

**ODISHA ELECTRICITY REGULATORY COMMISSION
PLOT NO.4, CHUNOKOLI, SAILASHREE VIHAR,**

BHUBANESWAR – 751021

**Case No. 117/2021/1670
Dated:24.12.2021**

To

The Chief Executive Officer,
TPSODL, Courtpeta,
Berhampur-760004

**Sub: Publication of public notice in Case No 117 of 2021 in respect of for approval
of Truing up for the period of FY 2020-21.**

Sir,

With reference to your application dated **30.11.2021** before the Commission in respect of for approval of Truing up for the period of FY 2020-21, which has been registered as Case No.117/2021, I am directed to say that the Commission has decided to dispose of the above application through a public hearing. Therefore, you are required to publish the Public notice attached here in this letter on or before 25.12.2021. The proof of the above publications in English and Odia dailies shall be furnished to the Commission within seven days of such publications.

By order of the Commission

Encl: As above for Publication.

**Sd/-
SECRETARY**

**ODISHA ELECTRICITY REGULATORY COMMISSION
PLOT NO.4, CHUNOKOLI, SAILASHREE VIHAR,
BHUBANESWAR – 751021**

PUBLIC NOTICE

Case No. 117 of 2021

Hearing of Application of TPSODL for approval of Truing up for the period of FY 2020-21.

TPSODL has submitted its Application to the Odisha Electricity Regulatory Commission on 30.11.2021 for approval of Truing up for the period of FY 2020-21, which has been registered as **Case No.117/2021**. The application has been filed under Section 62 & 86 and other applicable provisions of the Electricity Act, 2003 read with OERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014 and OERC (Conduct of Business) Regulations, 2004. The Commission has decided to dispose of the case through a public hearing along with the ARR & RST application for FY 2022-23 of the applicant in **Case No.110 of 2021**.

The petition along with all Annexures submitted by M/s. TPSODL in this regard is available in TPSODL's website www.tpsouthernodisha.com as well as in Commission's website www.orierc.org. The Interested persons / organizations those who wants to participate in the above proceeding may file their objections/suggestions, if any, on the present petition of M/s. TPSODL by 17.01.2022 with a copy to TPSODL and TPSODL is directed to file its rejoinder to the objections/suggestions of the Respondents by 27.01.2022 with a copy to the Respondents. Those who are interested to participate in the public hearing through video conferencing should also indicate their e-mail address to the Commission at OERC e-mail (oerc.vc@gmail.com).

By Order of the Commission

Dated:12.2021

Sd/-
SECRETARY

N.B.: The above public notice with list of Organizations/Persons whose objections/suggestions have been admitted by the Commission for hearing is also available in OERC website www.orierc.org

**BEFORE THE HON'BLE
ODISHA ELECTRICITY REGULATORY COMMISSION
BIDYUT NIYAMAK BHAWAN
PLOT NO.4, CHUNOKOLI, SHAILASHREE VIHAR, CHANDRASEKHARPUR,
BHUBANESWAR-751023**

Case No. Of 2021

In the matter of: **Application of TPSODL for approval of Truing up for the period of FY20-21 Sections 62 & 86 of the Electricity Act, 2003 read with relevant provisions of OERC (Terms and Conditions for determination of Wheeling and Retail Supply Tariff) Regulations, 2014 and other related matters**

AND

In the matter of:

M/s. TPSODL	...	Applicant
VRS		
GRIDCO & Others	...	Respondent

1. TPSODL has taken over the distribution business from erstwhile SOUTHCO utility w.e.f 1st Jan-21 as per terms of vesting order. TP Southern Odisha Distribution Limited (TPSODL) is a joint venture between Tata Power and the Government of Odisha with the majority stake being held by Tata Power Company (51%).
2. That, as per OERC (Terms and Conditions for determination of Wheeling and Retail Supply Tariff) Regulations, 2014 & as per vesting order dated 28th Dec-20, Distribution licensee has to submit Truing Up data for FY20-21.

That, as per Vesting order para 57(c) “ TPSODL shall include the estimated expense for each component of O&M expense in the Aggregate Revenue Requirement petition submitted to the Commission as per the Tariff Regulations. The Commission shall undertake a prudence check of the submission made by TPSODL before allowing the same in Aggregate Revenue Requirement. Provided that the actual expenses allowed shall be subject to true-up as per the Tariff Regulations

The ARR estimate submitted by the Petitioner and correspondingly allowed by the Commission were based on estimated sales and estimated expenses for FY 2020-21 at the time of issuance of the Order. However, as the audited actual figures are available with the DISCOM in two part i.e. Apr-20 to Dec-20 (Erstwhile SOUTHCO) & Jan-21 to Mar-21 (TPSODL period After taking over from SOUTHCO) the Petitioner is submitting the true-up petition for FY 2020-21 in accordance with the audited accounts for approval of Hon'ble Commission. (Audited accounts enclosed in **ANNEXURE-1 & 2**)

Expenditure	OERC Approved FY20-21	Southco Utility Period (Apr-20 to Dec- 20) Audited	TPSODL period (Jan21- Mar-21) Audited	Total FY 20-21 (Audited)
	A	B	C	D=B+C
Cost of Power Purchase	776.39	519.95	182.64	702.59
Transmission Cost	101.25	67.88	22.76	90.64
SLDC Cost	0.62	0.46	0.15	0.61
Total Power Purchase, Transmission & SLDC Cost(A)	878.26	588.29	205.56	793.84
Employee Cost	370.88	254.05	120.60	374.65
Repair & Maintenance	45.96	4.92	1.47	6.39
Administrative and General Expenses	35.49	47.86	15.42	63.28
Provision for Bad & Doubtful Debts	11.01	104.07	3.53	107.60
Depreciation	29.03	10.65	6.91	17.56
Interest Chargeable to Revenue including Interest on S.D	25.48	46.28	8.98	55.26
Total Operation & Maintenance and Other Cost	517.85	467.83	156.91	624.74
Return on Equity	6.03	6.04	10.69	16.73
Total Distribution Cost	523.88	473.87	167.60	641.47
Less: Miscellaneous Receipt	39.77	40.43	17.17	57.60
Net Distribution Cost (B)	484.11	433.44	150.43	583.87
Total Special Appropriation (C)		2.10	0.00	2.10
Total Revenue Requirement (A+B+C)	1362.37	1022.30	355.99	1379.81
Expected Revenue(Full year considering tariff revision from 01.10.2020	1372.94	956.86	355.38	1312.24
Revenue GAP (+/-)	10.57	-65.44	-0.61	-67.57

Approved vs Actual performance of the licensee for FY 2020-21

Particulars	INPUT (MU)	BILLING (MU)	T & D LOSS (%)	BILLING (Rs in Crs.)	COLL (Rs in Crs.)	COLL EFFICIENCY (%)	A T & C LC (%)
Actual 2020-21	3599.29	2768.95	25%	1317.59	1198.38	91%	30%
OERC TARGET FY' 21	4100	3075.00	25%	1522.73	1507.50	99%	25.75%

Truing Up table for FY20-21

1. The audited revenue requirement for FY 2020-21 as depicted in the above table is Rs.1379.81 Cr against the approved ARR of Rs. 1362.374 Cr, at the same time the revenue from sale of power is Rs.1312.24 crs against approved of Rs.1372.94 crs. Accordingly, the GAP is Rs(66.05) crs for the whole year.
2. The Petitioners would like to submit that, the Hon'ble Commission in its Tariff Order dated 22nd Apr-20 had determined the Energy requirement of 4100 MUs for erstwhile SOUTHCO for FY 2020-21 with power purchase cost of Rs.1.97 per unit . However, from Oct-20 onwards due to upward revision of BST the revised approved power purchase price has increased to Rs.2.07 P/U. accordingly, the approved power purchase cost became Rs 878.26 crs against earlier approval of Rs.855.17crs. In FY20-21 TPSODL total input was 3599.29 Mus. There was shortfall of 500.71Mus due to Covid-19 lockdown of Industries, commercial establishment till Sept-20. Therefore, during FY 2020-21, the power purchase cost incurred (as per audited accounts) inclusive of BSP, transmission & SLDC charges was Rs. 793.84 Cr. which is lesser by Rs. 84.42 Cr than the cost approved by Hon'ble Commission.

With the above the petitioner request Hon'ble Commission to approve Rs. 793.84 towards the power purchase cost including transmission & SLDC charges & revenue from sale of power of Rs.1379.81Cr based on actual as per audited accounts.

3. Operation & maintenance Expenses: -

Hon'ble Commission, in its Tariff order for FY 2020-21, had approved net O&M Expenses to the extent of Rs. 517.63 Crs. for SOUTHCO utility which was based on the norms as provided in the Terms and Conditions of Tariff Regulation, 2014.

3(a) Employee Expenses

For FY20-21, Hon'ble Commission has approved Rs.370.88 crs towards Employee cost against which audited employee cost is Rs.374.65Crs for SOUTHCO Utility for nine months period & TPSODL period for three months (Jan-21 to March-21).

The Employee Expenses of the Petitioner comprises of salaries, wages, Allowance, Staff Welfare Expenses, Terminal Benefits etc. As per actual audited accounts for first 9 month i.e, 01st April 20 to 31st Dec 20 (Erstwhile SOUTHCO) the actual employee cost incurred was Rs.254.05crs & in the last 3-month period 01st Jan-21 to 31st Mar-21 (TPSODL) the actual employee cost was Rs. 120.60 Cr

The petitioner request Hon'ble Commission to approve Rs .374.65 Cr the Employee expenses based on actual expenditure incurred as per audited accounts is as under:

Component wise details are appended below:-

Expenditure	OERC Approved FY20-21	SOUTHCO Utility Period (Apr-20 to Dec-20) Audited	TPSODL period (Jan21-Mar-21) Audited	Total FY 20-21 (Audited)
Basic Pay +GP	128.19	94.86	34.59	129.45
DA				
Reimbursement of HR	14.30	11.42	3.24	14.66
Other Allowance	1.60	1.40	0.50	1.90
Arrear of 7th Pay Commission of regular employees	6.19			0.00
Bonus	0.08		0.77	0.77
Outsource & Contractual Employee Cost	77.94	36.10	13.34	49.44
Total Emoluments (1	228.30	143.78	52.45	196.23

to 8)				
Med. Allowance	4.03	3.64	1.53	5.17
Leave Travel Concession	0.15	0.00	0	0.00
Honorarium	0.02	0.01		0.01
Payment under Workmen Compensation Act	0.29			0.00
Expenses towards uniform to employees	0			0.00
Ex-gratia			0.40	0.40
Other Staff Costs	0.35	0.32	0.93	1.25
Total Other Staff Costs (10 to 16)	4.84	3.98	2.86	6.84
Staff Welfare Expenses	4.04	0.37	2.30	2.67
Terminal Benefits (Pension + Gratuity + Leave + PF + commuted + NPS/CPS)	134.9	110.58	62.99	173.57
Total (9 + 17 +18 +19)	372.08	258.70	120.61	379.30
Less: Empl. Cost capitalised	1.2	4.65	0	4.65
Total Employees Cost	370.88	254.05	120.61	374.65

The major reason of difference with Hon'ble Commission is on account of Terminal dues which were approved as Rs. 134.90 Crs however as per audited accounts of TPSODL it is Rs.173.57Crs.

3 (b) R&M Expenses

For FY20-21, Hon'ble Commission has approved R&M cost of Rs. 45.96 Cr towards R&M Cost against which actual cost incurred is only Rs.6.39 Cr.

Further, as per approved carve out balance sheet dt 26th Nov-21 assets transferred to TPSODL is 1000 Crs which is in addition to Asset created under government approved schemes for approximately Rs. 2400 Cr as on as envisaged from the reconciliation between OPTCL & DISCOMs. Company is required to operate & maintain the above assets to ensure reliable & uninterrupted power supply its consumers.

The petitioner request Hon'ble Commission to approved Rs. 45.26 Cr towards R&M expenses in this true up petition which was approved in RST order FY20-21.

3(c) A&G Expenses

For FY20-21, Hon'ble Commission has approved A&G cost of Rs. 35.49 Cr against which audited figure is Rs.63.28 crs. The details expenses towards A&G is given below

Sr. No.	Particulars	Expenses incurred during Apr-20 to Dec-20	Expenses incurred during Jan-21 to Mar-21	Total Expenses considered for true up FY 20-21
1	Property related expenses	1.94	0.04	1.98
2	Communication	0.52	0.14	0.67
3	Professional Charges	0.45	0.26	0.71
4	Conveyance & travelling	8.96	3.25	12.21
5	Material related & office expenses	0.38		0.38
6	Other Administrative Expenses	16.49	2.93	19.42
7	Insurance Premium	0.33		0.33
8	Electricity Consumption expenses	1.13	0.81	1.94
9	Advertising & Marketing Expenses	0.28	0.14	0.41
10	Consultancy & Legal charges	5.53	4.76	10.29
11	Other Expenses	11.80	3.13	14.93
Total Expenses		47.83	15.45	63.28

The petitioner request Hon'ble Commission to approve Rs. 63.28 Cr under A&G expenses based on actual expenditure incurred as per audited balance.

4. Depreciation: -

For FY20-21, Hon'ble Commission was approved Depreciation of Rs. 29.03 Cr however, the actual depreciation is Rs.17.56 Cr .

In audited balance sheet, depreciation amounting to Rs. 32.56 Cr towards service line contribution, subsidy & grants govt funded projects has been adjusted & balance of Rs.10.65 Cr disclosed in in 9 months accounts. The actual depreciation during TPSODL period is Rs.6.91 crs.

For truing up purpose, the petitioner request Hon'ble Commission to approve Rs17.56 Cr depreciation expenses based on actual assets capitalized as per audited balance sheet.

5. Provision for Bad & Doubtful Debts: -

For FY20-21, Hon'ble Commission has allowed Rs. 11.01 Cr towards provision for bad & doubtful debts. As per audited balance sheet doubtful debt is Rs. 107.60 Cr.

Company has proved Rs 107.40Cr towards bad & doubtful debt for nine months period based on the following

During the FY 2020-21(upto Dec-2020) the Utility has provided bad and doubtful debts amounting to Rs.104.07 crore including bad debts written off after adjustment of security deposits as follows:

- I. In respect of HT / EHT Category of consumers, analysis has been carried out on case-to-case basis and the amount towards doubtful of recovery has been fully provided for in the accounts.
- II. The amount receivable from the Non-Govt. permanently disconnected consumers as on 30.09.2020 has also been fully provided for.
- III. In respect of Non-Govt. LT category of consumers, the arrears appearing as on 30.09.2020 after adjusting the collection made up to 31.03.2021 have been fully provided for.

Further Company has provided one percent of revenue i.e. Rs 3.53Cr towards bad and doubtful debts for the remaining three months period

6. Interest Cost:-

For FY20-21, Hon'ble Commission has approved Interest Cost of Rs. 25.78 Cr & interest Cost incurred is Rs.55.26 Cr cost.

The petitioner request Hon'ble Commission to allow Rs. 55.26 Cr towards Interest Cost based on actual as per audited balance sheet. The increase in interest cost on account of timely payment against the power purchase bill, monthly installment payment as per vesting order and also long pending terminal benefits to employees.

- 7. Return on Equity: -**The equity capital as per Dec-20 accounts is Rs.37.66 crs, so ROE is Rs.6.04 Crs for nine months period. However, as equity investment in TPSODL as on 1st January 21 is 200Cr, RoE for remaining three months period is 10.69Cr. Further it is submitted that RoE has ben

grossed up with Corporate Tax Rate @25.17%. . So total ROE of Rs.16.73 Crs have been taken for truing up purposes.

The Petitioner request Hon'ble Commission to allow Rs. 16.73 Cr towards RoE.

8. **Miscellaneous Receipt:** -

For FY20-21, Hon'ble Commission has approved Miscellaneous Receipt of Rs. 39.77 Cr audited misc receipt is Rs.57.60

The petitioner request Hon'ble Commission to approve Rs. 57.60 Cr towards Miscellaneous Receipt based on actual as per audited balance sheet.

On the basis of above the summary of truing up table for FY 20-21 is appended below:-

Truing Up FY20-21

Expenditure	OERC Approved FY20-21	Southco Utility Period (Apr-20 to Dec-20) Audited	TPSODL period (Jan21-Mar-21) Audited	Total FY 20-21 (Audited)
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Revenue GAP (+/-)	10.57	-65.44	-0.61	-67.57

Prayer

1. That the true up petition may kindly be taken into record
2. The licensee submits before Hon'ble Commission to kindly approve the above GAP of (-) Rs.67.57 Crs for the year FY 20-21& for TPSODL Rs. (-) 0.61 Crs.
3. That the licensee craves leave for submission of additional submission in this regard

Place:

Date:

Applicant

Through authorized representative

**BEFORE THE HON'BLE
ODISHA ELECTRICITY REGULATORY COMMISSION
BIDYUT NIYAMAK BHAWAN
PLOT NO.4, CHUNOKOLI, SHAILASHREE VIHAR, CHANDRASEKHARPUR,
BHUBANESWAR-751023**

Case no. of 2021

In the matter of: Application of TPSODL for approval of Truing up for the period of FY20-21 Sections 62 & 86 of the Electricity Act, 2003 read with relevant provisions of OERC (Terms and Conditions for determination of Wheeling and Retail Supply Tariff) Regulations, 2014 and other related matters

AND

In the matter of:

M/s. TPSODL	...	Applicant
VRS		
GRIDCO & Others	...	Respondent

AFFIDAVIT

I Bijay Kumar Mohanty, aged about 52 years, S/o. Late Govind Chandra Mohanty working as the Chief Financial Officer do hereby solemnly affirm and state as follows: -

That, I am the authorized representative of TPSODL, the applicant in the instant case and competent to swear this affidavit for and on behalf of the licensee.

1. That, I have gone through the contentions in this application and understood the contents thereof.
2. That, the facts stated in the reply are true to the best of my knowledge and belief.

DEPONENT

Verified that the contents of above affidavit are true and correct, no part of it is false and nothing material has been concealed there-from.

Verified at _____ on this _____ day of Nov, 2021.

DEPONENT