



## Reply to Data Gaps

### 1 Transmission

1. **Table 1-2: The length of 400 KV line as shown in the tariff petition for FY 2016-17 is 75 CKM whereas Table 1-2 of the present petition shows 0 (zero) length of 400 KV line, this may be clarified.**

Table 1: Transmission Line length(in Ckm) as submitted in Tariff Petition dt. 28 Dec, 2015

Transmission Lines (in Ckm.)	FY 15-16 (up to Oct'15)
400 kV	75
220 kV	1784
132 kV Double Ckt. Line	6758

The 440 kV TTPS- BSF (S/C) transmission line is of 180 km length & out of which the Petitioner submits that a 400 kV line of 75 Ckm (Bihar Portion), which exists from Sapahi (Location No.-290) to Biharsharif (Location No.- 506), was shown in the Tariff Petition dated 28 December, 2015. This line is charged on 220 kV & in use as tie line between Bihar and Jharkhand. However, the same has been omitted in Tale 1-2 of the Tariff Petition filed on 30 November, 2016 as the 400kV line has been charged at 220 KV and hence included under the details for 220 kV lines.

2. **Table 3-3: Table 3-3 of the petition shows total capitalization for the FY 2015-16 was at 79.36 crore whereas the scheme wise detail furnished in Annexure 6 shows 0 (zero) capitalization during FY 2015-16. This may be clarified. Breakup of the capitalization claim indicating capitalization from equity, grant, loan, and consumer contribution may be furnished.**

The Petitioner hereby re-submits the Annexure 6 with details of Capitalisation in FY 2015-16 as Annexure - VIII. Further, out of total capitalisation of Rs. 79.36 Crore, Rs. 1.69 Crore is in the nature of deposits received from consumers such as railways or others. As interest and return cannot be claimed on assets created out of deposits, it has been considered as Grants for the purpose of computation.



The remaining funding is from equity. However in accordance with the provisions of BERC Tariff Regulations, 2007 and as explained in the Main Petition, the funding has been considered on normative basis of 70:30 Debt:Equity. Hence, the funding pattern for FY 2015-16 is as follows:

**Table 2: Funding Pattern for FY 2015-16**

Particulars	Rs. Crore
Debt	54.37
Equity	23.30
Grant	1.69

**Capitalisation:**

Particulars	Rs. Crore
Capitalisation under various schemes	60.72
Capitalisation under Deposits	1.69
Land and Land rights	16.95
<b>Total Capitalisation</b>	<b>79.36</b>

The Petitioner would further like to clarify that in the Main Petition dated 30 November, 2016, the amount under grant was inadvertently taken as Rs. 1.97 Crore instead of Rs. 1.69 Crore. Therefore, there is a minor change in the value of Depreciation, Interest & Finance Charges, RoE, Aggregate Revenue Requirement and Revenue gap.

- Table 3-5: Depreciation of Rs.134.46 crore has been considered whereas Audited Accounts (Note 28) shows Rs. 132.80 crore as Depreciation Reasons for the difference in figures may be reported.**

The Petitioner submits that the Hon'ble Commission in the Tariff Order dated 21 March, 2016 had excluded land and land rights from the average GFA, derived the weighted average rate of depreciation and then computed the depreciation for the financial year 2014-15. The relevant paragraphs from the above said Order has been reproduced below:



*“As per the audited annual accounts of the Petitioner for FY 2014-15, the land is valued at Rs.1366.12 Crore. The Commission has considered the land value of Rs.1366.12 Crore and accordingly, has excluded the value of land for computation of Depreciation in truing up for FY 2014-15.*

...

...

*Accordingly, the Commission has considered the weighted average effective rate of depreciation at 2.47% for the purpose of computation of depreciation.”*

Therefore, the Petitioner has adopted the similar approach and calculated the depreciation for FY 2015-16 instead of considering the actual depreciation as per audited accounts for FY 2015-16.

- 4. Further the table at Sl. No.9 has considered grants during the year as Rs. 1.97 Crore against this the Note-6 of Audited Accounts shows grants addition during the year as Zero. Please clarify with reasons.**

The Petitioner confirms that it has not received any grants in FY 2015-16. However, out of Rs. 79.36 Crore worth of capitalisation in FY 2015-16, Rs. 1.69 Crore worth of funding are in the nature of deposits received from consumers such as railways or others who ask for setting up of dedicated transmission facility and the same is categorised under the heading of grants while computing depreciation for FY 2015-16.

- 5. Table 3-16: Copy of Audited Accounts of BSP(H)CL for FY 2015-16 may be furnished in support of holding company expenses claimed.**

The copy of Audited Accounts of BSP(H)CL for FY 2015-16 is enclosed as Annexure-I.

- 6. Information on losses in enclosed format for FY 2015-16 (actual), FY 2016-17 (RE) and FY 2017-18 (projection) may be furnished.**



The Petitioner submits that the information of losses for FY 2015-16 (actual) and FY 2016-17 (actual up to Sept. 16) is enclosed as Annexure-II and the Hon'ble Commission may consider the transmission loss for FY:2017-18 as 4.93% (Same as for FY:2016-17).

- 7. On Page 51 of the Tariff Petition, petitioner has submitted that amount given to the Transmission Company out of BRGF (Backward Region Grant Fund) should not be treated as a grant. The petitioner has also not specified the source of funding of the assets capitalised in prescribed format at Page 136. It is understood that BRGF funds are purely grant as the name suggests. If it is to be treated other than grants, documentary evidence of the same must be furnished by the Transmission Company along with the amount capitalised from BRGF fund.**

The Petitioner submits that the letter indicating the source of funding for the BRGF funds is enclosed as Annexure-III. Further, capital expenditure worth Rs. 25.11 Crore has been capitalised from BRGF Funds.

- 8. List of fully depreciated assets and their date of acquisition have not been furnished by the petitioner. The Note 22 to the balance sheet (page 80) of the petition indicate income from scrap of sale amounting to Rs.8,01,42,404 under the heading "Other Income". Can we assume that income from scrap sale means sale of depreciated assets (residual value). Details of scrap sale need to be furnished so that depreciation on these scraped assets / fully depreciated assets could be excluded?**

The Petitioner hereby submits that income from sale of scrap means sale of fully depreciated assets. The item wise details of scrap sale has been attached as Annexure-IV.

- 9. It may be furnished that how many interface points for import of power and export of power to Discoms are existing and how many are provided with meters in working condition and at how many places meters are to be provided or defective meters are to be replaced.**



The list of interface points for import of power and export of power have been attached as Annexure-V.

- 10. In compliance to Directive-4, it is stated that “the petitioner has undertaken the activity of checking and rectification of meters for energy audit. After rectification of some meters, energy accounting and audit will be conducted for the month of January 2017 onwards.**

**Under the above existing conditions, how the energy input and energy output and transmission loss for FY 2015-16 and FY 2016-17 could be assessed may be clarified.**

The Petitioner submits that at present none of the meters are owned by BSPTCL and the Transmission Company relies on the meter put up by PGCIL, NBPDC and SBPDCL for the purpose of energy accounting. As the metering scheme submitted to CEA has been approved, BSPTCL would start putting up its own meters once the scheme is sanctioned by the management. Based on existing meters energy input and output and transmission loss is assessed for FY 2015-16 and FY 2017-18.

- 11. Copy of the “Revised proposal for installation of ABT meters” submitted to CEA for approval may be provided for perusal of the Commission.**

The copy of the “Revised proposal for installation of ABT meters” has been attached as Annexure-VI.

- 12. The following information relating to financial issues may be communicated:**
- a) Copy of the audited accounts for FY 2015-16 (some of details of the accounts are not legible from the scanned copy enclosed to the petition i.e. Other income and Prior period items).**

BSPTCL had duly submitted hard copy and soft copy (in CD) of the Audited Accounts for FY 2015-16 along with the Petition. However, one more copy is being attached for the Hon’ble Commission perusal as Annexure-VII.



**b) Scheme-wise, work-wise details of capital expenditure and capitalisation along with source of funding for FY 2015-16 (format was already communicated)**

The Scheme-wise, work-wise details of capital expenditure and capitalisation along with source of funding for FY 2015-16 has been submitted as Annexure-VIII as stated in reply to Query 2. The summary of capitalisation under various heads is shown in the table below:

**Table 3: Summary of Capitalisation for FY 2015-16**

<b>Particulars</b>	<b>Rs. Crore</b>
Capitalisation under various schemes	60.72
Capitalisation under Deposits	1.69
Land and Land rights	16.95
<b>Total Capitalisation</b>	<b>79.36</b>

**c) As per audited accounts for FY 2015-16, the capital investment/expenditure for the year is at Rs. 1583.01 crore (opening CWIP - Closing CWIP + Capitalisation), whereas the Scheme-wise details furnished along with the Petition shows capital investment/expenditure at Rs. 379.04 crore (75.00+251.20+52.84) and capitalisation at Nil. Further Table 4-9 depicts Rs. 1814.70 crore as capital expenditure during FY 2015-16. It is requested to furnish details in the format duly reconciled with the audited accounts.**

The Petitioner would like clarify that Table 4-9 inadvertently depicts Capital Expenditure as Rs. 1814.70 Crore. The expenditure against New Scheme (State Plan) has been mistakenly shown as Rs. 336.20 Crore instead of Rs. 251.20 Crore as shown in Table 4-7. Therefore, the total Capital Expenditure comes out to be Rs. 1703.89 Crore.

The Petitioner further clarifies that in Table 4-7 (New Scheme) the expenditure of Rs. 12.84 Crore shown under the head of PSDF schemes



actually pertains to FY 2016-17 and not FY 2015-16. Therefore, after removing the said expenditure, the total Capital Expenditure for FY 2015-16 comes to be Rs. 1691.05 Crore.

The difference of Rs. 108.04 Crore in the investment shown in scheme wise details and audited accounts is on account of difference in the treatment of certain expenditures as the Projects and Accounts department respectively. The Scheme wise details of expenditure include Land cost, expenditure towards Store items and Mobilisation of advances which is treated differently in audited accounts because of accounting standards. For instance, scheme wise details considers the budgeted expenditure towards Store items and Mobilisation of advances in full, whereas the same expenses in accounts are booked as and when bills are received and payment is made(as per Accounting Standards). Therefore, there is a mismatch in capital expenditure incurred as shown in scheme wise details and as shown in audited accounts due to different treatment given to certain heads of expenses.

**Table 4: Reconciliation of difference in Capital Expenditure**

Particulars	Amount (Rs. Crore)
Capital Expenditure for FY 15-16 as per Scheme wise details	1691.05
Capital Expenditure for FY 15-16 as per audited accounts	1583.01
<b>Difference</b>	<b>108.04</b>
Land Cost (BRGF)	13.55
Land Cost (State Plan)	13.90
Store Items	15.39
Mobilisation of Advances (BRGF)	59.80
Mobilisation of Advances (State Plan)	5.36
<b>Total</b>	<b>108.00</b>

- d) **Projected scheme-wise/work-wise capital expenditure for FY 2016-17 and FY 2017-18 (year-wise) along with source of funding (format was already communicated).**

The Petitioner submits that the same was duly submitted to the Hon'ble Commission as Annexure 6 to the main Petition filed on 30 November, 2016.



- e) **Details of CWIP i.e. opening CWIP, Addition during the year, Capitalisation and Closing CWIP is not furnished in the Petition.**

**Table 5: Showing details of CWIP**

Sl. No.	Particulars	FY 2015-16
		True-up
	<b>CWIP</b>	
1	Opening CWIP	732.49
2	New Investment	1583.01
3	<b>Less: Capitalization</b>	79.36
	<i>(a) Opening CWIP</i>	
	<i>(b) New Investment</i>	
4	<b>Closing CWIP</b>	<b>2236.14</b>

- f) **Letter from BSPHCL (Holding Company) addressed to the utilities on allocation of Holding Company expenses for FY 2016-17 and FY 2017-18.**

The letter from BSPHCL (Holding Company) for allocation of shares along with audited accounts of BSPHCL for FY 2015-16 has been attached as Annexure-IX.

- g) **Weighted average rate of Depreciation of 5.29% for FY 2015-16, whereas the effective weighted average depreciation rate works out to 5.133% for FY 2015-16 based on audited accounts. Computation of depreciation rate may be furnished.**

The Petitioner would like to clarify that the depreciation rate of 5.29% for FY 2015-16 as appearing in Table 3-6 pertains to depreciation approved by the Hon'ble Commission in Review Order dated 12 July, 2016. The effective weighted average depreciation rate for FY 2015-16 is 5.133% as shown in Table 3-5 of the Main Petition filed on 30 November, 2016.

**Table 6: Computation of Depreciation rate**





Sl. No.	Particulars	Amount (Rs. Crore)
1	Gross Opening GFA as on 01.04.2015	3921.89
2	Less: Value of Land	1366.11
3	Net Opening GFA as on 01.04.2015	2555.78
4	Net Additions during the Year	62.41
5	Net Closing GFA	2618.19
6	<b>Average GFA (1+4) / 2</b>	<b>2586.98</b>
7	<b>Weighted Avg. Rate of Depreciation</b>	<b>5.133%</b>

- h) R&M Plant & Machinery claimed for FY 2015-16 - Rs. 29.49 crore: It may be confirmed that cost of new equipment is not included in R&M expenses.**

BSPTCL confirms that the cost of new equipment is not included in R&M expenses.

- i) Interest on income tax paid Rs. 0.36 crore: Reasons for payment of interest on income tax may be reported.**

The Petitioner submits that as per Income Tax Rules, the company is required to pay advance tax for any financial year based on self-assessment of profit to be earned during the year in three instalments. As no profit had accrued to BSPTCL in years prior to FY 2014-15, it could not assess the profit for the year FY 2014-15, hence no advance tax was paid for FY 2014-15 before 31<sup>st</sup> March, 2015. However, once books of account of FY 2014-15 were finalised, profit was booked for BSPTCL and income tax on the profit booked was paid on 11 December, 2015. The challan for the same had been attached in the Main Petition filed on 30 November, 2016.

As per the Income Tax Rules, advance tax for FY 2014-15 was supposed to be paid before 31<sup>st</sup> March, 2015 in three instalments and as the income tax was paid in December 2015, an amount of Rs. 0.36 Crore is the interest BSPTCL had to pay to the Income Tax authorities for delayed payment of income tax.



- j) **Loss on Fire/theft of Stock: Details may be provided separately for loss on Fire and theft of stock along with equipment-wise details. It may also be reported whether, FIR lodged with the Police for theft of stock, if so, latest position may be reported.**

The Petitioner hereby submits that out of Rs. 2,42,31,117 booked under loss on fire/theft of stock, Rs. 2,41,65,157 pertains to loss by fire and Rs. 65,960 pertains to theft of stock.

#### Loss by Fire

The Petitioner submits that items booked under loss by fire perished in FY 2014-15, however as the matter was reported by the circle office in FY 2015-16, the same was booked under accounts for FY 2015-16.

The Petitioner further submits that total loss that occurred due to fire is Rs. 2,49,00,000 out of which an amount of Rs. 7,34,843 was recovered from the insurance company. Remaining unrecovered amount of Rs. 2,41,65,157 has been booked under the accounts as loss by fire. The supporting documents containing a copy of FIR lodged with police mentioning item wise loss and an insurance copy has been attached as Annexure-X.

#### Loss due to theft

The Petitioner submits that items booked under loss due to theft fire pertain to FY 2014-15, however as the matter was reported by the circle office in FY 2015-16, the same was booked under accounts for FY 2015-16.

The Petitioner further submits that total loss that occurred due theft is Rs. 4,57,500 out of which an amount of Rs. 3,91,540 was recovered from the insurance company. Remaining unrecovered amount of Rs. 65,960 has been booked under the accounts as loss by fire. The supporting documents containing a copy of FIR lodged with police mentioning item wise loss and an insurance copy has been attached as Annexure-XI.



- k) Details of equity received during FY 2015-16 may be furnished along with documentary evidence and project-wise/scheme-wise details.

The Petitioner would like to state entire funding under various plans except under ADB is through equity. The equity received during FY 2015-16 is shown in the table below:

**Table 7: Equity received in FY 2015-16**

Sl. No.	Particulars	Amount (Rs. Crore)
1	Equity Capital Pending Allotment (Note 3) as 31.03.2016	13,73,08,88,085
2	Equity Capital Pending Allotment (Note 3) as 31.03.2015	27,96,00,86,085
3	<b>Difference (1-2)</b>	(14229198000)
4	Add: Shares issued during the year	27,65,00,00,000
5	<b>Total Equity received in FY 2015-16 (4+5)</b>	<b>13,42,08,02,000</b>

Documentary evidence regarding the same has been attached as Annexure-XII.

- l) The audited accounts of BSPTCL do not show O&M expenses, etc. related to SLDC function and all the expenses relating to Transmission and SLDC function are included in the accounts. The Petitioner should have claimed expenses relating to Transmission function only as separate petition was filed for SLDC function. Ex. Total employee cost reported in the audited accounts for FY 2015-16 are at Rs. 98.98 crore. Employee cost claimed for Transmission is at Rs. 98.99 crore and for SLDC Rs. 3.58 crore totalling to Rs. 102.57 crore. Similarly, the R&M and A&G expenses.

The Petitioner hereby submits that the True-up Petition filed for FY 2015-16 is a combined Petition for Transmission and SLDC. Separate Petition for SLDC has been filed only for the FY 2017-18.



The employee cost of Rs. 98.99 Crore claimed in FY 2015-16 comprises of Rs. 95.41 Crore for Transmission business and Rs. 3.58 Crore for SLDC business. However as combined true-up Petition has been filed for FY 2015-16, the collective amount has been shown in the Petition.

The Petitioner further submits that the O&M expenses of Transmission for FY 2017-18 has been estimated after escalating the actual expenses of FY 2015-16 (which includes SLDC expenses too) by 12% year on year. Afterwards, the O&M expenses of SLDC estimated separately for FY 2017-18 has been deducted from projections of Transmission to avoid double accounting of O&M expenses. The Petitioner is reproducing the Table 4-19 of the Petition to support the clarification given above:

**Table 1-1: Projected O&M Expense (Rs. Crore)**

Sr. No.	Particulars	FY 2016-17		FY 2017-18	
		Approved in MYT Order Dated 21 March 2016	Projected for Review (RE)	Approved in MYT Order Dated 21 March 2016	Revised Projections
1	Employee Expenses	102.23	110.87	106.99	124.17
2	R&M Expenses	39.98	40.51	41.84	45.37
3	A&G Expenses	9.28	18.08	9.71	20.24
4	Holding Co. Expenses	5.0	7.29	5.0	7.29
	<b>Less SLDC Expenses</b>				<b>6.25</b>
5	<b>Total O&amp;M Expenses</b>	<b>156.49</b>	<b>176.75</b>	<b>163.54</b>	<b>190.83</b>

**m) Trial balance for the 1<sup>st</sup> half year (1<sup>st</sup> April 2016 to 30<sup>th</sup> September 2016) showing all the P&L and Balance sheet head of accounts may be furnished.**

The trial balance for first six months has been attached as Annexure-XIII.



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## 2 SLDC

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- 1. Para 23: Copy of the Minutes of meeting of ERPC said to be attached to the petition is not attached. This may be provided.**

The Copy of minutes of meeting of ERPC has been attached as Annexure-XIV.

- 2. The petitioner submitted that the assets are owned by PGCIL. Reasons for claiming R&M expenses in the absence of assets may be reported.**

The Petitioner submits that the BERC (Levy And Collection of Fees and Charges by SLDC) Regulations, 2006 provides for Annual SLDC fees (comprising of capital cost) and Operating charges (comprising of O&M and any other charges).

As the assets of SLDC are owned by PGCIL, it recovers the capital cost from Distribution Companies through tariff. However, as mentioned in the main Petition filed on 30 November, 2016, day-to-day operations of SLDC including R&M is managed by BSPTCL. Hence BSPTCL has claimed R&M expenses.

- 3. The SLDC fees and operating charges has not been proposed in the petition. This may be submitted.**

The Petitioner submits that as per the BERC (Levy And Collection of Fees and Charges by SLDC) Regulations, 2006, the annual SLDC charges and operating charges have to be computed in the following manner:

*"4. Annual SLDC fee and operating charges*

$$\text{Annual SLDC Fee (Rs./MW/p.a.)} = \frac{\text{Capital Cost (CC) in Rs.}}{\text{Total Transmission capacity contracted (MW)}}$$



where

Capital Cost (CC) for a given year shall be computed as follows:

$$\begin{aligned} \text{CC (in Rs.)} &= \text{Investment} \times r \\ &= \text{Investment} \times r \times \frac{1 - \frac{1}{(1+r)^t}}{r} \\ &= \frac{\text{Investment} \times r \times (1+r)^t}{(1+r)^t - 1} \end{aligned}$$

Where,

Investment = Actual investment made in a year plus any residual value of previous investment (s).

r = Actual rate of interest on borrowed capital or 150% of the Bank Rate, whichever is the lower.

t = Number of years in which the investment is proposed to be recovered; for software, it would be 5 years and 10 years for other investments

(5) The Operating Charges shall be fixed for a year on the basis of the filing of the SLDC and will cover:

- a) Employee cost;
- b) Administration and general charges;
- c) Repairs and Maintenance expenses; and
- d) Any other relevant costs and expenses deemed appropriate by the Commission"

As explained in the Main Petition, assets of SLDC are owned by PGCIL which recovers the charges from Distribution Companies by levying a charge. Therefore, annual SLDC fee cannot be proposed for asset which is not owned by SLDC and cost of which is already being recovered.

The Petitioner is however proposing the operating charges based on the formula prescribed in BERC (Levy And Collection of Fees and Charges by SLDC) Regulations, 2006:



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*Operating charges (Rs./MW/p.a.)*  $\frac{\text{Annual operating charges}}{\text{Total Transmission capacity contracted (MW)} \times 12}$

The annual operating charges i.e. Aggregate Revenue Requirement for FY 2017-18 as proposed in the main Petition is Rs. 6.45 Crore. As the two distribution companies, NBPDC and SBPDCL, are the major Transmission System Users, the Total Transmission Capacity contracted has been considered equal to the maximum demand of both the Distribution Companies.

The Maximum Demand for Bihar State in FY 2012-13, FY 2013-14, FY 2014-15 and FY 2015-16 as per CEA Report was 2295 MW, 2465 MW, 2994 MW and 3735 MW respectively. Based on the projected Maximum Demanded of 3900 MW for FY 2016-17, it is expected that the Maximum Demand in FY 2017-18 will rise by approximately 5% to 4095 MW. Therefore, the same has been considered as Total Transmission Capacity Contracted for FY 2017-18. Accordingly, the Operating Charges in Rs/MW/p.a. comes out to be **Rs. 1312.58/MW/p.a.**