

**ODISHA ELECTRICITY REGULATORY COMMISSION
BIDYUT NIYAMAK BHAWAN
PLOT NO.4, CHUNULOLI, SHAILASHREE VIHAR
BHUBANESWAR-751 021**

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

Case No.64/2018

Odisha Power Transmission Corporation Limited.	Petitioner
Vrs.		
G. N. Agrawal & others	Respondents

In the matter of: **An application under Section 94(1)(f) of the Electricity Act, 2003 read with Regulation 70(1) of the OERC (Conduct of Business) Regulations, 2004 for review of order dated 03.07.2018 of the Commission passed in Case No.05/2018.**

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

For Respondents: Shri R.P. Mahapatra. Retd Chief Engineer& Member Generation, erstwhile OSEB, Plot No. 775(P), Lane 3, Jayadev Vihar, Bhubaneswar.

ORDER

Date of Hearing: 06 .11.2018

Date of Order: 01 .01.2019

This petition has been filed by the petitioner OPTCL for review of the Commission's order dated 03.07.2018 passed in Case No. 5/2018. The said order pertains to true up of the ARR of OPTCL for the FY 2016-17 based on the audited accounts of OPTCL.

2. The petitioner has made following submission:-

- In the employee cost, the surplus may be reduced by provisioning Rs.7.18 Cr. towards Leave Encashment liability as allowable expenditure in the true-up exercise for FY 2016-17.
- The R&M expenses allowed in the true up may be reviewed and allow additional Rs.38.94 Cr. in the true up exercise for FY 2016-17. The lower R & M allowed is due consideration of lesser Gross Fixed Asset (GFA) due to adoption of IND-AS accounting system. The OPTCL has submitted that the IND-AS provides an option to continue with the carrying value for all of its property, plant and equipment measured as per previous GAAP and use that as Deemed Cost on the date of provision. The Commission may therefore review the GFA as on 01.4.2015 and allow R & M expenses basing on the past trend

and requirement of the licensee after prudence check as per Regulation 8.16 as per OERC Transmission Tariff Regulations, 2014.

- The depreciation may also be reviewed and additional amount of Rs.30.82 Cr. may be allowed. OPTCL has stated that depreciation has not been allowed over the years as per the rates prescribed in the Regulations/Electricity Act, 2003 but has been allowed at the pre-92 rates leading to gap between depreciation calculated by OPTCL and as allowed by the Commission as per pre-92 rates. Therefore depreciation accordingly requires revision.
- There is an apparent error in arising at the loan figure and therefore an amount of Rs.163 Cr. may be allowed.
- Return on Equity may be allowed additionally to the tune of Rs.17.05 Cr. (i.e. @15.5% of Rs.110 Cr.). OPTCL has submitted that State Govt. has transferred Rs.30 Cr. during 2015-16 and Rs.80 Cr. during 2016-17 towards Smart Grid project scheme under Share Capital Investment in OPTCL.
- OPTCL has submitted that Miscellaneous Income be reduced to the tune of Rs.68.9 Cr. relating to deferred income for asset received for customer of Rs.47.48 Cr. and Supervision Charges of ODSSP Work of Rs.32.14 Cr.
- OPTCL has submitted that Commission approved total ARR of Rs.623.25 Cr. in the ARR for FY 2016-17 to be recovered from LTOA customers. However, as per audited accounts for 2016-17 the revenue charges received by OPTCL from all customers is Rs.604.31 Cr. Therefore, this shortfall of Rs.18.94 Cr. may be considered. OPTCL has further submitted the Commission in the present truing up order has calculated a surplus of Rs.469.78 Cr. but has not taken into consideration shortfall of Rs.427.81 Cr. recognized earlier a case No.33/2017 order dated 18.01.2018. The surplus therefore will be reduced to Rs.41.91 Cr.
- OPTCL has submitted that an amount of Rs.25.21 Cr. from the SLDC operation and credited in the SLDC Development fund may not be considered against the Transmission charges. The net surplus may be reduced accordingly.
- In light of the above facts OPTCL has submitted that considering all such review of various components a cumulative gap upto 2016-17 of Rs.34.93 crore.

3. Respondent Shri R. P. Mohapatra has objected to the review petition. Shri Mohapatra submitted that the leave encashment may not be allowed since 7th Pay Commission has not be allowed. R&M expenses is inflated by the OPTCL by including replacement of major equipments and therefore a detailed review of cost booked under R&M requires to be done. Similarly, no additional depreciation may be allowed in Debt Equity ratio as the equity is expected to be much higher than 30% as allowed on the normative basis. The supervision charges under ODSSP work should be levied at 16% of the capital cost and since OPTCL has not submitted any allocation statement the miscellaneous income allowed in the order needs no revision.

Commission's observation

4. This petition relates to review petition filed by the OPTCL against Commission's order in Case No.05/2018 dated 03.07.2018 towards the review of true up till FY 2016-17. The Commission has gone into the details of the petition and the objections raised by the respondents. The OPTCL has sought review of the employee cost (leave encashment benefit). Repair & Maintenance expenses, depreciation, interest capitalization, Return on Equity, Miscellaneous receipts, Transmission charges including non inclusion of SLDC Development Fund.
5. The Commission while taking up the truing up has taken each component of the expenses into consideration as per OERC Transmission Tariff Regulation after prudence check. The present petition does not merit any review since the grounds of review are not satisfied. However, the Commission would be taking up tariff hearing for FY 2019-20. These matters can be raised therein.
6. With these observations the case is disposed of.

Sd/-
(S. K. Parhi)
Member

Sd/-
(A. K. Das)
Member

Sd/-
(U. N. Behera)
Chairperson