

**ODISHA ELECTRICITY REGULATORY COMMISSION
BIDYUT NIYAMAK BHAWAN,
UNIT – VIII, BHUBANESWAR – 751 012**

*** **

**Present : Shri S. P Nanda, Chairperson
Shri B. K. Misra, Member
Shri S. P. Swain, Member**

Case No.71/2012

WESCO, NESCO & SOUTHCO

..... Petitioner

Vrs.

GRIDCO Ltd., Janpath, Bhubaneswar - 751 022

..... Respondent

In the matter of: **An application u/s 76 of the Odisha Electricity Regulatory Commission (Conduct of Business) Regulations, 2004 framed U/S 181 of the Electricity Act, 2003 relating to creation of Regulatory Assets for recovery of under provisioning towards Actuarial Valuation and Bad & Doubtful Debts as on 31.03.1999 as per the settlement with GRIDCO and three DISCOMs vide OERC Order dated 29.3.2012 and Corrigendum Order dated 30.3.2012 passed in Case No.107 of 2011.**

For the Petitioner: Shri G. B. Swain, GM(Fin.), WESCO, NESCO & SOUTHCO

For the Respondent: Shri Ranjit Das, CGM(PP), Shri S. K. Parida, Sr. GM(PP) and Shri S. S. Sahoo, Manager(Fin.), GRIDCO

Date of Hearing: 16.11.2012

Date of Order:26.07.2013

ORDER

1. The Reliance managed three DISCOMs, namely WESCO, NESCO & SOUTHCO have filed this petition under Section 76 of the Orissa Electricity Regulatory (Conduct of Business) Regulations, 2004 framed under Section 181 of the Electricity Act, 2003 relating to creation of Regulatory Assets for recovery of

- opening balance difference towards opening actuarial valuation and provision for bad and doubtful debt as on 31.3.1999.
2. The three DISCOMs in their submissions stated that differential amount towards actuarial valuation and provision of doubtful debt as on 31st March, 1999 has been shown as receivable from GRIDCO in the Books of Accounts of DISCOMs and balance amount has been charged to the Profit and Loss Account of the DISCOMs. Based on the Audited Accounts of DISCOMs truing up exercise has been done by the Commission, but the amount receivable by DISCOMs from GRIDCO towards differential terminal liabilities and provision towards Bad and Doubtful Debt as on 31.3.1999 has not been recovered in the ARR of DISCOMs.
 3. Hence, in the final prayer, the three DISCOMs have submitted as under:-
 - (a) To consider the non-recovered amount towards the terminal liability as on 31.3.1999 as Regulatory Assets and amortize the same over period as deemed fit and proper.
 - (b) Direct Receivable Audit of outstanding as on 31.3.1999 and outstanding for the period from 01.4.2005 to 31.3.2012.
 4. The Respondent, GRIDCO in its submission stated that this issue of differential terminal liability and provision towards bad and doubtful debt has been settled by the Commission in terms of Para No.352 to 355 of the ARR and RST Order dated 20.3.2008 and in terms of Para 14, 15 & 16 regarding acceptance of opening balance figures by the Commission vide Order dated 01.12.2008 in Case No.115/2004. Hence, GRIDCO has submitted that there is no ground to raise the issue again.
 5. The Commission heard the parties at length. As regards the first issue i.e. to consider the differential amount of terminal benefit as regulatory asset, the Commission has already settled the issue in Para 352 to 355 of the ARR and RST Order dated 20.3.2008 in terms of Transfer Notification of Govt. of Odisha vide No.16019 dated 25.11.1998. The relevant extract of Provision 4, Schedule 'C',

Part – I (Distribution undertaking forming part of WESCO and Terms Conditions thereof) is reproduced below:-

“For the purposes of certainty and to facilitate the finalization of the respective accounts in detail of GRIDCO and WESCO, the WESCO shall continue as wholly owned subsidiary of Gridco till the end of the accounting year of Gridco on 31 March, 1999. The opening balance sheet of WESCO as on the Appointed Date shall be prepared as per the books of accounts of GRIDCO namely balance sheet of GRIDCO as at 31.03.1998 and the operation during the period after 31.3.1998 till appointed date. The operation of GRIDCO and WESCO will effect from the appointed date till 31.3.1999 shall be to the account of GRIDCO and shall be subject to year end adjustment as on 31.3.1999, as specified in this schedule. The balance sheet and annual accounts of GRIDCO and WESCO as at 31.3.1999 and the opening balance sheet of GRIDCO and WESCO as at 01.4.1999 shall be finalized after making all the adjustments as per this and so as to reflect the provisional balance sheets of WESCO as contained in the schedule. Notwithstanding the transfer on the Appointed Date, GRIDCO shall be responsible to finalize the accounts of WESCO for the year ending 31.3.1999 and get the same duly audited in accordance with law.”

6. Accordingly, the Commission has to accept the above Transfer Notification of the Govt. of Odisha and consequently the audited balance sheet of GRIDCO and is, therefore, unable to accept the claim of the petitioner that there has been some unrecovered amount towards terminal liability as on 31.03.1999.
7. As regards the second issue i.e. giving direction for receivable audit of outstanding dues upto 31.3.1999, the Commission is of the opinion that, it is not required at this stage, since as per transfer notification vide No.16019 dt.25.11.1998 in terms of Provision 4, Schedule ‘C’, Part – I (Distribution undertaking forming part of WESCO and Terms Conditions thereof) it is the responsibility of GRIDCO to finalise the accounts of DISCOMs for the year ending 31.3.1999 and get the same audited as per law. Commission in their tariff orders of different years has accepted the audited figures of GRIDCO. Also in their order dated 01.12.2008 in Case No.115 /2004, the Commission has accepted the audited figures of opening balance finalized by GRIDCO for the purpose of securitization. Hence, the Commission do not feel any necessity to direct for receivable audit of outstanding as on 31.3.1999.

8. As regards receivable audit for the period from 01.4.2005 to 31.3.2012 the DISCOMs may do the internal audit on their own. However, Commission may direct for independent audit at appropriate time.
9. The case is accordingly disposed of.

Sd/-
(S.P. Swain)
Member

Sd/-
(B.K. Misra)
Member

Sd/-
(S.P. Nanda)
Chairperson