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Ref No. WBERC/FPPCA-70/14-15/0360

Dated, Kolkata, the 26th June, 2015

From:
K. P. Bhar, I.A.S. (Retd.)
Secretary

To
The Chairman and Managing Director,
West Bengal State Electricity Distribution Company Limited
Vidyut Bhavan (9th Floor)
DJ-Block, Sector - II
Salt Lake City
Kolkata – 700 091.

Sub: Applications for Fuel and Power Purchase Cost Adjustment (FPPCA) and Annual Performance Review (APR) for the year 2013-14.

Ref: Your letter No. PTR/SERC/APR 2013-14/303 dated 27.03.2015 and PTR/SERC/APR 2013-14/646 dated 01.06.2015 in reply to our letter No. WBERC/FPPCA-70/14-15/1122 dated 11th March, 2015 and letter No. WBERC/FPPCA-70/14-15/0114 dated 05.05.2015.

Sir,

With reference to above, I am directed to request you to submit additional information / clarifications on the following issues arisen out of your applications for FPPCA and APR submitted by you for the year 2013 – 2014 and subsequent submission in this regard.

1. The issues raised in the paragraph 3 of your letter dated 01.06.2015 related to gist submission, the Commission is of the opinion that the gist should not content only some data. The gist shall also mention the following issues:
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- a) The materials available for inspection should not only be the APR and FPPCA applications submitted but should also include the letters issued by the Commission to WBSEDCL on the submitted applications for APR and FPPCA before admitting those applications along with the reply of WBSEDCL to such letters. In this instant case the letters of the Commission dated 11.03.2015, 05.05.2015 and this letter addressed to you shall also be referred along with the references of your reply to those letters of the Commission.
- b) The reference of FPPCA application along with the variable cost asked for approval.
- c) The reference of APR application along with the fixed cost asked for approval.
- d) The net adjustment amount after considering FPPCA & APR in terms of recoverable amount from consumer and other licensee or payable amount to them by WBSEDCL.

Accordingly the revised gist as submitted by you in your above letter may be resubmitted after due incorporation of the above mentioned points.

In the sub-paragraph under sl. no. (ii) of paragraph 3 your views have been noted but the Commission does not see any ground to support your submission as your application is incomplete due to following reasons:

- a) Non-submission of certain data and information as per Tariff Regulations.
- b) Not providing justification of extremely high expenditure than the target set out in the respective tariff order.
- c) While introducing claim on a new item which has not been specifically dealt in the tariff order there is no adequate clarification along with justification of introduction such new item along with the said claim. The treatment in case of such head in past has not also been provided.
- d) Non-submission of compliance report of different directions in the past tariff orders.

However, this issue will be dealt by the Commission in the order related to disposal of your APR application for 2013 – 2014.

2. In your reply vide your letter dated 01.06.2015 against reference point nos. 1, 5, 6 and 7 of letter dated 11.03.2015 of the Commission you have given your explanation in Annexure – 1 of your letter dated 01.06.2015 with insufficient data / information and thus cannot effectively be used with your other submitted data and information in the APR application to reach at a conclusion of your claim. To remove such inadequacy, the Commission provides the following observation along with specific requisition of certain data and information:

- a) In the letter dated 11.03.2015 of the Commission it has been asked in sl. No. 1 that the justification of expenditure in 2013 – 2014 for MCSU service shall include the justification in expenditure of 2013 – 2014 over 2012 – 2013. But in the submitted table under sub-paragraph (c) of paragraph 1 of the said Annexure – 1 the information provided for number of vehicles in different shifts and the number of customer care centres is only given for 2013 – 2014 but not for 2012 – 2013. Thus such information for 2012 – 2013 are to be provided in the same format of the table as given by you for 2013 – 2014 in Annexure – 1 of your letter dated 01.06.2015. The number of mobile van-month for each shift for which expenditure has incurred in 2012 – 2013 and 2013 – 2014 shall also be given. In this connection following two formats are given to help you in submission of the information mentioned above.

Table - 1

Year	No. CCS	Number of Mobile Vans in shift				Total
		Morning	Evening	Night	Additional/general	
2012-13						

Table - 2

Year	No. CCS	Number of Mobile Vans-month against which expenditure incurred				Total
		Morning	Evening	Night	Additional/general	
2012-13						
2013-14						

In the reply vide your letter dated 01.06.2015 you have not yet submitted the following information or document that have been sought in our letter dated 11.03.2015:

- i) The number of customer care-centres that have urban areas as per definition in regulation 2.1(xxv) of SOP Regulations. This shall also be given for both 2012 – 2013 and 2013 – 2014.
- ii) The measures that have been undertaken to control the expenditure on this head of MCSU service along with supporting documents on such exercise.

Please also clarify the following points:

- i) The rate applicable for the mobile van termed as additional / general in the above referred table in Annexure – 1 of your letter dated 01.06.2015 is not available in Annexure – 4 of Appendix – 2 of submitted APR application. Please clarify that what will be the applicable rate for such category.
 - ii) In Annexure – 4 of Appendix 2 of the submitted APR application a rate for night shift operation of LT mobile van is available from 01.07.2013. Prior to 01.07.2013 what were the rates of night shift for first quarter of 2013 – 2014 and the whole period of 2012 – 2013?
 - iii) Please confirm that rate for A and B shifts is meant for morning and evening shifts and such rate is applicable for one shift only for each mobile van.
- b) In the matter of HT line maintenance in the submitted sub-paragraph (d) and (e) of paragraph 2 of the said Annexure – 1 of your letter dated 01.06.2015 you have mentioned that in 2013 – 2014 around 400 CKM HT line has been added and seventeen number of sub-stations were commissioned. The statement cannot justify the higher expenditure due to non-availability of any reference benchmark/level. Thus you are requested to submit the detailed data for 2011 – 2012, 2012 – 2013 and 2013 – 2014 for providing information after reconciling such data

with annual accounts and fixed asset register for each of the year as mentioned above. You may take help of the following table to furnish aforesaid information.

Sl. No.	Particulars of line	CKM added in the year	Total cumulative CKM at the end of the year
i)	HT Lines in CKM		
ii)	LT Lines in CKM		
iii)	Total line length in CKM		
iv)	Number of HT substations		

A certification is to be given that such information has been given after reconciliation has been done with annual accounts and fixed asset register.

- c) Against the submitted information in paragraph 3 of Annexure – 1 of your letter dated 01.06.2015 and also to make such database compatible with the rate provided in Annexure – 3 of Appendix 2 of the submitted APR application and to have a comparable reference level please submit detailed information for 2011 – 2012, 2012 – 2013 and 2013 – 2014. You may take help of the following tables to submit aforesaid information.

Category of manpower	Number of manpower at the end of the concerned year				
	Kolkata	Burdwan	Siliguri	Beharampur	Medinipur
CFO					
GL					
PM					

Category of manpower	Number of man month at the closing month of the concerned year				
	Kolkata	Burdwan	Siliguri	Beharampur	Medinipur
CFO					
GL					
PM					

Category of manpower	Number of total man month work during the concerned year				
	Kolkata	Burdwan	Siliguri	Beharampur	Medinipur
CFO					
GL					
PM					

Moreover, in Annexure – 3 of Appendix – 2 of your APR application the copy of order related to rate of CFO, CL and PM for Kolkata Zone is not available for the period from 1.4.2013 to 30.6.2014. Thus you are requested to submit all such orders of Kolkata zone which are applicable for the period 2012 – 2013 and the first quarter of 2013 – 2014.

- d) In information in paragraphs 2 & 4 of Annexure – 1 of your reply vide dated 01.06.2015 is of subjective type from where reaching to a reasonable conclusion is not possible according to the Commission. Thus to ensure a better justification considering the submitted document in Annexure – 1 of Appendix 2 of your tariff application you are directed to furnish detailed information against the rate contracts for both 2012 – 2013 and 2013 – 2014. You may take the help of the following format to furnish aforesaid information.

Areas of R & M activity	Category	Number of contracts actually in operation in the concerned year	Number of contract-month that has been covered in the year
R&M of 33/11 KV feeder lines	Upto 100 CKM Zone – A		
	Upto 100 CKM Zone – B		
	100 to 250 CKM Zone – A		
	100 to 250 CKM Zone – B		
	250 to 500 CKM Zone – A		
	250 to 500 CKM Zone – B		
	Above 500 CKM Zone – A		
	Above 500 CKM Zone – B		
HT night mobile service	Zone – A		
	Zone – B		
O&M of 33/11 KV sub-station	Zone – A		
	Zone – B		

3. On your reply vide your letter dated 01.06.2015 against sl. No. 3 of queries vide letter dated 11.03.2015 of the Commission you have attributed that the reason of increase in claimed expenditure in 2013 – 2014 with respect to that of 2012 – 2013 on the head of insurance is due to introduction of accrual basis accounting introduced from 2011 – 2012.

On this aspect the Commission observes that in the form E(B) in Annexure – 1 of Volume – 1 of APR application all the insurance charges have been shown under distribution function whereas in paragraph 22 of the APR application the reasons mentioned for increased expenditure on insurance have been attributed to two reasons related to generating stations of Jaldhaka and PPSP out of total three reasons. This contradictory position is required to be addressed with detail clarification, if any. In fact in your application in Form E(B) or any other place of the application the allocation of expenditure between generation and distribution functions could not be identified. Thus such allocation of expenditure among distribution and generation functions may be provided and accordingly Form E(B) may be resubmitted.

4. In relation to reply against queries under sl. No. 5 of letter dated 05.05.2015 (a consequential query in relation to point 10 of letter dated 11.03.2015) of the Commission you have put forward certain points which are not convincing to this Commission due to the following reasons:
 - a) In your letter dated 27.03.2015 you have requested the Commission to provide computation methodology for calculation of AT&C loss with prior period recovery. Accordingly the Commission has provided the computation methodology. Now you have raised a point that by using such computation methodology it will change the distribution loss figure (in relation to computation of AT&C loss) within the form 1.8 only (not in the form 1.7) and which was already known to you whenever you have accepted to provide the AT&C figure on receiving the computation methodology for treating the prior-period adjustment as any change in computation methodology is expected to bring such change in figures. In this context it may be noted that for form 1.7 no such second calculation has been requested for which it may affect the distribution loss figure which you have already declared in your annual accounts.
 - b) Commission has requested to provide the calculation of AT&C loss with prior period adjustment to assess the outstanding collection of old

period also in the year under consideration in order to take appropriate appraisal of the performance in the year under consideration.

This type of aversion in submitting information is also adding delay in the proceeding, which could have been avoided. Thus Commission directs WBSEDCL again to provide the AT&C loss with prior period recovery in the form 1.8 as per the computation methodology provided by the Commission in their letter dated 05.05.2015 so that appraisal of the performance of the year 2013 – 2014 can be done more effectively under APR mechanism without any further delay in the APR determination mechanism. Please also submit the certificate from the statutory auditor on this matter as has been asked for in letters dated 11.03.2015 and 05.05.2015 of the Commission.

In the same matter in your reply dated 01.06.2015 you have referred Annexure – 8A. But in your enclosure that Annexure has been found as “Annexure-8A/1” and “Annexure-8A/2”. Presuming those are the annexures referred as Annexure – 8A the Commission has proceeded further. In your submitted form 1.7 along with the APR application the amount shown against ‘energy purchased at EHV’, ‘swap power in’ and ‘CTU grid loss’ at a level of 32459.519 MU, 1172.727 MU and 340.051 MU. But in your revised submitted form 1.7 in Annexure 8A1 of the letter dated 01.06.2015 you have shown energy purchased at EHV at a level of 32832.729 MU after deducting STU loss of 1202.214 MU. Please given a reconciliation statement to shown how the swap power in, CTU grid loss and STU loss of 1202.214 have been taken into account in the submitted form 1.7 of APR application so that parity between the two submitted forms can be established related to those heads.

5. From the reply in your letter dated 01.06.2015 against our queries under sl. No. 8 of the letter dated 05.05.2015 of the Commission a consequential query in relation to point 16 of letter dated 11.03.2015 of the Commission the specific queries put under sl. No. 8 of our letter dated 05.05.2015 remain still unanswered. Thus the Commission hereby requests you to provide specific reply to the following queries:

a) In Form E(B) at page 59 of Annexure – 1 under Volume IIB to tariff application of third control period you have given actual expenditure

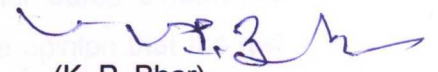
for 2007 – 2008, 2008 – 2009, 2009 – 2010 and 2010 – 2011 on different heads which include the components of administrative and general expenses such as rent, legal charges, audit fees and other administrative and general expenses. Now from WBSEDCL a specific declaration is to be provided mentioning that none of the figures under any head of the said Form E(B) pertaining to 2007 – 2008, 2008 – 2009, 2009 – 2010 and 2010 – 2011 contains the expenditure on the head of “loss of obsolete material” and “compensation to outsiders”. As already mentioned in letter dated 05.05.2015 of the Commission a certificate from the statutory auditor in support of such declaration is also to be provided for the respective years.

- b) Please give reconciliation statement showing how the figure as mentioned for different components of administrative and general expenses in the above Form E(B) has been arrived at from different sub-heads of Schedule – 24 of the annual accounts of respective year. While giving such statement, in pursuance to regulation 2.11.3 of the Tariff Regulations please detailed out in specific term the breakup under the head of “Miscellaneous Expenses” and “Incidental expenses related to stores” in Schedule – 24 of the annual accounts of respective year along with the certificate on such detail breakup from the statutory auditors of the respective years as required under the said Regulations.

You are requested to submit the above documents, papers, forms, clarifications immediately.

I am further directed to inform you that what has been mentioned in letter no. WBERC/FPPCA-70/14-15/1122 dated 11th March, 2015 of the Commission regarding the fresh gist to be submitted for approval of the Commission will also be applicable in case of above mentioned queries.

Yours faithfully,


(K. P. Bhar)
Secretary