

April 29, 2006

To,  
The Secretary,  
MERC, Mumbai

Sub: Additional data requirement for MSETCL ARR FY 06-07

Dear Madam,

Attached is the additional data / information required from MSETCL for their ARR FY 06-07. We request the Commission to direct MSETCL to provide this information as soon as possible.

Thank you,

Sincerely,

Nikit Abhyankar  
For, Prayas Energy Group

## **Prayas - Additional data requirement for MSETCL ARR FY07**

- Revenue earned by MSETCL after unbundling i.e. after June 2005 should be stated. What is the revenue gap / surplus for FY06 ? Is this gap / surplus considered for true up in FY07? How was MSETCL getting revenue since unbundling?
- Basis and detailed working for arriving at Transmission Charges of Rs 0.26/kWh.
- MSETCL has calculated income tax by multiplying RoE by tax rate. However, RoE being the post tax profit, income tax should be calculated as  $RoE * [TaxRate/(1-TaxRate)]$ . This raises ARR for FY06 by about Rs 50 Cr and that for FY07 by about Rs 65 Cr.
- Interest on working capital for FY 04-05 and FY 05-06 should be reworked according to the MERC Tariff Order principles.
- Voltage wise breakup of losses for all years in incomplete (Form 10)
- Capital Works In Progress (CWIP) should be given for every CAPEX scheme proposed in the ARR for FY 04-05, FY 05-06 and FY 06-07 (Form 4.4).
- In addition to compliance report on directives in Tariff Order, a table showing transmission related directives in Load Shedding protocol order and other MERC orders along with their compliance report.
- CAPEX details for FY04-05 (Form 4.3)
- Scheme wise financing plan for CAPEX (Form 4.3)
- Total long term loans, accumulated depreciation, ongoing capacity expansion schemes do not match with those mentioned in the provisional transfer scheme of the government. These figures should be reconciled. This discrepancy may have arisen because transfer scheme was finalized based on provisional accounts for FY04. In such case, statement of accounts for FY03-04 and FY04-05 should be provided.
- There is a discrepancy in CAPEX amounts mentioned in the rolling plan and those submitted in the ARR. For example, for FY07, according to MSETCL rolling plan, CAPEX on “On Going Schemes” is Rs 488 Cr, while ARR submits the same CAPEX as Rs 312 Cr. Despite such huge fluctuations in the CAPEX amounts of individual schemes, total CAPEX remains same at Rs 1054 Cr. A detailed note explaining this discrepancy should be provided. The note should also cover what was included / excluded in each CAPEX scheme envisaged in the rolling plan and ARR and rationale behind their inclusion / exclusion.
- Investment in various construction circles proposed in the rolling plan per MW and per MU transmitted by MSETCL

- A table indicating outages on major lines and receiving stations – their causes and durations. This would help validating availability of the transmission network, as stipulated in Tariff Regulations.

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