



West Bengal Electricity Regulatory Commission
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Ref No. WBERC/FPPCA-70/14-15/0114

Dated, Kolkata, the 5th May, 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 in reply to our letter No. WBERC/FPPCA-70/14-15/1122 dated 11th March, 2015.

Sir,

With reference to above, I am directed to request you to submit further clarifications on the following issues arisen out of your above referred letter in respect of your applications for FPPCA and APR submitted by you for the year 2013 – 2014.

1. The last sentence of second paragraph should be more specific and the items should be mentioned clearly as sought for in the letter dated 11.03.2015 of the Commission and it is not covered under the Tariff Regulations on the basis of which tariff order for 2013 – 2014 has been issued. Estimated cost implications on “audit expenditure” on those items may also be provided. You are also requested to please submit a detailed analysis in this matter along with necessary justification and supporting



documents. In this context it may be noted that while preparing annual accounts the regulatory requirements as provided in different regulations of the Commission are to be taken into consideration.

2. Your reply to point no. 2 of the letter dated 11.03.2015 of the Commission is not adequate due to following reasons:
 - a) The justification of such increased expenditure by 28% has not been provided as sought for in the said letter.
 - b) Measures undertaken for expenditure control on this head along with supporting documents / evidence for such measures have not been provided as sought for in the said letter.

In view of above please submit a reply.

In reference to the point of software development in this respect as mentioned in your letter dated 6th April, 2015 please note the accounts heads already mentioned in point no. 2 of the letter dated 11.03.2015. All such heads shall require being booked under generation, distribution and sale function separately. Such software development shall be a part of your ongoing ERP project. Thus question of additional expenditure does not arise.

3. In connection with your reply to point no. 8 of the letter dated 11.03.2015 of the Commission you are requested to further clarify the following points:
 - a) The Annual Technical Services (ATS) for software maintenance as mentioned by you is meant for SAP under ERP project or SAP_ISU or any other project. What other items are covered under “etc.” as mentioned by you against ATC? What are the items covered under miscellaneous item as provided in Annexure – II?
 - b) In view of the fact that MPLS_VPN charge is already provided in separate head please clarify why communication link maintenance charge of MPLS_VPN of Tata Teleservices will be provided separately under the repair and maintenance expenses.

- c) In this context the relevant copies of the orders for FMS, Communication link maintenance (MPLS_VPN Network) and ATS are to be submitted.
4. Please refer your reply to point no. 9 of the letter dated 11.03.2015 of the Commission. In this connection it is mentioned that in note no. 21 of annual report and accounts you have submitted revenue collection from different categories of consumers and other sources for 2012 – 2013 and 2013 – 2014. In this respect we would request you to mention specifically the followings:
- a) Whether the revenue collection as shown from each category of consumers includes prior period collection related to previous financial years.
- b) If the above mentioned figures at (a) above include prior period collection then for both the years 2012 – 2013 and 2013 – 2014, you are requested to give actual revenue collection for the year concerned and prior period revenue collection separately for each of the above categories of consumers and other sources of income. Such data shall be certified by the statutory auditors.
5. In your reply to point no. 10 of the letter dated 11.03.2015 of the Commission you have mentioned that you have submitted information as per Form 1.7 and 1.8 after due modification as per your requirement. Please note that such form has been designed for the requirement of WBERC as a part of tariff determination mechanism and not to meet the requirement of WBSEDCL. Hence you have to strictly follow the methodology as specified in the said forms of the Tariff Regulations. You are now being directed to submit the said forms duly filled in afresh as per regulations immediately without any deviation. After going through the auditors' certificate the Commission has not found any statement by which they have mentioned that the certification of those forms does not fall under the purview (emphasis supplied) of statutory auditors.

You are requested to ask the statutory auditor to certify the said format after verification of all the relevant documents and following the Tariff

Regulations and annual accounts itself and also to certify that there is no inconsistency in any respect with the audited accounts of WBSEDCL.

To show impact of prior period recovery you are requested to add the MU of energy for which prior period revenue has been collected in any year with both the derivation A and B as mentioned in row 1 and 2 of the table in form 1.8 in order to find out the AT&C loss on the basis of prior period revenue collection.

6. In connection with your reply on point no. 12 of the letter dated 11.03.2015 of the Commission please submit the following information further:
 - a) The amount of MVCA upto December 2013 that has been adjusted / nullified during implementation of new tariff as per direction of the tariff order for 2013 – 2014.
 - b) The amount of revenue earned through sale of electricity in 2013 – 2014 only against the tariff as mentioned in the tariff order of 2013 – 2014 (without MVCA).
7. The Commission is not satisfied with your reply in respect of point no. 15 of the letter dated 11.03.2015 of the Commission as the deviation charge is applicable from a certain date and there can be no issue in segregating such charge from UI payable or UI receivable. Hence you are requested to segregate the deviation charges and UI charges for payable and receivable amounts and to submit the same.
8. Against i and ii of point no.16 of the letter dated 11.03.2015 of the Commission, it has been mentioned that WBSEDCL has started to claim the referred expenditure under the head of “other expenses” in the APR applications from 2010 – 2011 onwards and prior to that those expenditure could not be claimed due to absence of clarity in regulation for those contingency type of expenditure though those expenditures were separately shown in the annual accounts of the respective years. In this context, it is mentioned that in terms of regulation 2.6.8 of the Tariff Regulations, the Commission shall review an application of annual

performance for 2013 – 2014 in the same manner as done during determination of ARR of the ensuing year 2013 – 2014 under the original tariff application for the third control period subject to such deviation of allowances as permitted under Tariff Regulations. It is not clear from the submission of WBSEDCL in the MYT application for the third control period whether those expenditures were included in the actuals for the years 2007 – 2008, 2008 – 2009 and 2009 – 2010 estimated for the year 2010 – 2011 and in the projection for the years 2011 – 2012, 2012 – 2013 and 2013 – 2014 under the head “administrative and general expenses” or any other head based on which the expenses under the head were admitted for the years 2011 – 2012, 2012 – 2013 and 2013 – 2014 in the MYT order dated 01.12.2012. WBSEDCL shall submit their reply in this regard supported by certificate from the statutory auditor.

9. Your reply against point no. 17 of the letter dated 11.03.2015 of the Commission has not addressed the specific queries that have been put to you. You are again requested to submit your reply specifically that in case the claimed amount in APR is accepted then whether such amount 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 along with the reasoning of your proposal. Accordingly its reflection in the average cost of supply during the fourth control period shall also be given based on your projected sales as submitted in your tariff petition for fourth control period or any further estimation as on date of your replies. These information are extremely necessary for disposal of your APR petition.

10. In your reply against point no. 19 of the letter dated 11.03.2015 of the Commission the reasons for not considering MVCA of two bills which have been received by WBSEDCL within 2013 – 2014 have not been mentioned. You are requested to please submit clarification on those two bills.


Normally the clarifications should be stated in APR petition. At the beginning these are looked into. The APR petition has been under the process of examination

for that reason and still it is going on. In case of absence of any such matter in due course it may be required to ask WBSEDCL to submit the same next.

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

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