after getting a negative value and then replace it by zero or Nil. The result of the formula can at best be zero. But looking at the above formula, the value of net GFA can be negative. It fact with this formula, the net GFA value will decrease further from zero with the coming years as more and more Capital works being taken up which is evident from the following table depicting the Amount on the Return on Equity that has been approved over the years:

Table 15 : Detail break up of Return on Equity approved over the years

(Rs.Cr)

Particular	**FY 2013-14**	**FY 2014-15**	**FY 2015-16**	**FY 2016-17**	**FY 2017-18**	**FY 2018-19**
Return on Equity	13.62	13.72	9.00	10.99	8.21	3.89

Further, it is seen that the Closing Equity becomes -85.48 when the Opening Equity is 5.85. This is very difficult to understand as to how the Equity suddenly comes down and that too -85.48 Cr.

Therefore, it is prayed that the Commission applies its prudence so as to overcome these defects.

The reason for getting negative result in the above methodology, is that the values of Grants considered is in totality whereas the value of Assets is only the capitalized one. Therefore there is a mismatch in the value of assets vis-à-vis the value of Grants considered. This is due to the fact that Grants is not only against the assets that are capitalized but also against the Capital Work-in- Progress. The Capital Work-in-Progress is disclosed in Note 3 of the SOA.

Therefore, in order to arrive at the reasonable formula, the only way out is to apportion the Amount of Grants into two parts – one part against Asset that is capitalized i.e GFA, and the other part against Capital Work-in- Progress and shown in Table 9 : Detail break up of Grants and subsidies above.

Using this value of 229.53 as Grants and Subsidies, the Computation of Return on Equity for True up of FY 2019-20 becomes:

Table 16 : Revised Computation of Return on Equity for True up FY 2019-20

Sl.No	Particulars	(Rs. In Crore)
1	GFA as on 31.03.2019	445.02
2	Addition during year	36.14
3	GFA as on 31.03.2020	481.16
4	Average Assets (1+3)/2	463.09
5	**Net Capital cost for ROE**	**233.56**
6	Avg Equity (233.56*30%)	70.67
7	**ROE at 14% (70.67*14%)**	**9.81**

However, the Licensee would like to submit that the issue of Return on Equity (methodology of MeECL & its subsidiaries versus methodology of MSERC: APTEL Case no 46 of 2016) is still under subjudice. The licensee has also challenged the methodology in the review petition of true up FY 2016-17 whose order is still awaited from the Hon'ble Commission. In case of a favourable order to the Licensee with respect to the methodology adopted for return on equity, the Licensee will reclaim/adjust the additional claim of return on equity in the subsequent tariff petitions. At present, the petitioner, in this instant petition, have claimed return based on the methodology adopted by the Commission in its past orders to avoid ambiguities in figures/calculation.

The Hon'ble Commission is requested to allow an additional amount of Rs 8.25 Cr on Return on Equity as shown in the table below:

Table 17 : Additional Return on Equity Claim in Review

(Rs. Cr)

Sl .no	Particulars	Amount
1	Return on Equity allowed by MSERC in the True Up order	Nil
2	Return on Equity claimed by MePDCL in the review	9.81
3	Additional Return on Equity to be allowed in the review petition (=2-1)	9.81

Commission's Analysis

The Return on Equity is computed as per Regulation 31 read with Regulation 27 of MSERC MYT Regulations 2014.

Petitioner has stated that case no.46 of 2016 filed in the Hon'ble APTEL is still under subjudice.

Commission shall however consider the issue of RoE on the basis of outcome of the APTEL orders.

The petitioner has not filed any additional information in connection with the review claim.

The govt. grants and contributions as reported in the audited SOA need to be excluded for computation of debt equity ratio as per Regulations.

The methodology suggested by the petitioner vide table no.16 of the review petition is not in line with the MSERC MYT Regulations 2014 and not in line with the accounting principles.

In view of the clarification, Commission considers the review of Return on Equity shall not be considered for True up of FY 2019-20.

3 Revised ARR & Net Additional Claim in Review for True Up FY 2019-20

Petitioner's Submission

Based on the above submissions, the revised ARR and additional amount claimed for MePDCL in review is given below:

Table 18 : Revised ARR and Additional Amount Claimed in Review

(Rs. Cr)

Sl No	Particulars	Approved for True Up	MePDCL Claim in Review	Additional Gap to be Passed
1	Power Purchase Cost	778.5	786.47	7.97
2	Transmission Charges (PGCIL)	81.98	82.81	0.83
3	Transmission Charges (MePTCL)	97.65	98.64	0.99
4	Employee Expenses	130.81	130.81	0
5	Repair & Maintenance Expenses	5.88	5.88	0
6	Administration & General Expenses (Including Bad Debt)	10.12	10.12	0
7	Depreciation	0	11.1	11.1
8	Interest and Finance Charges	10.94	10.94	0
9	Interest on Working Capital	18.43	18.43	0
10	Exceptional Expense	0.09	0.09	0
11	Return on Equity	0	9.81	9.81
	Gross ARR (A)	**1134.4**	**1165.1**	**30.7**
12	**Less:** Non Tariff Income & DPS (Note 24 of SOA)	91.08	91.08	0
13	**Less:** 1% Rebate on purchase of Energy	7.46	0	-7.46
14	**Less:** Amortization and Other income incl. Revenue grant for other expenditure (Note 25 of SOA) incl. MeECL income (Rs.37.39 Cr+Rs.8.53 Cr)	45.92	29.92	-16.00
15	**Less:** R.E. Subsidy			0
16	**Less:** Subsidy against Power Purchase	-		
17	**Less:** R.E. Subsidy Against Loss On Account Of Flood, Fire Cyclone Etc			0
18	**Less:** Sale of Surplus Power outside state including Cross Subsidy Surcharge	92.01	92.01	0
19	**Less**: Balance Surplus Energy Cost @Rs.3.70Ps/Kwh for 23.30 MU as per Para 1.4 of this order	8.62	0	-8.62
20	**Sub Total (12 to 19) (B)**	**245.09**	**213.01**	**-32.08**
21	Net ARR (A-B)	889.31	952.09	62.78
22	**Less:** Revenue from Tariffs	709.88	709.88	0
23	**Revenue Gap**	**179.43**	**242.21**	**62.78**

Based on the above submission, MePDCL requests the Hon'ble Commission to approve an additional amount of INR 62.78 Cr as claimed, over and above the INR 179.43 Cr gap approved in the true up order dated 22 February 2022. The same shall be recovered in the tariff of FY 2023-24.

Commission's Analysis

Commission considers that the True up orders for FY 2019-20 dated 22.02.2022 were issued after prudence check with reference to the MSERC MYT Regulations 2014, the audited accounts and the additional information filed by the petitioner.

The petitioner has not filed any additional information or references in support of the additional claims for review of the True up order for FY 2019-20.

Commission considers the ARR for Review True up for FY 2019-20 as depicted in the table below.

Table 19 : Approved ARR for Review of True up FY 2019-20

(Rs. Cr)

Sl No	Particulars	Approved for True Up	MePDCL Claim in Review	Now Approved for Review
1	Power Purchase Cost	778.5	786.47	778.5
2	Transmission Charges (PGCIL)	81.98	82.81	81.98
3	Transmission Charges (MePTCL)	97.65	98.64	97.65
4	Employee Expenses	130.81	130.81	130.81
5	Repair & Maintenance Expenses	5.88	5.88	5.88
6	Administration & General Expenses (Including BadDebt)	10.12	10.12	10.12
7	Depreciation	0	11.1	0
8	Interest and Finance Charges	10.94	10.94	10.94
9	Interest on Working Capital	18.43	18.43	18.43
10	Exceptional Expense	0.09	0.09	0.09
11	Return on Equity	0	9.81	0
	Gross ARR (A)	**1134.4**	**1165.1**	**1134.4**
12	**Less:** Non Tariff Income & DPS (Note 24 of SOA)	91.08	91.08	91.08
13	**Less:** 1% Rebate on purchase of Energy	7.46	0	7.46
14	**Less:** Amortization and Other income incl. Revenue grant for other expenditure (Note 25 of SOA) incl. MeECL income (Rs.37.39Cr+Rs.8.53 Cr)	45.92	29.92	45.92
15	**Less:** R.E. Subsidy			
16	**Less:** Subsidy against Power Purchase	-		-
17	**Less:** R.E. Subsidy Against Loss On Account Of Flood, Fire Cyclone Etc			
18	**Less**: Sale of Surplus Power outside state including Cross Subsidy Surcharge	92.01	92.01	92.01
19	**Less:** Balance Surplus Energy Cost @Rs.3.70Ps/Kwh for 23.30 MU as per Para 1.4 of this order	8.62	0	8.62
20	**Sub Total (12 to 19) (B)**	**245.09**	**213.01**	**245.09**
21	**Net ARR (A-B)**	**889.31**	**952.09**	**889.31**
22	Less: Revenue from Tariffs	709.88	709.88	709.88
23	**Revenue Gap**	**179.43**	**242.21**	**179.43**

Conclusion

Commission considers the ARR approved for FY 2019-20 (True Up) remain unaltered after reviewing the claims made in the Review petition.

Thus the review petition stands disposed off.

Sd/-	**Sd/-**
Shri. Roland Keishing	**Shri. P.W. Ingty, IAS (Retd)**
(Member)	**(Chairman)**