

BEFORE
THE
RAJASTHAN ELECTRICITY REGULATORY COMMISSION,
JAIPUR

PETITION
FOR
APPROVAL OF
TRUE UP FOR FY 2014-15

Filed By
JODHPUR VIDYUT VITRAN NIGAM LIMITED, JODHPUR
(A Government of Rajasthan Undertaking)
December 2016

Notes:

In this Application:

- **Year is defined as Financial Year 2014-15 (referred to as FY 15)**
- **All currency figures used in this Application, unless specifically stated otherwise, are in Rs Cr.**
- **All energy unit figures used in this Application, unless specifically stated otherwise, are in Million Units.**

List of Abbreviations

Application	The application for approval of True Up for FY 2014-15
Jodhpur Discom, JDVVNL	Jodhpur Vidyut Vitran Nigam Ltd.
ARR	Aggregate Revenue Requirement
CC&SL	Cosumers' Contribution for Service Connections and Lines
CPP	Captive Power Producers
DC	Disconnected Consumers
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
HT	High Tension
kVA	Kilo Volt Ampere
kW	Kilo Watt
kWh	Kilo Watt Hour or Unit
LT	Low Tension
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	Power Grid Corporation India Limited
PWW	Public Water Works
RERC, Commission	Rajasthan Electricity Regulatory Commission
RVPN	Rajasthan Rajya Vidyut Prasaran Nigam Limited
RVUN	Rajasthan Vidyut Utpadan Nigam Limited
REC	Rural Electrification Corporation
Rs.	Indian Rupees
RSEB/Board	Rajasthan State Electricity Board
SIP	Small Industrial Power
SLDC	State Load Despatch Centre
UI	Unscheduled Interchange
The Petitioner/utility	Jodhpur Vidyut Vitran Nigam Ltd.

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A1: TRUE UP FOR FY 2014-15

Introduction

- 1.1 The Petitioner, 'Jodhpur Discom' (hereinafter referred to as 'Petitioner') constitutes Jodhpur VidyutVitrان Nigam Limited (Petitioner) a distribution Licensee 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 districts of Barmer, Bikaner, Churu, Nagaur (P.S. Ladnu), Jaisalmer, Jalore, Jodhpur, Hanumangarh, Pali, Sirohi, Sriganganagar form the area of supply for JdVVNL.
- 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. JDVVNL 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 20.2.2015.
- 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 JdVVNL during FY 2014-15.

Truing-up for the FY 2014-15

1.8 The Hon'ble Commission in its order dated 20.2.2015, had estimated the Annual Revenue Requirement (ARR) of the Petitioner at Rs. 11,612 Cr for the FY 2014-15 with a corresponding revenue gap of Rs. 1,670 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
1. Revenue				
Sale of Power	8,102	8,320	7,923	397
Sale of power through trading		634	44	590
Total Revenue (A)	8,102	8,954	7,967	987
2. Expenditure				-
Power purchase Cost	9,242	8,089	8,103	(14)
Transmission Charges	1,136	877	919	(42)
Operation and Maintenance Expenses	651	635	471	163
Terminal Benefits	394	394	404	(10)
Interest and Finance Charges (including carrying cost)	2,164	1,734	439	1,295
Interest on Working Capital	186	134	2,238	(2,104)
Depreciation	305	202	429	(227)
Other Expenses (incl. prior period expenses)	-		243	(243)
Insurance Expenses		13	0	13
Total Expenditure (ARR)	14,078	12,078	13,247	(1,169)
Less: Cost recoverable as per the RVUN & RVPN previous years True Up		217	220	(3)
Less: Non-Tariff Income/ Other Income	247	247	440	(193)
Less Income from wheeling charges and cross subsidy surcharge	2	2	8	(6)
Annual Revenue Requirement (B)	13,828	11,612	12,579	(968)
Gap/ (Surplus) (C = B-A)	5,726	2,658	4,612	(1,954)
3. Revenue Subsidy /grant received during the year				-
Differential Interest Subvention on World Bank Loan	4	4	3	1
Subvention from State Govt. Against ED	390	390	320	70
Cash Support from State Govt.	133	133	132	1
Subsidy against interest	462	462		462
Compounding Charge subsidy			3	(3)
Sub. Form S.G. Adj. Stamp Duty			7	(7)
Sub-Total (D)	989	989	466	523
Net Revenue Gap (C-D)	4,737	1,670	4,146	(2,478)

- 1.9 The Annual Revenue Requirement (ARR) for FY 2014-15 as detailed in the above table was Rs. 12,579 Cr as against the approved ARR of Rs.11,612 Cr.
- 1.10 The variations are primarily on account of power purchase cost, O&M cost and interest cost. The petitioner submits that while detailed reasoning for the deviation in the ARR has been provided in the following explanatory notes, it is pertinent to mention here that the power purchase rate of Rs 4.04 per unit has been incurred in FY 2014-15 against Rs 3.99 per unit approved by the Hon'ble Commission. The variance in the Power Purchase rate is on account of various factors including high power purchase cost per unit of NTPC,NPCIL and prior period payment.
- 1.11 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

- 1.12 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.
- 1.13 The table below gives a comparison of approved and actual sales and revenue from sale of power for theFY 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	1,562	1,599	2,833	2,793	5.51	5.73
Non-Domestic Service	810	627	1,173	904	6.91	6.93
Public Street Light	99	116	184	142	5.38	8.17
Agriculture Metered Supply	3,463	3,131	8,369	7,473	4.14	4.19
Agriculture Flat Rate Supply	406	576	1,109	1,335	3.66	4.31
Small Industrial Service	138	144	237	235	5.82	6.10
Medium Industrial Service	459	389	745	615	6.16	6.32
Large Industrial Service	770	824	1,059	1,258	7.27	6.55
P.W.W. & S. Pumping –Small	117	123	230	240	5.09	5.10

Consumer Category	Revenue (Rs Cr)		Sales (MU)		Average Billing Rate (Rs./Unit)	
	Approved	Actual	Approved	Actual	Approved	Actual
P.W.W.& S. Pumping –Medium	63	59	106	104	5.94	5.64
P.W.W. & S. Pumping –Large	220	240	363	395	6.06	6.08
Mixed Load Supply	216	211	370	350	5.84	6.03
Revenue from Sale of electricity	8,323	8,038	16,778	15,845	4.96	5.07

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

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

1.15 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.

1.16 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

1.17 The Commission in its Tariff Order approved distribution loss of 15.13% against a distribution loss level of 24.29% in FY 2014-15.

Table 3: Distribution losses (%)

Particulars	Approved	Actual	Deviation
Distribution Losses	15.13%	24.29%	9.16%

- 1.18 However, in order to achieve envisaged operational efficiency and bring about 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.
- 1.19 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.
- 1.20 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.
- 1.21 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

- 1.22 The Commission had estimated the total energy requirement of 16,776 MUs from different sources for FY 2014-15. However, the total energy purchased by Petitioner during FY 2014-15 was 22,208 MU's. The table below provides the details of the approved and actual power purchase requirement for the Petitioner during FY 2014-15.

Table 4: Energy Balance for the year 2014-15

Particulars	Approved	Actual
Energy Sales (MUs)	16,776	15,845
Distribution Loss (%)	15.13%	24.29%
Distribution Loss (Mus)	2,991	5,082
Requirement at Distribution periphery (MUs)	19,767	20,927
Intra-State Transmission Losses (%)	5.33%	5.77%
Intra-State Transmission Losses (MU)	1,115	1,281
Energy Required at Transco Periphery (MU)	20,882	22,208

Annual Revenue Requirement for FY 2014-15

Power Purchase Cost

1.23 In the Order dated 20.02.2015, Hon'ble Commission had projected power purchase cost of Rs. 8,966 Cr. for FY 2014-15. However, actual power purchase cost as per audited accounts was Rs. 9,022.61 Cr. i.e. Rs. 56.61 Cr. higher than the approved amount. 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. 4.04/ kWh including transmission charges.

1.24 The table below gives a comparative analysis of approved and actual power purchase cost of Petitioner:

Table 5: Details of Power Purchase Cost for FY 2014-15 (Rs Cr)

Source	Approved			Actual		
	Energy	Total Cost	(Rs/k Wh)	Energy	Total Cost	(Rs/k Wh)
	MU	Rs Cr		MU	Rs Cr	
NTPC	1,976	610	3.09	1,797	566	3.15
NHPC	570	203	3.56	571	189	3.31
NPCIL	1,168	333	2.85	958	282	2.94
RVUN	8,637	3,297	3.82	7,908	3002	3.80
Shared Projects	1,055	48	0.45	904	39	0.43
Others (Tehri+Koteshwar+Tala+RFF)	163	62	3.80	359	135	3.76
Lignite Based Plants (Giral I + Giral II + Rajwest + Barsingar)	2,490	1,026	4.12	2,688	844	3.14
Adani Power Rajasthan Limited + Sasan +MPPMCL+ NVVN Bundled+Jhajjar+Mundra+SJVNL	4,850	1,815	3.74	4,454	1,638	3.68
Renewable and CPP	1,559	694	4.45	1,805	789	4.37
Bilateral				207	81	3.91
Banking				(119)	39	(3.27)
Trading				339	144	4.25
Inter Discom purchase				480	180	3.75
UI				5	82	168.00
GRAND TOTAL	22,468	8,089	3.60	22,355	8,029	3.59
Transmission Charges						
PGCIL		218			245	
RVPNL		650			645	
MARU Transmission					14	
SLDC fees		9			9	
NRLDC PSEB					1	
Aravali					5	
NRLDC POSOCO					1	
Gross Power Purchase cost	22,468	8,966	3.99	22,355	8,948	4.00

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Source	Approved			Actual		
	Energy	Total Cost	(Rs/k Wh)	Energy	Total Cost	(Rs/k Wh)
	MU	Rs Cr		MU	Rs Cr	
Add: Prior Period					77	
Total Power Purchase	22,468	8,966	3.99	22,355	9,023	4.04

- 1.25 It is pertinent to mention here that the power purchase rate of Rs 4.04 per unit has been incurred in FY 2014-15 against Rs. 3.99 per unit approved by the Hon'ble Commission. The variance in the Power Purchase rate is mainly on account of high power purchase cost per unit of NTPC, NPCIL and prior period charges.
- 1.26 In FY 2014-15, substantial amount of power was surrendered due to consumers opting for open access. However, even for the power surrendered, the Petitioner has to bear the fixed charges without receipt of any energy which further increases the per unit cost of power purchased.
- 1.27 It is also important to note that about Rs. 77 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 Thus, Petitioner requests the Hon'ble Commission to kindly approve the aggregate power purchase cost of Rs. 9,023 Cr. as incurred by Petitioner during FY 2014-15.

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.

- 1.32 The Commission in its Tariff Order dated 20.2.2015 had approved O&M expense of Rs. 635 Cr on normative basis (inclusive of expense capitalized) and Rs. 394 Cr for terminal benefits. The normative O&M costs were derived by the Hon'ble Commission based on the energy sales for the year
- 1.33 The actual O&M expense for Petitioner as per audited accounts is Rs. 875 Cr. The decrease in O&M expense is mainly on account of decrease in employee expense and repairs and maintenance expenses.
- 1.34 The total liability towards Superannuation and Gratuity amounts to Rs 403.73 Cr. details of the same have been mentioned in the 'Employee Expense' head below.
- 1.35 In view of the uncontrollable nature of the expenses as further elaborated below, Petitioner requests the Hon'ble Commission to approve the claimed O&M expenses.
- 1.36 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: Employee, R&M and A&G cost for FY 2014-15 (Rs Cr)

Particulars	Approved	Actual	Deviation
Employee cost	637	449	188
Terminal Benefits	394	404	(10)
Administrative & General Costs	68	71	(3)
Repairs & Maintenance Costs	134	101	33
Less: Expenses to be Capitalized	204	150	54
Gross O&M	1,029	875	153

Employee Expenses

- 1.37 The Employee Expenses of the Petitioner comprises of salaries, wages, Allowance, ex-gratia payments, Staff Welfare Expenses, Terminal Benefits etc.
- 1.38 The comparison of the approved employee expenses v/s the actual employee expenses is as below:

Table 7: Employee, R&M and A&G cost for FY 2014-15 (RsCr)

Particulars	Approved	Actual
Employee Expenses	446	316
Terminal Benefits	394	404
Total	840	720

- 1.39 The liability amounting to Rs. 404 Cr against superannuation and gratuity payments have been included in the employee cost while determining the trued-up ARR for FY 2014-15

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1.40 Actuarial Valuation in respect of liability towards unutilized paid leave covered under defined benefit plan as on 31.3.2015 was done and thus the same has been recognized as expenses.

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

Table 8: Employee Expenses (RsCr)

S. No.	Particulars	FY 2014-15
A	Salaries, Wages, Allowances & Bonus	
1	Salaries	204.18
2	Overtime	1.58
3	Dearness allowance	185.74
4	Dearness pay	0.04
5	Other Allowances	24.01
6	Ex-Gratia & Bonus Payment	6.86
7	Honorarium	0.04
8	Earned leave encashment	13.77
9	Incentive issue of first bill	-
10	Incentives on R.C.	0.12
11	Incentive Others	0.02
12	Interim Relief	-
13	Conveyance Expenses	-
14	Arrear VI pay commission	-
15	D.L.I. Board's Contribution	0.88
16	E.S.I. Board's Contribution	0.22
17	Payment under Gr. Insc. By Nigam	0.19
18	Payment under workmen Compensation Act	4.77
19	Sub Total	442.43
B	Staff Welfare Expenses	
1	Medical Expenses Reimbursement	2.03
2	Medical Expenses	0.07
3	Training Expenses	0.04
4	Gen. Group Inc. Employer's Share	0.31
5	Uniform & Livery Expenses	1.61
6	Soap & Duster	0.32
7	Safety Devices	2.24
8	Other Welfare Exp.	0.06
9	Annuity benefits	0.02
10	Medi-claim Policy Premium	-
	Sub – Total	6.68
D	Terminal Benefits	
1	CPF Boards Contribution	11.08
2	FPF Boards Contribution	9.26
3	Super Annuation Board's Contri.	242.43

S. No.	Particulars	FY 2014-15
4	Terminal Benefits Gratuity	104.80
5	UN-UTLLP.L.-ACTUARIAL VALUATION	-
6	Provident fund-Inspection Audit charges	-
7	Earned leave encashment	36.16
	Sub – Total	403.73
	Grand Total	852.84
	Less: Employee cost capitalized	133.18
	Actual employee expenses after capitalization	719.66

1.42 The Petitioner therefore, requests the Hon'ble Commission to allow the Actual employee expenses of Rs. 719.66 Cr.

Administrative and General Expenses

1.43 The comparison of the approved A&G expenses v/s the revised actual A&G is as below:

Table 9: A&G Expenses (Rs Cr)

Particulars	Approved	Actual
Gross A&G Expenses	79.5	71

1.44 It is pertinent to mention here that the A&G expense under the head "Other Miscellaneous Expenses" category include an amount of Rs. 24.33 Cr comprising of expenditure on Power Expenses for Administration and expenses related to water charges, metering expenses, bill collection charges, etc. have been considered.

1.45 Considering that these expenditures are incurred in running an enterprise, which cannot be completely justified on the basis of normative expenses on sales.

1.46 In FY 2014-15, the petitioner has incurred Rs. 54.23 Cr towards Administrative and General Expenses (net of capitalization) and request the Hon'ble Commission to approve the same.

Table 10: Administrative and General Expenses (Rs Cr)

S. No.	Particulars (Rs Cr)	FY 2014-15
1	Rent, Rates & Taxes	0.31
3	License & Registration fee of Plant & Machinery	1.02
4	Security Service Charges	5.56
5	Telephone, Telex & EPABX Expenses	1.81
6	Postage & Telegram	0.32
7	Legal Charges, Technical Fees	1.01
8	Payment to Auditors	0.08
9	Consultancy Charges	1.52
10	Professional Charges	0.01
11	Payment for Rev. Audit from Ex-Employees	0.03

S. No.	Particulars (Rs Cr)	FY 2014-15
12	Expense on Enquiry of Disciplinary Case	-
13	Travelling Exp. - Actual Fare & Other	8.02
14	Transaction Fee IEX	8.03
15	Fees Payable To PXIL	0.37
16	News Paper & Magazines	-
17	Vehicle Running Expenses	10.36
18	Other Miscellaneous Expenses	24.33
19	Freight & Material Related Expenses	7.82
	Grand Total	70.61
	less: Administrative and other expenses capitalized	16.38
	Net Administrative and other expenses	54.23

Insurance Expenses

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

Particulars	Approved	Actual
Insurance Expenses	13	0.43

Repair and Maintenance Expenses

1.48 The comparison of the actual R&M expenses v/s the approved R&M is as below:

Table 11: R&M Expenses (Rs Cr)

Particulars	Approved	Actual
Gross R&M Expenses	134	101

1.49 The Petitioner has incurred Rs. 101 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 JDVVNL.

1.50 Detailed breakup of R&M expenses is provided below for kind consideration of Hon'ble Commission:

Table 12: Repair and Maintenance Expenses (RsCr)

Particulars	FY 2014-15
Plant & Machinery	50.53
Buildings	1.31
Civil Works	0.19
Hydraulic Works	-
Lines, Cables & Networks	47.76
Vehicles	1.19
Furniture & Fixtures	0.03
Office & Other Equipment	0.23
Total	101.25

Capitalization of expenses

- 1.51 The Hon'ble Commission in its Tariff Order had considered the capitalization of expenses to be Rs. 204 Cr. Now as per the audited annual accounts of FY 2014-15, capitalization of expenses is Rs. 150 Cr. details of which are given below:

Table 13: Capitalization of expenses for FY 2014-15 (Rs Cr)

S. No.	Capitalization of expenses	2014-15
1	Employee Expenses	133.18
2	A&G Expenses	16.38
	Total	149.56

Interest & Finance Charges

- 1.52 The Commission has approved Rs. 1,868 Cr. as interest and finance charges for FY 2014-15. As compared to the approved, the actual interest and finance charge incurred (net of capitalization) by Petitioner is Rs. 2,676.55 Cr.
- 1.53 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 14: Interest and Finance Charges (Rs Cr)

Particulars	Approved	Actual
Interest liability on unfunded gap	1,326	0*
Interest on Long term Loans	312	694
Interest on Short term Borrowings / Interest on Working Capital	134	1,824
Interest on Security Deposits	43	40
Finance Charges & Lease Rental	84	156**
Less: Interest and Finance capitalized	31	37
Total	1,868	2,677

*Included in interest on short term borrowings and working capital.

**Including Guarantee and interest on CPF trust

- 1.54 As evident from the above table, the actual interest cost incurred by the utility 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.

- 1.55 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.
- 1.56 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 2015-16.
- 1.57 The actual long-term loan portfolio is also higher than the average LTL considered by the Commission in its calculation. The actual long-term loan outstanding for the year was Rs. 5,469 Cr against Rs. 2,632Cr considered by the Hon'ble Commission. This has resulted in an increase in the interest on long-term loans as shown above.
- 1.58 Thus, in view of the above, Petitioner requests the Hon'ble Commission to kindly allow the actual net interest cost of Rs. 2,677 Cr incurred by Petitioner during FY 2014-15.

Depreciation

- 1.59 The Commission had allowed Rs. 202 Cr. as depreciation for FY 2014-15 as against the actual depreciation of Rs. 428.98 Cr. for FY 2014-15. The table below gives comparative summary of approved and audited amounts of opening GFA, closing GFA and depreciation:

Table 15: Depreciation for FY 2014-15 (RsCr)

Particulars	Approved	Actual
Opening GFA	5936	8023
Closing GFA	6569	8973
Depreciation	202	428.98

- 1.60 Depreciation rate as prescribed by RERC have been applied on the basis of remaining useful life of assets. The depreciation on fixed assets is charged on straight line method. The fixed assets are depreciated up to 90% of original fixed cost.

- 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 31.3.2014 has been recalculated.
- 1.62 The petitioner requests the Hon'ble Commission to allow Rs 428.98 Cr as depreciation (as per Audited Accounts) for the year FY 2014-15, as the rate specified by RERC has been adopted by petitioner.

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 Rs 242.82 Cr in FY 2014-15. It is submitted that this along with the nature of the other heads under the 'Other Debits' section is outside the control of the utility and hence should be allowed by the Commission as prior period power purchase expenses are also part of expenses whether it is related to previous years.
- 1.64 In addition to above, the Discom requests the Hon'ble Commission to allow the prior period expense of Rs. 199.35 Cr for FY 2014-15.

Table 16: Other Debits and prior period expenses during FY 2014-15 (Rs Cr)

S. No.	Particulars	FY 2014-15
A	Prior Period Expenses	
1	Prior Period Expenses	(199.35)
B	Other Debits	
1	Deferred revenue exp.w/off	0.18
2	Comp.ForInj.Dth.Damage.O/Side	1.16
3	Bad Debts written off dues consumer	0.26
4	Provision for Bad & Doubtful Debts	13.00
5	Shortage on Physical Verification of Stock	-
6	Other Debits (CFL Distribution Expenses)	-
7	Rebate allowed to consumers	28.88
	Sub-total	43.47
	Grand Total of Other Expenses (A-B)	242.82

Summary of ARR for FY 2014-15

1.65 Based on the submission made by JdVVNL in the aforesaid sections, the ARR for JdVVNL is computed at Rs.13,247 Cr for FY 2014-15. The following table summarizes the ARR approved by the Commission in the Order dated 20.02.2015 vis-à-vis the actual ARR incurred by JdVVNL during FY 2014-15.

Table 17: ARR for FY 2014-15 (Rs Cr)

Particulars	Approved	Actual
Power purchase Cost	8,089	8,103
Transmission Charges	877	919
Operation and Maintenance Expenses	635	481
Terminal Benefits	394	394
Interest and Finance Charges (including carrying cost)	1,734	439
Interest on Working Capital	134	2,238
Depreciation	202	429
Other Expenses (incl. prior period expenses)	-	243
Insurance Expenses	13	0
Total Expenditure (ARR)	12,078	13,247

Revenue**Summary of Revenue**

1.66 In the Tariff Order dated 20.02.2015, the Hon'ble Commission has approved Rs. 8,320 Cr as revenue from sale of power. The Hon'ble Commission has approved Rs. 247 Cr. as non-tariff income and Rs. 2 Cr income from wheeling charges for FY 2014-15. Moreover the decrease in sale of energy to PSL, Mixedload, Large Industries categories in actual vis-a-vis the approved sales by the Commission have resulted in decrease in revenue for Petitioner during FY 2014-15. The actual revenue as per audited annual accounts is Rs. 8,635 Cr. The details of the approved and actual revenue are summarized in table below:

Table 18: Approved and Actual Revenue for FY 2014-15 (RsCr)

Revenue	Approved	Actual
Sale of Power	8,320	7923
Other Tariff Income/ Non-tariff Income	464	659
Income from Trading Activity	634	44
Income from Wheeling Charges and cross subsidy surcharge	2	8
Total Revenue	8,786	8,635

TRUE UP FY 2014-15

- 1.67 Revenue from sale of power comprises of Energy charges, fixed charges, Power factor surcharge, Fuel Surcharge, Shunt Capacitor Surcharge, Load Surcharge. After adjustment of past billing, 50% revenue from theft and malpractice & other charges, the revenue from sale of power is Rs 7,923 Cr.
- 1.68 As mentioned in the previous sections, the Hon'ble Commission while approving the ARR for FY 2014-15 has considered a much higher amount of revenue from trading activities and reduced power purchase cost accordingly. However, 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 and the Petitioner has no control over these factors. In light of the above, the Petitioner submits that the revenue from trading activities should be considered only to the extent of actual revenue realized.

Non-Tariff Income

- 1.69 Petitioner during FY 2014-15 has realized total non-tariff income of Rs. 605.57 Cr. against Rs. 464 Cr. approved by the Hon'ble Commission, the details are as follows:

Table 19: Non-Tariff Income (Rs Cr)

Non-Tariff Income	Actual
Interest on Loans and Advances to Staff	-
Interest from Suppliers	2.33
Income from Fixed deposits in Bank	0.09
Interest Income on Income tax refund	-
Revenue from Testing Charges	0.02
Gain on Sale of Fixed assets	22.92
Rental from Staff Quarters	0.16
Excess on Physical Verification Material Stock	0.00
Sale of Tender Forms	0.29
Registration Fees	1.19
Rec. of Compensation Power Gen.Co.	-
Rec.of Customer Rewards Power	-
Rebate on Payments	2.96
Rental From Contractors.	-
Income From Erector Hostel	0.00
Rebate/Discount Availed	3.96
Other Misc. Receipts	20.72
Recovery from RVUN, true up credit	79.32
Recovery from RVPN, true up credit	140.36
Supervision Charges	3.53
Sale of Scrap	17.50
Delayed Payment Charges from Consumers	193.81
Subsidy cost of Capital Assets written off	0.15
Deferred Revenue Income written off	0.52
Grants cost of Capital Assets written off	15.11
Deferred Revenue CCSL written off	44.95

Non-Tariff Income	Actual
Deferred Revenue CCSL written off (2010-11)	7.42
Deferred Revenue CCSL written off (2011-12)	9.97
Deferred Revenue CCSL written off (2012-13)	10.56
Deferred Revenue CCSL written off (2013-14)	16.31
Deferred Revenue CCSL written off (2014-15)	11.42
Total	605.57

Other Income

1.70 Petitioner during FY 2014-15 has realized total other tariff income of Rs. 53.85 Cr, the details of which are as follows:

Table 20: Other Income for FY 2014-15 (Rs Cr)

Particular	FY 2014-15
Meter rent, Transformer rent & Service line Rental	23.85
Revenue from Theft and Malpractice	14.02
Miscellaneous Charges	15.98
Total Other Tariff Income	53.85

Revenue Deficit for FY 2014-15

1.71 Based on the actual ARR and revenue realization, the revenue gap for FY 2014-15 is Rs. 4,146.12 Cr. after deducting the revenue subsidy of Rs. 465.60 Cr as against Rs. 1,670 Cr approved by the Commission. The approved and actual revenue deficit is summarized in table below:

Table 21: Approved and revised actual Deficit for FY 2014-15 (Rs Cr)

Particulars	Approved	Actual
Annual Revenue Requirement	11,612	12,579
Gap/ (Surplus)	2,658	4,612
Revenue Subsidy /grant received during the year		
Differential Interest Subvention on World Bank Loan	4	3
Subvention from State Govt. Against ED	390	320
Cash Support from State Govt.	133	132
Subsidy against interest	462	
Compounding charge Subsidy		3
Sub. Form S.G. Adj. Stamp Duty		7
Sub-Total	989	466
Net Revenue Gap	1,670	4,146

TRUE UP FY 2014-15

- 1.72 As it is evident from above, the actual gap in revenue requirement for FY 2014-15 of Rs. 4,146 Cr is substantially higher than Rs. 1,670 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, interest and finance costs including interest on working capital, other debits and transmission charges paid to RVPN.
- 1.73 It is prayed that the Commission may please consider the actual revenue gap for FY 2014-15 while determining the tariff for ensuing year.

Deviation Analysis for FY 2014-15

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

Table 22: Deviation Analysis for FY 2014-15(Rs Cr)

Particulars	Approved	Actual	Deviation	Reason for Deviation	Controllable/ Uncontrollable
1. Revenue					
Sale of Power	8,320	7,923.03	(396.97)	Sales have decreased majorly in agricultural, domestic and non-domestic categories. Furthermore the average billing rate approved by the Commission for some of the categories was higher than the actual.	Uncontrollable
Non-Tariff Income/ Other Tariff Income	464	659.42	195.42	As per Actual	Uncontrollable
Income from Trading	634	44.42	(589.58)	As per actual	Uncontrollable
Income from Wheeling Activity and cross subsidy	2.00	7.93	5.93	As per Actual	Uncontrollable
Total Revenue (A)	9,420	8,634.80	(785.20)		
2. Expenditure					
Power purchase	8,966	9,022.61	56.61	Increase in power purchase cost due to Higher purchase through exchange and short term arrangements; Power purchase rate of Rs. 4.04 per unit as against approved rate of Rs. 3.99 per unit approved by the Hon'ble Commission	Uncontrollable
Operation and Maintenance Expenses	1,029	875.13	(153.37)	Major variation from the approved on account of Terminal benefits	Uncontrollable

TRUE UP FY 2014-15

Particulars	Approved	Actual	Deviation	Reason for Deviation	Controllable/
					Uncontrollable
Interest and Finance Charges	1,868	2,676.55	808.55	Interest expenses have increased due to on higher capitalization than envisaged. Higher short term borrowing for funding of the unfunded gap.	Uncontrollable
Depreciation	202.00	428.98	226.98	The difference is on the account of variation on opening and closing GFA as approved by the Hon'ble Commission	Uncontrollable
Other debits, written off and any other items including prior period expenses	-	242.82	242.82	As per annual audited accounts which was not considered in the Tariff Order	
Insurance Expenses	13	0.43	(12.57)	As per Actual	Uncontrollable
Aggregate Revenue Requirement (ARR) (B)	12,078	13,246.52	1,169.02		
Gap/ (Surplus) (B-A)=C	2,658	4,611.72	1,953.72		
Less: Revenue Subsidy					
Subvention Against E.D.	390	320.00	70	As per annual audited accounts	NA
Subvention from State Govt. for intt. diff. on WB loans	4	3.36	0.64	As per annual audited accounts	NA
Subsidy against compounding charges		2.57	(2.57)	As per annual audited accounts	
Cash Support from Govt.	133	132.30	0.70	As per annual audited accounts	NA
Subsidy against interest	462	0.00	462	As per annual audited accounts	
Sub. Form S.G. Adj. Stamp Duty		7.36	(7.36)	As per annual audited accounts	
Total revenue Subsidy D	989	465.60	523.50	As per annual audited accounts	NA
Net Revenue Gap (C-D)	1,670	4,146.12	2,476.62		

TRUE UP FY 2014-15

- 1.75 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. 4,146 Cr for the year.

A2: Prayer

2.1 Jodhpur Vidyut Vitran Nigam Limited requests 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. 4,146 Cr for the year.
- Revise the existing loss trajectory and set it in line with the trajectory as considered under the UDAY Scheme.
- And pass such other and further orders as are deemed fit and proper in the facts and circumstances of the case.