

MAHARASHTRA STATE ELECTRICITY TRANSMISSION CO. LTD.



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Office of the Director (Finance),
8th Floor, 'Prakashganga', MSETCL
Plot no. C-19, E-Block,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400051

Ref: MSETCL/CO/APR 10-11/381

Date: 2/9/2011

To,

The Secretary,
Maharashtra Electricity Regulatory Commission,
World Trade Centre – I,
13th Floor, Cuffe Parade,
Mumbai – 400005

Sub: Petition for True-up for FY 2009-10 and Provisional true-up for FY 2010-11

- Ref:
- 1) MERC's Order dated 10th September 2010 in the matter of MSETCL's Annual Performance Review for FY 2009-10 and Revenue Requirement for FY 2010-11 (Case No. 103 of 2009)
 - 2) MERC's Order dated 10th September 2010 in the matter of Determination of Transmission Tariff for InSTS for FY 2010-11. (Case No. 120 of 2009)
 - 3) MERC's Order dated 30th November 2010 in the matter of MSETCL petition seeking review of the Order in Case No. 103 of 2009 (Case No. 73 of 2010)
 - 4) MSETCL APR Petition submitted vide letter ref no. MSETCL/CO/APR 10-11/8525 dated 8th June 2011
 - 5) MERC directive vide Letter ref. no. MERC/Tariff/20112012/00951 dated July 7, 2011 and hearing held on July 11, 2011 in the matter of Case no. 86 of 2011

Dear Sir,

In connection with the above matter, please find enclosed herewith the *Petition for True-up for FY 2009-10 and Provisional true-up for FY 2010-11 of Maharashtra State Electricity Transmission Company Limited, (MSETCL)* under the provisions of Maharashtra Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations 2005.

Necessary fees of Rs. 5, 00,000/- (Rupees Five Lakh Only) towards application for the Annual Review of Tariffs and Performance, in accordance with MERC (Fees and Charges) Regulation 2004

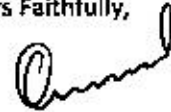
has been remitted vide DD bearing No 142286 dt. July 18, 2011 drawn on Central Bank of India, Bandra Kurla Complex, Bandra (E), Mumbai drawn in favour of Maharashtra Electricity Regulatory Commission.

Submitted for kind consideration of Hon'ble Commission please.

Thanking You,

Encl: As Above (1+5 Copies)

Yours Faithfully,



Director (Finance), MSETCL

Copy s w r s to,

Chairman & Managing Director, MSETCL

Copy f w c s to,

Director (Operation/Projects), MSETCL

Copy to,

Executive Director (Operation/HR), MSETCL

Executive Director (Project), MSETCL

Chief Engineer (Trans. O&M), MSETCL

Chief Engineer (Trans. Project), MSETCL

Chief Engineer (STU), MSETCL

Chief Engineer (SLDC), MSETCL

Chief General Manager (F&A), MSETCL

Chief General Manager (HR), MSETCL

Superintending Engineer (R&C), MSETCL

Executive Engineer (Comm.), MSETCL

BEFORE THE HON'BLE MAHARASHTRA ELECTRICITY REGULATORY COMMISSION, MUMBAI



Filing No:

Case No:

IN THE MATTER OF:

PETITION FOR APPROVAL FOR ANNUAL REVIEW OF PERFORMANCE FOR YEAR FY 2010-11 AND TRUING UP FOR FY 2009-10 UNDER THE PROVISIONS OF MAHARASHTRA ELECTRICITY REGULATORY COMMISSION (TERMS AND CONDITIONS OF TARIFF) REGULATIONS 2005.

AND

IN THE MATTER OF THE APPLICANT:

MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED, 'PRAKASHGANGA', PLOT NO. C-19, E- BLOCK, BANDRA KURLA COMPLEX, BANDRA (EAST), MUMBAI – 400 051.

-----Petitioner

Affidavit on behalf of Maharashtra State Electricity Transmission Company Limited

I, Pratap Mohite, son of Sri Ganpatrao Mohite aged 50 years, having my office at 8th Floor, 'Prakashganga', Plot No. C-19, E-Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 do solemnly affirm and say as follows:-

1. I am the Director (Finance) of the Maharashtra State Electricity Transmission Company Limited, the respondent in the above matter and am duly authorized by the said applicant to make this affidavit.
2. The statements made in the enclosed submission are based on the information from the concerned officers of the Company and I believe them to be true.
3. I say that MSETCL has filed a deferment petition before the Hon'ble Commission (Ref No: MSETCL/CO/MYT/Petition/4787 dated 25th March 2011), wherein MSETCLs is a party and where issues arising and/or reliefs sought seeking amendment to provisions of the MERC (MYT) Regulations, 2011 and deferment for filing the MYT petition, however, there is no Tariff petition pending before the Hon'ble Commission



4. I say that MSETCL, pursuant to the directive of the Hon'ble Commission in the hearing held in Case no. 86 of 2011 dated July 11, 2011 in matter of "Petition of MSETCL for approval of Aggregate Revenue Requirement for FY 2011-12, Annual Review of Performance for FY 2010-11 and Truing up for FY 2009-10" and the letter Issued by the Hon'ble Commission vide Ref. no. MERC/Tariff/20112012/00951 dated July 7, 2011, directing MSETCL to submit a separate Petition for Truing up of FY 2009-10 and Provisional truing-up for FY 2010-11 as per MERC (Terms and Conditions of Tariff) Regulations, 2005.

Solemnly affirm at Mumbai on this 2nd day of ~~August~~ ^{Sept} 2011 that the contents of the above affidavit are true to my knowledge, no part of it is false and nothing material has been concealed there from.

(Handwritten signature)

(Pratap Mohite)

Director (Finance)

MSETCL



Identified before me

Mumbai

Date: 2/9/ 2011

Identified By Me

(Handwritten signature)
A. K. Dubey

B.A., LL.B.,

ADVOCATE HIGH COURT

B/104, Sai Kripa Apt.,

Wajay Road, Bhandisar (E)

BEFORE ME

(Handwritten signature)
M. S. GAITONDE

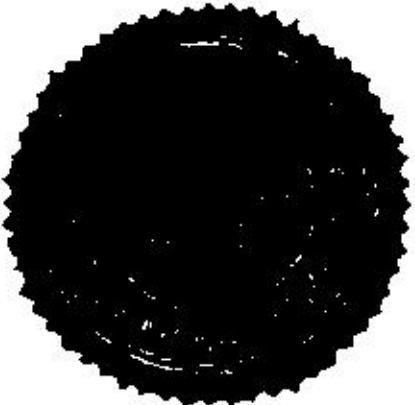
BALLM

NOTARY

GREATER MUMBAI

GOVT. OF MAHARASHTRA

INDIA





BEFORE THE HON'BLE MAHARASHTRA ELECTRICITY REGULATORY COMMISSION, MUMBAI

Filing No.

Case No.

IN THE MATTER OF:

PETITION FOR APPROVAL OF PETITION FOR APPROVAL OF ANNUAL REVIEW OF PERFORMANCE FOR THE YEAR FY 2010-11 AND TRUING UP FOR FY 2009-10 UNDER THE PROVISIONS OF MAHARASHTRA ELECTRICITY REGULATORY COMMISSION (TERMS AND CONDITIONS OF TARIFF) REGULATIONS 2005.

AND

IN THE MATTER OF THE APPLICANT

MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED, 'PRAKASHGANGA', PLOT NO.C-19, E- BLOCK, BANDRA KURLA COMPLEX, BANDRA (EAST), MUMBAI – 400 051.

-----Petitioner

The applicant, Maharashtra State Electricity Transmission Company Limited (MSETCL) is a Company incorporated under the provisions of the Companies Act, 1956 having its registered office at "Prakashganga", Plot No. C-19, E-Block, Bandra- Kurla Complex, Mumbai-400051 is submitting this Petition for truing up of FY 2009-10 based on audited accounts, annual performance review of FY 2010-11.

Facts of the Case

The Maharashtra State Electricity Transmission Company Limited (MSETCL) had submitted a Petition for approval of its Annual Performance Review for FY 2010-11, Truing up for FY 2009-10 and for approval of ARR and determination of tariff for FY 2011-12 under MERC (Terms and Conditions of Tariff) Regulations, 2005. The Hon'ble Commission vide its letter ref. no MERC/Tariff/20112012/00951 dated July 07, 2011 and in the hearing in Case no. 86 of 2011 (in the matter of "Petition of MSETCL for approval of Aggregate Revenue Requirement for FY 2011-12, Annual Review of Performance for FY 2010-11 and Truing up for FY 2009-10") held on July 11, 2011, directed MSETCL to submit a separate Petition for Final truing up for FY 2009-10 and provisional true-up for FY 2010-11 as per MERC (Terms and Conditions of Tariff) Regulations 2005. Pursuant to the directive of the Hon'ble Commission, MSETCL is submitting this petition.



Submissions

MSETCL is submitting this petition under the provisions of Section 62 of the Electricity Act 2003, Part F of the *Maharashtra Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2005* and pursuant to directive given by the Hon'ble Commission.



Executive Summary

The Maharashtra State Electricity Transmission Company Limited (MSETCL) is submitting this Petition for Truing-up of FY 2009-10 and Provisional true-up for FY 2010-11 wherein it has relied on the Audited Accounts of FY 2009-10 and Unaudited actual expenditures details for FY 2010-11 for the purpose of this Petition. The Petition is being submitted pursuant to the directive of the Hon'ble Commission vide its letter ref. MERC/Tariff/20112012/00951 dated July 7, 2011 and in the hearing on Case no. 86 of 2011 (in the matter of "Petition of MSETCL for approval of Aggregate Revenue Requirement for FY 2011-12, Annual Performance Review for FY 2010-11 and Truing up for FY 2009-10") held on July 11, 2011.

MSETCL in this Petition is submitting the requisite information (vis., Accounting Statements, extracts of books of accounts, audited financial performance for the previous FY 2009-10 and unaudited results of FY 2010-11) needed for undertaking prudence check by the Hon'ble Commission.

MSETCL humbly submits that the present petition has been filed for relief and humbly requests the Hon'ble Commission to make a suitable provision for recovery of the True up of FY 2009-10 and Provisional true up of FY 2010-11 in its Order.

Truing Up for FY 2009-10

1. MSETCL submits that the Truing up for FY 2009-10, based on the actual audited expenditure and revenue earned during the year.
2. MSETCL understand that the *truing up contemplates consideration and filling of the gap between the actual expenses at the end of the year and the expense approved for the year. In catena of the one of the decision upheld by the Hon'ble APTEL, it has been directed that the truing up exercise requires to be undertaken by the Regulator on regular basis, wherein actual ore compared with those approved and necessary results flow from it.*
3. The data and other details required for truing up are submitted in the prescribed formats of the Hon'ble Commission.
4. The summary of truing up exercise Identified by MSETCL is provided in the table below:



Table 1: True up Consolidation for the FY 2009-10 (amount in Rs. Crore)

Particulars	MERC Approved (A)	Actual as per Audited Accounts/ Tariff Norms for 2009-10 (B)	True -up Amount	Efficiency Gain/(Loss) shared with TSUs	Net Entitlement of MSETCL
Expenditure					
Operation & Maintenance Expenses	822.09	854.50	32.41		854.50
Employee Expenses	469.20	430.36	(38.84)		430.36
Administration & General Expenses	77.10	118.88	41.78		118.88
Repair & Maintenance Expenses	275.79	305.27	29.48		305.27
Depreciation, including advance against depreciation	306.75	389.88	83.13		389.88
Interest on Long-term Loan Capital	163.28	187.02	23.74		187.02
Interest on Working Capital and on consumer security deposits	36.40	42.06	5.66	13.95	28.11
Other Interest and Finance Charges	19.94	16.70	(3.24)		16.70
Other Expenses	0.70	25.17	24.47		25.17
Income Tax	139.65	64.00	(75.65)		64.00
Contribution to contingency reserves	24.81	25.89	1.08		25.89
Total Expenditure	1513.62	1605.22	91.60		1591.27
Return on Equity	410.87	442.33	31.46		442.33
Aggregate Revenue Requirement	1924.49	2047.55	123.06		2033.60
Revenue					
Revenue from transmission charges	1553.44	1556.24	2.80		1556.24
Income from wheeling central sector power to Goa	8.90	8.90	0.00		8.90
Other Income	82.59	120.32	37.73		120.32
Total Income	1644.93	1685.45	40.53		1685.45



Particulars	MERC Approved (A)	Actual as per Audited Accounts/ Tariff Norms for 2009-10 (B)	True-up Amount	Efficiency Gain/(Loss) shared with TSUs	Net Entitlement of MSETCL
Revenue Surplus / (Gap)	(279.56)	(362.10)	(82.53)		(348.15)
True-up of FY 2008-09 adjusted in tariff of FY 2009-10	(75.83)	(75.83)			(75.83)
Carried forward true up amount for FY 2008-09 as per MERC order on review petition Case no. 73 of 2010		(59.83)			(59.83)
Net True-up amount of FY 2009-10	(355.39)	(497.76)			(483.81)
Incentive on Transmission Availability of HVAC System					26.30
Incentive on Transmission Availability of HVDC System					(0.13)
Total Revenue (Gap) / Surplus					(509.98)



MSETCL further submits that the total true up amount determined for the FY 2009-10 is Rs 509.98 Crore which includes True-up adjustment for FY 2008-09 of Rs. 75.83 Crore, additional true-up of Rs. 59.83 Crore as per MERC Review Order, Incentive on Transmission System availability of Rs. 26.17 Crore and under recovery of Rs. 276.76 Crore of transmission charges. The Under recovery of Rs. 276.76 is due to the fact that the Hon'ble Commission in its Order on APR of FY 2009-10 (Case no. 103 of 2009 order dt. September 2010), approved transmission ARR of Rs. 1833 Crore for FY 2009-10 but in actual, MSETCL has earned revenue of only Rs. 1556.24 Crore through transmission charges in FY 2009-10 and this has led to under recovery to the tune of Rs. 276.76 Crore [Rs. 1833 Crore- Rs. 1556.24 Crore]. Thus the effective true up claim for FY 2009-10 is only Rs. 71.39 Crore, which is indicated in the table below:

Table 2: Effective True up for FY 2009-10

Particulars	Amount (In Rs. Crore)
<i>Effective Truing up for FY 2009-10</i>	<i>71.39</i>
<i>Under-recovery of Transmission Charges in FY 2009-10</i>	<i>276.76</i>
<i>True Up adjustment of FY 2008-09</i>	<i>75.83</i>
<i>Additional True up approved as per MERC order on review petition Case no. 73 of 2010</i>	<i>59.83</i>
<i>Incentive claim on Transmission system availability</i>	<i>26.17</i>
Truing-Up Requirement of FY 2009-10	509.98

Provisional true-up for FY 2010-11

MSETCL would like to draw the attention of the Hon'ble Commission to the fact that the provisional Transfer Scheme notified under 131 (5) (g) of the EA 2003 on 6th June 2005 is yet to be finalized. Pending the finalization of the same, the transferred value of assets, based on their revenue potential in accordance with Section 131 (2), first proviso of the Electricity Act 2003, may get changed. In such an event, MSETCL would approach the Hon'ble Commission seeking approval for true up on this account.

MSETCL submits that while preparing approval of expense for the FY 2010-11, it has relied upon the actual, though, un-audited data of expenditures and revenues, wherein it has captured the actual expenditure and revenue rather than estimate the same. The table below summarizes the provisional truing up requirement for FY 2010-11.



Table 3: Summary of ARR for FY 2010-11 (amount in Rs. Crore)

Particulars	MERC Approved (A)	Actual as per Un-audited Accounts/ Tariff Norms for 2010-11(B)	Efficiency Gain/(Loss) shared with TSUs	Net Entitlement of MSETCL	True -up Amount
Expenditure					
Operation & Maintenance Expenses	867.33	989.75		989.75	(122.42)
Employee Expenses	493.86	540.32		540.32	(46.46)
Administration & General Expenses	81.09	152.02		152.02	(70.93)
Repair & Maintenance Expenses	292.38	297.40		297.40	(5.02)
Depreciation, including advance against depreciation	366.15	361.69		361.69	4.46
Interest on Long-term Loan Capital	151.20	281.46		281.46	(130.26)
Interest on Working Capital and on consumer security deposits	39.17	49.17	12.77	36.40	2.77
Other Interest and Finance Charges	21.87	12.32		12.32	9.55
Other Expenses	0.70	52.06		52.06	(51.36)
Income Tax	143.23	100.40		100.40	42.83
Contribution to contingency reserves	25.99	28.78		28.78	(2.79)
Total Expenditure	1615.64	1875.63		1862.86	(247.22)
Return on Equity	431.17	489.85		489.85	(58.69)
Aggregate Revenue Requirement	2046.81	2365.48		2352.71	(305.91)
Less: Other Income	84.25	126.03		126.03	(41.78)
Less: Income from wheeling central sector power to Goa	8.90	20.52		20.52	(11.63)
Aggregate Revenue Requirement from Transmission Tariff	1953.66	2218.93		2206.17	
Add: Revenue Gap/(Surplus) for FY 2009-10 (revenue gap of FY 2008-09 included)	355.38				
Net Aggregate Revenue Requirement to be recovered from Transmission Tariff	2309.04	1944.30		1944.30	
Revenue Surplus / (Gap) or Provisional Truing Up					(261.87)

The table below summarizes the truing up for FY 2009-10 and Provisional truing up for FY 2010-11.

Table 4: Aggregate Revenue Requirement for FY 2009-10 and FY 2010-11



(Rs. Crore)

Particulars	Previous Year FY 2009-10			Current Year FY 2010-11	
	Order	(Actuals/ Audited)	APR Order	Actuals/ Un- audited	Difference
Operation & Maintenance Expenses	822.09	854.50	867.33	989.75	122.42
Employee Expenses	469.20	430.36	493.86	540.32	46.46
Administration & General Expenses	77.10	118.88	81.09	152.02	70.93
Repair & Maintenance Expenses	275.79	305.27	292.38	297.40	5.02
Depreciation, including advance against depreciation	306.75	389.88	366.15	361.69	(4.46)
Interest on Long-term Loan Capital	163.28	187.02	151.20	281.46	130.26
Interest on Working Capital and on consumer security deposits	36.40	42.06	39.17	49.17	10.00
Other Interest and Finance charges	19.94	16.70	21.87	12.32	(9.55)
Other Expenses	0.70	25.17	0.70	52.06	51.36
Income Tax	139.65	64.00	143.23	100.40	(42.83)
Contribution to contingency reserves	24.81	25.89	25.99	28.78	2.79
Total Revenue Expenditure	1513.62	1,605.22	1,615.64	1,875.63	259.99
Return on Equity Capital	410.87	442.33	431.17	489.85	58.69
Aggregate Revenue Requirement	1924.49	2,047.55	2,046.81	2,365.48	318.67
Less: Non Tariff Income	82.59	120.32	84.25	126.03	41.78
Less: Income from Other Business	0.00	0.00	0.00	0.00	0.00
Less: Income from Good Transmission Charges	8.90	8.90	8.90	20.52	11.63
Aggregate Revenue Requirement from Transmission Tariff	1833	1,918.33	1,953.66	2,218.93	265.27

MSETCL prays to the Hon'ble Commission to allow the recovery of truing up for FY 2009-10 and approve the expense for FY 2010-11. The total revenue recovery pertaining to above mentioned heads are as below:

Total Truing Up Requirement for FY 2009-10 and FY 2010-11 from Transmission Tariff

Particulars	Amount (In Rs. Crore)
Effective Truing up for FY 2009-10	71.39
Under recovery of transmission charges in FY 2009-10	276.76
True Up adjustment of FY 2008-09	75.83
Additional True up approved as per MERC order on review petition Case no. 73 of 2010	59.83
Incentive claim on Transmission system availability	26.17
Truing-Up Requirement of FY 2009-10	509.98



Provisional Truing Up for FY 2010-11	261.87
Total Truing Up Requirement for FY 2009-10 and FY 2010-11	771.84

PRAYERS

MSETCL respectfully prays the Hon'ble Commission to

1. Admit this Petition.
2. The Petition is filed pursuant to directives issued by the Hon'ble Commission.
3. Grant an expeditious hearing of this Petition.
4. Allow true-up of expenses of FY 2009-10 based on the audited accounts and approve the revenue gap of Rs. 509.98 Crore, this amount has been arrived after duly sharing the efficiency gain with the transmission system users of MSETCL according to the principle of the Commission set out in Tariff Regulations.
5. Approve the provisional true-up of expenses for FY 2010-11 to the extent claimed by MSETCL in accordance with the submissions and rationale given in this Petition.
6. Provide the workable excel model used by the Hon'ble Commission for approval of the above true up Requirement of MSETCL
7. Provide a recovery mechanism for recovery of the Revenue gap.
8. Condone any shortcomings/deficiencies and allow MSETCL to submit additional information/data at a later stage as may be required.

(Pratap Mohite)
Director (Finance)
MSETCL