

Particulars	Approved in APR Order	Actual
Charges on a/c of service rendered by central board keeping agency under new pension scheme		0.04
Exp. On IPAVAST Connectivity Charges etc.		2.06
Publicity expenses		0.06
Providing ID to staff Vidyut Bhawan		0.01
Technical fees		-
Freight Material related Expenses		0.10
Misc. Expenses		1.30
Sub Total-Other Charges		27.69
A&G - Grand Total		48.58
Less: Capitalisation		0.38
Net A&G Costs	50.60	48.20

2.10.2 Accordingly, the Petitioner has requested the Commission to approve A&G expenses of Rs. 48.20 Cr.

2.11 Repairs and Maintenance Expenses

2.11.1 The Petitioner has submitted R&M expense is a controllable parameter and any surplus or deficit on account of actual R&M expense shall be to the account of the Petitioner. R&M expense submitted by the Petitioner for the FY 2018-19 is summarized in the table below.

Table 18: Petitioner Submission- Approved Vs Actual Repairs and Maintenance Expenses for FY19 (Rs. Cr.)

Particulars	Approved in APR Order	Actual
Plant & Machinery		0.07
Buildings		1.78
Civil Works		0.92
Hydraulic Works		-
Lines, Cables Networks		59.05
Vehicles		3.69
Furniture & Fixtures		0.16
Office Equipment		30.88
Other i.e. cost of vehicle other than vehicle		0.15
R&M Cost – Total		96.70
Less: Cost Reallocated to Employee Cost and A&G Expenses		-
Less: Cost Reallocated to Depreciation		0.58
Less: Cost Reallocated for Recovery of cost of vehicle from O&M and other units		4.88
Net R&M Expenses	85.09	91.24

2.11.2 The Petitioner has informed that two data centers under R-APDRP schemes were commissioned in FY 2016-17 and has introduced computerized billing, MDAS, AMR etc. across the State. Further, ERP and billing had been rolled out to all units of the Board. This necessitated regular AMC of the total hardware, support of the various applications and ATS charges of the different licenses essentially required to run and maintain the IT systems. The Petitioner has submitted that these

expenditures is being met through R&M of the IT system in support of its continuous endeavor to digitize its operations and eventually realize its benefits.

- 2.11.3 Petitioner submitted that in the Tariff Order for FY19, an additional amount of Rs.20 Cr was allowed provisionally towards R&M expenditure on IT systems, which shall be trued up based on actual expenditure under R&M expense for the respective year.
- 2.11.4 The Petitioner has also submitted that Rs. 6.15 Cr was incurred more in comparison to the approved R&M expenses during FY 2018-19 which was mainly on account of R&M towards IT Infrastructure. Accordingly, IT system expenses have been added as part of R&M Expenses which is necessary for upkeep and maintenance of IT systems. The Petitioner has requested the Commission to allow it as a special expense under R&M expense and consider the same during ensuing periods.

2.12 Interest & Finance Charges

- 2.12.1 The Petitioner has submitted that Interest & Finance Charges is the controllable parameter and shall be true-up at the end of MYT control period FY 2014-15 to FY 2018-19. Accordingly, it has only submitted true-up of Interest & Finance charge to the extent of working capital & consumer security deposit and has requested the Commission to true-up the long-term loan at the end of the control period.
- 2.12.2 The working capital requirement calculated by the Petitioner for FY 2018-19 is as below:

Table 19: Petitioner Submission- Working Capital Requirement for FY19 (Rs. Cr.)

Particulars	Approved in APR Order	Actual
O&M expenses for 1 month	152.86	145.08
Receivables equivalent to 2 months average billing	857.89	850.19
Maintenance Spares (40% of R&M Expense of 1 Month)	2.17	3.04
Less: one-month power purchase	368.55	324.26
Less: Consumer Security Deposit	254.56	394.37
Total Working Capital	389.82	279.68
Rate of Interest on Working Capital	12.79%	10.99%
Interest on Working Capital	49.85	30.72

- 2.12.3 Interest on the revised normative working requirement has been computed in accordance with the 3rd Amendment Regulations dated 22nd Nov 2018, based on SBI MCLR rate (1 year) applicable on 1st April of the financial year in which Petition is filed plus 300 basis points.
- 2.12.4 Accordingly, the Petitioner has requested the Commission to approve interest on working capital to Rs 30.72 Cr for FY 2018-19.

2.13 Interest on Consumer Security Deposit

- 2.13.1 The Petitioner has submitted that the opening, closing, addition and interest on security deposits as per provisional accounts.

2.13.2 The interest on Consumer Security Deposit calculated by the Petitioner for FY 2018-19 is as below:

Table 20: Petitioner Submission- Interest and Finance Charges for FY19 (Rs. Cr.)

Particulars	Actual
Opening	341.08
Addition	53.29
Closing	394.37
Interest on consumer security deposit	16.47

2.13.3 The actual interest expenses submitted by the Petitioner for FY 2018-19 are as below:

Table 21: Petitioner Submission- Interest and Finance Charges for FY19 (Rs. Cr.)

Particulars	Approved in APR Order	Actual
Interest on Long Term Loan	219.25	219.25
Interest on Working Capital	49.85	30.72
Interest on Consumer Security Deposit	22.84	16.47
Total Interest & Finance Charges	291.93	266.44

2.14 Other Controllable Parameters

2.14.1 The depreciation and return on equity claimed by the Petitioner for FY 2018-19 are summarized in the table below. The relevant Regulation 11(1) (b) is quoted below:

" (ii) at the end of the Control Period –

I. the Commission shall review actual capital investment vis-à-vis approved capital investment.

II. Depreciation and financing cost, which includes cost of debt including working capital (interest), cost of equity (return) shall be trued up on the basis of actual/ audited information and prudence check by the Commission."

Table 22: Petitioner Submission- Depreciation and Return on Equity for FY19 (Rs. Cr.)

Particulars	Approved in APR Order	Actual
Depreciation	107.91	107.91
Return on Equity	30.24	30.24

2.15 Non-Tariff Income

2.15.1 The Petitioner has submitted that it has not considered the delayed payment surcharge of Rs. 78.27 Cr from consumers and has not claimed expenses on capitalization of works carried out through consumer contribution, deposit works, grant and capital subsidy as per HPERC Tariff Regulations. Therefore, Amortization of Grants aggregating to Rs. 82.51 Cr have not been considered while computing non-tariff income.

2.15.2 The details of non-tariff income submitted by the Petitioner for true-up for FY 2018-19 is summarized in the table below.

Table 23: Petitioner Submission- Non-Tariff Income for FY19 (Rs. Cr.)

Particulars	Approved in APR Order	Actual
Meter Rent/Service Line Rentals		45.95
Recovery for theft of Power / Malpractices		0.14
Wheeling Charges Recovery		45.81
Peak Load Violation Charges		23.12
Miscellaneous Charges from Consumers		3.45
Non-Tariff Income – Total		118.47
Other Income		
Interest on Staff loans & Advances		0.25
Income from Investments		19.88
Interest on Loans & Advances to Licensees		-
Delayed Payment Charges from Consumers		78.27
Delayed Payment Charges from PGCIL		0.38
Interest on Advances to Suppliers / Contractors		0.23
Interest on Banks (other than on Fixed Deposits)		-0.01
Income from Trading		0.68
Other Misc. Receipt trading		-
Income fee collected against Staff Welfare Activities		0.07
Miscellaneous Receipts		85.37
O&M Charges Recovery from HPPTCL		-
O&M Charges Recovery from Distribution		-
Amortization of Govt. grants		82.51
Subsidies against loss on account of flood		25.25
Prior Income		2.29
Other Income - Total		295.17
Gross Non-Tariff Income & Other Income		413.64
Less: Income items not considered		
Delayed Payment Charges from Consumers		78.27
Amortization of Govt. grants		82.51
Non-Tariff Income & Other Income Considered	171.83	252.86

2.16 Annual Revenue Requirement

2.16.1 Based on the above submissions, the actual Annual Revenue Requirement (ARR) for True-up of FY 2018-19 after adjustment of past years which the Commission had included in the approved ARR of FY 2018-19 is given in table below:

Table 24: Annual Revenue Requirement for FY19 (Rs Cr)

Particulars	Approved in APR Order	True-Up
Power Purchase Expenses for Supply in the State	3,054.72	3,902.80
Cost of electricity purchase including own generation	2,734.55	3,619.75
PGCIL Charges	242.36	210.68
HPPTCL Charges	6.04	9.65
STOA Charges	69.65	39.06

Particulars	Approved in APR Order	True-Up
SLDC Charges	2.12	1.97
Other Charges (System/Marketing, reactive power, UI (Malana), Trading Margin, NLDC)	-	10.04
Incentive for over-achievement of T&D loss	-	11.64
Operation & Maintenance Costs	1,834.38	1,740.91
Employee Cost	1,698.69	1,601.47
R&M Cost	85.09	91.24
A&G Cost	50.60	48.20
Interest & Finance Charges	291.93	266.44
Interest on Long term loan	219.25	219.25
Interest on Working Capital	49.85	30.72
Interest on Consumer Security Deposit	22.84	16.47
Depreciation	107.91	107.91
Return on Equity	30.24	30.24
Less: Non-Tariff & Other Income	171.83	252.86
Aggregate Revenue Requirement (ARR)	5,147.35	5,795.44
Add: Past period Cost		
Impact of Final Truing-up for FY16	41.92	41.92
Arrears of 7th Pay revision	200.00	-
Total ARR including adjustments	5,389.26	5,837.36

2.17 Revenue Gap

2.17.1 The details of Revenue Gap submitted by the Petitioner for true up of FY 2018-19 is summarized in the table below.

Table 25: Petitioner Submission- Revenue Gap for FY19 (Rs. Cr.)

Particulars	Approved in APR Order	Amount
Annual Revenue Requirement (ARR) for FY 19	5,389.26	5,837.36
Revenue		
Revenue at existing tariff	4,836.52	5,101.13
Revenue from sale outside state	559.48	833.10
Total Revenue	5,396.00	5,934.23
Revenue Surplus (+) / Gap (-)	6.74	96.87

2.17.2 The Petitioner has requested the Commission to approve Revenue Gap of Rs. 96.87 Cr for FY 2018-19.

2.18 Carrying Cost

2.18.1 The Petitioner has requested for approval of the revenue gap along with carrying cost as per the provisions of clause (2) of Regulations 11 as amended by HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2013

2.18.2 As per the Regulation 11(2), carrying cost is to be provided as below:

“The distribution licensee, for the approved true-up of any year over and above that approved in the Tariff Order for that year, shall be entitled to a carrying cost at one (1) Year weighted average State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period of the relevant Year plus 300 basis points and for any true-up resulting in less than that approved in the Tariff Order for that year, the carrying cost shall be recovered at the same rate”

2.18.3 Accordingly, the Petitioner has estimated the carrying cost based on the opening and closing amount of revenue gap. The computation of carrying cost, are summarized in the following table:

Table 26: Petitioner Submission- Carrying Cost for FY19 (Rs. Cr.)

Particulars	FY19	FY20	FY21
Opening Balance	-	102.39	113.81
Surplus/ (Gap) on account of truing-up of uncontrollable parameters for FY2018-19	96.87	-	-
Closing balance	96.87	102.39	113.81
Interest Rate for Carrying Cost	11.39%	11.16%	10.11%
Carrying Cost	5.52	11.42	11.51
Total Gap including Carrying Cost	102.39	113.81	125.32

3 SUMMARY OF THE TRUE-UP PETITION FOR CONTROLLABLE PARAMETERS FOR 3RD MYT CONTROL PERIOD (FY 2014-15 TO FY 2018-19)

3.1 Background

3.1.1 The Petitioner in accordance to the MYT Regulations, 2011 and its subsequent amendments has submitted for the true up of controllable parameters for the 3rd Control Period which includes capitalization and capital expenditure, depreciation, Interest and Finance Charges and Return on Equity for each year from FY 2014-15 to FY 2018-19 based on accounts.

3.2 Capital Expenditure and Capitalisation for 3rd Control Period

3.2.1 The Petitioner has submitted that the total capital expenditure and capitalisation approved for the 3rd Control Period are Rs. 2,220 Cr and Rs. 2,514 Cr respectively.

3.2.2 The actual capitalization as submitted by the Petitioner for the Control Period FY 2014-15 to FY 2018-19 as compared with the approved capitalization is summarized in table below:

Table 27: Approved vs Actual Capitalization submitted by the Petitioner for Third Control Period (Rs. Cr.)

Particulars	FY 15	FY 16	FY 17	FY 18	FY 19
MYT Approved Capitalization	285.54	285.54	285.54	285.54	285.54
Actual Capitalization	401.48	421.29	428.74	470.30	318.87

3.3 Depreciation

3.3.1 The Petitioner has calculated the depreciation in accordance to the MYT Regulations, 2011 and its subsequent amendments by considering the opening GFA of the asset in the beginning of the Control Period and the projected capitalisation.

3.3.2 Further, the Petitioner has not considered the assets funded through grants, consumer contribution or capital subsidy is excluded for computation of depreciation.

3.3.3 The depreciation submitted by HPSEBL are as per actuals as summarized in the table below:

Table 28: Actual Depreciation for FY15 to FY19 (Rs. Cr)

Particular	FY15	FY16	FY17	FY18	FY19
Opening GFA	3950.05	4351.53	4772.82	5201.57	5671.87
GFA Addition	401.48	421.29	428.74	470.30	318.87
Decapitalisation	0.00	0.00	0.00	0.00	0.00
Closing GFA	4351.53	4772.82	5201.57	5671.87	5990.74
Rate of Depreciation	3.68%	4.11%	4.16%	4.17%	3.30%
Gross Depreciation	152.73	187.54	207.59	226.67	192.26
Less: Amortisation of grants and consumer contribution	53.18	58.59	61.40	62.25	65.26
Depreciation	99.56	128.95	146.19	164.42	127.00

3.3.4 The Petitioner has also submitted that it has procured software (like SAP, Meter data acquisition software and others) which are classified as intangible assets in the books of accounts. Therefore, the Petitioner requests the Commission to allow the depreciation on intangible assets as follows in the table below:

Table 29: Depreciation on intangible asset from FY15 to FY19 (Rs. Cr)

Particular	FY15	FY16	FY17	FY18	FY19
Opening	22.44	22.44	22.44	22.44	30.28
Addition	0.00	0.00	0.00	7.84	58.94
Closing	22.44	22.44	22.44	30.28	89.22
% Rate	20%	20%	20%	27%	22%
Depreciation	4.49	4.49	4.49	7.06	13.36

3.3.5 The actual depreciation as submitted by the Petitioner for the Control Period FY 2014-15 to FY 2018-19 as compared with the approved depreciation is summarized in table below:

Table 30: Approved vs Actual Capitalization submitted by the Petitioner for Third Control Period (Rs. Cr.)

Particular	FY15	FY16	FY17	FY18	FY19
Depreciation approved in MYT Order	62.74	70.27	80.90	93.90	107.91
Actual depreciation	104.04	133.43	150.68	171.48	140.36
Difference (+/-)	41.30	63.16	69.78	77.58	32.45

3.4 Funding pattern

3.4.1 The Petitioner has submitted the actual funding pattern of the capitalisation from FY 2014-15 to FY 2018-19 as summarized in the table below:

Table 31: Actual Funding pattern submitted by the Petitioner for Third Control Period (Rs. Cr.)

Particular	FY15	FY16	FY17	FY18	FY19
Capitalisation	401.48	421.29	428.74	470.30	318.87
Less:					
Consumer Contribution & Grants	261.62	66.74	100.22	93.96	82.29
Remaining Funding	139.86	354.55	328.52	376.35	236.58
Debt	116.49	313.05	290.29	327.13	236.58
Equity	23.36	41.50	38.24	49.22	0.00
Debt (%)	83%	88%	88%	87%	100%
Equity (%)	17%	12%	12%	13%	0%

3.5 Interest and Finance charges

- 3.5.1 The Petitioner submits that actual loans were restructured under UDAY scheme which resulted into annual savings in interest and finance charges. Further, the Petitioner has mentioned that it has considered the approved amount of Rs. 42.24 Cr in the MYT order as interest on UDAY bonds as for FY 2017-18 and FY 2018-19 against the actual interest on bonds paid out by the Petitioner of Rs. 227.78 Cr each in FY 2017-18 and FY 2018-19.
- 3.5.2 Moreover, the Petitioner has claimed cost of raising finance, interest on GPF, rebate on timely payment and other bank charges under interest and finance charges.
- 3.5.3 The actual interest and finance charges as submitted by the Petitioner for the Control Period FY 2014-15 to FY 2018-19 as compared with the approved interest and finance charges is summarized in table below:

Table 32: Approved vs Actual interest and finance charges submitted by the Petitioner for Third Control Period (Rs. Cr.)

Particular	FY15	FY16	FY17	FY18	FY19
Interest on loan approved in MYT Order	108.06	125.69	154.06	187.53	219.25
Actual Interest on loan and finance charges	203.33	206.77	250.30	356.07	374.26

3.6 Savings on account of Restructuring of Loan under UDAY Scheme

- 3.6.1 The Petitioner submits that submits that an outstanding loan of Rs. 2,890 Cr consisting of both short term and capital loans were restructured under UDAY scheme. Further, the Petitioner mentions that GoHP took over the outstanding loans and issued UDAY bonds against the same on 28.2.2017.
- 3.6.2 The weighted average coupon rate discovered for the UDAY bonds was 7.88% which is considerably lower than the Weighted Average Cost of Capital (WACC) of term loans at 10.89% at the time of signing of MoU.
- 3.6.3 Thus, the Petitioner realized an annual saving in interest payments. The estimated saving in interest on loan as submitted by the Petitioner is as follows:

Table 33: Savings on account of Restructuring of loan under UDAY scheme

Particular		Amount (Rs Cr)
Amount of Loan restructure	A	2,890

Particular		Amount (Rs Cr)
WACC of loan at the time of restructuring		10.89%
Interest rate on bonds		7.88%
Difference in Rates of interest	C	3.01%
Interest savings	D=A*C	86.99

3.6.4 The Petitioner has prayed to the Commission to approve fifty percent of the net savings amount of Rs. 43.50 Cr to be adjusted in the Gap of true up for 3rd Control Period and the remaining amount be approved for contingency reserve.

3.7 Return on Equity

3.7.1 The Petitioner has submitted the Return on Equity as per actual equity infusion for distribution business for FY 2014-15 to FY 2018-19 as summarized in the table below:

Table 34: Actual RoE submitted by the Petitioner for Third Control Period (Rs. Cr.)

Particular	FY15	FY16	FY17	FY18	FY19
Opening Balance of Equity	367.40	429.90	479.90	529.89	547.17
Net Additions during the Year	62.50	50.00	49.99	17.28	50.00
Closing Balance of Equity	429.90	479.90	529.89	547.17	597.17
Rate of Return (%)	16.00%	16.00%	16.00%	16.00%	16.00%
Actual RoE	63.78	72.78	80.78	86.17	91.55

3.8 Gap for true up of controllable parameters of 3rd Control Period

3.8.1 The details of Revenue Gap submitted by the Petitioner for true up of the third Control Period FY 2014-15 to FY 2018-19 is summarized in the table below.

Table 35: Revenue Gap on account of True Up submitted by the Petitioner for Third Control Period (Rs. Cr.)

Particular	Approved in MYT Order	Actual	True Up Gap
	FY15 to FY19	FY15 to FY19	FY15 to FY19
Depreciation	415.72	666.11	250.39
Interest and Finance Charges	794.59	1390.73	596.14
Return on Equity	151.2	394.97	243.77
Add: Interest savings benefit for restructuring of loan under UDAY	-	-	43.50
Total	1361.51	2451.81	1133.80

3.9 Carrying Cost

3.9.1 The Petitioner has requested for approval of the revenue gap along with carrying cost as per the provisions of clause (2) of Regulations 11 as amended by HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2013

3.9.2 Accordingly, the Petitioner has estimated the carrying cost based on the opening and closing amount of revenue gap. The computation of carrying cost, are summarized in the following table:

Table 36: Carrying Cost submitted by the Petitioner for Third Control Period (Rs. Cr.)

Particulars	FY19	FY20	FY21
Opening balance	-	(1,198.37)	(1,332.07)
Surplus /(Gap) on account of truing-up of uncontrollable parameters for FY18	(1,133.80)	-	-
Closing balance	(1,133.80)	(1,198.37)	(1,332.07)
Interest Rate for Carrying Cost	11.39%	11.16%	10.11%
Carrying Cost	(64.57)	(133.70)	(134.66)
Total Gap including Carrying Cost	(1,198.37)	(1,332.07)	(1,466.73)

4 SUMMARY OF THE TRUE-UP PETITION FOR FY20

4.1 Background

4.1.1 The Petitioner has requested Commission to true-up the expenditure and revenue for FY 2019-20 based on the provisional audited accounts. The component wise submission made by the Petitioner is provided in the subsequent sections.

4.2 Sales Projections

4.2.1 The Petitioner has submitted the actual Category-wise energy sales for FY 2018-19 as detailed in the table below:

Table 37: Petitioner Submission- Energy Sales for FY20 (MU)

Category	Approved in MYT Order	Actual
Industrial Power Supply	5,218	5,323
Small industries	84	90
Medium industries	118	90
Large industries	5,016	5,144
Domestic	2137	2,194
Govt. Irrigation & Water Pumping	661	560
Irrigation & Agriculture	77	57
Commercial	635	623
Bulk Supply	161	152
Non-Domestic Non-Commercial	158	160
Public Lighting	12	11
Temporary	40	46
Total Sales	9,101	9,125

4.2.2 The Petitioner has also submitted that actual sales for FY 2019-20 is 24 MUs higher than the sales approved by the Commission and has requested the Commission to approve the sales to the actual level.

4.3 Revenue from Sale of Power

4.3.1 The Petitioner has submitted that the actual revenue from sale of power within state for FY 2019-20 is given in the table below:

Table 38: Category-wise Revenue from Sale of Power for FY20 (Rs Cr)

Category	Approved in MYT Order	Actual
Small industries	60.47	53.22
Medium industries	61.16	59.01
Large industries	2,770.50	2,877.61
Domestic	1,056.08	1,046.52
Govt. Irrigation & Water Pumping	428.60	422.49
Irrigation & Agriculture		34.47
Commercial	374.12	379.84
Bulk Supply	95.66	107.87
Non-Domestic Non-Commercial	90.61	106.23
Public Lighting	6.21	6.76
Temporary	35.10	40.08
Total Revenue from sales	4,978.51	5,134.11

*Approved revenue for Irrigation and Drinking Water amounting to Rs. 428.60 Cr includes the recovery from IPH, whereas the actual revenue from Agriculture & Irrigation and revenue from IPH are shown as separate line items.

- 4.3.2 The actual revenue from sale of power within state is Rs 5,134.11 Cr against the approved revenue of Rs 4,978.51 Cr. This increase is attributable to the categories such as Medium and Large Industry, Agriculture and Irrigation, Bulk Supply, NDNC, Commercial.
- 4.3.3 Further, the Petitioner has submitted that the actual revenue from sale of power of large industries includes receipt from open access charges i.e. Cross Subsidy Surcharge and Additional Surcharge.
- 4.3.4 In the MYT Order, the Commission had approved revenue from sale of power outside the state of Rs 308.80 Cr against which the actual revenue is Rs 473.78 Cr. Banking being a cashless transaction, notional cost of the banked power considered in the provisional accounts has been excluded from the revenue from sale of power outside the state. Accordingly, the actual revenue from sale of power outside the state during FY 2019-20 considered for true-up is given in the table below:

Table 39: Revenue from Sale of Power outside State for FY20 (Rs. Cr)

Particulars	Approved in MYT Order	Actual Revenue
Revenue from sale of power outside State	308.80	1,635.04
Less: Banking Sale		1,161.25
Net Revenue from sale of power outside state	308.80	473.78

- 4.3.5 The Petitioner has submitted that the revenue from sale of power outside State includes revenue from RE sale, sale of contingent purchase and others (reactive power, HVPN etc).

4.4 Power Purchase Cost

- 4.4.1 The Petitioner has submitted that power purchase expenses have been computed in line with methodology adopted by the Commission. Accordingly, cost of banking

has not been considered under power purchase expenses by the Petitioner. Detailed approach undertaken by the Petitioner is mentioned below:

- Power purchase expenses are considered as per the actual bills received from the generating companies
- The CERC has revised the Tariff of various Central Generating Stations and accordingly, the arrears amount has also been considered for such stations.
- For own generation stations, the rates approved by Hon'ble Commission in the MYT Order dated 29.06.2019 has been considered for computing the cost. However, the Petitioner has requested to consider the Annual Fixed Charges for 4th MYT Control Period for own generating stations yet to be determined by Hon'ble HPERC in the MYT Order for Generation Petition of HPSEBL.

4.4.2 The actual power purchase quantum and cost from all generating stations as submitted by the Petitioner is provided in the table below:

Table 40: Petitioner Submission- Summary of Power Purchase from all Generating Stations in FY20

Station	Actual	
	Ex-Bus	Total Cost
	MUs	Rs Cr.
Own Generation		
Bhaba	582.57	46.73
Bassi	330.17	26.71
Giri	224.23	20.89
Andhra	75.02	10.94
Ghanvi	87.77	19.75
Ghanvi II	39.27	8.84
Baner	40.34	8.70
Gaj	46.67	16.64
Larji	589.53	135.93
Khauri	37.38	8.41
Binwa	36.86	8.72
Thirot	6.67	1.50
Gumma	3.26	0.73
Holi	-	-
Bhaba Aug	5.47	1.23
Nogli	6.10	2.33
Rongtong	0.31	0.11
Sal-II	-	-
Chaba	4.67	1.34
Rukti	3.20	0.53
Chamba	2.07	0.50
Killar	0.26	0.06
Uhl III - BVPCL	-	-
Sub-total	2,121.80	320.60
NTPC		
Anta (G)	17.53	13.22

Station	Actual	
	Ex-Bus	Total Cost
	MUs	Rs Cr.
Anta (L)	-	-
Anta (LNG)	0.06	0.37
Auriya (G)	31.08	21.32
Auriya (L)	-	-
Auriya (LNG)	1.06	2.13
Dadri (G)	90.38	41.08
Dadri (L)	-	-
Dadri (LNG)	0.80	7.37
Unchahar-I	58.49	34.71
Unchahar-II	140.58	64.46
Unchahar-III	60.10	30.47
Unchahar-IV	13.06	5.63
Rihand-1 STPS	226.46	51.25
Rihand-2 STPS	220.89	47.20
Rihand-3 Units-1,2	241.76	69.79
Kahalgaon - II	123.37	42.92
Singrauli STPS	69.60	13.49
Dadri-II TPS	30.94	29.88
Tanda TPS*	3.30	1.34
Jhajjar TPS**	0.00	-0.02
Koldam	494.70	254.38
Singrauli Solar	19.25	15.16
Sub-total	1,843.40	746.13
NHPC		
Bairasuil (GoHP RLDC)	0.00	0.01
Chamera I	72.60	14.76
Chamera II	43.18	8.01
Chamera III	0.10	2.97
Dhauliganga	45.62	13.45
Parbati III	0.08	-1.61
Salal	37.77	10.20
Sewa II	0.00	1.13
Tanakpur	16.46	6.34
Uri	89.70	18.58
Uri II	0.00	-0.24
Sub-total	305.52	73.61
SJVNL		
Nathpa Jhakri SOR	182.76	36.64
Nathpa Jhakri Equity***	1,623.84	334.24
Rampur HEP SOR Share	52.55	23.65
Rampur HEP Equity Share	532.56	226.04
Sub-total	2,391.71	620.57
NPCIL		

Station	Actual	
	Ex-Bus	Total Cost
	MUs	Rs Cr.
NAPP	108.80	35.04
RAPP (V & VI)	111.53	51.47
Sub-total	220.33	86.51
Other CG & Shared Stations		
BBMB Projects		
BBMB Old	43.92	5.24
BBMB New	405.86	16.33
Dehar	187.90	15.85
Pong	40.12	2.00
Subtotal BBMB Project	677.80	39.42
PSPCL Projects		
Shanan (available to HPSEB) (1 MW)	5.27	0.11
Shanan Ext (available to HPSEB) (45 MU)	45.00	2.68
Bilateral with PSPCL on 11kV	-0.01	0.00
Subtotal PSPCL Project	50.26	2.79
<i>UJVNL Projects (Yamuna)</i>		
Chibro (240MW)	242.01	22.08
Khodri (120MW)	107.88	12.32
Dhakrani (33.75MW)	42.94	6.76
Dhalipur (51MW)	55.45	8.32
Kulhal (30MW)	30.78	3.98
Subtotal Yamuna	479.07	53.46
UPJVNL Project		
Khara	50.83	6.57
Subtotal Khara	50.83	6.57
Sub-total	1,257.97	102.24
THDC		
Tehri	-	-
Koteshwar	-	-
Sub-total	0.00	0.08
Solar		
SECI	42.94	25.62
HPPCL-Beradol	8.36	3.60
Solar IPPs	21.94	10.80
Sub-total	73.25	40.02
Private IPPs/ SHPs		
Small HEP/ Private Micro	1,440.16	399.08
Small HEP/ Private Micro -REC	299.14	72.51
Baspa - II - Primary	1,050.06	156.23
Baspa - II Secondary Energy	127.53	59.00
Sub-total	2,916.89	686.81
Free Power		
Own generation		

Station	Actual	
	Ex-Bus	Total Cost
	MUs	Rs Cr.
Larji	79.47	20.34
Khauli	5.10	1.30
Ghanvi	11.97	3.06
Gaj	6.36	1.63
Baner	5.50	1.41
Ghanvi II	5.36	1.37
Uhl-III	0.00	0.00
Interstate		
Shanan Share	2.64	0.67
Ranjeet Sagar Dam Share	95.57	26.32
Malana	72.88	18.66
Baspa (Primary & Sec.)	160.58	41.11
Kasang	24.82	6.35
Chanju	21.32	5.18
Small HEP/ Private Micro - Free	136.16	33.98
Sub-total*	627.73	161.39
Other Sources		
Unscheduled Interchange (UI)**	146.45	101.46
Banking Purchase@	2053.4	
Contingency (IEX and PXIL)	273.15	87.35
Subtotal	2,473.0	188.81
Grand Total (excluding Banking)	14,231.6	3,026.79
Grand Total (including Banking)	12,178.19	3,026.79

* Tanda TPS transmission charges are booked separately under A/H 70.601

** Jhajjar TPS arrears of Rs. -0.02 Cr is separately booked under A/H 70.132 "POP- Aravali Power Co".

***The total amount booked under SJVNL in accounts (A/H 70.819) is Rs. 602.02 Cr against Rs. 620.57 Cr shown under the head. The differential amount of Rs. 18.55 Cr pertains to arrears for NJPS equity power purchased in the past which is paid to PTC in FY20. Hence, the above amount is booked under PTC (A/H 70.826)
The total GoHP free power amount paid to PTC as per accounts (A/H 70.826) is Rs. 182.52 Cr, out of which Rs. 18.55 Cr pertains to SJVNL equity power arrear and Rs. 2.58 Cr pertains to STOA charges and trading margin. The balance amount of Rs. 161.40 Cr pertains to GoHP free power.

##UI charges paid to SLDC as per accounts (A/H 70.130) is Rs. 102.10 Cr whereas the amount shown under the head is Rs. 101.46 Cr. The difference of Rs. 0.64 Cr pertains to reactive power which is shown separately under "other charges" head

@ cost of banking has not been considered as a part of power purchase expense for computational purposes.

- 4.4.3 The Petitioner submitted that the increase in actual power purchase cost as compared to that approved is due to higher quantum of power purchase.
- 4.4.4 The Petitioner has submitted that the actual power purchase cost for FY 2019-20 is given in the table below:

Table 41: Petitioner Submission- Summary of Power Purchase cost from all Generating Stations in FY20

Station	Approved in MYT Order		Actual	
	MUs	Rs Cr	MUs	Rs Cr
HPSEBL Own Generation	2,134.23	342.64	2,121.80	320.60
NTPC	1,722.95	646.25	1,843.40	746.13
NHPC	288.75	55.59	305.52	73.61
SJVNL & Others (THDC)	2,305.79	553.51	2,391.71	620.66
Nuclear	199.73	72.59	220.33	86.51
BBMB and shared stations	1,093.66	113.75	1,257.97	102.24
IPP and others	2,686.58	639.57	2,916.89	686.81
GoHP Free Power	592.94	151.80	627.73	161.39
Solar	119.64	58.00	73.25	40.02
Other Sources (WtE and short-term purchase)	24.53	19.38	2,473.00	188.81
UI	-	-	146.45	101.46
Banking Purchase	-	-	2,053.40	-
Contingency (IEX)	-	-	273.15	87.35
Total	11,168.80	2,653.08	14,231.60	3,026.79

4.5 Transmission Charges

4.5.1 The Petitioner has submitted that during FY 2019-20 it has paid PGCIL charges, HPPTCL charges, SLDC charges, STOA charges, etc. to the tune of Rs. 430.11 Cr. Few of the consideration made by the Petitioner is summarized below:

- For the purpose of truing up, the provisioning of Rs. 2.45 Cr for LADF (DoE) in FY 20 has been excluded.

4.5.2 The details of transmission charges claimed by the Petitioner is mentioned below:

Table 42: Petitioner Submission- Summary of Transmission Charges in FY20 (Rs. Cr)

Particulars	Amount
Transmission Charges	
PGCIL #	346.80
HPPTCL	12.74
SLDC Charges	4.01
STOA Charges	64.46
Sub-total- Transmission Charges	428.00
Other Charges	
System/Marketing operation charges	0.0034
NRLDC	1.46
Reactive Charges*	0.64
Sub-total- Other Charges	2.10
Grand Total	430.11

#The amount of Rs. 346.80 Cr towards PGCIL charges is claimed after netting off wheeling charges recovered from GoHP towards M/s PTC Ltd.

* Reactive charges of Rs. 0.64 Cr is booked in accounts under A/H 70.130.

4.5.3 The total power purchase cost for FY 2019-20 submitted by the Petitioner is summarized in the table below:

Table 43: Petitioner Submission- Summary of Power Purchase Cost in FY20 (Rs. Cr)

Particulars	Amount
Power Purchase Cost (Interstate) (Excluding Cost of Own Generation)	2,706.19
PGCIL	346.80
HPPTCL	12.74
SLDC Charges	4.01
STOA charges	64.46
Other Charges (System/Marketing operation charges, NRLDC)	2.10
Power Purchase Cost (including transmission & other charges)	3,136.30
Add: Own Generation	320.60
Total Power Purchase Cost (including Own Generation)	3,456.90

4.5.4 HPSEBL has requested the Commission to approve power purchase cost of Rs. 3,456.90 Cr for True-Up of FY 2019-20.

4.5.5 The Petitioner has submitted that it has also reconciled the power purchase cost (excluding own generation) with the audited accounts. It has submitted that banking being a cashless transaction, notional cost of the banking power purchase considered in the provisional accounts has been excluded from the total power purchase cost. The Petitioner has provided the following reconciliation of power purchase cost:

Table 44: Petitioner Submission- Reconciliation of Power Purchase Cost with Audited Accounts for FY20 (Rs Cr.)

Particulars	As per Audited Accounts	Submitted
Power Purchase Cost	4,190.91	-
Less: LADF DoE	2.45	-
Power Purchase Cost (including transmission & other charges)	4,188.47	3,136.30
Less: Banking power purchase	1,052.17	-
Power Purchase Cost	3,136.30	3,136.30

4.6 Transmission and Distribution Loss

4.6.1 The Petitioner in the Second APR Petition for 4th Control Period had proposed for a revised T&D loss target of 11.50% for FY 2019-20. In accordance to the proposed revision the Petitioner based on the actual sales & power purchase quantum HPSEBL has achieved T&D loss level of 12.08% during FY 2019-20.

Table 45: Petitioner Submission- Transmission and Distribution loss (Rs Cr.)

Particulars	Approved in MYT Order	Revised T&D Target proposed by HPSEBL	Actual
T&D loss	10.30%	11.50%	12.08%

4.6.2 The methodology adopted by the Petitioner to calculate T&D loss is given below:

$$\text{T\&D loss (\%)} = \{1 - (\text{energy sale within the state}) / (\text{total energy available-interstate sale})\} \times 100$$

4.6.3 The Petitioner has requested the Commission to approve the T&D loss of 12.08%.

4.7 Energy Balance

4.7.1 The Petitioner has submitted that it has revised the Energy Balance based on actual power purchase & sales as shown in table below:

Table 46: Petitioner Submission- Energy Balance for FY20 (MU)

Particulars	FY20
Units Procured from Interstate- Generating Stations (including GoHP power stations connected to ISTS)	7,617.26
Banking Purchase at ISTS	2,053.40
Interstate Transmission Loss (%)	3.18%
Transmission Loss (MUs)	307.91
Net Energy Available at Periphery	9,362.76
Power Available within the state	4,141.33
(i) State Generating Stations	2,121.80
(ii) GoHP Power (own generation & IPPs)	249.92
(iii) IPPs	1,769.60
Power from Other Sources	419.60
(i) UI Power	146.45
(ii) IEX/PIXIL	273.15
Total Energy Available at HP periphery	13,923.69
Energy Sales Within the state	9,124.89
Inter-State Sale of Power	3,545.56
(i) Sale of Power (including UI & IEX)	920.03
(ii) Banking	2,095.46
(iii) RE Sale	530.07
Total Energy Available for sale within the state	13,923.69
Total Energy Sale	12,670.45
T&D loss (in MUs)	1,253.24
T&D loss (%)	12.08%

4.8 Incentive for Over-achievement of T&D Loss

4.8.1 The Petitioner submitted that it has been able to achieve an overall T&D loss level of 12.08% for FY 2019-20 against the revised proposed target of 11.50% for FY 2019-20 in the Second APR Petition for 4th Control Period. The Petitioner has submitted that a mechanism for pass-through of gains or losses on account of variations in the distribution loss is provided under HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2013.

4.8.2 The Petitioner has submitted the savings resulting from the over-achievement of T&D loss for FY 2019-20 as shown in the table below:

Table 47: Petitioner Submission- Saving on account of over-achievement of T&D Loss for FY20 (MUs)

Sl.	Particulars	FY20
A	Energy Sales within state (MU)	9,124.89
B	T&D Losses (%)	11.50%
C	Power Purchase requirement to meet state requirement (MU)	10,310.61
D	Inter-State Sale (MU)	3,545.56
	(i) Banking Arrangement (MU)	2,095.46
	(ii) Sale Outside the state (MU)	1,450.10
E	Total Power Purchase Quantum approved at State Periphery (MU)	13,856.17
F	Actual Power Purchase Quantum at State Periphery (MU)	13,923.69
G	No. of units lost (MU)	-67.52

4.8.3 The Petitioner has mentioned that it has incurred 67.52 Mus of loss and has computed the penalty for under-achievement of T&D loss as detailed in table below:

Table 48: Petitioner Submission-Penalty for under-achievement of T&D Loss for FY20 (Rs Cr.)

Particulars	Unit	Amount
No. of Units	MU	-67.52
Cost of Power for over-achievement		
Cost of Power Purchase from Other than own resource	Rs Cr	2,706.19
Power purchased from other than own sources	MU	10,056.39
Less: PGCIL losses	MU	307.91
Net Power Purchase	MU	9,748.48
Cost of Power Purchase from Other than own sources	Rs/kWh	2.78
Total Penalty	Rs Cr	-18.74
HPSEBL's Share	%	60%
HPSEBL's Penalty on account of T&D loss overachievement	Rs Cr	-11.25

4.8.4 Accordingly, the Petitioner has requested the Commission to approve power purchase cost to Rs 3445.65 Cr. for FY 2019-20 which also includes penalty of Rs 11.25 Cr.

4.9 Employee Cost

4.9.1 The Petitioner submitted actual employee cost for FY 2019-20 as Rs. 1,788.31 Cr against approved employee cost of Rs. 1,698.24 Cr

4.9.2 The employee cost submitted by the Petitioner for the FY 2019-20 is summarized in the table below.

Table 49: Petitioner Submission- Employee Cost for FY20 (Rs. Cr.)

Particulars	Approved in MYT Order	Actual
Salaries & Allowances		

Particulars	Approved in MYT Order	Actual
Salaries (Basic)		299.05
Grade pay		36.55
Dearness Allowance		382.66
Other Allowances		26.74
Overtime		4.37
Bonus		0.02
Salaries - Total		749.39
Other Staff Cost		
Medical Expense Reimbursement		7.32
Fee & Honorarium		0.02
Earned Leave Encashment		90.73
Salary/Wages of Outsourced/Contractor		42.30
Payment under Workmen's Compensation		1.73
Leave Travel Concession		0.08
Staff Welfare Expenses		0.36
Other Staff Cost - Total		142.54
Total salary cost and other staff cost	964.76	891.93
Terminal Benefits		
Superannuation Boards Contribution		1.44
Pension - Base		707.79
Pension-Commuted Value		72.31
Gratuity		127.09
Any other Items (MRC to pensioners, benevolent fund Ex-gratia and DLI)		20.43
Employee Contribution towards CPS		15.48
Terminal Benefits - Total	838.01	944.54
Gross Employee Cost	1,802.77	1,836.47
Less: Employee Cost Capitalisation	42.68	51.27
Less: Employee Attrition Impact		-
Add: Prior Period Expense		3.11
Total Employee Cost as per P&L Account		1,788.31
Less Provision: - Terminal Benefits		35.59
Less Provision: - Additional Dearness Allowance		11.97
Less Provision: - 7th pay Commission		-
Total Provision Less:-		47.56
<i>Less: Return on GoHP equity, Pension contribution on deputation, generation employees, BVPCL, Projects and S&I employees (approved by Hon'ble Commission in Tariff Order for FY20)</i>	61.87	-
Net Employee Cost	1,698.22	1,740.75

4.9.3 Accordingly, the Petitioner has requested the Commission to approve employee cost to Rs 1740.75 Cr.

4.10 Administrative & General Expenses

4.10.1 The Petitioner has submitted A&G expense is a controllable parameter and any surplus or deficit on account of actual A&G expense shall be to the account of the Petitioner. A&G expense submitted by the Petitioner for the FY 2019-20 is summarized in the table below.

Table 50: Petitioner Submission- Actual Vs Approved A&G Expense for FY20 (Rs. Cr.)

Particulars	Approved in MYT Order	Actual
Administration Charges		
Rent, Rates & Taxes		2.51
Statutory Dues		-
Telephone, Postage & Telegrams		2.55
Consultancy Charges		1.16
Conveyance & Travel		9.70
Regulatory Expenses		1.76
Licence fee Distribution & Transmission payable to HPERC		1.39
Income Tax Updating Charges		0.12
Consumer Redressal Forum		0.80
Insurance		2.05
Purchase Related Expenses & Other Charges		1.18
IT and other Initiatives		-
Sub Total-Administration Charges		23.22
Other Charges		
Fees & Subscriptions, Books & Periodicals		0.60
Printing & Stationery		2.41
Advertisement Expenses		0.60
Electricity Charges		6.39
Water Charges / Cold weather expenses		0.47
Legal Charges		1.55
Audit Fee		0.02
Statutory Audit Fee		0.15
Internal Audit Fee		-
Expenditure on Gift/ Presentation		-
Entertainment Charges		0.07
Training to Staff		0.32
Fees for SAS Examination		-
Public Interaction Program		0.19
Contribution/Donations		0.49
Expenditure on providing cost free CFL bulb domestic consumer		0.05
Exp. Incurred on capacity building for Poverty Reduction		-
Public Expenses / Other professional charges		0.59
Expenditure related to High level Committee		0.20

Particulars	Approved in MYT Order	Actual
Expenditure related to high level committee for formulation of power policy-other expenses		1.71
Exp. On GIS/ Global Position		0.28
Transaction Charges to SCAs for collection of energy bills		0.93
Compensation paid for non-compliance of Renewable Power		-
TA/DA Internal Auditor		-
TA/DA Statutory Auditor		-
Private Vehicle hire charges		1.57
Charges on a/c of service rendered by central board keeping agency under new pension scheme		0.06
Exp. On IPAVAST Connectivity Charges etc.		2.70
Publicity expenses		0.07
Providing ID to staff Vidyut Bhawan		-
Technical fees		0.01
Freight Material related Expenses		0.05
Misc. Expenses		0.79
Sub Total-Other Charges		22.27
A&G - Grand Total	45.66	45.49
Less: Capitalisation	0.75	-
Add: Provision for one-time expense	5.00	-
Net A&G Costs	49.91	45.49

4.10.2 Accordingly, the Petitioner has requested the Commission to approve A&G expenses of Rs. 45.49 Cr.

4.11 Repairs and Maintenance Expenses

4.11.1 The Petitioner has submitted R&M expense is a controllable parameter and any surplus or deficit on account of actual R&M expense shall be to the account of the Petitioner. R&M expense submitted by the Petitioner for the FY 2019-20 is summarized in the table below.

Table 51: Petitioner Submission- Approved Vs Actual Repairs and Maintenance Expenses for FY20 (Rs. Cr.)

Particulars	Approved in MYT Order	Actual
Plant & Machinery		0.57
Buildings		2.36
Civil Works		0.94
Lines, Cables Networks		64.69
Vehicles		1.72
Furniture & Fixtures		0.04
Office Equipment		29.11
Other i.e. cost of vehicle other than vehicle		-0.25

Particulars	Approved in MYT Order	Actual
R&M Cost – Total	72.70	99.18
Less: Cost Reallocated to Employee Cost and A&G Expenses		-
Less: Cost Reallocated to Depreciation		0.58
Less: Cost Reallocated for Recovery of cost of vehicle from O&M and other units		4.88
Provisional amount towards data centre	20.00	-
Net R&M Expenses	92.70	97.20

4.11.2 The Petitioner submitted that Hon'ble Commission, in the Tariff Order for FY20 dated 29.06.2019, provisionally allowed an additional amount of Rs.20 Cr towards new R&M expenditure on IT infrastructure and Data center in 4th MYT Control Period, which shall be trued up based on actual expenditure under R&M expense for the respective year.

4.11.3 Further, the Petitioner has informed that two data centers under R-APDRP schemes were commissioned in FY 2016-17 and has introduced computerized billing, MDAS, AMR etc. across the State. Further, ERP and billing had been rolled out to all units of the Board. This necessitated regular AMC of the total hardware, support of the various applications and ATS charges of the different licenses essentially required to run and maintain the IT systems. The Petitioner has submitted that these expenditures is being met through R&M of the IT system in support of its continuous endeavor to digitize its operations and eventually realize its benefits.

4.11.4 The Petitioner has also submitted that Rs. 4.50 Cr was incurred more in comparison to the approved R&M expenses during FY 2019-20 which was mainly on account of R&M towards IT Infrastructure. Accordingly, IT system expenses have been added as part of R&M Expenses which is necessary for upkeep and maintenance of IT systems. The Petitioner has requested the Commission to allow it as a special expense under R&M expense and consider the same during ensuing periods.

4.12 Interest & Finance Charges

4.12.1 The Petitioner has submitted that Interest & Finance Charges is the controllable parameter and shall be true-up at the end of MYT control period FY 2019-20 to FY 2023-24. Accordingly, it has only submitted true-up of Interest & Finance charge to the extent of working capital & consumer security deposit and has requested the Commission to true-up the long-term loan at the end of the control period.

4.12.2 The working capital requirement calculated by the Petitioner for FY 2019-20 is as below:

Table 52: Petitioner Submission- Working Capital Requirement for FY20 (Rs. Cr.)

Particulars	Approved in MYT Order	Actual
O&M expenses for 1 month	153.40	156.95
Receivables equivalent to 2 months average billing	826.34	855.68
Maintenance Spares (40% of R&M Expense of 1 Month)	13.00	11.74

Particulars	Approved in MYT Order	Actual
Less: one-month power purchase	393.06	288.07
Less: Consumer Security Deposit	252.37	415.54
Total Working Capital	347.31	320.76
Rate of Interest on Working Capital	11.15%	10.75%
Interest on Working Capital	38.72	34.48

4.12.3 Interest on the revised normative working requirement has been computed in accordance with the 3rd Amendment Regulations dated 22nd Nov 2018, based on SBI MCLR rate (1 year) applicable on 1st April of the financial year in which Petition is filed plus 300 basis points.

4.12.4 Accordingly, the Petitioner has requested the Commission to approve interest on working capital to Rs 34.48 Cr for FY 2019-20.

4.13 Interest on Consumer Security Deposit

4.13.1 The Petitioner has submitted that the opening, closing, addition and interest on security deposits as per provisional accounts.

4.13.2 The interest on Consumer Security Deposit calculated by the Petitioner for FY 2019-20 is as below:

Table 53: Petitioner Submission- Interest and Finance Charges for FY20 (Rs. Cr.)

Particulars	Actual
Opening	394.37
Addition	21.18
Closing	415.54
Interest on consumer security deposit	16.47

4.13.3 The actual interest expenses submitted by the Petitioner for FY 2019-20 are as below:

Table 54: Petitioner Submission- Interest and Finance Charges for FY20 (Rs. Cr.)

Particulars	Approved in MYT Order	Actual
Interest on Long Term Loan	131.26	131.26
Interest on Working Capital	38.72	34.48
Interest on Consumer Security Deposit	24.68	16.47
Total Interest & Finance Charges	194.66	182.21

4.14 Other Controllable Parameters

4.14.1 The depreciation and return on equity claimed by the Petitioner for FY 2019-20 are summarized in the table below. The relevant Regulation 11(1) (b) is quoted below:

" (ii) at the end of the Control Period –

I. the Commission shall review actual capital investment vis-à-vis approved capital investment.

II. Depreciation and financing cost, which includes cost of debt including working capital (interest), cost of equity (return) shall be trued up on the basis of actual/ audited information and prudence check by the Commission."

Table 55: Petitioner Submission- Depreciation and Return on Equity for FY20 (Rs. Cr.)

Particulars	Approved in MYT Order	Amount
Depreciation	127.29	127.29
Return on Equity	42.88	42.88

4.15 Non-Tariff Income

- 4.15.1 The Petitioner has submitted that it has not considered the delayed payment surcharge of Rs. 79.06 Cr from consumers and has not claimed expenses on capitalization of works carried out through consumer contribution, deposit works, grant and capital subsidy as per HPERC Tariff Regulations. Therefore, Amortization of Grants aggregating to Rs. 90.47 Cr have not been considered while computing non-tariff income.
- 4.15.2 The details of non-tariff income submitted by the Petitioner for true-up for FY 2019-20 is summarized in the table below.

Table 56: Petitioner Submission- Non-Tariff Income for FY20 (Rs. Cr.)

Particulars	Approved in MYT Order	Actual
Meter Rent/Service Line Rentals		47.11
Recovery for theft of Power / Malpractices		0.16
Wheeling Charges Recovery		52.73
O&M Charges Recovery		-
Peak Load Violation Charges		-
Miscellaneous Charges from Consumers		3.39
Non-Tariff Income - Total		103.39
Other Income		
Interest on Staff loans & Advances		0.19
Income from Investments		2.46
Interest on Loans & Advances to Licensees		-
Delayed Payment Charges from Consumers		79.06
Delayed Payment Charges from PGCIL		-
Interest on Advances to Suppliers / Contractors		-
Interest on Banks (other than on Fixed Deposits)		1.53
Income from Trading		10.42
Other Misc. Receipt trading		-
Income fee collected against Staff Welfare Activities		0.07
Miscellaneous Receipts		73.26
O&M Charges Recovery from HPPTCL		-
Recovery of Investigation & Survey Charges		-
Amortization of Govt. grants		90.47
Subsidies against loss on account of flood		20.00
Prior Income		1.45
Other Income - Total		278.91
Total Non-Tariff Income & Other Income		382.30
Less: Income items not considered		

Particulars	Approved in MYT Order	Actual
Delayed payment charges from consumers		79.06
Amortization of Govt. grants		90.47
Net Non-Tariff Income & other income considered	116.19	212.77

4.16 Annual Revenue Requirement

4.16.1 Based on the above submissions, the actual Annual Revenue Requirement (ARR) for True-up of FY 2019-20 after adjustment of past years which the Commission had included in the approved ARR of FY 2019-20 is given in table below:

Table 57: Annual Revenue Requirement for FY20 (Rs Cr)

Particulars	Approved in MYT Order	True-Up
Power Purchase Expenses for Supply in the State	3,028.47	3,445.65
Cost of electricity purchase including own generation	2,653.02	3,026.79
PGCIL Charges	290.56	346.80
STOA Charges	70.01	64.46
HPPTCL Charges	9.76	12.74
SLDC Charges	5.12	4.01
Other Charges (System/Marketing, reactive power, UI (malana), Trading Margin, NLDC)	-	2.10
Penalty for under-achievement of T&D loss	-	-11.25
Operation & Maintenance Costs	1,840.84	1,883.44
Employee Cost	1,698.22	1,740.75
R&M Cost	92.70	97.20
A&G Cost	49.91	45.49
Interest & Financing Charges	194.66	182.21
Interest on Long term loan	131.26	131.26
Interest on Working Capital	38.72	34.48
Interest on Consumer Security Deposit	24.68	16.47
Depreciation	127.29	127.29
Return on Equity	42.88	42.88
Miscellaneous written off	-	0.02
Less: Non-Tariff & Other Income	-116.19	-212.77
Aggregate Revenue Requirement (ARR)	5,117.95	5,468.73
Add: Past period Cost		
True-up Revenue Gap for FY17	18.12	18.12
Impact of Order on Petition No. 25/2018	49.21	49.21
Provision towards impact of generation petition	50.00	50.00
Provision towards impact of 7th Pay Commission	50.00	-
Total ARR including adjustments	5,285.28	5,586.06

4.17 Revenue Gap

4.17.1 The details of Revenue Gap submitted by the Petitioner for true up of FY 2019-20 is summarized in the table below.

Table 58: Petitioner Submission- Revenue Gap for FY20 (Rs. Cr.)

Particulars	Approved in MYT Order	Amount
Revenue		
Revenue at existing tariff	4,978.52	5,134.11
Revenue from sale outside state	308.80	473.78
Total Revenue	5,287.32	5,607.89
Revenue Surplus (+) / Gap (-)	2.03	21.84

4.17.2 The Petitioner has requested the Commission to approve Revenue Gap of Rs. 21.84 Cr for FY 2019-20.

4.18 Carrying Cost

4.18.1 The Petitioner has requested for approval of the revenue gap along with carrying cost as per the provisions of clause (2) of Regulations 11 as amended by HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2013

4.18.2 As per the Regulation 11(2), carrying cost is to be provided as below:

“The distribution licensee, for the approved true-up of any year over and above that approved in the Tariff Order for that year, shall be entitled to a carrying cost at one (1) Year weighted average State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period of the relevant Year plus 300 basis points and for any true-up resulting in less than that approved in the Tariff Order for that year, the carrying cost shall be recovered at the same rate”

4.18.3 Accordingly, the Petitioner has estimated the carrying cost based on the opening and closing amount of revenue gap. The computation of carrying cost, are summarized in the following table:

Table 59: Petitioner Submission- Carrying Cost for FY20 (Rs. Cr.)

Particulars	FY20	FY21
Opening balance	-	23.06
Surplus /(Gap) on account of true-up of uncontrollable parameters for FY 2019-20	21.84	0
Closing balance	21.84	23.06
Interest Rate for Carrying Cost	11.16%	10.08%
Carrying Cost	1.22	2.33
Total Gap including Carrying Cost	23.06	25.38

5 SUMMARY OF THE APR PETITION FOR FY 2021-22

5.1 Introduction

- 5.1.1 This chapter summarizes the highlights of the Annual Performance Review (APR) Petition filed by the Petitioner for review of Aggregate Revenue Requirement (ARR) approved for FY 2019-20 in the MYT Order for the fourth Control Period.
- 5.1.2 The Annual Performance Review (APR) petition filed by the Petitioner constitutes revised estimates of the Petitioner distribution business for FY 2019-20 based on data for the entire financial year for the purpose of determination of the Aggregate Revenue Requirement (ARR) and revision in Distribution & Retail Supply Tariff for FY 2019-20, FY 2020-21 and projections for FY 2021-22.

5.2 Sales Projections

- 5.2.1 The Petitioner has mentioned that in FY 2020-21 due to COVID-19 pandemic induced Nationwide lock down and curfew restrictions the sales for the period April to September 2020 have adversely gawn down. Therefore, the Petitioner has modified the assumptions for sales projections.
- 5.2.2 The Petitioner has submitted a brief description for the growth rates considered for projections as mentioned in the table below:

Table 60: Petitioner Submission-CAGR considered for projection of sales

Categories	CAGR considered	Remarks
Domestic	4.21%	3- Year CAGR
Non-Domestic Non-Commercial	6.95%	3- Year CAGR
Commercial	5.70%	5- Year CAGR
Temporary	10.00%	Previous Year
Small Power	2.13%	3- Year CAGR
Medium Power	0.00%	Previous Year
Large Supply	2.00%	Previous Year
Govt. Irrigation & Water Pumping	0.00%	Previous Year
Irrigation & Agriculture	0.00%	Previous Year
Public Lighting	0.00%	Previous Year
Bulk Supply	0.00%	Previous Year

- 5.2.3 The revised sales are projected by Petitioner based on complete sales data of base year i.e. FY 2019-20 as given in the following table:

Table 61: Sales projections by the Petitioner for the FY21 and FY22 (MUs)

Categories	FY21		FY22	
	Approved in APR	Total	Approved in MYT	Revised
Domestic	2,288	2,375	2,274	2,381