

BEFORE  
THE  
RAJASTHAN ELECTRICITY REGULATORY COMMISSION,  
JAIPUR

**PETITION**

FOR

APPROVAL OF  
**TRUE UP FOR FY 2014-15**

Filed By

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

**December 2016**

**Notes:**

**In this Application:**

**All currency figures used in this Application, unless specifically stated otherwise, are in RsCrores.**

**All energy unit figures used in this Application, unless specifically stated otherwise, are in Million Units.**

**List of Abbreviations**

DS	Domestic Service
EHT	Extra High Tension
EA 2003	Electricity Act, 2003
FY	Financial Year
FY 15	Financial Year 2014-2015
GFA	Gross Fixed Assets
GoI	Government of India
GoR	Government of Rajasthan
JaipurDiscom, 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	RajasthanRajyaVidyutPrasaranNigamLimited
REC	Rural Electrification Corporation
Rs.	Indian Rupees
SIP	Small Industrial Power
SLDC	State LoadDespatch Centre
ST	State Transmission Utility
UI	UnscheduledInterchange
The Petitioner/ Utility	Jaipur Vidyut Vitran Nigam Ltd.

**TABLE OF CONTENTS**

<b>A1: TRUE UP FOR FY 2014-15.....</b>	<b>6</b>
INTRODUCTION .....	6
TRUING-UP FOR THE FY 2014-15 .....	7
ENERGY SALES .....	8
DISTRIBUTION LOSSES .....	9
ENERGY BALANCE .....	10
ANNUAL REVENUE REQUIREMENT FOR FY 2014-15.....	11
<i>Power Purchase Cost</i> .....	11
<i>Operation and Maintenance Expenses</i> .....	12
<i>Insurance Expenses</i> .....	16
<i>Interest &amp; Finance Charges</i> .....	17
<i>Depreciation</i> .....	18
<i>Other Debits, Rebate allowed to Consumers and Prior Period</i> .....	19
<i>Summary of ARR for FY 2014-15</i> .....	20
<i>Non-Tariff Income and Other Tariff Income</i> .....	20
<i>Revenue from sale of power</i> .....	21
REVENUE DEFICIT FOR FY 2014-15 .....	22
DEVIATION ANALYSIS FOR FY 2014-15.....	23
<b>A2: Prayer.....</b>	<b>25</b>

**LIST OF TABLES**

TABLE 1: SUMMARY OF ARR FOR FY 2014-15 (RS CR) .....	7
TABLE 2: COMPARISON OF ACTUAL AND APPROVED SALES FOR FY 2014-15 .....	8
TABLE 3: DISTRIBUTION LOSSES (%) .....	9
TABLE 4: ENERGY BALANCE FOR FY 2014-15 .....	10
TABLE 5: DETAILS OF POWER PURCHASE COST FOR FY 2014-15 (RS CR) .....	11
TABLE 6: OPERATION AND MAINTENANCE COST FOR FY 2014-15 (RS CR).....	13
TABLE 7: EMPLOYEE EXPENSES (RS CR) .....	14
TABLE 8: A&G EXPENSES (RS CR).....	15
TABLE 9: ADMINISTRATIVE AND GENERAL EXPENSES (RS CR) .....	16
TABLE 10: INSURANCE EXPENSES FY 2014-15 (RS CR) .....	16
TABLE 11: R&M EXPENSES (RS CR) .....	16
TABLE 12: REPAIR AND MAINTENANCE EXPENSES (RS CR) .....	17
TABLE 13: INTEREST AND FINANCE CHARGES (RS CR).....	17
TABLE 14: DEPRECIATION FOR FY 2014-15 (RS CR) .....	18
TABLE 15: OTHER DEBITS AND REBATE ALLOWED TO CONSUMERS DURING FY 2014-15 (RS CR) .....	19
TABLE 16: ARR FOR FY 2014-15 (RS CR).....	20
TABLE 17: NON-TARIFF INCOME AND OTHER TARIFF INCOME (RS CR) .....	21
TABLE 18: APPROVED AND ACTUAL REVENUE FOR FY 2014-15 (RS CR) .....	21
TABLE 19: REVENUE DEFICIT FOR FY 2014-15 (RS CR).....	22
TABLE 20: DEVIATION ANALYSIS (RS CR).....	23

**A1: TRUE UP FOR FY 2014-15**

**Introduction**

- 1.1 Jaipur VidyutVitrans 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, SawaiMadhopur and Tonk forms the area of supply of JVVNL.
- 1.2 The Rajasthan Electricity Regulatory Commission (hereinafter referred to as 'Commission') an independent statutory body constituted under statutory body constituted under the provisions of the Electricity Regulatory Commissions (ERC) Act, 1998, which was superseded by the 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 had issued the 'Terms and Conditions for Determination of Tariff' Regulations 2014 on February 24, 2014. These Regulations extended 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 up on the Commission by the said RERC Tariff Regulations 2014, the Commission is empowered to consider the Petition for True up for FY 2014-15.
- 1.4 The Hon'ble Commission under the RERC Tariff Regulations 2014 notified the Tariff order for FY 2014-15 on 20<sup>th</sup> February 2015.
- 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 2014-15.
- 1.6 The ARR estimated and submitted by the petitioner and correspondingly allowed by the Commission were based on estimated sales and estimated expenses for FY 2014-15 at the time of issuance of the Order. However, as the audited actual figures are now available with the Discom the petitioner is submitting the true-up petition for FY 2014-15 for approval by the Hon'ble Commission.
- 1.7 A copy of the Audited Accounts for FY 2014-15 is enclosed as **Annexure I** to this petition for the consideration of the Hon'ble Commission. Further, in this true-up petition, the petitioner has considered audited accounts as a source for providing the actual cost incurred by JVVNL during FY 2014-15.

**Truing-up for the FY 2014-15**

1.8 The Hon'ble Commission in its order dated 20<sup>th</sup> February 2014, had estimated the Annual Revenue Requirement (ARR) of the Petitioner at Rs 13,642 Cr. for the FY 2014-15 with a corresponding revenue gap of Rs1,156 Cr. The petitioner submits the actual gap as per the audited accounts. The components of the Annual Revenue requirement have been detailed in the subsequent portion of the petition.

**Table 1: Summary of ARR for FY 2014-15 (Rs Cr)**

Particulars	Estimated (A)	Approved (B)	Actual (C)	Deviation D=B-C
<b>1. Revenue</b>				
Sale of Power	13,014.21	11,308	9,423.00	1,885.00
Sale of Power through Trading	-	52	55.20	(3.20)
<b>Total Revenue (A)</b>	<b>13,014.21</b>	<b>11,360</b>	<b>9,478.20</b>	<b>1,881.80</b>
<b>2. Expenditure</b>				
Power purchase Cost	10,247.00	9,632	9,613.69	18.31
Transmission Charges	1,340.57	1,037	1,142.77	(105.77)
Operation and Maintenance Expenses (includes insurance expenses)	805.90	804	581.41	222.16
Terminal Benefits	418.25	418	799.76	(381.76)
Interest and Finance Charges (includes interest on unfunded gap)	2,501.95	1,814	1,220.46	593.44
Interest on Working Capital	172.02	137	1,550.44	(1,413.68)
Depreciation	443.97	340	616.86	(276.86)
Other Expenses	-	-	163.58	(163.58)
<b>Total Expenditure (ARR) (B)</b>	<b>15,930.66</b>	<b>14,180</b>	<b>15,688.96</b>	<b>(1,508.73)</b>
Less Non-Tariff Income and other income	259.88	260	479.68	(219.68)
Less Income from wheeling	12.84	13	34.32	(21.32)
Less: Cost recoverable as per the RVUN and RVPN previous years True UP	-	265	268.40	(3.40)
<b>Annual Revenue Requirement</b>	<b>15,657.94</b>	<b>13,642</b>	<b>14,906.55</b>	<b>(1,264.32)</b>
<b>Gap/ (Surplus) (B-A)=( C)</b>	<b>2,643.73</b>	<b>2,282</b>	<b>5,428.35</b>	<b>(3,146.12)</b>
<b>3. Less: Revenue Subsidy /grant received during the year</b>				-
Differential Interest Subvention on World Bank Loan	4.30	4	4.35	(0.35)
Subvention from State Govt.Against ED	480.00	480	500.55	(20.55)
Cash Support from State Govt.	169.00	169	176.40	(7.40)
Subsidy against Interest	471.66	472	-	472.00
Subsidy against Stamp Duty			5.92	
Compounding Charge Subsidy	-	-	6.57	(6.57)
<b>Total (D)</b>	<b>663.00</b>	<b>1,125</b>	<b>693.79</b>	<b>431.21</b>
<b>Net Revenue Gap (C-D)</b>	<b>3,405.00</b>	<b>1,156</b>	<b>4,734.57</b>	<b>(3,578.34)</b>

1.9 The actual revenue requirement for FY 2014-15 as detailed in the above table was Rs. 14,905.99 Cr as against the approved ARR of Rs13,642Cr.

- 1.10 The variations have been primarily on account of Terminal Benefits cost, interest cost and other expenses. The Petitioner submits that there has been very little variation in the approved and actual power purchase cost. The actual per unit power purchase cost incurred by the Petitioner is Rs 4.00 as compared to the approved cost of Rs. 3.99 per unit.
- 1.11 The maximum share of power is withdrawn from RVUN at Rs 3.79 /unit, which is in fact lower than Rs. 3.81/unit approved by the Hon'ble Commission. This power accounts for ~37% of the total power procured by JVVNL. Similarly, NPCIL, NTPC etc accounted for significant part of the power purchase for JVVNL, whose per unit power purchase is slightly higher than what was approved by the Hon'ble Commission.
- 1.12 In addition to the above, the revenue gap has increased due to increased interest and finance cost on account of accumulated debts, late payment surcharge and interest on working capital. In order to maintain and further improve quality of supply, the petitioner does not resort to load shedding. As such constant flow of funds is required to meet sufficient power purchase needs thereby leading to increased short term borrowings to fund such power procurement. 80% of total debt of the Petitioner is raised through short term loans from Banks/FIs for which the Petitioner was paying very high rate of interest. Share of interest cost in total cost has been consistently much higher in case of Petitioner in comparison to utilities across the nation. Further, the shortfall in revenue and the increase in power purchase cost have contributed to the total increase in the revenue gap.

### Energy Sales

- 1.13 The petitioner submits that the sales are dependent on the consumption pattern of the consumer, variations in the weather conditions and laws of the land. The above factors are beyond the control of the petitioner whereby the petitioner has no direct control over the consumption and sales for its consumers.
- 1.14 The table below gives a comparison of approved and actual sales and revenue from sale of power for FY 2014-15:

**Table 2: Comparison of Actual and Approved Sales for FY 2014-15**

Consumer Category	Revenue (Rs Cr)		Sales (MU)		Average Billing Rate (Rs./Unit)	
	Approved	Actual	Approved	Actual	Approved	Actual
Domestic Service	2,514	2,110.93	4,687	4,067.65	5.36	5.19
Non-Domestic Service	1,478	1,291.31	2,221	1,804.55	6.66	7.16
Public Street Light	105	97.78	185	168.38	5.68	5.81
Agriculture Metered Supply	2,930	1,880.77	6,902	4,714.57	4.24	3.99
Agriculture Flat Rate Supply	163	225.53	444	529.71	3.67	4.26
Small Industrial Service	242	173.96	431	334.77	5.62	5.20
Medium Industrial Service	476	1,041.95	753	769.50	6.31	13.54
Large Industrial Service	2,744	2,728.19	4,391	4,293.87	6.25	6.35
P.W.W. & S. Pumping –Small	110	111.41	211	218.49	5.23	5.10



## JVVNL TRUE UP FY 2014-15

Consumer Category	Revenue (Rs Cr)		Sales (MU)		Average Billing Rate (Rs./Unit)	
	Approved	Actual	Approved	Actual	Approved	Actual
P.W.W.& S. Pumping – Medium	20	20.54	34	36.96	5.78	5.56
P.W.W. & S. Pumping –Large	134	133.84	223	218.22	6.01	6.13
Mixed Load Supply	117	102.62	197	191.35	5.91	5.36
Electric Traction	276	86.64	468	145.84	5.89	5.94
<b>Total Revenue from Sale of electricity</b>	<b>11,308</b>	<b>10,005.48</b>	<b>21,145</b>	<b>17,493.84</b>	<b>5.35</b>	<b>5.72</b>

# Revenue from sale of power after considering revised tariff approved by RERC for remaining part of the year as T.O. was issued in 20.02.2015

1.15 The Revenue shown in the above table is revenue from fixed charges and energy charges.

1.16 It is pertinent to mention here that the average billing rate considered by the Hon'ble Commission is also at variance with the actual billing rate. The average billing rates approved by the Hon'ble Commission for some of the consumer categories is higher than the actual average billing rate. This is due to the fact that the revised tariff as notified in the tariff order for FY 2014-15 dated 20.02.2015 was applicable only for two months. For the remaining period of the year, the consumers were billed at the previously applicable tariff. Also, 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. 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 DC consumers as well which again adds on to the variance in average billing rate.

1.17 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.

### Distribution Losses

1.18 The Commission in its Tariff Order approved distribution loss of 16.09%. The Petitioner has achieved a distribution loss level of 30.46% in FY 2014-15.

Table 3: Distribution losses (%)

Particulars	Approved	Actual	Deviation
Distribution Losses	16.09%	30.46%	-14.37%

- 1.19 However, in order to achieve envisaged operational efficiency and bring around improvements, various measures are being taken. These steps include restricting power supply in areas with high AT&C losses, implementing a performance monitoring and management system, 100% feeder and DT metering, AMR metering for high value consumers, energy audit & accounting at feeder level, feeder segregation, etc. Loss reduction targets have been prepared at the division/circle/zonal level and concerned officials have been made responsible for achieving the loss reduction targets. At the same time, efforts are also being made to reduce theft and other illegal activities by undertaking name and shame campaign and aggressive vigilance drives. Further, the capital investment plans are also on-going to achieve the distribution loss trajectory set forth by the Commission.
- 1.20 The Discom is committed towards reduction of losses and therefore time bound targets have been set for each of the above listed activities. These initiatives have also been recognized at the highest levels and form part of the landmark tripartite MoU signed under the UDAY scheme between the Discoms, the Central Ministry and the Rajasthan government.
- 1.21 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.
- 1.22 Therefore the petitioner prays to the Hon'ble Commission to revise the existing loss trajectory and set it in line with the trajectory as considered under the UDAY Scheme. In the meanwhile, the Petitioner also prays to the Hon'ble Commission to kindly consider the actual distribution losses for FY 2014-15 while approving the true-up for FY 2014-15.

### **Energy Balance**

- 1.23 The Commission has estimated the total energy requirement of 26,605 MUs from different sources for FY 2014-15. However, the actual energy purchased by the Petitioner during FY 2014-15 was 26,879.18 MUs (considering the sale to exchange also). The table below gives the detailed approved and actual power purchase requirement for the Petitioner during FY 2014-15. The MUs sold through the exchange are as per the audited accounts.

**Table 4: Energy Balance for FY 2014-15**

<b>Particulars</b>	<b>Approved</b>	<b>Actual</b>
Energy Sales (MUs)	21,145	17,493.84
Distribution Loss (%)	16.09%	30.46%
Distribution Loss (Mus)	4,055	7,662.41
<b>Requirement at Distribution periphery (MUs)</b>	<b>25,200</b>	<b>25,156.25</b>
Total Transmission Losses (%)	5.28%	5.77%
Total Transmission Losses (MU)	1,405	1,540.38

## JVVNL TRUE UP FY 2014-15

Particulars	Approved	Actual
Gross Energy Required (MU)	26,605	26,696.63
Gross Energy Available (MU)	26,605	26,696.63

## Annual Revenue Requirement for FY 2014-15

### Power Purchase Cost

1.24 In the Order dated 20.02.2015, Hon'ble Commission had projected power purchase cost of Rs. 10,669 Cr. for FY 2014-15. However, actual power purchase cost as per audited accounts was Rs.10,756.46 Cr. While the power purchase cost approved by Commission for FY 2014-15 translates into an average rate of power procurement of Rs. 3.99/ kWh (including transmission charges), the actual average incurred by Petitioner as power purchase cost per unit has been Rs. 4.00/ kWh including transmission charges.

1.25 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 2014-15 (Rs Cr)**

Source	Approved			Actual		
	Energy	Cost	(Rs/kWh)	Energy	Cost	(Rs/kWh)
	MU	Rs Cr		MU	Rs Cr	
NTPC	2,335	721	3.09	2,234.42	706.77	3.16
NHPC	673	240	3.57	708.54	234.68	3.31
Others (Tehri+Koteshwar+Tala)	193	74	3.83	158.23	77.06	4.87
Lignite Based Plants	2,943	1,212	4.12	3,266.01	1,239.33	3.79
Jhajjar+Mundra +SJVN+Adani+Sasan+NVVN+ KharchamWangtoo+MPPMCL	5,732	2,145	3.74	5,837.33	1,937.01	3.32
NPCIL	1,381	394	2.85	1,190.88	349.86	2.94
RVUN	10,207	3,897	3.82	9,910.51	3,754.67	3.79
Shared Projects	1,430	129	0.90	1,125.82	48.06	0.43
Non Conventional	1,842	820	4.45	1,593.61	776.69	4.87
Bilateral	-	-	-	440.65	174.25	3.95
Banking	-	-	-	(144.49)	53.46	
Trading	-	-	-	421.28	178.67	4.24
Inter discom purchase	-	-	-	(693.66)	(261.69)	
UI	-	-	-	830.05	252.98	3.05
<b>Total</b>	<b>26,736</b>	<b>9,632</b>	<b>3.60</b>	<b>26,879.18</b>	<b>9,521.80</b>	<b>3.54</b>
<b>Transmission Charges</b>						
PGCIL		258			304.16	
RVPNL		768			824.94	
SLDC fees		11			11.15	
NRLDC PSEB		-			1.53	

## JVVNL TRUE UP FY 2014-15

Source	Approved			Actual		
	Energy	Cost	(Rs/kWh)	Energy	Cost	(Rs/kWh)
	MU	Rs Cr		MU	Rs Cr	
<i>NRLDC Posco</i>		-			0.99	
<b>Total Transmission</b>	-	<b>1,037</b>	-	-	<b>1,142.77</b>	-
<b>Prior Period</b>					<b>91.89</b>	
<b>Net Power Purchase cost</b>	<b>26,736</b>	<b>10,669</b>	<b>3.99</b>	<b>26,879.18</b>	<b>10,756.46</b>	<b>4.00</b>

- 1.26 It is pertinent to mention here that the power purchase rate of Rs 4.00 per unit has been incurred in FY 2014-15 against Rs 3.99 per unit approved by the Hon'ble Commission. The efficient power planning and steps taken by the Discom is quite evident as the approved and actual per unit power purchase cost are almost same.
- 1.27 It is also important to note that about Rs. 92 Cr. has been incurred as prior period expense which increases the overall power purchase cost. The Petitioner prays to the Hon'ble Commission to take a prudent view on the same while allowing power purchase expense in the true-up for FY 2014-15.
- 1.28 The Hon'ble Commission while approving the ARR for FY 2014-15 considered that surplus power should be sold at a rate higher than the variable cost of thermal generating stations plus some margin and accordingly considered an average rate of Rs. 4.00 per unit for sale of surplus power. The Petitioner submits that sale and purchase of power is a dynamic process. The market clearing prices in exchange are dependent on the bids submitted by buyers and other sellers and the power available in the entire market. It is important to note that the Petitioner has no control over the mentioned factors. In FY 2014-15, the Petitioner was able to sell such surplus power only @ Rs. 3.02/kWh. In light of the above, the Petitioner submits that the power purchase cost should be reduced/revenue from trading activities should be considered only to the extent of actual revenue generated from sale of surplus power.
- 1.29 In the past, the Hon'ble Commission has considered banking as a cost neutral arrangement and accordingly has disallowed the cost of banking. However, there are various cost involved towards banking like trading margins, etc. The Petitioner submits that the same should be allowed in true-up for FY 2014-15.
- 1.30 The Petitioner hereby requests the Commission to kindly approve the power purchase cost based on the audited accounts submitted.

### Operation and Maintenance Expenses

- 1.31 The Operation and maintenance expenses include Employee Cost, Administrative and General Expenses and Repair and Maintenance expenses. In terms of the Regulation 24 of the RERC Tariff Regulation 2014 the O&M expenses shall be considered on the normative basis.

## JVVNL TRUE UP FY 2014-15

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- 1.32 The Commission in its Tariff Order dated 20<sup>th</sup> February 2015 had approved O&M expense of Rs. 1,057 Cr on normative basis (exclusive of expense capitalized). The normative O&M costs were derived by the Hon'ble Commission based on the energy sales for the year
- 1.33 The net O&M expense for the FY 2014-15 as per audited accounts is Rs. 1,381.16 Cr after capitalization. The increase in O&M expense is mainly on account of increase in Terminal Benefits.
- 1.34 The total liability towards Superannuation and Gratuity amounts to Rs 768.97 Cr which includes impact on account of actuarial valuation against gratuity and superannuation (Rs 713.64 Cr), leave encashment on retirement (Rs 53.69 Cr) and other benefits. These have been booked under the head of terminal benefit, which is majorly on the account of cost incurred for retired employees. It is further submitted that since the additional cost on account of superannuation and gratuity liability is not under the control of JVVNL, the Petitioner requests the Commission to consider this as a pass-through item.
- 1.35 The Petitioner submits that increase in A&G expenses are on account of security service charges, vehicle running expenses, expenditure on sale of power through trading activity, spot billing expense and miscellaneous expenses which accounted around Rs. 83.28 Cr.
- 1.36 The Petitioner further submits that it has been able to reduce the R&M cost during FY 2014-15 and has incurred Rs. 100.10 Cr as compared to Rs. 169 Cr approved by the Hon'ble Commission for the same.
- 1.37 The Petitioner requests the Hon'ble Commission to approve the claimed O&M expenses and approved the legitimate cost borne by the Discom during FY 2014-15.
- 1.38 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 2014-15 (Rs Cr)**

Particulars	Approved	Actual	Deviation
Employee cost	804	573.58	230.42
Terminal Benefits	418	799.76	-381.76
Administrative & General Costs	85	124.34	-39.34
Repairs & Maintenance Costs	169	100.10	68.90
Less: Expenses to be Capitalized	203	216.62	-13.62
<b>Gross O&amp;M</b>	<b>1,273</b>	<b>1,381.16</b>	<b>-108.76</b>

### *Employee Expenses*

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

## JVVNL TRUE UP FY 2014-15

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- 1.40 Since the additional cost on account of superannuation and gratuity liability is not under the control of JVVNL, the Petitioner requests the Commission to consider this as a pass-through item.
- 1.41 Actuarial Valuation in respect of liability towards unutilized paid leave covered under defined benefit plan as at 31.3.2016 has been got 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.
- 1.42 The above two liabilities have together resulted in an additional expense, which is completely beyond the control of the utility; and should be completely passed through in the true-up exercise.
- 1.43 The actual employee expenses as per the audited book of accounts are as below:

**Table 7: Employee Expenses (Rs Cr)**

Particulars	FY 2014-15
Salaries	258.30
Overtime	1.31
Dearness allowance	245.22
Other Allowances	34.64
Dearness Pay	0.07
Ex-Gratia Payments/ Bonus	5.00
Honorarium	0.00
Earned Leave Encashment	15.29
Tuition fee Reimbursement	0.00
Incentives	0.01
D.L.I.Board's Contribution	1.18
E.S.I. Board's Contribution	0.27
Incentives on R.C.	0.09
Interim Relief	0.02
Payment under Group Insurance Plan Policy	0.72
Conveyance Expenses	0.07
Medical Expenses Reimbursement (Private Hospital)	1.31
Medical Expenses Reimbursement (Govt. Hospital)	1.80
Training Expenses	0.25
Uniform & Liveries Expenses	2.28
Soap & Duster	0.25
Safety Devices	0.78
Other Welfare Exp.	0.41
Annuity Benefits	0.01
D.L.I. Admn. Charges	0.23
Expenses on Mediclaim	0.56
Interest on Un-paid Salaries	0.00
Payment under Workmen Compensation Act	3.51

## JVVNL TRUE UP FY 2014-15

Particulars	FY 2014-15
<b>Gross Employee Expenses</b>	<b>573.58</b>
Less: Expenses Capitalised	179.06
<b>Net Employee Expenses</b>	<b>394.52</b>
<b>Terminal benefits</b>	
Terminal Benefits (Including Provident Fund)	30.79
Superannuation Board's Contribution	613.96
Leave Encashment on Retirement	53.69
Compensatory Absence (Half Pay Leave Prov.)	1.63
Gratuity fund	99.68
P.F. Insp. & Audit Charges	-
Nigam Contribution to New Cont.Pen.	0.00
<b>Total</b>	<b>799.76</b>
<b>Total Employee Expenses</b>	<b>1,194.28</b>

- 1.44 The Petitioner therefore, requests the Hon'ble Commission to allow the Actual employee expenses of Rs 1,194.28Cr.

### *Administrative and General Expenses*

- 1.45 The comparison of the actual A&G expenses v/s the revised normative A&G is as below:

**Table 8: A&G Expenses (Rs Cr)**

Particulars	Approved	Actual
Gross A&G Expenses	63	86.23

- 1.46 The Petitioner submits that Increase in A&G expenses are on account of security service charges, vehicle running expenses, expenditure on sale of power through trading activity, spot billing expense and miscellaneous expenses which accounted around Rs. 83.28 Cr.
- 1.47 It is pertinent to mention here that the A&G expense under the head 'Other Miscellaneous Expenses' category include an amount of Rs 16.04 Cr comprising of petty expenses which are not covered in other sub heads have been considered.
- 1.48 Considering that these expenditures are incurred in running an enterprise, which cannot be completely justified on the basis of normative expenses on sales; the Petitioner humbly requests the Hon'ble Commission to approve the A&G expenses based on the audited accounts.
- 1.49 In FY 2014-15, the Petitioner has incurred Rs86.23 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 (Rs Cr)**

Particulars	FY 2014-15
Rent	4.22
Rates & Taxes	0.17
Licence & Registration fee of Plant & Machinery	0.00
Security Service Charges	15.96
Telephone, Telex & EPABX Expenses	1.76
Postage & Telegram	0.59
Legal Charges, Technical Fees	1.55
Payment to Auditors : Statutory Auditors	0.04
Retainership Expenses of ex-employees	2.01
Payment for loss diagnostic study	0.00
Fee for I.A. of commercial a/cs	0.00
Consultancy Charges	0.61
Professional Charges	0.46
Enquiry of Discom Cases - Employee	0.00
Exp. on BijaliPratinidhi	0.00
Hiring of Vehicle	2.81
Travelling expenses	3.96
Vehicle Running expenses	14.88
Consumer Awareness Expenses	10.32
Power Expenses for Administration	3.60
Other miscellaneous expenses	16.04
Expenditure On Sale Of Power-IX	9.95
Expenditure On Sale-PXIL	0.44
Bill Collection Charges	2.68
Spot Billing Expenses	26.08
Freight & Material related expenses	5.66
<b>Gross A&amp;G Expenses</b>	<b>124.79</b>
Less: Expenses Capitalised (Rate)	37.56
<b>Net A&amp;G Expenses</b>	<b>86.23</b>

### Insurance Expenses

- 1.50 The comparison of the approved insurance expenses v/s the revised actual insurance expenses is as below:

**Table 10: Insurance Expenses FY 2014-15 (Rs Cr)**

Particulars	Approved	Actual
Insurance Expenses	19	0.55

### Repair and Maintenance Expenses

- 1.51 The comparison of the actual R&M expenses v/s the revised normative R&M is as below:

**Table 11: R&M Expenses (Rs Cr)**

Particulars	Approved	Actual
Gross R&M Expenses	169	100.10



- 1.52 The Petitioner has incurred Rs 100.10 Cr in FY 2014-15 toward Repair and maintenance of its infrastructure; the major expenditure has been booked under repair and maintenance of plant and machinery, lines & cable network of JVVNL. The actual R&M expense is much less than that approved by the Hon'ble Commission, the Petitioner requests the Commission to approve the value in entirety.

**Table 12: Repair and Maintenance Expenses (Rs Cr)**

Particulars	FY 2014-15
Plant & Machinery	47.32
Buildings	6.99
Other Civil Works	0.00
Lines & Cable Network	44.92
Vehicles	0.56
Furniture & Fixtures	0.03
Office & Other Equipment's	0.29
<b>Total</b>	<b>100.10</b>

**Interest & Finance Charges**

- 1.53 The Commission had allowed Rs 879 Cr as Interest and Finance charges; whereas the actual outgo under the same for FY 2014-15 is Rs. 2,839.94 Cr (before capitalization).
- 1.54 The interest and finance expenses incurred by the Petitioner for different types of borrowings vis-a-vis the same allowed by the Hon'ble Commission have been detailed in the following table:

**Table 13: Interest and Finance Charges (Rs Cr)**

Particulars	Approved	Actual
Interest liability on carry forward Revenue Gap	1,238	-
Interest on Long term Loans	561	1055.33
Interest on Short term Borrowings & Interest on Working Capital	137	1550.44
Interest on Security Deposits	77	67.47
Finance Charges & Lease Rental	64	166.69
Less: Interest and Finance capitalized	126	69.04
<b>Total</b>	<b>1,140</b>	<b>2,770.90</b>

- 1.55 As evident from the above table, the actual interest cost incurred by the Petitioner for different types of borrowings is at variance with the same allowed by the Hon'ble Commission. In this context, due cognizance needs to be taken of the fact that the utility had to borrow larger than that envisaged under both the long term and short term loans.

- 1.56 The short-term loans had been allowed based on the requirement of normative working capital, as per RERC Tariff Regulations, 2014 and on this basis the normative interest on working capital was approved in the tariff order; but these are much lesser than the interest on the actual short-term loan portfolio. Apart from meeting the working capital requirements, the Petitioner had to take short-term loans to bridge the huge revenue deficit which was not being completely funded by the revenue from tariff and subsidy/subventions from the Government. The petitioner humbly requests the Hon'ble Commission to consider this on the basis of the actual.
- 1.57 In addition to the above, the increased interest and finance cost is on account of accumulated debts and interest on working capital along with increased amount of late payment surcharge payable to generators. In order to ensure continuous improvement in quality of supply, the petitioner does not resort to load shedding. As such constant flow of funds is required to meet sufficient power purchase needs thereby leading to increased short term loans. 80% of total debt of the Petitioner is raised through short term loans from Banks/FIs for which the Petitioner was paying very high rate of interest. Share of interest cost in total cost has been consistently much higher in case of Petitioner in comparison to utilities across the nation. In light of the above, the petitioner humbly requests the Hon'ble Commission to consider the actual cost incurred towards interest and finance charges for true-up of FY 2014-15.
- 1.58 The actual long-term loan portfolio is also higher than the average LTL considered by the Commission in its calculation. The actual average long-term loan outstanding for the year was Rs 9,111.72 Cr against Rs 4,892 Cr considered by the Hon'ble Commission. This has resulted in an increase in the interest on long-term loans as shown above.
- 1.59 In view of the above highlighted factors, the Petitioner requests the Hon'ble Commission to kindly allow the actual net interest and finance charges of Rs 2,770.90Cr incurred during FY 2014-15.

**Depreciation**

- 1.60 The Commission had allowed Rs 340 Cr as depreciation for FY 2014-15 in its Tariff Order for FY 2014-15 as against the actual depreciation of Rs 616.86Cr incurred by the Discom for FY 2014-15. The table below gives comparative summary of approved and audited amounts of opening GFA, closing GFA and depreciation:

**Table 14: Depreciation for FY 2014-15 (Rs Cr)**

<b>Particulars</b>	<b>Approved</b>	<b>Actual</b>
Opening GFA	9,052	11,854.80
Closing GFA	10,016	13,195.63
<b>Depreciation</b>	<b>340</b>	<b>616.86</b>

## JVVNL TRUE UP FY 2014-15

- 1.61 In accordance with the past practice Depreciation has been provided on assets in existence at the beginning of the year on yearly basis up to FY 2006-07. From the year FY 2007-08 depreciation has been provided on assets in existence at the beginning of the year on yearly basis plus provision for depreciation to the assets added during the year at the end of the quarter of its installation considering that it has been put to use immediately before the quarter end(the accounting treatment of depreciation).From FY 2014-15 provision for depreciation as prescribed in the RERC Tariff Regulation 2014 have been adopted and consequently the useful life of the assets up to 31.3.2014has been recalculated
- 1.62 The Petitionerrequests the Hon'ble Commission to allow Rs 616.86 Cr as depreciation (as per Audited Accounts) for the year FY 2014-15.

### Other Debits, Rebate allowed to Consumers and Prior Period

- 1.63 Based on the actual audited accounts for FY 2014-15 the Petitioner requests the Hon'ble Commission to allow for other debits of Rs119.38 Cr in FY 2014-15. It is submitted that this along with the nature of the other heads under the 'Other Debits' sectionwhich also includes the rebate allowed to consumers is beyond the control of the Petitioner and hence should be allowed by the Commission.
- 1.64 It is further submitted that the Petitioner has also given rebate to the consumers on account of rebate on tariff to new industries, supply on specific voltages and on waiving off the delayed payment surcharge. The details of same are listed out in the table below.
- 1.65 In addition to above, the Petitionerrequests the Hon'ble Commission to allow the prior period expenditure of Rs44.20 Cr based on the actual audited accounts as part of the ARR.

Table 15: Other Debits and rebate allowed to consumers during FY 2014-15 (Rs Cr)

S. No.	Particulars	FY 2014-15
<b>A. OTHER DEBITS</b>		
1	Shortage on Physical verification of stocks	0.00
2	Loss of cash written off	0.00
3	Compensation for Injured/Death of Employees	0.21
4	Compensation for Injured/Death of Outsider	4.37
5	Loss on valuation of Inventory	2.97
6	Loss on Exchange Rate variation	0.11
7	Loss due to theft of Fixed Asset	17.20
8	Deferred Expenses Written off	0.50
10	Provision for bad Debts	23.72
<b>9</b>	<b>Total Other debits</b>	<b>49.08</b>
<b>B. REBATE ALLOWED TO CONSUMERS</b>		
	Discount to Consumers for timely payment of bills	-
1	Rebate on Tariff to New Industries	14.71

## JVVNL TRUE UP FY 2014-15

S. No.	Particulars	FY 2014-15
2	Rebate for supply on specific voltage	51.90
3	Rebate to PSL for providing Timers	3.66
4	DPS/LPS Waived off	0.03
5	<b>TOTAL</b>	<b>70.30</b>
<b>C. PRIOR PERIOD EXPENSES</b>		
1	Prior Period Expenses	44.20
2	<b>GRAND TOTAL of OTHER EXPENSES (A+B-C)</b>	<b>163.58</b>

### Summary of ARR for FY 2014-15

1.66 The table below summarizes the ARR approved by the Commission in the MYT Order vis-à-vis the actual ARR incurred by JVVNL.

**Table 16: ARR for FY 2014-15 (Rs Cr)**

Expenditure	Approved	Actual
Power purchase Expenses (incl. transmission charges)	10,617	10,756.46
Operation and Maintenance Expenses	802	581.41
Terminal Benefits	418	799.76
Interest and Finance Charges	1,814	1,220.46
Interest on Working Capital	137	1,550.44
Depreciation	340	616.86
Other Expenses	0	163.58.
<b>Total ARR</b>	<b>14,128</b>	<b>15,688.96</b>

### Non-Tariff Income and Other Tariff Income

1.67 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.

1.68 The Petitioner has realized Rs. 407.65Cr during FY 2014-15 as Non tariff Income. The other income amounts to Rs340,43 Cr. The Petitioner requests the Hon'ble Commission to approve the non-tariff income and other income based on the summary provided below:

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

Particulars	Approved	Audited
Gain on sale of Fixed Assets		7.93
Interest on Loans and Advances to Staff		0.02
Interest on Loans & Advances to Licensee		0.42
Interest Income from FDR		0.20
Interest income other than FD		0.05
Rental From Staff Quarters		0.10
Sale Of Tender Forms		0.32
Registration Fees		0.15
Income from Sale of Scrap		14.10
Income from Testing Charges		1.68
Other Misc. Receipts.		43.03
Deferred Income from Govt. Grants/subsidy & CCSL	525.00	122.51
Rebate for Prompt Payment		10.68
Delayed Payment Charges from Consumers		206.45
<b>Total</b>		<b>407.65</b>
<b>Other Tariff Income</b>		
50% of amount recovered against electricity theft (Reg 35)		27.85
Meter Rent / Service line rental ( CT / PT Rent )		11.63
Misc. Charges from Consumers		32.56
Other Income - True up credit of RVPNL		171.22
Other Income - True up credit of RVUNL		97.18
<b>Total</b>		<b>340.43</b>
<b>Grand Total</b>	<b>525.00</b>	<b>748.08</b>

**Revenue from sale of power**

1.69 In the Tariff Order dated 20.02.2015, the Hon'ble Commission has approved Rs. 11,308 Cr as revenue from sale of power. The Hon'ble Commission has approved Rs. 525 Cr as non-tariff income and other tariff income (previous years true up credit of RVPN and RVUN), Rs. 13 Cr income from wheeling charges and Rs 52 Cr as income from trading activity for FY 2014-15. The actual revenue as per audited annual accounts is Rs.10,260.61 Cr. The details of the approved and actual revenue are summarized in table below:

**Table 18: Approved and Actual Revenue for FY 2014-15 (Rs Cr)**

Revenue	Approved	Actual
Revenue from Sale of Power	11,308	9,423.00
Non-Tariff/Other tariff Income	525	748.08
Income from trading activity	52	55.20
Income from wheeling and cross subsidy	13	34.32
<b>Total Revenue</b>	<b>11,898</b>	<b>10,260.61</b>

**Revenue Deficit for FY 2014-15**

- 1.70 Based on the actual ARR and revenue realization, the actual revenue gap for FY 2014-15 stands at Rs. 4,734.57 Cr as against Rs. 1,157 Cr approved by the Commission. The approved and actual revenue deficit is summarized in the table below:

**Table 19: Revenue Deficit for FY 2014-15 (Rs Cr)**

<b>Particulars</b>	<b>Approved</b>	<b>Actual</b>
Aggregate Revenue Requirement (A)	14,180	15,688.96
Total Revenue including non-tariff income, and sale through exchange(B)	11,898	10,260.61
<b>Revenue Deficit (C = A-B)</b>	<b>2,282</b>	<b>5,428.35</b>
Revenue Subsidy /grant received during the year:		
Differential Interest Subvention on World Bank Loan	4	4.35
Subvention from State Govt.Against ED	480	500.55
Cash Support from State Govt.	169	176.40
Subsidy against Interest	472	-
Subsidy against Stamp Duty	-	5.92
Compounding Charge Subsidy	-	6.57
<b>Total (D)</b>	<b>1,125</b>	<b>693.79</b>
<b>Net Revenue Gap (C-D)</b>	<b>1,156</b>	<b>4,734.57</b>

- 1.71 As is evident from above, the actual gap in revenue requirement for FY 2014-15 of Rs.4,734.57 Cr is substantially higher than Rs.1,156 Cr as allowed by the Commission in its ARR Order for FY 2014-15. A significant portion of the actual higher revenue gap can be attributed to increase in the power purchase costs, employee costs, interest and finance costs including interest on working capital and transmission charges paid to RVPN.
- 1.72 It is prayed that the Commission considers the actual revenue gap for FY 2014-15 while determining the tariff for ensuing year.

**Deviation Analysis for FY 2014-15**

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

**Table 20: 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	11,308	9,423.00	1,885.00	Average billing rate approved by the Commission in most categories is higher than the actual	Uncontrollable
Income from Wheeling and Cross Subsidy	13	34.32	(21.32)	As per Actual	Uncontrollable
Non Tariff Income and other income	525	748.08	(223.08)	As per Actual. Also includes the other tariff income from misc. receipts from consumers, meter rent and cost recoverable on account of RVPN and RVUN previous years True up order.	Uncontrollable
Income from Trading	52	55.20	(3.20)	Sale of excess power not envisaged through the IEX route at the time of issuance of Order	Uncontrollable
<b>Total Revenue (A)</b>	<b>11,898</b>	<b>10,260.61</b>	<b>1,637.39</b>		
<b>2. Expenditure</b>					
Power purchase	10,669	10,756.46	(87.46)	Increase in power purchase quantum due to purchase through exchange and short term arrangements; Higher cost of power available	Uncontrollable
Operation and Maintenance Expenses	1,222	1,381.16	(159.16)	Accounting of Terminal Benefits. Miscellaneous expenses involved in A&G cannot be completely justified on the basis of normative expenses on sales.	Uncontrollable
Interest and Finance Charges	1,951	2,770.90	(819.90)	Interest expenses on higher capitalization than envisaged. Higher short term borrowing for funding of the	Uncontrollable

**JVVNL TRUE UP FY 2014-15**

Particulars	Approved (a)	Actual (b)	Deviation (c=a-b)	Reason for Deviation	Controllable/ Uncontrollable
				unrecovered revenue gap	
Depreciation	340	616.86	(276.86)	As per the actual opening and closing balance of GFA in account books. Also there is difference on the account of prior period expenses of depreciation under provision.	Uncontrollable
Other Expenses	0	163.58	(163.58)	As per annual audited accounts which was not considered in order	Uncontrollable
<b>Aggregate Revenue Requirement (ARR) (B)</b>	<b>14,180</b>	<b>15,688.96</b>	<b>(1,508.96)</b>		
<b>Gap/ (Surplus) (B-A)=C</b>	<b>2,282</b>	<b>5,428.35</b>	<b>(3,146.35)</b>		
<b>Less: Revenue Subsidy</b>					
Differential Interest Subvention on World Bank Loan	4	4.35	(0.35)	As per annual audited accounts	NA
Subvention from State Govt. Against ED	480	500.55	(20.55)	As per annual audited accounts	NA
Cash Support from State Govt.	169	176.40	(7.40)	As per annual audited accounts	
Subsidy against Interest	472	-	472.00	As per annual audited accounts	
Subsidy against Stamp Duty	-	5.92		As per annual audited accounts	
Compounding Charge Subsidy	-	6.57	(6.57)	As per annual audited accounts	
Differential Interest Subvention on World Bank Loan	4	4.35	(0.35)	As per annual audited accounts	NA
<b>Total revenue Subsidy D</b>	<b>1125</b>	<b>693.79</b>	<b>431.21</b>	As per annual audited accounts	NA
<b>Net Revenue Gap (C-D)</b>	<b>1,156</b>	<b>4,734.57</b>	<b>(3,578.34)</b>		

1.74 Based on the above, the Petitioner respectfully prays to the Commission to true-up the expenditure and revenue for FY 2014-15 on the actual performance of the Petitioner and approve the revenue gap of Rs. 4,734.57 Cr for the year.



**A2: Prayer**

2.1 JaipurVidyutVitrان Nigam Limited requests the Commission to:

- Based on the above, the Petitioner respectfully prays to the Commission to true-up the expenditure and revenue for FY 2014-15 on the actual performance of the Petitioner and approve the revenue gap of Rs. 4,734.57Cr for the year.
- Revise the existing Distribution Loss trajectory as per the UDAY Scheme.
- And pass such other and further orders as are deemed fit and proper in the facts and circumstances of the case.