Replies to the queries received from Hon'ble Commission on Petition for True-Up of FY 2019-20, APR of FY 2020-21 and ARR for FY 2021-22.

1. PSPCL to submit the annual (FY 2017-18, FY 2018-19 and FY 2019-20) breakup of hard cost, IEDC and IDC for 'Sub-transmission works'. The annual breakup of contributory works under 'Sub-transmission works' is also to be provided.

   Reply: PSPCL humbly submits that the annual (FY 2017-18, FY 2018-19 and FY 2019-20) breakup of hard cost, IEDC and IDC for 'Sub transmission works' as required by Hon'ble Commission is as per Annexure-A. It is further submitted that the PSPCL has submitted the Capital Expenditure of Rs. 1,944 Crore for FY 2019-20 in its True-Up Petition which is now revised to Rs. 1,985 Crore the scheme wise break-up of the same is given in reply to point no. 5.

2. PSPCL has currently submitted that all schemes of Distribution Business including the Govt. sponsored schemes such as R-APDRP-II Part-B, IPDS, DDUGJY etc. have been financed through loan. PSPCL to provide the corrected scheme-wise break-up of financing (loan, equity and consumer contribution and Govt. grants) for all schemes for FY 2017-18, FY 2018-19 and FY 2019-20 ensuring that the consumer contribution and Govt. grants for each scheme are accurate. PSPCL to also submit the details of dates when the loans were converted into grants.

   Reply: PSPCL humbly submits the scheme-wise break-up of financing for scheme for FY 2017-18, FY 2018-19 and FY 2019-20 are as per Annexure-B. In addition to this, funding of capex submitted against the deficiencies is also revised and given as per Annexure-C.

3. The year-wise capitalization for FY 2017-18, FY 2018-19 & FY 2019-20 according to Audited Accounts are as follows:

Particulars	FY 2017-18	FY 2018-19	FY 2019-20
Capitalisation/GFA Addition (Rs. Cr.)	2,845.81	3,208.79	2,004.27
Decapitalisation/Disposal (Rs. Cr.)	962.08	1,251.25	855.07
Net Capitalisation (Rs. Cr.)	1,883.73	1,957.54	1,149.20

As the scheme-wise capitalization submitted by PSPCL dost not match with the capitalization in Audited Account, PSPCL to reconcile the same and submit the updated scheme-wise capitalization details (if required).

Reply: PSPCL humbly submits that Annual Accounts are prepared as per prevailing practice stipulated in the Ind AS notified by Ministry of Corporate Affairs, GOI. In the table for working out Capitalisation by the Hon'ble Commission, the figures of Dr. and Cr. from the trial balance has been taken and the net of it has been shown as assets capitalized.

In this regard, PSPCL would like to submit that at the time of commissioning of asset, value of asset is correctly capitalized by crediting to Capital works in progress and debiting to fixed assets. However, there are few other Debits, which are appearing in the overall Debit balance of Fixed assets. The other debits reflects in Debit balance of Fixed Assets are as follows:

a) Assets are constructed by construction division and afterwards theses are transferred to concerned distribution divisions through IUT process. As such both Dr and Cr are overstated due to such transfers. However, in case these IUT's are not settled in same year, the Dr or Cr may remain overstated.
b) Some inter unit transactions due to transfer of balances of one office to another due to restructuring of organization also exaggerate the debit and credit balance of trial balance of fixed assets but company not as a whole.
c) Purchase of assets and directly added in the fixed asset instead through capital works in progress.

In view of above aforesaid facts, PSPCL would like to submit that the net capitalization works out by Hon'ble Commission in table stipulated above is not possible to reconcile as per scheme-wise capital expenditure. It is requested to the Hon'ble Commission to consider the revised capitalization as provided in point no. 4.

4. PSPCL to submit the detailed calculation of the Capital works in progress (CWIP) for FY 2017-18, FY 2018-19 and FY 2019-20 after reconciling the same with the CWIP in Audited Accounts. PSPCL to also provide justification for difference in CWIP with the Audited Accounts (if any).

Reply: The detailed calculation of the Capital works in progress (CWIP) for FY 2017-18, FY 2018-19 and FY 2019-20 as per actual audited accounts is tabulated as under:

GH-14&15 (Capital Works in Progress)	FY 2017-18	FY 2018-19	FY 2019-20
Opening Balance of CWIP	2,375.28	2,031.42	2,056.60
Add: Addition during the year CAPEX	**1,591.72**	**2,053.93**	**2,254.02**
Less: Transferred to Fixed Assets CAPITALISATION	1,935.58	2,028.75	1,572.66
Closing Balance of CWIP	2,031.42	2,056.60	2,737.95

The detailed calculation of the Capital Expenditure for FY 2017-18, FY 2018-19 and FY 2019-20 as per actual audited accounts is tabulated as under:

GH-14&15 (Capital Works in Progress)	FY 2017-18	FY 2018-19	FY 2019-20
Capex incurred during the year	1,591.72	2,053.93	2,254.02
Add: Survey and feasibility studies (a/c code 17.3)	0.13	0.11	0
Add: IUTs for capital works issued by AO/ Evaluation (IUT 31 for Capital works)	0.25	0	0
(+/-): Rectification of negatives Schemes	0	161.61	0
Less: Repaired transformers	*0*	*181.72*	*212.20*
Capital Expenditure	**1,592.10**	**2,033.93**	**2,041.82**

5. Form-D7 submitted by PSPCL for FY 2020-21 (H1), FY 2020-21 (H2) and FY 2021-22 does not have the break-up of Spillover schemes and New schemes and the capitalization (transfer to GFA) details. PSPCL to submit the scheme-wise capital expenditure (along with break-up of hard cost, IDC & IEDC) separately for Spillover schemes and New schemes for FY 2020-21 (H1) (actual), FY 2020-21 (H2) (projected) and FY 2021-22 (projected). The format of scheme-wise break-up i.e., the list of schemes of Spillover schemes and New schemes must be as per the Business Plan including Capital Investment Plan approved for the 2nd MYT Period.

   Reply: PSPCL humbly submits that the revised Form-D7 as required by Hon'ble Commission in desired formats is as per Annexure-D.

6. PSPCL to explain the huge difference between the capital expenditure submitted by planning office and data received from various circle offices of distribution wings of PSPCL which is attached herewith. The query was also sent to Planning Office vide email dated 14.01.2021 but no reply has been received.

   Reply: In this regard, it is informed that during the VC meeting of directors with PSERC held on 07.08.2020, it was desired to submit the information in the first instance as received from the field offices within 3-4 days as available with the Planning organisation. As such, available data was shared with the Hon'ble Commission which was subjected to reconciliation with Audited Accounts.

   Further, it was directed by Hon'ble Commission in the meeting that the data of 2 individual schemes/projects be sent every week to PSERC. Thereafter, division-wise data for FY 2017-18, 2018-19 & 2019-20 (Provisional as Balance sheet for the FY 2019-20 was not audited at that time) as received from the field offices was sent vide different e-mails.

   Now the zone-wise data duly reconciled with audited accounts for 1st MYT Control Period from FY 2017-18 to FY 2019-20 is as per Annexure-E. It is requested to the Hon'ble Commission to consider the same. It is requested to the Hon'ble Commission to consider the actual capital expenditure on account of distribution works (other than centrally sponsored schemes) for FY 2017-18, FY 2018-19 and FY 2019-20 to the tune of Rs. 830.08 Crore, Rs. 913.9 Crore and Rs. 886.57 Crore respectively as provided in Annexure E.

7. PSPCL to provide project wise loan taken, replacement an interest paid during FY 2019-20 and FY 2020-21 (H1).

   Reply: The project-wise loan taken, replacement an interest paid during FY 2019-20 and FY 2020-21 (H1) as desired by Hon'ble Commission is as per Annexure-F.

8. As per Annual Audited Accounts for FY 2019-20, terminal benefits have been shown as Rs. 2,308.27 Crore (Note 33). However, PSPCL in its petition has claimed terminal benefits of Rs. 2,384 Crore. (Earned Leave Encashment Rs. 143 Crore, Commutation of Pension Rs. 39 Crore and Pension Payments Rs. 2,201 Crore). PSPCL to clarify the difference in Terminal Benefits claimed and Terminal benefits as per Annual Audited Accounts of FY 2019-20.

Reply: PSPCL humbly submits that the terminal benefits have been claimed as per actual audited accounts of PSPCL for FY 2019-20. The desired reconciliation of the same is tabulated as under:

Description	Act. Code	As per Balance Sheet	BBMB	Net Claimed
Earned Leave Encashment	75.617 & 75.618	152.99	9.70	143.29
Provident Fund Contribution	75.810 & 75.825	38.25	0.00	38.25
Pension	75.860	1,916.62	60.89	2,201.70
Gratuity	75.8	243.09	0.00	
Terminal Benefit	75.8	110.31	7.44	
Sub-Total		**2,308.27**	**68.33**	**2,239.95**
Total		**2,461.26**	**78.02**	**2,383.24**