

BEFORE  
THE  
RAJASTHAN ELECTRICITY REGULATORY COMMISSION,  
JAIPUR

**PETITION**

FOR

APPROVAL OF  
**TRUE UP FOR FY 2018-19**

Filed By

JAIPUR VIDYUT VITRAN NIGAM LIMITED, JAIPUR  
(A Government of Rajasthan Undertaking)

**January 2020**

**Notes:**

**In this Application:**

- **Year is defined as Financial Year 2018-19 (referred to as FY 19)**
- **All currency figures used in this Application, unless specifically stated otherwise, are in Rs Crores.**
- **All energy unit figures used in this Application, unless specifically stated otherwise, are in Million Units.**

**List of Abbreviations**

ARR	Aggregate Revenue Requirement
DS	Domestic Service
EHT	Extra High Tension
EA 2003	Electricity Act, 2003
FY	Financial Year
FY 17	Financial Year 2016-17
FY 18	Financial Year 2018-19
FY 19	Financial Year 2018-19
GFA	Gross Fixed Assets
GoI	Government of India
GoR	Government of Rajasthan
Jaipur Discom, JVVNL	Jaipur Vidyut Vitran Nigam Ltd.
kVA	Kilo Volt Ampere
kW	Kilo Watt
kWh	Kilo Watt Hour or Unit
MIP	Medium Industrial Power
MU	Million Units
NDS	Non-Domestic Service
NFA	Net Fixed Assets
NPCIL	Nuclear Power Corporation India Limited
NHPC	NHPC Limited
NRLDC	Northern Region Load Despatch Centre
NTPC	National Thermal Power Corporation
PGCIL	PowerGrid Corporation India Limited
PWW	Public Water Works
RERC, Commission	Rajasthan Electricity Regulatory Commission
RVPN	Rajasthan Rajya Vidyut Prasaran Nigam Limited
REC	Rural Electrification Corporation
Rs.	Indian Rupees
SIP	Small Industrial Power
SLDC	State Load Despatch Centre
ST	State Transmission Petitioner
UI	Unscheduled Interchange
The Petitioner/ Petitioner	Jaipur Vidyut Vitran Nigam Ltd.

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**A1: TRUE UP FOR FY 2018-19**

**1. Introduction**

- 1.1 Jaipur Vidyut Vitran Nigam Limited (hereinafter referred to as ‘JVVNL’ or ‘Jaipur Discom’ or ‘the Petitioner’), a distribution Petitioner for wheeling and retail supply of electricity in the areas as notified by the Government of Rajasthan (GoR) under the Rajasthan Power Sector Reforms Transfer Scheme, 2000. From the erstwhile Rajasthan State Electricity Board, the district Jaipur, Alwar, Bharatpur, Dholpur, Dausa, Karauli, Jhalawar, Baran, Kota, Bundi, Sawai Madhopur and Tonk forms area of supply of JVVNL.
- 1.2 The Rajasthan Electricity Regulatory Commission (hereinafter referred to as ‘Commission’) an independent statutory body constituted under the provisions of the Electricity Regulatory Commissions (ERC) Act, 1998, which was superseded by Electricity Act (EA), 2003. The Commission is constituted as provided under Section 82 of the EA, 2003. The Commission is vested with the authority regulating the power sector in the State inter alia including setting of tariff for electricity consumers.
- 1.3 The Hon’ble Commission issued the ‘Terms and Conditions for Determination of Tariff’ Regulations 2014 on 24<sup>th</sup> February 2014. These Regulations extend to the whole of the State of Rajasthan and remain applicable for determination of tariff in all cases covered under these Regulations from FY 2014-15 up to FY 2018-19. JVVNL therefore respectfully submits that in accordance with the powers conferred on the Commission by the said RERC Tariff Regulations 2014, the Commission is empowered to consider the Petition for True up for FY 2018-19.
- 1.4 The Hon’ble Commission under the RERC Tariff Regulations 2014 notified the Tariff order for FY 2018-19 on 28.05.2018.
- 1.5 In accordance with the Regulation 8 (3) of the RERC Tariff regulations 2014, the True Up shall constitute the comparison with of the audited performance of the applicant for previous financial year for the perusal and prudence check of the Hon’ble Commission. The Petitioner hereby submits the petition for True up of the FY 2018-19.
- 1.6 The ARR estimate submitted by the Petitioner and correspondingly allowed by the Commission were based on estimated sales and estimated expenses for FY 2018-19 at the time of issuance of the Order. However, as the audited actual figures are available with the Discom the Petitioner is submitting the true-up petition for FY 2018-19 in accordance with the audited accounts for the approval of the Hon’ble Commission.
- 1.7 A copy of the Audited Accounts for FY 2018-19 is also enclosed as **Annexure A** to this petition for the consideration of the Hon’ble Commission. Further, in this true-up petition, the Petitioner has taken audited accounts as a source for providing the actual cost incurred by JVVNL during FY 2018-19.

## 2. Truing-up for the FY 2018-19

2.1 The Hon'ble Commission in its order dated 28th May 2018, had estimated the Aggregate revenue requirement of the Petitioner at Rs 16,368 Cr. for FY 2018-19 with a corresponding revenue gap of Rs 651 Cr. The Petitioner in accordance with the audited accounts for the FY 2018-19 has submitted the gap as shown in the table below. The components of the Aggregate Revenue requirement have been detailed in the subsequent sections of the petition.

**Table 1: Summary of ARR for FY 2018-19 (Rs Cr)**

S. No.	Particulars	Ref. form. No.	Approved	Audited	Deviation
1	2	3	4	5	6= 5 - 4
<b>A</b>	<b>Expenditure</b>				
1	Power Purchase Expenses	3.1	10,773	13,155	2,382
2	Operation & Maintenance Expenses	3.2	1,642	1,753	111
2.1	Employee Expenses	3.2	774	670	(104)
2.2	Administration & General Expenses	3.2	82	199	117
2.3	Repair & Maintenance Expenses	3.2	236	233	(3)
2.4	Terminal Benefit - Total of col 8 of schedule 3.2(b)	3.2 (b)	550	651	101
3	Depreciation	3.6	732	904	172
4	Interest and Finance charges on Long Term Loans	3.10	1,838	1,331	(507)
5	Interest on Working Capital	3.3	140	1,769	1,629
6	Interest on Consumer security deposits		74	74	0
7	Transmission Charges	3.4	1,643	1,919	276
8	NLDC/RLDC/SLDC Charges	3.5	7	7	(0)
9	Amortisation of Regulatory assets				
10	Bad Debts written off, if any	4.3		3	3
11	Insurance Expenses	4.4	29	2	(27)
12	Other Expenses (Includes Exceptional Items)	4.2		538	538
	<b>Total Revenue Expenditure</b>		<b>16,878</b>	<b>21,456</b>	<b>4,579</b>
	<b>Aggregate Revenue Requirement (A+B)</b>		<b>16,878</b>	<b>21,456</b>	<b>4,579</b>
<b>C</b>	<b>Other Revenue</b>				
1	Non Tariff Income	2.4	377	812	435
2	Income from wheeling charges	2.2		5	(128)
3	Income from Other Business	2.4		-	-
4	Receipt on account of Cross Subsidy Surcharge	2.2	133	17	17
5	Receipt on account of Additional surcharge/reactive charge on charge of wheeling	2.2		9	9

S. No.	Particulars	Ref. form. No.	Approved	Audited	Deviation
1	2	3	4	5	6= 5 - 4
6	Income from Trading activity	2.3		366	366
	<b>Total C</b>		<b>510</b>	<b>1,209</b>	<b>699</b>
<b>D</b>	<b>NET REVENUE REQUIREMENT [A+B-C]</b>		<b>16,368</b>	<b>20,248</b>	<b>3,880</b>
<b>E</b>	<b>Revenue from sale of electricity</b>				
	<b>Revenue from sale of electricity</b>	<b>2.1</b>	<b>16,384</b>	<b>16,351</b>	<b>(33)</b>
<b>F</b>	<b>Revenue Subsidy received from Appropriate Government other than the subsidy under section 65</b>	<b>2.6</b>	<b>676</b>	<b>639</b>	<b>(37)</b>
G	RVUN True-up Order		41		(41)
H	<b>Revenue Gap/(surplus) to be trued up (D-E-F-G)</b>		<b>(651)</b>	<b>3,258</b>	<b>3,909</b>
I	<b>UDAY Grant</b>			4,164	
<b>J</b>	<b>Revenue Gap/(surplus) to be trued up (H-I) after UDAY Grant</b>			(906)	<b>3,909</b>

- 2.2 The actual revenue requirement for FY 2018-19 as depicted in the above table has been Rs. 20,247.60 Cr as against the approved ARR of Rs. 16,368 Cr.
- 2.3 The variations have been primarily on account of Power purchase cost, O&M Cost, Terminal Benefits cost, interest cost and other expenses. The Petitioner submits that while detailed reasoning for the deviation in the ARR has been provided in the following sections, it is pertinent to mention that despite of higher than approved distribution loss and per unit power purchase cost, the Aggregate Revenue Requirement has been lower than that approved by the Commission in its order dated 28.05.2018. It is also worthwhile to mention that the actual net deficit at the end of FY 2018-19 has also been lower than that approved by the Commission.
- 2.4 The Commission in its order dated 28.05.2018 had approved the power purchase rate of Rs 4.12 per unit (including Transmission Cost) against the power purchase rate of Rs 4.33 per unit (including Transmission Cost) actually incurred during FY 2018-19. Such variance in the Power Purchase rate is on account of various factors including higher power purchase cost of RVUN stations, non-conventional sources etc.
- 2.5 The maximum share of power is withdrawn from RVUN at Rs 4.15/unit, which is higher than Rs. 4.00/unit approved by the Hon'ble Commission. This power accounts for ~36% of the total power procured by JVVNL. Similarly, power from sources such as NHPC, Aravali, Adani, Sasan, Neyveli, Costal Gujarat, Karcham Wangtoo and non-renewable energy sources accounted for significant part of the power purchase for JVVNL, whose per unit power purchase is higher than what was approved by the Hon'ble Commission.



2.6 Considering the above facts , the petitioner requests the Hon’ble Commission to allow power purchase costs for FY 2018-19 based on audited accounts.

### 3. Energy Sales

3.1 The table below gives a comparison of approved and actual sales and revenue from sale of power for the FY 2018-19:

**Table 2: Comparison of Actual and Approved Sales for FY 2018-19**

Consumer Category	Revenue (Rs Cr)		Sales (MU)		Average Billing Rate (Rs./Unit)	
	Approved	Actual	Approved	Actual	Approved	Actual
Domestic Service	3,649	3,187.67	5,228	4,650.50	6.98	6.85
Non-Domestic Service	2,276	1,984	2,393	2,039.47	9.51	9.73
Public Street Light	156	128.48	209	147.66	7.46	8.70
Agriculture Metered Supply	2,988	3,546.74	5,966	6,656.93	5.01	5.33
Agriculture Flat Rate Supply	54	185.99	99	364.10	5.45	5.11
Small Industrial Service	232	204.86	326	273.95	7.12	7.48
Medium Industrial Service	583	594.70	747	715.53	7.80	8.31
Large Industrial Service	3,111	4,304.76	3,929	5,214.93	7.92	8.25
P.W.W. & S. Pumping –Small	163	208.21	246	299.56	6.63	6.95
P.W.W.& S. Pumping –Medium	34	24.47	46	33.41	7.39	7.32
P.W.W. & S. Pumping –Large	265	224.35	353	290.09	7.51	7.73
Mixed Load Supply	159	115.52	209	159.88	7.61	7.23
Railway Traction	-	133.08		17.07		77.96
DF (at Input level)	-	880.80		1,492.61		5.90
<b>Total Revenue from Sale of electricity</b>	<b>13,671.00</b>	<b>15,723.62</b>	<b>19,751</b>	<b>22,355.69</b>	<b>6.62</b>	<b>7.03</b>

3.2 It is submitted that the energy sales are dependent on a multitude of factors which include variation in consumption pattern of consumers, variations due to economic situation and industrial growth, variations in the weather conditions and laws of the land. The above factors are uncontrollable, and the petitioner submits the actual figures as per audited books of accounts.

3.3 It is pertinent to mention here that the average billing rate considered by the Hon’ble Commission is at variance with the actual billing rate. The average billing rates considered in the approval of the Hon’ble Commission in some categories is higher than the actual while in others it is vice-versa. The revenue projected and the category wise ABR calculated by the Hon’ble Commission is based on slab wise estimates made by the commission which may vary substantially from the actuals.

3.4 The petitioner submits that the computation of agriculture(M) and agriculture(F) is being computed as mentioned below:

**Flat Rate Consumers**

Flat Rate Consumers	
Total Flat Rate Existing Consumers	21,681
Less: Converted to Meter	1,734
Total Flat Rate Consumers	19,947
Total Connected Load	1,69,469
Specific Consumption	1945
<b>Total Sales (MU)</b>	<b>329.6</b>

Metered Consumers	
Total Existing consumers	461912
Add: Converted from flat	1,734
Add: New Consumers	36,565
Total Consumers	500,211
Total connected load	5,286,347
Specific Consumption	1,273
<b>Total Sales(MU)</b>	<b>6,732.1</b>

- 3.5 The petitioner has taken into account the actual details for category wise sales and revenue. Moreover, no single consumer remains in the same slab throughout the year. Further, for projections, the Hon'ble Commission takes into account the number of consumers and connected load as at end of the year, however both change during the year. Also, there are certain disconnected consumers as well which again adds on to the variance in average billing rate.
- 3.6 The variation in the sales and revenue are not in the control of the Petitioner therefore it is requested that the sales as per the audited accounts may be approved by the Hon'ble Commission.
- 3.7 Further, the Discom has awarded distribution franchisee to two areas namely Kota and Bharatpur. The Discom supplies electricity to these areas at input level and billing is done on the basis of ABR as per the respective DF agreements. In order to provide a detailed picture of the sales and revenue of the consumers of the Discom, the sales and revenue at consumer level at DF areas in provided in Form 2.1 (a) of Trueup formats.

#### 4. Distribution Losses

- 4.1 The Commission in its Tariff Order approved distribution loss of 15.00%. The Petitioner has achieved a distribution loss level of 20.54 % in FY 2018-19.

**Table 3: Distribution losses for FY 2018-19 (%)**

Particulars	Approved	Actual	Deviation
Distribution Losses	15.00%	20.54%	5.54%

- 4.2 It is essential to mention that the Discom has been making continuous efforts to reduce the distribution losses and due to the same, the losses have been reduced by 0.52% from the previous year. This is a result of the various measures undertaken in the previous years. In 2018-19, a significant amount of capital expenditure was done in order to strengthen and augment the network. Feeder & DT metering, consumer indexing and metering was done to ensure proper energy audit and accounting. While electricity theft remains to be a challenge for Discoms, regular vigilance checking is being done to curb theft and other related malpractices.
- 4.3 Several other landmark initiatives are in pipeline to further reduce distribution losses. One such initiative is implementation of KUSUM scheme for agriculture consumers. Through KUSUM, grid-connected pumps connection will be solarized. Electricity will be consumed locally at the place of generation which would lead to reduction of distribution losses in Discom's network.
- 4.4 Plans for Feeder Segregation, Augmentation of sub-transmission and distribution network have also been prepared along with request for assistance from Central government. Implementation of the same will contribute to distribution loss reduction.
- 4.5 Considering the large distribution area of petitioner, sparse distribution of load centers and significant number of agricultural connections, certain time would be required before reaping the benefits of the steps being undertaken. Disallowing expenses based on the loss trajectory set by the Commission will act as a setback in the Petitioner's efforts towards achieving operational and financial turnaround by FY 2018-19 thereby leading to negative impact on the consumers at large.
- 4.6 The Discoms are also planning to envisage usage of billing data to analyze revenue leakages by under-declaration of load by the consumers.
- 4.7 It is also essential to highlight that while most of the states like Rajasthan have made significant improvements, the targets envisaged under UDAY could not be achieved. While it is not a good practice to compare with those who could not achieve the targets, cognizance has to be given to the inherent difficulties in achieving such ambitious targets. This clearly highlights the difficulties in achieving the targets outlined and the same requires more time.

State	Base year losses (%) (FY 2015-16)	Targeted Losses (%)	Achieved Losses (%) (FY 2018-19)
Jaipur Discom	27.67	15.00	20.54
Madhya Pradesh	23.97	17.00	31.90
Maharashtra	19.07	14.98	17.34
Bihar	43.74	21.00	27.39
Uttar Pradesh	26.47	19.36	24.64

State	Base year losses (%) (FY 2015-16)	Targeted Losses (%)	Achieved Losses (%) (FY 2018-19)
Haryana	29.83	15.00	17.45

4.8 Therefore, the petitioner prays to the Hon'ble Commission to kindly consider the actual distribution losses for FY 2018-19 while approving the true-up for FY 2018-19.

## 5. Energy Balance

5.1 The table below gives the detailed approved and actual power purchase requirement for FY 2018-19. The energy sold through power exchange are as per the audited accounts.

**Table 4: Energy Balance for FY 2018-19**

Particulars	Approved	Actual
Energy Sales (MUs)	23,476	24,045
Distribution Loss (%)	15.00%	20.54%
Distribution Loss (MUs)	4,143	6,215
<b>Requirement at Distribution periphery (MUs)</b>	<b>27,619</b>	<b>30,260</b>
Transmission Losses (%) (Interstate and Intrastate)	(3.15% and 3.35% respectively)	6.25%
Transmission Losses (MUs)	1,354	2,017
<b>Gross Energy Required (MUs)</b>	<b>28,973</b>	<b>32,276</b>

5.2 Against the approved energy requirement of 28,973 MUs for FY 2018-19 by RERC, the actual energy purchased by the petitioner for FY 2018-19 was 32,276 MUs (considering the sale to exchange also).

## 6. Aggregate Revenue Requirement for FY 2018-19

### 6.1. Power Purchase Cost

6.1.1. The table below gives a comparative analysis of approved and actual power purchase cost of JVVNL.

**Table 5: Details of Power Purchase Cost for FY 2018-19 (Rs Cr)**

Source	Approved			Actual		
	Energy	Total Cost	(Rs/kWh)	Energy	Total Cost	(Rs/kWh)
	MU	Rs Cr		MU	Rs Cr	
NTPC	3,384	1,025	3.03	3,795.58	1,274.63	3.36
NHPC	706	239	3.39	703.81	238.17	3.38
Neyveli	580	208	3.59	472.92	173.95	3.68
SJVNL & Rampur	297	77	2.59	245.74	83.91	3.41
Aravali	2	2	10.00	-	(0.71)	
NVVN Bundled Power	904	408	4.51	868.77	354.21	4.08
Coastal Gujarat	945	236	2.50	807.74	250.22	3.10
Adani	2115	754	3.57	3,011.38	1,329.21	4.41
Sasan Power	1073	162	1.51	1,070.77	151.39	1.41

Source	Approved			Actual		
	Energy	Total Cost	(Rs/kWh)	Energy	Total Cost	(Rs/kWh)
KARCHAM WANGTOO (PTC)	198	90	4.55	161.89	60.98	3.77
PTC (DB)	740	360	4.86	862.82	457.54	5.30
PTC (MARUTI)	728	267	3.67	564.05	184.68	3.27
PTC (TEESTA)				6.88	6.24	9.07
NPCIL	1382	420	3.04	113.93	37.27	3.27
RAPS				955.17	363.43	3.80
THDC	135	66	4.89	134.64	102.46	7.61
Tala through PTC	18	4	2.22	14.95	3.23	2.16
RVUN	9607	3842	4.00	12,097.09	5,015.04	4.15
Giral				-1.29	-0.18	1.37
Rajwest	2424	933	3.85	2,391.41	1,117.03	4.67
Shared Projects	1439	79	0.55	1,188.68	52.78	0.44
Others				182.50	150.64	8.25
NCES & Captive	4,634	2,351	5.07	2,868.35	1,457.93	5.08
UI				252.15	121.17	4.81
Banking				17.24	16.86	9.77
Inter Discom				103.89	(4.11)	(0.40)
New Stations	3888	1392	3.58			
<b>Gross Power Purchase</b>	<b>35,199.00</b>	<b>12,915.00</b>	<b>3.67</b>	<b>32,891.04</b>	<b>12,997.94</b>	<b>3.95</b>
Short Term Purchase	-5146	-1770	3.44	340.70	151.25	4.44
Service Charges to RUVN					6.22	
<b>Net Power Purchase cost</b>	<b>30,053.00</b>	<b>11,145.00</b>	<b>3.71</b>	<b>33,231.74</b>	<b>13,155.42</b>	<b>3.96</b>
<i>PGCIL Charges</i>		<i>687</i>			<i>756.49</i>	
<i>MARU TRANSMISSION</i>					<i>14.88</i>	
<i>Aravali Trans. services</i>					<i>9.20</i>	
<i>RVPN Charges</i>		<i>956</i>			<i>970.51</i>	
<i>SLDC Charges</i>		<i>6</i>			<i>5.67</i>	
<i>Hadoti Power</i>					<i>7.40</i>	
<i>Thar Power</i>					<i>7.02</i>	
<i>Barmer Power</i>					<i>9.66</i>	
<i>NRLDC-PSEB</i>		<i>1</i>			<i>-</i>	
<i>NRLDC-POSCO</i>					<i>1.02</i>	
<i>POC Charges</i>					<i>144.11</i>	
<b>Total including Trans. Charges</b>	<b>30,053</b>	<b>12,795</b>	<b>4.26</b>	<b>33,232</b>	<b>15,081</b>	<b>4.54</b>

6.1.2. In the Tariff Order for the FY 2018-19 dated 28.05.2018, the Hon'ble Commission had approved power purchase cost (excluding transmission charges) of Rs 11,145 Cr for FY 2018-19. The actual power purchase cost of the petitioner based on the audited accounts is Rs. 15,081.37 Cr (excluding transmission charge), which is higher than the approved amount.

6.1.3. It is pertinent to mention here that the power purchase rate of Rs 4.54 per unit has been incurred in FY 2018-19 against Rs 4.26 per unit approved by the Hon'ble Commission. The variance in the Power Purchase rate is on account of various factors higher power purchase cost of NTPC, Coastal Gujarat, Adani, Rajwest, RVUN stations, etc

6.1.4. The petitioner requests the Hon'ble Commission to approve the power purchase cost based on the actual expenditure incurred as per the audited accounts.

## 6.2. Operation and Maintenance Expenses

6.2.1 Regulation 24 of the RERC Tariff Regulation 2014 state that:

*“(1) Operation and maintenance expenses shall be determined for the first year of the Control Period based on normative O&M expenses specified by the Commission subsequently in these Regulations.*

*(2) O&M expenses of assets taken on lease and those created out of consumers’ contributions shall be considered, if the Licensee or the Generating Company has the responsibility for its O&M and bears O&M expenses.*

*(3) Normative O&M expenses allowed at the commencement of the Control Period (i.e. FY 2014-15) under these Regulations shall be escalated at the rate of 5.85% per annum for each year of the Control Period....”*

6.2.2 The Commission in its Tariff Order dated 28th May 2018 had approved O&M expense (excluding terminal benefits) of Rs. 1091 Cr on normative basis (Rs. 1,474 Cr. exclusive of expense capitalized). This amount was derived by the Hon’ble Commission based on the energy sales approved for the year.

6.2.3 The net O&M expense (excluding terminal benefits) for the FY 2018-19 as per audited accounts is Rs. 1102.03 Cr after capitalization.

6.2.4 The total liability towards Superannuation and Gratuity, leave encashment on retirement and other benefits booked under the head of terminal benefit amounts to Rs. 788.70 Cr. The petitioner has capitalized Rs 137.58 Cr. in FY 2018-19. Terminal Benefits after Capitalization for FY 2018-19 is Rs. 651.12 Cr. It is further submitted that since the additional cost on account of superannuation and gratuity liability is not under the control of the petitioner, it requested that the Commission consider this as a pass-through item.

6.2.5 The O&M expenses as per the audited accounts of the Petitioner and the deviation with respect to the revised normative O&M expenses are tabulated below:

**Table 6: Operation and Maintenance cost for FY 2018-19 (Rs Cr)**

Particulars	Approved	Actual	Deviation
Employee cost	1,120.00	811.68	(308.32)
Terminal Benefits	550.00	788.70	238.70
Administrative & General Costs (including insurance expenses)	147.00	231.56	84.56
Repairs & Maintenance Costs	236.00	233.30	(2.70)
<b>Gross O&amp;M</b>	<b>2,053.00</b>	<b>2,065.22</b>	<b>12.22</b>
<i>Less: Expenses to be Capitalized</i>	<i>382.00</i>	<i>310.38</i>	<i>(71.62)</i>
<b>Net O&amp;M</b>	<b>1,671.00</b>	<b>1,754.85</b>	<b>83.85</b>

6.2.6 The petitioner requests the Hon’ble Commission to approve the O&M expenses as per actuals borne by the Petitioner during FY 2018-19.

**Employee Expenses**

6.2.7 The Employee Expenses of the Petitioner comprises of salaries, wages, Allowance, ex-gratia payments, Staff Welfare Expenses, Terminal Benefits etc.

6.2.8 Since the additional cost on account of superannuation and gratuity liability is not under the control of the Petitioner, the Petitioner requests the Commission to consider this as a pass-through item.

Particulars	Approved	Actual
Employee Expenses	1,120.00	811.68
Terminal Benefits	550.00	788.70
<b>Total</b>	<b>1,670</b>	<b>1,600</b>

6.2.9 Actuarial Valuation in respect of liability towards unutilized paid leave covered under defined benefit plan as at 31.3.2018 has been done and the same has been recognized as expenses. This has resulted in an additional payoff as part of the employee cost which has not been accounted for in the normative approved employee expense.

6.2.10 The above two liabilities have together resulted in an additional expense, which is completely beyond the control of the Petitioner; and should be completely passed through in the true-up exercise.

6.2.11 The actual employee expenses as per the audited book of accounts are as below:

**Table 7: Employee Expenses for FY 2018-19 (Rs Cr)**

S. No.	Particulars	Amount
<b>A</b>	<b>Salaries, Wages, Allowances &amp; Bonus</b>	
1	Salaries	610.98
2	Overtime	1.06
3	Dearness allowance	61.02
4	Other Allowances	65.84
5	Dearness Pay	0.02
6	Ex-Gratia Payments/ Bonus	12.61
7	Honorarium	0.00
8	Earned Leave Encashment	24.04
9	Tuition fee Reimbursement	0.00
10	Incentives	0.01
11	D.L.I. Board's Contribution	2.04
12	E.S.I. Board's Contribution	0.59
13	Incentives on R.C.	0.30
14	Incentive on reduction of T&D loss	12.64
15	Incentive to feeder Incharge	10.94
16	Interim Relief	0.00
17	Payment under Group Insurance Plan Policy	0.64
18	Conveyance Expenses	0.05
19	Medical Expenses Reimbursement (Private Hospital)	0.81
20	Medical Expenses Reimbursement (Govt. Hospital)	1.48
21	Training Expenses	0.57
22	Uniform & Liveries Expenses	1.80

S. No.	Particulars	Amount
23	Soap & Duster	0.36
24	Safety Devices	2.02
25	Other Welfare Exp.	0.18
26	Annuity Benefits	0.03
27	D.L.I. Admn. Charges	0.43
28	Expenses on Mediclaim	1.22
29	Interest on Un-paid Salaries	0.00
	<b>Sub – Total</b>	<b>811.68</b>
<b>B</b>	<b>Terminal Benefits</b>	
1	Terminal Benefits (Including Provident Fund)	64.67
2	Superannuation Board's Contribution	543.95
3	Leave Encashment on Retirement	93.12
4	Compensatory Absence (Half Pay Leave Prov.)	-
5	Gratuity fund	85.98
6	P.F. Insp. & Audit Charges	-
7	Nigam Contribution to New Cont. Pen.	0.01
8	Payment under Workmen Compensation Act	0.97
	<b>Sub Total</b>	<b>788.70</b>
	<b>Grand Total</b>	<b>1,600.37</b>
	<b>Less: Employee cost capitalized</b>	<b>279.16</b>
	<b>Actual employee expenses after capitalization</b>	<b>1,321.21</b>

6.2.12 The Petitioner therefore, requests the Hon'ble Commission to allow the Actual employee expenses of Rs 1321.21 Cr.

#### *Administrative and General Expenses*

6.2.13 The A&G expenses approved by the Commission for FY 2018-19 as compared to the actual A&G expenses incurred by the petitioner is provided below:

**Table 8: A&G Expenses for FY 2018-19 (Rs Cr)**

Particulars	Approved	Actual
Gross A&G Expenses	118	230

6.2.14 The Petitioner submits that submits that majority of expenses charged under A&G expenses are on account of spot billing expenses, security service charges, vehicle running expenses, etc. which was around Rs. 93.6 Cr.

6.2.15 Considering that these expenditures are incurred in running an enterprise and cannot be exactly correlated with sales; the petitioner humbly requests the Hon'ble Commission to approve the A&G expenses based on the audited accounts.

6.2.16 In FY 2018-19, the Petitioner has incurred Rs 198.64 Cr (net of capitalization) towards Administrative and General Expenses and requests the Hon'ble Commission to approve the same.

**Table 9: Administrative and General Expenses for FY 2018-19 (Rs Cr)**

S. No.	Particulars (Rs Cr)	Amount
1	Rent	3.11



S. No.	Particulars (Rs Cr)	Amount
2	Rates & Taxes	0.67
3	License & Registration fee of Plant & Machinery	0.00
4	Security Service Charges	30.46
5	Telephone, Telex & EPABX Expenses	7.60
6	Postage & Telegram	0.55
7	Legal Charges, Technical Fees	2.27
8	Payment to Auditors : Statutory Auditors	0.05
9	Retainership Expenses of ex-employees	7.90
10	Fee for I.A. of commercial a/cs	5.05
11	Consultancy Charges	4.09
12	Professional Charges	0.17
13	Hiring of Vehicle	5.02
14	Travelling expenses	6.96
15	Vehicle Running expenses	24.01
16	Consumer Awareness Expenses	16.50
17	Power Expenses for Administration	9.15
18	Other miscellaneous expenses	30.50
19	Printing & Stationary	2.82
20	Decretal Charges	9.46
21	Hiring of Computerization Service	4.20
22	Bill Collection Charges	7.44
23	Expenses on Ht Reading O/S.Agency	2.84
24	Incentive to Feeder In charge	0.00
25	Spot Billing Expenses	37.45
26	Bill Distribution Charges	1.89
27	Brokerage Exp. Related - Auction	2.25
28	Freight & Material related expenses	7.46
	<b>Gross A&amp;G Expenses</b>	<b>229.85</b>
	Less: Expenses Capitalized	31.22
	<b>Net A&amp;G Expenses</b>	<b>198.64</b>

### Insurance Expenses

6.2.17 The approved insurance expenses for FY 2018-19 as compared to actual insurance expenses is provided below:

**Table 10: Insurance Expenses FY 2018-19 (Rs Cr)**

Particulars	Approved	Actual
Insurance Expenses	29	1.71

6.2.18 The actual insurance expenses incurred by the petitioner for FY 2018-19 is lower than the insurance expenses approved by the Commission. The petitioner prays that the insurance expenses be approved by the Hon'ble Commission on the basis of actuals submitted by the petitioner.

**Repair and Maintenance Expenses**

6.2.19 The R&M expenses as approved by the Commission in its ARR order for FY 2018-19 as compared to the actual R&M expenses is as below:

**Table 11: R&M Expenses for FY 2018-19 (Rs Cr)**

Particulars	Approved	Actual
Gross R&M Expenses	236	233.30

6.2.20 The Petitioner has incurred Rs 233.30 Cr in FY 2018-19 toward Repair and maintenance of its infrastructure which is lesser than that approved by the Hon'ble Commission. The petitioner requests the Commission to approve the R&M expenses as per actuals.

**Table 12: Repair and Maintenance Expenses for FY 2018-19 (Rs Cr)**

S. No.	Particulars	Amount
1	Plant & Machinery	89.12
2	Buildings	16.62
3	Other Civil Works (Roads)	0.00
4	Lines & Cable Networks	124.88
5	Vehicles	0.31
6	Furniture & Fixtures	0.03
7	Office Equipment	2.34
	<b>Total</b>	<b>233.30</b>

**6.3. Interest & Finance Charges**

6.3.1 The details of interest and finance charges approved by the Commission for FY 2018-19 in its ARR order dated 28.05.2018 and the actual IFC incurred by the petitioner have been provided in the following table:

**Table 13: Interest and Finance Charges for FY 2018-19 (Rs Cr)**

Particulars	Approved	Actual
Interest on Long term Loans	579	385.66
Interest on Short term Borrowings / Interest on Working Capital	139.76	1,768.84
Interest on Security Deposits, suppliers deposit, meter security	74	942.92
Finance Charges & Lease Rental*	92	110.21
Less: Interest and Finance capitalized	158	33.20
Interest on unfunded gap	1,325.00	
<b>Total</b>	<b>2,051.76</b>	<b>3,174.44</b>

6.3.2 For FY 2018-19, the state government charged interest on loans taken over under UDAY scheme to the tune of Rs. 846.37 Cr. This was exacerbated by the partial release of agriculture subsidy as claimed by the petitioner. This led to severe cash crunch, due to which the petitioner had to take higher working capital loans to meet its operations, thus resulting in higher interest costs as approved by the Hon'ble Commission.

6.3.3 In order to avail rebates from generating companies as per their power purchase bills, the petitioner had taken working capital loans to fund the payment towards such generators. The benefit of the rebates availed have been passed in the ARR. Further, the interest on account of working capital loans taken to timely pay the generators has been included in the 'Interest on short term borrowings/interest on working capital' provided in the above table. But, in a case working capital loans are not approved by the Hon'ble Commission then, the benefit of availing prompt payment rebate on power purchase and thus, passing the same benefits to consumers will be at the cost of the Discom's expenses and the current financial health of the Discom does not allow to continue doing the same. The rebates earned due to the early payment to the generators and grossing upto the principal amount is being shown below:

<b>Particulars</b>	<b>Rs. Cr.</b>
Rebate due to prompt payment earned	135.86
Normative Interest on working capital (%)	11.55%
Principal amount taken as loan	1,176

6.3.4 It is pertinent to mention that the Commission also approved interest on unfunded gap of Rs. 1,325 Cr. Loans had to be taken to cover the unfunded gap and the interest paid on such loans also gets reflected in the interest and finance charges of the Discom. These are included in long term as well as short term loans.

6.3.5 In view of the above factors, the petitioner requests the Hon'ble Commission to kindly allow the actual net interest and finance charges of Rs 3100.27 Cr incurred for FY 2018-19.

#### **6.4. Depreciation**

6.4.1 The depreciation allowed by Hon'ble Commission in ARR for FY 2018-19 was Rs 732 Cr. The actual depreciation incurred by the petitioner was Rs 904.36 Cr. The table below gives comparative summary of approved and audited amounts of opening GFA, closing GFA and depreciation:

**Table 14: Depreciation for FY 2018-19 (Rs Cr)**

<b>Particulars</b>	<b>Approved</b>	<b>Actual</b>
Opening GFA	14,097	17,392.08
Closing GFA	15,292	19,842.21
<b>Depreciation</b>	<b>732</b>	<b>904.36</b>

6.4.2 The increase in depreciation is primarily due to addition in fixed assets to meet the increased demand of consumers and augmenting the system to improve the quality and reliability of power supply. The details of capital expenditure incurred by the petitioner has been mentioned in Form 3.6.

6.4.3 The Petitioner requests the Hon'ble Commission to allow depreciation of Rs 904.36 Cr for FY 2018-19.

**6.5. Other Debits, Rebate allowed to Consumers and Prior Period**

6.5.1 The details of Other debits, rebates allowed to consumers and prior period expenses based on the actual audited accounts for FY 2018-19 are provided below.

**Table 15: Other Debits and prior period expenses during FY 2018-19 (Rs Cr)**

S. No.	Particulars	Amount
<b>A</b>	<b>Other Debits</b>	
1	Incentive for online payment of energy bills	0.49
2	Shortage on Physical verification of stocks	0.07
3	Loss of cash written off	0.00
4	Compensation for Injured/Death of Employees	0.44
5	Compensation for Injured/Death of Outsider	5.78
6	Loss on obsolete store	0.00
7	Loss on valuation of Inventory	19.54
8	Loss on Exchange Rate variation	0.15
9	Loss on sale of scrap/fixed assets	56.06
10	Loss due to theft of Fixed Asset	4.74
11	Deferred Expenses Written off	0.17
	<b>Total (A)</b>	<b>87.43</b>
1	Rebate for supply on specific voltage/block supply/Flat Rate/ Defective Meter/Prompt Payment/Power factor incentives etc.	257.75
2	Rebate to PSL for providing Timers	7.55
3	DPS/LPS Waived off	98.82
4	Reimbursement for transportation of Material	0.01
<b>B</b>	<b>Rebates allowed To Consumers :</b>	<b>364.12</b>
<b>a</b>	Billing to Consumers related to prior period	8.47
<b>b</b>	Interest income for prior period	(0.00)
<b>c</b>	Other excess provision in prior period	3.69
<b>d</b>	Other Income relating to Prior period	0.86
<b>C1</b>	<b>Prior Period Income</b>	<b>13.02</b>
<b>a</b>	Prior Period Adjustment of Power Purchase	98.39
<b>b</b>	Administration & General Expense	1.39
<b>C2</b>	<b>Prior Period Expenses</b>	<b>99.79</b>

S. No.	Particulars	Amount
C	Net Prior period expenses	(7.92)
D	Exceptional Items (Grant from the State Govt. under UDAY)	(3,850.04)
	<b>Total</b>	<b>(3,583.69)</b>

The petitioner submits that ‘Other Debits’ and rebates allowed to consumers is outside the control of the Petitioner and hence should be treated an “uncontrollable factor”.

In addition to above, the petitioner also received grants under UDAY from the state Govt. worth Rs. 4163.64 Cr.

The petitioner requests the Hon’ble Commission to allow for the above-mentioned expenses of Rs 3583.69 Cr for FY 2018-19.

### Summary of ARR for FY 2018-19

The summary of ARR for FY 2018-19 as approved by the Hon’ble Commission in it’s order dated 28.05.2018 compared to the actual audited figures is provided below.

**Table 16: ARR for FY 2018-19 (Rs Cr)**

Expenditure	Approved	Actual
Power purchase Expenses (incl. transmission charges)	12,423.00	15,081.37
Operation and Maintenance Expenses (including insurance expenses)	1671	1,754.85
Interest and Finance Charges	2,051.76	3174.44
Depreciation	732	904.36
Other Expenses		541.47
<b>Total ARR</b>	<b>16,877.76</b>	<b>21,456.48</b>

### Non-Tariff Income and Other Tariff Income

Non-Tariff Income is income realized from sources other than consumers such as income from interest on loan and advances to staff etc. Delayed Payment Charges, FD (Fixed Deposit), income from sales of scrap and sales of fixed assets etc. The other Tariff Income includes Meter Rent, miscellaneous charges from consumers and the cost recoverable as per the RVPN and RVUN true up orders of the previous years.

The Petitioner has realized Rs. 758.61 Cr during FY 2018-19 as Non tariff Income. The other income amounts to Rs. 53.40 Cr. The summary of the same is provided below:

**Table 17: Non-Tariff Income and Other Tariff Income FY 2018-19 (Rs Cr)**

S. No.	Non-Tariff and Other Tariff Income	Actual
1	Gain on sale of Fixed Assets	-
2	Interest on Loans and Advances to Staff	-

S. No.	Non-Tariff and Other Tariff Income	Actual
3	Interest on Loans & Advances to Licensee	0.37
4	Interest Income from FDR	3.53
5	Interest income other than FD	-
6	Rental From Staff Quarters	0.13
7	Registration fees	0.09
8	Sale Of Tender Forms	0.61
9	Income from Sale of Scrap	16.69
10	Income from Testing Charges	1.64
11	Other Misc. Receipts.	83.95
12	Gain on Exchange Rate Difference	-
13	Excess Prov. of Gratuity written back	26.58
14	Deferred Income from Govt. Grants/subsidy & CCSL	212.46
15	Rebate for Prompt Payment	135.86
16	Delayed Payment Charges from Consumers	276.72
	<b>Total (A)</b>	<b>758.61</b>
	<b>Other Tariff Income</b>	
1	50% of amount recovered against electricity theft (Reg 35)	10.48
2	Meter Rent / Service line rental ( CT / PT Rent )	12.23
3	Misc. Charges from Consumers	30.68
4	Other Income - True up credit of RVPNL	-
5	Other Income - True up credit of RVUNL	-
	<b>Total (B)</b>	<b>53.40</b>
	<b>Grand Total</b>	<b>812.01</b>

The petitioner in its petition for ARR for FY 2018-19 had claimed the interest on funding principal amount of Delayed Payment Surcharge (DPS) since the accrued DPS is considered to be a part of Non-tariff Income.

The Hon'ble Commission, in the ARR order for FY 2018-19 dated 28.05.2018, had stated regarding interest on DPS that,

*“This matter of interest on DPS can be examined based on actual and audited data, as ARR petitions for FY 2018-19 are based on projections and un-audited data, therefore, the Commission is not inclined to examine this matter in the current petition and direct the Discoms to take up this matter while filing the petition for true-up for FY 2018-19 wherein Discoms should furnish detailed calculations along with actual data of amount on which DPS is realised.”*

It is pertinent to mention that consideration of financing cost of DPS is in line with the judgement of the Hon’ble Appellate Tribunal for Electricity (APTEL) dated 12.07.2011 in case no. 142 & 142 of 2009. It is also worthwhile to mention that in line with the above-mentioned judgement, other state commissions have consistently considered the carrying cost of receivables against which DPS is booked in NTI. For example, the State Electricity Regulatory Commission of Bihar in its latest tariff order dated 24th March 2017, like in its previous orders, has also considered such carrying cost of receivables against which DPS is booked in the NTI and has considered the financing cost of DPS as per the interest rate allowed for interest on working capital. The Petitioner prays to the Hon’ble Commission to take a prudent view on the same

Thus, based on the actual audited accounts, the petitioners hereby submit the details of interest on funding the principal amount of DPS for FY 2018-19.

**Table 18: Interest on funding of principal amount of DPS**

<b>Interest on funding of Principal DPS</b>	<b>Value</b>
DPS	276.72
Principal Amount on which DPS is charged (@2% per month)	1152.98
Interest rate for funding principal of DPS	11.55%
<b>Interest on funding of Principal DPS</b>	<b>131.17</b>

Accordingly, the Non-Tariff Income may be appropriately adjusted by reducing it with the financing cost computed above.

### **Revenue from sale of power**

In the tariff order for FY 2018-19, the Hon’ble Commission in had approved Rs. 16,384 Cr as revenue from sale of power. The actual revenue as per the audited accounts is Rs. 16,350.97 Cr.

The details of the approved and actual revenue are summarized in the table below:

**Table 19: Approved and Actual Revenue for FY 2018-19 (Rs Cr)**

<b>Revenue</b>	<b>Approved</b>	<b>Actual</b>
Sale of Power	16,384.00	16,350.97
Other Tariff Income/ Non-tariff Income	377	812.01
Income from Trading Activity	0	366.40
Income from Wheeling Charges, Cross Subsidy Surcharge and Additional Surcharge	133	30.47
<b>Total Revenue</b>	<b>16,894</b>	<b>17,560</b>

**Revenue Deficit for FY 2018-19**

Based on the actual ARR and revenue realization, the revenue gap for FY 2018-19 stands at Rs. 3257.54 Cr as against Rs. 651 Cr surplus approved by the Commission. The approved and actual revenue deficit is summarized in the table below:

Table 20: Revenue Surplus/Deficit for FY 2018-19 (Rs Cr)

Particulars	Approved	Actual
<b>Annual Revenue Requirement</b>	<b>16,878</b>	<b>21,456.48</b>
<b>Total Revenue</b>	<b>16,894</b>	<b>17,560</b>
<b>Gap/ (Surplus) (C= B-A)</b>	<b>16.24</b>	<b>-3,896.63</b>
<b>Revenue Subsidy /grant received during the year</b>		
Subvention from State Govt. Against ED	676	632.36
Subsidy against compounding charges		6.73
<b>Sub-Total (D)</b>	<b>676.00</b>	<b>639.09</b>
RVUN Trueup Order (E)	41	0
<b>Net Revenue Gap (C+D-E) without UDAY Grant (F)</b>	<b>651.245</b>	<b>(3,257.54)</b>
UDAY Grant received (G)	0	4,163.64
<b>Net Revenue Gap (F+G) with UDAY Grant</b>	<b>651.25</b>	<b>906.10</b>

As is evident from above, the actual revenue gap in revenue requirement for FY 2018-19 of Rs. 3,258 Cr is substantially more than Rs. 651.25 Cr gap as allowed by the Commission in its ARR Order for FY 2018-19.

It is prayed that the Commission considers the actual revenue gap for FY 2018-19 while determining the tariff for ensuing year.



## Deviation Analysis for FY 2018-19

The following table depicts the deviation analysis in respect of each of the elements of the Income and Expense accounts.

**Table 21: Deviation Analysis (Rs Cr)**

Particulars	Approved (a)	Actual (b)	Deviation (c=a-b)	Reason for Deviation	Controllable/ Uncontrollable
<b>1. Revenue</b>					
Sale of Power	16,384	16,350.97	33.03		Uncontrollable
Wheeling, Cross Subsidy & Additional Surcharge	133.00	30.47	103.00	As per annual audited accounts	Uncontrollable
Non Tariff Income and other income	377.00	812.01	(435.00)	As per audited accounts	Uncontrollable
Income from Trading	0.00	366.40	(366.40)	As per annual audited accounts	Uncontrollable
<b>Total Revenue (A)</b>	<b>16,894.00</b>	<b>17,559.85</b>	<b>(665.85)</b>		
<b>2. Expenditure</b>					
Power purchase	10,773	13,155.42	(2,382)	Power purchase cost and the quantum of energy purchased was higher than the approved quantum due to higher sales and distribution losses being higher than the approved losses.	Uncontrollable
Transmission Charges	1,650	1,925.95	(275.95)		
Operation and Maintenance Expenses (including insurance expenses)	1,671	1,754.85	83.85	The O&M costs incurred have been higher than that approved in the ARR order.	Controllable
Interest and Finance Charges (Included Unfunded gap)	2,052.00	3,174.44	(1,122.44)	As per annual audited accounts	Controllable
Depreciation	732	904.36	(172.36)	Depreciation claimed as per actual opening and closing balances of GFA in the books of accounts	Uncontrollable
Other Expenses	0.00	541.47	(541.47)	Significant impact of UDAY Grant of Rs 4164 Cr.	Uncontrollable
<b>Aggregate Revenue Requirement (ARR) (B)</b>	<b>16,878</b>	<b>21,456.48</b>	<b>(4,579)</b>		
Gap/ (Surplus) (B-A)=C	(16)	3,896.63	3,912.87		
Less: Revenue Subsidy	(676.00)	(639.09)	(36.91)		
Add: RVUN true-up impact	41	0	41	As per RVUN true-up order	
<b>Net (Deficit) including Carrying cost</b>	<b>(651)</b>	<b>(3,257.54)</b>	<b>3908.79</b>		
Add: UDAY grant	0	4,163.64			

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<b>Particulars</b>	<b>Approved (a)</b>	<b>Actual (b)</b>	<b>Deviation (c=a-b)</b>	<b>Reason for Deviation</b>	<b>Controllable/ Uncontrollable</b>
Net (deficit)/surplus after UDAY grant	<b>(651)</b>	<b>(906.10)</b>	<b>254.85</b>		

Based on the above, the Petitioner respectfully prays to the Commission to true-up the expenditure and revenue for FY 2018-19 on the actual performance of the Petitioner and approve the revenue gap of Rs. 3257.54 Cr for FY 2018-19.

**A2: Prayer**

Jaipur Vidyut Vitran Nigam Limited requests the Commission to:

- Allow the true-up for FY 2018-19 on the basis of actuals submitted by the Petitioner and approve the revenue gap of Rs. 3257.54 Cr for the year.
- Condone any error omission
- Permit the petitioner to make any further submission required to be a part of the petition
- Allow the petitioner to make oral submission
- And pass such other and further orders as are deemed fit and proper in the facts and circumstances of the case.