ODISHA ELECTRICITY REGULATORY COMMISSION
BIDYUT NIYAMAK BHAWAN, PLOT NO. 4,
CHUNUKOLI, SHAILASHREE VIHAR,
CHANDRASEKHARPUR,
BHUBANESWAR-751021
****

Present: **Shri U. N. Behera, Chairperson**
Shri A. K. Das, Member
Shri S. K. Parhi, Member

Case No. 05/2018

OPTCL ……… Petitioner

Vrs.

Sri G. N. Agrawal & Others …....... Respondents

In the matter of: **An application For Truing Up for FY 2016-17 in compliance with Regulation 7 of OERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2014 to carry out truing up exercise to adjust the deficit amount of Rs. 214.62 Crore.**

For Petitioner: Shri Ramesh Chandra Mishra, CGM (Fin.), OPTCL

For Respondents: Shri Ananda Kumar Mohapatra for self and on behalf of Shri G. N. Agarwal and Ms. NIharika Pattnayak, ALO, DoE, GoO.
Nobody is present on behalf of M/s. Ferro Alloys Corporation Limited, Shri Ramesh Ch. Satpathy, M/s. Adhunik Metaliks Limited, North Odisha Chamber of Commerce and Industry (NOCCI), M/s. Visa Steel Limited, M/s Swain & Sons Power Tech Pvt. Ltd. and Shri R. P. Mahapatra.

Date of hearing: 27.03.2018 **Date of order:03.07.2018**

ORDER

1. OPTCL has filed truing up proposal for the FY 2016-17 as per Regulation 7.1 of OERC (Terms and Conditions for Determination of Tariff) Regulations, 2014 on 28.01.2017 along with the audited accounts for the FY 2016-17. This was registered in Case No. 05 of 2018. The OPTCL has prayed to consider a shortfall of Rs. 214.62 crore as truing up of the account for FY2016-17.

2. One objector pointed out that the effect of the truing up exercise has cascading effect on the applications of other eight licensees which may be taken into account. He further stated that as per audited accounts for FY2016-17, OPTCL has landed with a profit of Rs.17.97 crore for FY 2016-17 against the loss of Rs.2.55 crore for FY 2015-16, therefore there is no necessity to review the transmission tariff of Rs.25 paise/unit

for FY 2016-17. He further stated that the Commission had approved revenue of Rs.668.80 crore for FY 2016-17 whereas as per the profit and loss account of OPTCL for the said year, the total revenue earned of Rs.854.44 crore which includes miscellaneous receipts. The excess revenue of Rs.185.65 crore may be taken into account in course of truing up exercise. As revealed from the balance sheet, huge provisions under the head of employees cost ,terminal benefits, R&M cost, A&G cost and depreciation have been made thereby inflating the operational cost which would have recurring effects in future years. These provisions, therefore, need to be scrutinized during truing up exercise to arrive at fair and reasonable transmission tariff. He also stated that there is an inventory of Rs.178.56 crore as on 31.03.2017 which tantamounts to inefficiencies of management which is very much controllable. He further stated that the capitalization of employee cost of Rs.28.65 crore is very less considering the huge construction and erection work carried out by OPTCL under various central and state flagship electrification programmes. This needs to be scrutinized during truing up exercise. OPTCL has not submitted any information regarding grant-in-aid from various sources which also needs to be also scrutinized.

3. Another objector in his submission stated that the OPTCL over the years has been including cost of capital equipments and renovation expenditure under R&M expenses. In such a scenario, OPTCL should not be allowed additional expenditure of Rs.38.94 crore under repair and maintenance expenses for truing up for FY 2016-17.

4. The Commission after hearing the matter on 27.03.2018 in its interim order dt.31.03.2018 directed the petitioner to file its reply to the queries of the Commission raised during hearing particularly related to actuarial valuation of pension fund, reasons for high level of inventory and booking of work of capital nature under revenue expenses.

5. The OPTCL has given compliance to the directions of the Commission dt.31.03.2018 and rejoinder to the objections raised during hearing by the objectors as follows:

➢ As regards to the actuarial valuation of pension fund, OPTCL has submitted that it is paying the pensionary benefit to its employees in terms of Regulation-5 of Orissa Electricity Board Employee’s Pension (Including Old Age and Family Pension) Regulations, 1992. In order to meet the pension payment obligation, a separate irrevocable trust in the name of “GRIDCO Pension Trust Fund” has been created on 28.01.1998. The Corpus Fund is accounted for on the basis of actuarial valuation and investment of the fund is made as per the pattern of investment notified by Dept. of Economic Affairs, Ministry of Finance, Govt. of India under Part-XIII of Income Tax Rule. OPTCL has engaged M/s. Charan Gupta Consultants Pvt. Ltd, Noida for the actuarial valuations.

- As regards the high level inventory, OPTCL has submitted that out of the total inventory of Rs.178.56 crore as on 31.03.2017, Rs.27.94 crore is Capital material and Rs.150.16 crore is R&M material. In order to operate the system effectively for maintaining uninterrupted quality power supply and to ensure required level of performance standard, it has to maintain the required material in stocks for emergency restoration. OPTCL has initiated various Capex for existing transmission system and accordingly procured required material. OPTCL is also undertaking a number of divergent projects along with construction of bay works under deposit work basis on behalf of Railway/NHAI/Irrigation/MCL/Inland Waterways. The gross value of its assets as on 31.03.2017 is about Rs.4702 crore and the inventory of Rs.178.56 crore which is 3.80% of GFA.

- As regards booking of capital cost under revenue expenses, the OPTCL disagreed with the observations of the statutory auditor regarding replacement of conductor in some portion of 220 kV TTPS – Joda 67 kms. single ckt. line and 220 kV MDNL – Bhanjanagar 51 kms. single ckt. line amounting to Rs.2.63 crore which was booked to revenue expenses instead of fixed asset. The above amount was spent towards stringing charges and hardware fitting materials for maintenance of these lines and, hence, accounting of Rs.2.63 crore as R&M is correct accounting treatment and it should not be capitalized.

6. After hearing the petitioner, the respondents and going through their submissions, the component-wise truing up of account is as follows:

Employees Cost & Terminal benefits

7. OPTCL has made the submission to consider an amount of Rs.221 crore towards employee cost and Rs.188.04 crore towards terminal benefit for FY 2016-17. The capitalisation of Rs.28.65 has also been shown as deduction from the employees cost. The approved amount vis-à-vis actual expenditure as per audited accounts are mentioned in the table below:

Table – 1
Employees Cost & Terminal benefits

(Rs. In Crore)

Particulars	Approved	Audited
Employee cost	160.78	221.00
Terminal benefits including differential pension and pensionary benefits	143.98	188.04
Less capitalization	12.21	28.65
Total	**292.55**	**380.39**

As seen from their audited accounts, the employee cost has undergone substantial increase over the approved amount in the ARR of FY 2016-17. OPTCL was asked to furnish the details of the Employees cost, component wise, in order to analyse such substantial increase which has been furnished by the OPTCL in the following manner:

Table – 2
Details of Approved Employee Cost vis-à-vis Actual

(Rs. In Crore)

Sl. No.	Particulars	Approved 2016-17	Actual 2016-17	Difference
A	**Salary & Allowances**			
1	Basic Pay + Grade Pay	59.10	98.98	39.88
2	Dearness Allowance	77.43	81.76	4.33
3	House Rent Allowance	8.87	9.06	0.19
4	Other Allowance	1.00	2.12	1.12
5	Bonus	0.01	0.10	0.09
6	Stipend for New Recruitment	2.60	3.06	0.46
7	7th Pay Commission	-		-
	Sub-Total (A)	**149.01**	**195.08**	46.07
B	**Additional Employee Cost**			-
1	Contractual/Out Sources Engagement	1.99	3.46	1.47
	Sub-Total (B)	**1.99**	**3.46**	1.47
C	**Other Employee Cost**			-
1	Medical Expenses (allowance + Reimbursement)	2.96	3.78	0.82
2	Leave Travel Concession	0.75	0.07	-0.68
3	Honorarium	0.15	0.11	-0.04
4	Ex-gratia	1.00	8.85	7.85
5	Staff Welfare Expenses	4.01	1.29	-2.72
6	Miscellaneous	0.92	1.18	0.26
	Sub-Total (C)	**9.79**	**15.28**	5.49
	Sub-Total (A+B+C)	**160.79**	**213.82**	**53.03**
D	**Terminal Benefits**			-
1	Pension	140.00	180.74	40.74
2	Gratuity		3.32	3.32
3	Leave Salary		7.18	7.18
4	Other (including contribution to NPS)	3.98	3.98	-
5	7th Pay Commission	-		-
	Sub-Total (D)	**143.98**	**195.22**	51.24
E	**Total Employee Cost (A+B+C+D)**	**304.77**	**409.04**	104.27
F	Less: Employee Cost Capitalized	12.21	28.65	16.44
G	**Net Employee Cost (E- F)**	**292.55**	**380.39**	**87.84**

It can be seen from the above table that the glaring increase in expenses over approved expenses is in the salary and allowances where the deviation is to the tune of Rs.46.07 crore and in terminal benefit the deviation is of Rs.51.24 crore. The same has been further scrutinised by the Commission and regarding the pay, OPTCL have submitted that they have made a provision of Rs.35.40 crore towards pay and wage revision liability for employees as per 7th pay recommendations. Since 7th pay recommendations are yet to be implemented by the OPTCL this provision of RS.35.40 crore is not allowed in the present true up for FY 2016-17. The Commission after such deduction allows Rs.178.42 crore (Rs.213.82 Cr. – Rs.35.40 Cr.) towards the employee cost excluding terminal benefits.

Terminal liability for past period

8. OPTCL has submitted that as per Regulation 8.9 of OERC Tariff Regulations, 2014 the Commission has been allowing the terminal liability for the past years basing on cash outflow pending periodical actuarial valuation. It is observed that the amount as per the actuarial valuation is more than what has been allowed by the Commission for the year. The figures of the terminal liability are shown in the table below:

Terminal Liabilities
Table - 3

Particulars	**Amount (Rs. Cr.)**
Terminal liabilities as on 31.03.2017 (As per the Actuarial valuation)	2017.45
Less: Amount allowed by the Commission upto FY 2015-16	1574.83
Less: Amount allowed for FY 2016-17	143.99
GAP as on 31.03.2017	298.63

9. OPTCL has proposed to allow the amount of Rs.188.04 crore towards terminal benefit in truing up for 2016-17.

10. Regarding terminal liability, the Regulation 8.9 of OERC Tariff Regulations, 2014 states as under:

"Terminal liabilities would be provided based on a periodic actuarial valuation to be made by the Commission in line with the prevailing Indian accounting standards." The Commission allows the terminal benefit provisionally as proposed by OPTCL. Therefore, the present requirement of Rs.188.04 crore as proposed by the OPTCL is provisionally allowed in the true up for FY 2016-17.

Repair & Maintenance Expenses

11. OPTCL has submitted to consider the audited figure of Rs.149.53crore as against the approved amount of Rs.110.59 crore during 2016-17 under this head. A concern is being raised by objectors that some of the R&M expenses actually need to be taken as capital deployed and need not be considered as pass through. This issue needs appropriate attention of management and adequate transparency should be maintained to avoid such incidents. The commission had directed OPTCL to answer such queries. The OPTCL in its reply has submitted that it is not agreeing with the observations of the statutory auditor regarding replacement of conductor in some portion of 220 kV TTPS – Joda 67 kms. single ckt. line and 220 kV MDNL – Bhanjanagar 51 kms. single ckt. line amounting to Rs.2.63 crore which was booked to revenue expenses instead of fixed asset. The above amount was spent towards stringing charges and hardware fitting materials for maintenance of these lines and, hence, accounting of Rs.2.63 crore as R&M is correct accounting treatment and it should not be capitalized. The Commission therefore, accepts the views of OPTCL in this regard.

12. The OERC (Terms and Conditions for Determination of Transmission Tariff) Regulations at Regulations 8.15 and 8.16 provides the following with regard to determination of Repairs and Maintenance (R&M) expenses '*Repair and Maintenance Expenses would be allowed at the rate of 2.5% of Gross Fixed Assets (GFA) only on assets owned by the transmission company, for each year of the control period.*' '*In case of STU (OPTCL) the Commission shall allow Repair and maintenance expenses basing on the past trend and requirement of the licensee in this regard after prudence check.'* As per the audited accounts the opening balance of the Gross block as on 1-4-2016 is shown as Rs. 2358.74 crore. The commission after scrutiny of the audited accounts for the FY 2016-17 approves the assets as shown in the following table:

Table - 4
Fixed Assets (Approved)

(Rs. crore)

Transmission Assets	OERC Depreciation Rate as per Regulations, 2014	Deemed Cost as on 01.04.2016 (As per Audited Accounts)	Impact of Up valuation	Pre-upvalued value of assets as on 01.04.2016
Free Hold Land		34.46		34.46
Lease Hold Land		23.59	5.64	17.95
Buildings	3.34%	59.08	1.35	57.73
Electrical Installations	3.34%	0.86		0.86

Transmission Assets	OERC Depreciation Rate as per Regulations, 2014	Deemed Cost as on 01.04.2016 (As per Audited Accounts)	Impact of Up valuation	Pre-upvalued value of assets as on 01.04.2016
Plant and Machinery (other civil works)	3.34%	6.56	1.58	4.98
Plant and Machinery	5.28%	1025.32	70.87	954.45
Plant and Machinery (By Beneficiary)		184.28	193.28	-9.00
Plant and Machinery: (Lines, Cables and Network)	5.28%	1006.61	451.29	555.32
Vehicles	9.50%	0.74	0.44	0.3
Furniture, Fixture	6.33%	3.07	1.20	1.87
Office Equipment& Others	**6.33%**	13.28	2.21	11.07
Capital stores and spares		0.89		0.89
Grand Total		**2358.74**	**727.86**	**1630.88**
Less: Assets contributed by beneficiary		184.28		
Total Assets Approved		**2174.46**		

As per the OERC Transmission regulation, the R&M expenses are allowed at the rate of 2.5% on opening GFA. The Pre-up valued value of assets as on 01.04.2016 is assessed at Rs. 1630.88 crore. However after taking into account the assets added through beneficiary of Rs.184.28 crore the asset for R&M purpose is arrived at Rs 1815.16 crore. Accordingly the R&M expenses are calculated @ 2.5% and found out to be Rs. 45.38 crore. It is seen that under IND AS accounting system the GFA has undergone downward revision, therefore the normative R&M as percentage of the GFA will be very less and may not reflect the justifiable expenditure. The commission therefore allows the same amount of Rs.110.59 crore which was allowed in the ARR of FY 2016-17 towards the R&M expenses as the true up value for 2016-17.

The Commission in line with the last truing up order directs that all R&M expenses on any single item costing over Rs.5.00 crores shall be placed in the website of OPTCL in tabular form with the name of s/s, line segment etc. annually.

A&G Expenses:

13. OPTCL has claimed an amount of Rs.50.46 crore booked under the above head in the audited accounts of 2016-17 as against the approval of Rs25.64 crore by the Commission including GCC expenses and SLDC charges. With regard to A&G expenses, Regulation 8.14 states the following:

In case of S.T.U. (OPTCL), the Commission shall allow A & G expenses by giving an escalation factor equal to WPI over the amount approved by the Commission in the previous year.

As per the OERC Regulation, the Commission shall allow A&G expenses by giving an escalation factor equal to WPI over the amount approved by the Commission in the previous year. The Commission is not inclined to accept the expense of Rs. 50.46 croreas proposed in the true-up petition which is double the amount approved by the Commission in the ARR for FY 2016-17 which is a controllable cost. Accordingly, the Commission approves an amount of Rs25.64 crore towards A&G expenses for the FY 2016-17 as true up.

Rebate

14. OPTCL claimed an amount of Rs.11.22 crore during 2016-17 towards rebate against the approved amount of Rs.12.50 crore. The Commission approves the audited figure of Rs.11.22 crore with a surplus of Rs.1.28 crore under the head 'rebate' in the truing for 2016-17.

Depreciation

15. Under this head OPTCL has claimed an amount of Rs.176.39 crore as true up as per the audited account for FY 2016-17. In the notes to account it is mentioned that the depreciation is provided on straight line method the rates as well as methodology notified under Electricity Act, 2003. Regulation 8.38 of OERC Transmission Tariff Regulations, 2014 states as under:

For STU (OPTCL, Depreciation shall be calculated/for each year of the Control Period, on the original book value of the assets considering applicable depreciation rate as determined by the Commission from time to time."

16. On analysis of the of the Audited accounts for FY 2016-17 it is found that OPTCL has adopted IND AS system of accounting. As per IND AS system the deemed cost of Assets as on 31.03.2016 is 2358.74 crore. However the Commission in the Tariff order for 2016-17 approved the Total Assets of OPTCL as on 31.03.2016 to the tune of Rs. 3513.80 crore before the implementation of IND AS. Therefore, the asset value has been reduced by Rs. 1155.06 crore due to the implementation of Ind- AS system of accounting.

17. The commission in its tariff orders allows depreciation on the historical costs of the assets without considering the effect of up valuation. The Govt. of Odisha in successive years has also communicated to keep in abeyance the effect of up valuation of assets from the ARR calculation. In line with the same principle, the Commission considers the calculation of depreciation on the pre up valued assets. The commission

has accordingly derived the effect of up-valuation by applying to the assets declared in the audited accounts of 2016-17which is shown in the following table:

Table - 5
Depreciation (Approved)

(Rs. In crore)

Transmission Assets	OERC Depreciation Rate as per Regulations, 2014	Deemed Cost as on 01.04.2016 as per audited accounts	Impact of Up-valuation as on 01.04.1996	Pre up-valued value of assets as on 01.04.2016	Depreciation
Free Hold Land		34.46		34.46	-
Lease Hold Land		23.59	5.64	17.95	
Buildings	3.34%	59.08	1.35	57.73	1.93
Electrical Installations	3.34%	0.86		0.86	0.03
Plant and Machinery (other civil works)	3.34%	6.56	1.58	4.98	0.17
Plant and Machinery	5.28%	1025.32	70.87	954.45	50.39
Plant and Machinery (By Beneficiary)		184.28	193.28	-9.00	
Plant and Machinery: (Lines, Cables and Network)	5.28%	1006.61	451.29	555.32	29.32
Vehicles	9.50%	0.74	0.44	0.30	0.03
Furniture, Fixture	6.33%	3.07	1.20	1.87	0.12
Office Equipment& Others	**6.33%**	13.28	2.21	11.07	0.70
Capital stores and spares		0.89		0.89	
Grand Total		**2358.74**	**727.86**	**1630.88**	**82.69**
Less: Assets contributed by beneficiary		184.28			
Total Assets Approved		**2174.46**			

18. The commission for the true up calculates Depreciation by applying the rates given in the Transmission Tariff Regulation 2014 to the pre up valued assets shown in the above table. The Commission accordingly approves an amount of Rs.82.69 crore as true up for FY 2016-17 towards depreciation.

Finance cost

19. OPTCL has claimed an amount of Rs.66.94 crore (including interest capitalized amount of Rs.1.63 crore) towards interest for the purpose of truing up, based on the audited accounts for FY 2016-17.

As per Para 8.22 of the Regulations, 2014 the normative loan is to be allowed in the following manner:

For normative loans outstanding at the beginning of the year on the revenue account, the licensee shall indicate in its filing the expected interest outgo for each year. This will be considered towards revenue requirement of the licensee for such years.

20. The Commission in the ARR order for FY 2016-17 disallowed the claim of OPTCL towards State Govt. loan and bond. In line with such order the Commission disallows Rs 26. Crore towards Government Bonds shown in the audited accounts for FY 2016-17 for the true up. The commission now allows an amount of Rs. 39.31 crore (66.94 crore – Rs.26 crore (Disallowed Interest on Govt. Bond) – Rs.1.63 crore (Deducted towards Interest Capitalised)) as true up for FY 2016-17.

Incentive for System Availability

21. OPTCL claimed an amount of Rs.5.00 crore towards incentive for system availability as the same was approved by the Commission in the ARR of 2016-17. The Commission approves the same since the system has recorded 99.96% availability.

Income Tax

22. During 2016-17 OPTCL has made a provision of Rs.7.79 crore towards income tax liability. However, OPTCL has made a provision of Rs. 4.16 crore towards Income tax liability for FY 2016-17 as per the audited accounts. The Commission, therefore approves a surplus of Rs.3.63 crore (7.79 – 4.16) under this head as truing up for FY 2016-17.

Return on Equity

23. OPTCL submitted that the Commission in the ARR of 2016-17 has approved an amount of Rs. 54.24 crore towards return on equity. The Commission allowed the same for the purpose of truing up as claimed by OPTCL on an equity base of Rs.395 crore as on 31.03.2016.

Other Miscellaneous Income

24. OPTCL has submitted to consider Rs.79.40 crore towards miscellaneous receipt as against the approved amount of Rs.45.55 crore in the ARR for FY 2016-17. On scrutiny on the audited accounts, the other income shown is of Rs.189.13 crore. The following table shows such other income shown in the financial statements.

Table – 6
Miscellaneous Receipt (Audited)

(Rs. in crore)

(a)	Interest Income from	
	- Bank deposits	19.21
	- Loans to employees and suppliers	2.17
	- Advance to suppliers	0.18
	- Interest on Income tax return	3.70
(b)	Deferred income for Government Grant	-
(c)	Deferred income for asset received from customer	47.48
(d)	Net gain(loss) on disposal of property, plant and equipment equipment	4.87
(e)	Provision written back	17.57
(f)	Employee Trust Provision Withdrawn	23.43
(g)	Writing Back of provision/Liabilities	29.94
(h)	Supervision charges of ODSSP Work	32.14
(i)	Other miscellaneous income	8.44
	Total other Income	189.13

25. OPTCL has submitted that OPTCL is the nodal agency for establishment of 500 nos. of 33/11 kV substations in the state of Odisha under the government of Odisha programme for sanctioned project cost of Rs.2600 crores. OPTCL receives 6% of the project cost, which is now revised to Rs.3625 crore for construction of 473 substations. OPTCL has engaged external project management consultants and 3rd Party inspection agency for construction of these substations to whom about 4% to 5% is to be paid.

26. Besides, OPTCL has received funds from Govt. of Odisha to implement various schemes like SCRIPS, RRCP, DRC, DRPS and Smart Grid. The OPTCL has parked the funds in short-term investment to optimize returns. OPTCL has further submitted that other non-tariff income such as deferred income, excess provision return back, writing back of old provisions and liabilities and withdrawal of employees trust provision may not be considered for truing up.

27. The Commission after scrutiny of the other income as shown in the audited accounts (Table-6) excludes various provisions such as Provision of written Back (Rs.17.57 crore), Employee Trust Provision Withdrawn (Rs.23.43 crore) and Writing Back of Provision/Liabilities (Rs.29.94) while arriving at Other Income for true up purpose. Regulation 8.42 of the OERC (Transmission Tariff) Regulations, 2014 provides that where the transmission licensee has engaged in any other business, an amount equal to one third of their revenues from such other business after deduction of all direct and

indirect cost attributed to such other business shall be deducted from ARR in calculating the tariff of transmission licensee. It further provides that transmission licensee shall follow a reasonable basis for allocation of all joint and common cost between the transmission business and other business, the OPTCL shall submit the allocation statement, duly audited and certified by the statutory auditors to the Commission along with the application for determination of the tariff. This allocation statement shall be submitted accordingly. But this allocation statement has not been furnished by OPTCL.

28. The Commission accordingly allows an amount of Rs.118.19 crore (Rs. 189.13 - (Rs. 17.57 + Rs. 23.43 + Rs. 29.94) towards miscellaneous revenue for the purpose of truing up, as per audited accounts for FY 2016-17 after allowing the deductions on various provisions made in the Other Income head.

29. In light of the above observations the final approval in true up vis-a-vis OPTCL proposal is given in the following table:

Table - 7
Component wise Truing Up (Approved)*

(Rs. In crore)

Particulars	**OERC approval in ARR OF 2016-17**	**Actual as per audited accounts**	**True up proposed by OPTCL**	**True up approved by the Commission**	**Surplus/Deficit**
A. Employee Cost (Net)					
Employee Cost	160.78	213.82	221.00	178.42	(17.64)
Terminal Liabilities	143.98	195.22	188.04	188.04	(44.06)
Less: Capitalization	12.21	28.65	28.65	28.65	16.44
Employee Cost	**292.55**	**380.39**	**380.39**	**337.81**	**(45.26)**
B. R&M cost	110.59	149.53	149.53	110.59	0.00
C. A&G cost (including SLDC & GCC)	25.64	50.64	50.64	25.64	0.00
Sub-total (A+B+C)	**428.78**	**580.56**	**580.56**	**474.04**	**(45.26)**
D. Depreciation	101.45	176.39	176.39	82.69	18.76
E. Interest on long-term liability	59.04	66.94	66.94	39.31	19.73
F. Rebate	12.5	11.22	11.22	11.22	1.28
G. Incentive for system availability	5.00		5.00	5.00	0.00
Sub-total (A to G)	**606.77**	**835.11**	**840.11**	**612.26**	**(5.49)**
H. Income Tax	7.79	4.16	4.16	4.16	3.63
I. Return on Equity	54.24		54.24	54.24	0.00
Grand Total (A to I)	**668.8**	**839.27**	**898.51**	**670.66**	**(1.86)**
Less: Misc. Revenue	45.55	189.13	79.40	118.19	72.64
Net Transmission Cost	**623.25**	**650.14**	**819.11**	**552.47**	70.78
Revenue from Transmission charges	623.25	665.31	604.31		

* Normally in the truing up exercise the figures are accepted by the Commission as per the audited accounts. Wherever there is deviation of figures from the audited accounts the approval by the Commission in the truing up are as per the normative based on the Regulation.

30. OPTCL had earlier filed a petition before the commission to rectify a mistake in the calculation of the true up for FY 2015-16 carried out in the RST order of 2017-18. The commission registered this as case no.33/2017 and subsequently in its order dated 18.01.2018 observed that there was an error apparent on the face of the record which would be taken into consideration in the truing up exercise in the Tariff order for FY 2018-19. Since OPTCL did not file next truing up petition along with the ARR petition of 2018-19, which is filed now, the said error in the truing up of 2015-16 has been addressed along with present truing up order of 2016-17. Such rectification for 2015-16 is reflected in the following table:

Table - 8

Particulars	OERC approval in ARR of 2015-16	Actual as per audited accounts	True up proposed by OPTCL	True up approved (for FY 2015-16) by the Commission in the ARR of OPTCL for FY 2017-18	Rectification of True up for 2015-16
A. Employee Cost (Net)	**305.23**	**285.95**	**301.5**	**285.95**	**285.95**
Employee Cost	171.86	165.36	165.36	165.36	165.36
Terminal Liabilities	138.65	141.42	141.42	141.42	141.42
Less: Capitalization	5.28	(-) 20.83	(-)5.28	(-)20.83	-20.83
B. R&M cost	108	113.35	113.35	113.35	113.35
C. A&G cost	24.37	39.82	39.82	24.37*	24.37
Sub-total (A+B+C)	**437.6**	**439.12**	**454.67**	**423.67**	**423.67**
D. Depreciation and Special Appropriation	107.48	141	141	107.48*	107.48
E. Interest on long-term liability	40.93	75.02	75.02	66.20*	66.20
F. Rebate	12.61	10.75	10.75	10.75	10.75
G. GCC Expense and SLDC Charges	1.22	-	-	1.22	1.22
H. Incentive for system availability	5	-	5	5	5
Sub-total (A to H)	**604.84**	**665.89**	**686.44**	**603.57**	**614.32**
I. Special appropriation/ Income Tax	6.68	8.15	8.15	-	-
J. Return on Equity	45.41	-	45.41	45.41*	45.41
Grand Total (A to J)	**656.93**	**674.04**	**740**	**648.98**	**659.73**
Less: Inter-state Wheeling & Misc. Revenue	26	68.11	46.56	46.56*	46.56
Net Transmission Cost	**630.93**	**605.93**	**693.44**	**602.42**	**613.17**
Revenue from Transmission charges	**630.93**	**613.48**	**613.48**	**613.48**	**613.48**

31. The summary of truing up exercise of OPTCL from its inception is depicted in the table below:

Table - 9
Summary of Truing Up Exercise of OPTCL

(Rs. crore)

FY	Cost of Trans. Charges approved in the ARR	Cost of Transmission Charges (audited) considered for true up	Revenue from LTOA charges approved in ARR	Revenue from LTOA Charges (audited)	Revenue from LTOA Charges (True up)	Difference in Transmission Charges (Col 2-3)	Difference in Revenue from LTOA charges (Col 6-4)	Total Difference Considered for True up	Cumulative True up
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
2006-07	333.27	323.01	333.27	355.34	355.34	10.26	22.07	32.33	32.33
2007-08	373.73	334.7	373.73	399.76	399.76	39.03	26.03	65.06	97.39
2008-09	376.57	308.07	376.57	678.93	413.15	68.5	36.58	105.08	202.47
2009-10	394.15	375.68	394.15	305.16	438.06	18.47	43.91	62.38	264.85
2010-11	480.93	431.9	480.93	405.19	538.08	49.03	57.15	106.18	371.03
2011-12	572.5	541.02	572.5	570.54	570.54	31.48	-1.96	29.52	400.55
2012-13	587.02	506.1	587.02	549.73	549.73	80.92	-37.29	43.63	444.18
2013-14	585.87	568.21	585.87	598.89	598.89	17.66	13.02	30.68	474.86
2014-15	624.5	639.73	624.5	634.34	634.34	-15.23	9.84	-5.39	469.47
2015-16	630.93	613.17	630.93	613.48	613.48	17.76	-17.45	0.31	469.78
2016-17	623.25	552.47	623.25	665.31	665.31	70.78	42.06	112.84	582.62

32. It is seen from the above table that OPTCL posted a cumulative surplus of Rs.582.62 crore at the end of 2016-17. Therefore, there are no regulatory assets allowed in this truing up order.

33. Accordingly, the case is disposed of.

Sd/-	**Sd/-**	**Sd/-**
(S. K. PARHI)	**(A. K. DAS)**	**(U. N. BEHERA)**
MEMBER	**MEMBER**	**CHAIRPERSON**