



West Bengal Electricity Regulatory Commission
FD-415A, Poura Bhawan, 3rd Floor, Sector-III
Bidhannagar, Kolkata – 700 106
Tel: (033) 2359 3397, 2189
Fax: (033) 2359 3397
e.mail: wberc@cal3.vsnl.net.in
Website: www.wberc.net

Ref No. WBERC/FPPCA-70/14-15/ 1122

Dated, Kolkata, the 11th March, 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

Sir,

I am directed to request you to submit clarifications on the following issues in respect of your applications for Fuel and Power Purchase Cost Adjustment and Annual Performance Report submitted by you for the year 2013 – 2014.

1. The expenditure on Mobile Service (MCSU as per SOP Regulations) has increased by abnormal rate of 238% in 2013 – 2014 in comparison to 2012 – 2013. Give justification with detail breakup of number of vehicles, number of customer care centres, vehicle deployment pattern and inflationary impact on manpower and fuel cost. The vehicle deployment shall provide the detail breakup of number of vehicles that covers all the three shifts of a customer care centre, number of vehicles that covers only two shifts of a customer care centre and number of vehicles that cover only one shift of a customer care centre along with the respective
-

expenditure for each of such categories. All these justifications shall also be submitted with respect to increase in actual expenditure in 2013 – 2014 over 2012 – 2013 besides the reasoning of deviation from the admitted amount in the tariff order.

Also please give the total number of customer care centres of WBSEDCL in the State and the number of customer care centres in urban areas as per definition in regulation 2.1 (xxv) of SOP Regulations.

All the above information shall be submitted in relation to MCSU services. For hiring vehicle for high voltage services such data shall be submitted separately.

Please also mention the measures that had been taken in this connection for expenditure control with supporting documents.

2. The expenditure on legal expenses in 2013 – 2014 has increased over 2012 – 2013 by more than 28%. It requires to be justified in detail. Please provide the breakup of such cost namely fees on legal consultancy charges, expenditure for court fees, legal expenditure related to judiciary proceedings etc. Breakup may also be provided for legal expenditure on contractual dispute with different contractors and suppliers other than electricity suppliers, dispute with consumers, appeal against order of statutory bodies or any authority under any statute other than Electricity Act, 2003, appeal against order of statutory bodies or any authority under Electricity Act, 2003. Please also mention the measures that had been taken in this connection for expenditure control with supporting documents.
3. In paragraph 22 of your APR petition number of new areas have been mentioned which are covered by new insurance. However, the cost of enhancement shown under this new area requires to justify the increase in expenditure in 2013 – 2014 at the level of Rs. 711 lakh from that of Rs. 370 lakh in 2012 – 2013. It is also noticed that the expenditure on insurance in 2013 – 2014 has increased over 2012 – 2013 by more than 90%. This is required to be justified in detail by showing the actual

expenditure of 2013 – 2014 in comparison to 2012 – 2013 on all the new areas of insurance along with the areas which exist in 2012 – 2013.

Documentary evidence shall be submitted to comply with regulation 5.23.1 of the Tariff Regulations to justify the entire expenditure of 2013 – 2014.

Please submit whether there is any board approved policy for insurance. If yes, then please submit it. If there is any change in such policies resulting into such high increase in insurance expenditure then the board level approval for such policy change shall also be submitted.

Please also mention the measures that had been taken in this respect for expenditure control with supporting documents.

4. Please submit why the expenditure on franchisee cost in 2013 – 2014 has increased over 2012 – 2013 by more than 90%. It is required to be justified in details.
5. Please furnish why expenditure on manpower for line maintenance has increased by more than 25% in 2013 – 2014 than that of 2012 – 2013.
6. Please submit why expenditure on manpower for sub-station maintenance has increased by more than 37% in 2013 – 2014 than that of 2012 – 2013.
7. Please submit why expenditure on call centre has increased by more than 33% in 2013 – 2014 than that of 2012 – 2013.
8. In the notes 27.2 of the annual accounts 2013 – 2014, repair and maintenance is shown in three separate heads of 'distribution and metering', 'generation' and 'other heads'. This 'other heads' is to be specified in terms of specific activities. Please furnish the same.
9. As per your submitted annual reports and accounts of 2013 – 2014 revenue income from sale of power has been reduced from Rs. 1624297 lakh in 2012 – 2013 to 1455347 lakh in 2013 – '2014. Please mention with analysis of the reason of lower revenue income in 2013 – 2014 from sale

of power with respect to 2012 – 2013 after showing such income separately against the year for which accounts are prepared and for the period prior to the said year against the head of sale of power to the consumers, other licensees in the State and sale to persons other than licensee and consumer.

10. In your submitted APR application the T&D loss and AT&C loss computation as per Form 1.7 and Form 1.8 are not available. Please submit these forms certified by the statutory auditors of the annual accounts. Besides, AT&C loss calculated with prior period recovery shall also be shown separately.
11. In pursuance to paragraph (xi) under regulation 2.5.3 of Tariff Regulations, please provide the actual number of consumers and total connected load in KVA as on 01.4.2013 and 31.3.2014 for each category of consumers for the year 2013 – 2014 against each tariff rate. Please also provide the total energy consumption in MU during the year 2013 – 2014 by each category of consumers against each tariff rate.
12. Please mention separately the revenue income that has been earned through MVCA and the tariff of tariff order of 2013 – 2014 against the year of 2013 – 2014.
13. Against paragraph 23 of APR application please submit auditors certificate based on fixed asset register regarding distribution line length.
14. Please submit the reason why the expenditure on other administrative and general expenses in 2013 – 2014 has increased over 2012 – 2013 by more than 52%. It is required to be justified in detail in addition to further clarification on following issues as described in paragraph 25 of the APR petition.
 - i) Additional expenditure on the head of other administrative and general expenses has been claimed for excess license fees on ERP. In this context please provide the status of ERP implementation programme

including that of hardware and software as on 31.04.2014 and as on 31.12.2014. Also provide the auditors certificate of capitalization of such assets along with the certificate of commercial operation of the whole or part system as the case may be on the basis of fixed asset register.

- ii) Further, reasons mentioned for additional expenditure are additional advertisement cost due to MVCA, invitation of objection / suggestion on investment approval and advertisement for planned load shedding etc. But all these expenses are well known in advance to WBSEDCL before they filed their application for 3rd control period. Thus it has little merit. Hence, please provide annual expenditure on advertisement from 2007 – 2008 to 2013 – 2014 on the following heads along with the names of the media and number of advertisements in each media.

- a) MVCA,
- b) Invitation of objection / suggestion on investment approval,
- c) Invitation of objection / suggestion on tariff application,
- d) Invitation of objection / suggestion on APR application,
- e) Advertisement of tariff order,
- f) Advertisement for planned load shedding,
- g) Advertisement on tendering process,
- h) Advertisement for other reasons not covered under the above items.

- iii) Another reason mentioned is enhanced conveyance and travel cost due to hired vehicle charges. Please provide vehicle hiring rate order issued in your regular establishment for last three years.

Please also mention the measures that had been taken in these respects for expenditure control with supporting documents.

15. Under paragraph 28 of APR petition net UI charges and deviation charges have been claimed under the head of UI charges. Segregation of such claim is to be made between net UI charges and net deviation charges

and along with that please state whether such charges are receivable or payable.

16. Under paragraph 32 of APR petition under new heads loss of obsolete material and compensation to outsiders have been claimed separately. On this issue please provide the following information:

i) Whether the cost of purchase of the said obsolete material has been claimed in any of the earlier tariff application or APR. If yes, then under which head it has been claimed. If such costs are inbuilt in any other heads then clearly mention the name of such heads as given in the tariff application or APR application. If no, then how it has been treated in Annual Accounts shall be mentioned clearly. Accordingly certificate of statutory auditors is to be provided. Such details along with certificate are to be provided for each year between 2007 – 2008 and 2013 – 2014.

ii) Whether the expenditure for compensation paid to outsider has been claimed in any of the earlier tariff application or APR. If yes, then under which head it has been claimed. If such costs are inbuilt in any other heads then clearly mention the name of such heads as given in the tariff application or APR application. If such costs are not claimed then how it has been treated in Annual Accounts shall be mentioned clearly. Accordingly, certificate of statutory auditor is to be provided. Such details along with certificate are to be provided for each year between 2007 – 2008 and 2013 – 2014.

17. Under paragraph 37 of the APR petition WBSEDCL relies on National Electricity Policy for carrying cost on regulatory asset. In this context WBSEDCL shall specifically mention whether their claimed amount in their APR, if accepted, shall be recovered in a single year or number of years along with specific mention of the ensuing year(s) on whose tariff order such recovery shall be adjusted. Accordingly, its reflection in the average cost of supply for 2015 – 2016 and 2016 – 2017 of the fourth control period shall also be given.

18. Please submit the statement to show that how the direction under paragraph 10.6 of the tariff order for 2011 – 2012 and 2012 – 2013 (vide order dated 1.12.2012) has been complied with along with the certificate of compliance from the auditor of the terminal benefit funds.
19. Please give a statement mentioning the power purchase bill which has not been claimed in the MVCA but claimed under the FPPCA application for 2013 – 2014 along with the date of receipt of such bills and the reasons for not claiming such bill under the MVCA mechanism inspite of such provisions in the Tariff Regulations.
20. Please provide the compliance report for 2013 – 2014 on Renewable Purchase Obligation in pursuance to regulation 8 of the West Bengal Electricity Regulatory Commission (Cogeneration and Generation of Electricity from Renewable Sources of Energy) Regulations, 2013.

All the above information shall be submitted within 15 (fifteen) days from the date of receipt of this letter. For early disposal of the FPPCA and APR orders WBSEDCL may submit the information in phases within the said date.

Further, I am directed to inform you that the Commission has decided that on the basis of replies on all above issues including the applications of both FPPCA and APR already submitted, a fresh gist shall have to be submitted by WBSEDCL for approval of the Commission so that such gist can be published within 5 (five) working days from the date of communication of approval of the Commission, in at least 4 (four) daily newspapers widely circulated within the jurisdiction of WBSEDCL, at least 1 (one) each of such newspapers being in Bengali and English and also in the website of WBSEDCL inviting suggestions and objections from the members of the public and all stakeholders relating to above stated applications in accordance with sub-section (2) of section 64 of the Electricity Act, 2003.

Yours faithfully,


(K. P. Bhar)
Secretary

ofc
20
11/3/15