

1. Restatement Relating to Earlier Period Transactions (FY 2020-21 and FY 2021-22)

1.1 Background

During the FY 2022-23, JBVNL recorded the following key transactions, which resulted in restatement of earlier period balances per the provisions of IND AS 8 (Indian Accounting Standards):

- i. Accounting of transactions relating employee benefits as per Actuarial Valuation report for the period from F.Y. 2018-19 to F.Y. 2021-22.
- ii. Corrections of depreciation rates as per the JSERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2020 vide notification no. 570 dated 12th November-2020 which was effective from 1st April 2021.
- iii. Reclassification of Meter as an asset as per the JSERC guidelines and consequent corrections in Plant & Machinery and Lines, Cables & Network and further correction in depreciation charged during relevant period.
- iv. Accounting of corrections as per the CAG observations for the F.Y. 2020-21 and 2021-22.
- v. Other corrections as per company's reconciliation of old items.

The aforesaid reinstatement has been carried out in the following manner:

- a. Restating the opening balances of Assets, Liabilities, and equity as on 1st April 2021 for items, pertaining to periods earlier or up to 31st March 2021; and
- b. Restating the comparative amounts for the period of the F.Y. 2021-22.

The summary of changes is provided in the **Annexure -I** attached with the document.

Accordingly, the Aggregate Revenue Requirement for FY 2020-21 has been recalculated based on the restated account as per the Electricity Act, 2003 and as per the provisions of the Jharkhand State Electricity Regulatory Commission (JSERC) (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2015.

And, the Aggregate Revenue Requirement for FY 2021-22 has been recalculated based on the restated account as per the Electricity Act, 2003 and as per the provisions of the Jharkhand State Electricity Regulatory Commission (JSERC) (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2020.

It is to be submitted here that, True Up Petition for FY 2020-21 and FY 2021-22 has already been filed before the Hon'ble Commission in November 2021 and November 2022 respectively. Thus, the **revised ARR for FY 2020-21 and FY 2021-22 based on restated audited account** is being submitted as prior period expenditure for FY 2020-21 and FY 2021-22 before the Hon'ble

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Commission as an additional submission of petition for approval of "True-up for FY 2022-23, Annual Performance Review (APR) for FY 2023-24 and Approval of Aggregate Revenue Requirement for FY 2024-25" already filed before the Hon'ble Commission on 29.11.23

1.2 Revised ARR for FY 2020-21 based on the restated account

1.2.1 Operation and Maintenance Expenses –

Operation and Maintenance Expenses (O&M expenses) comprises of Employee Expenses, Repair & Maintenance Expenses and Administrative & General Expenses.

Employee Expense - Rs. 0.3022 Cr. has been added in Salaries and Incentives.

Repair & Maintenance Expense – Rs. 0.1251 Cr. has been added in Repair & Maintenance Expense.

Terminal Liability – Rs. 25.40 Cr. has been reduced from Pension Funds. Rs. 51.30 Cr. has been claimed as Earned Leave Encashment Expenses in FY 2020-21. Rs. 7.85 Cr. has been added as Gratuity and Fund Contributions. Rs. 161.4336 Cr. has been taken as OCI (Other Comprehensive Income) expenses on actuarial basis in FY 2020-21. Thus, making a total impact of Rs. 195.19 Cr. in Terminal Liability in FY 2020-21.

Particulars	O&M Expenses as filed in True-Up for FY 2020-21 (A) (Rs. Cr.)	Reassessment of O&M for FY 2020-21 based on restated annual account (B) (Rs. Cr.)	Difference (B-A) (Rs. Cr.)
Operations and Maintenance Expenses	504.37	699.98	195.61
<i>Employee Expense</i>	212.07	212.37	0.30
<i>Administration & General Expense</i>	95.99	95.99	-
<i>Repair & Maintenance Expense</i>	137.24	137.37	0.13
<i>Terminal Liability</i>	59.06	254.25	195.19

There is an overall increase of Rs. 195.61 Cr. in O&M expenses in FY 2020-21. Thus, Hon'ble Commission is requested to allow Rs. 699.98 Cr. instead of Rs. 504.37 Cr. as Operation & Maintenance expenditure in FY 2020-21 as shown in table above.

1.2.2 Depreciation –

The Petitioner has applied the depreciation rate, as per restated audited annual accounts of FY 2020-21 in line with JSERC Distribution Tariff Regulation, 2015, on the average GFA and accordingly calculations are made to arrive at the total depreciation being claimed as –

Depreciation	FY 2020-21
Opening GFA (Less CCG) (Rs. Cr.)	8,689.92
Closing GFA (Less CCG) (Rs. Cr.)	11,298.53
Average GFA excluding Consumer Contributions and Grants (Rs. Cr.)	9,994.23
Depreciation Rate (%)	5.94%
Depreciation Cost (Rs. Cr.)	593.66

Particulars	Depreciation as filed in True-Up for FY 2020-21 (A) (Rs. Cr.)	Reassessment of Depreciation for FY 2020-21 based on restated annual account (B) (Rs. Cr.)	Difference (B-A) (Rs. Cr.)
Depreciation	577.95	593.66	15.71

There is an increase in Depreciation in FY 2020-21 as per restated accounts. Accumulated Depreciation as on 31st March 2021 has been restated from Rs. 4654.4579 Cr. to Rs. 4501.53 Cr. as mentioned in Note 3A as restated Audited Account of FY 2020-21.

Addition in Government Grant has been restated for FY 2020-21. The restated account is Rs. - 119.38 Cr. during FY 2020-21 as shown in Note 17 in the Audited Account of FY 2022-23. Total CWIP at the end of FY 2020-21 has been restated from Rs. 5194.0155 Cr. to Rs. 4675.8391 Cr.

Thus, the Hon'ble Commission is requested to allow Depreciation Cost of Rs. 593.66 Cr. instead of Rs. 577.95 Cr. in FY 2020-21.

1.2.3 Interest on Long Term Loan –

Accordingly, Interest on long term load has been recalculated as shown in table below -

Int on Long Term L	FY 2020-21 (in Rs Cr)
Opening Balance	3,778.20
Addition	1,710.84
Repayment	593.66
Closing Balance	4,895.38
Average Loan	4,336.79

Int on Long Term L	FY 2020-21 (in Rs Cr)
Rate of Interest	10.15%
Interest Cost	440.18

Particulars	IOL as filed in True-Up for FY 2020-21 (A) (Rs. Cr.)	Reassessment of IOL for FY 2020-21 based on restated annual account (B) (Rs. Cr.)	Difference (B-A) (Rs. Cr.)
Interest on Long Term Loan	426.3	440.18	13.88

IOL has been increased to the tune of Rs. 13.88 Cr. in FY 2020-21 due to reassessment. Thus, Hon'ble Commission is requested to allow the interest on long term loan of Rs. 440.18 Cr. instead of Rs. 426.3 Cr in FY 2020-21.

1.2.4 Interest on Working Capital Loan (IOWL) –

Accordingly, Interest on Working Capital Loan has been reassessed as shown in table below -

IOWL	FY 2020-21 (In Rs Cr)
1 month O&M	57.94
Maintenance Spares (1% of GFA)	86.90
2 months Receivables	1,373.83
Less: 1 month cost of power purchase	479.80
Less: Security Deposit from Customers	655.54
Total Working Capital requirement	382.07
Interest rate on WC	11.65%
Interest on Working Capital	44.51

Particulars	IOWL as filed in True-Up for FY 2020-21 (A) (Rs. Cr.)	Reassessment of IOWL for FY 2020-21 based on restated annual account (B) (Rs. Cr.)	Difference (B-A) (Rs. Cr.)
Interest on Working Capital	24.15	44.51	20.36

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Cumulative impact on Interest on Working Capital is increased to the tune of Rs. of 20.36 Cr. in FY 2020-21. Thus, the Hon'ble Commission is requested to allow Rs. 44.51 Cr. IOWL in FY 2020-21 as mentioned in table above.

1.2.5 Return on Equity Capital –

The impact on return on equity has been reassessed for FY 2020-21 based on the restated account for FY 2020-21 and in accordance with the provisions of the Jharkhand State Electricity Regulatory Commission (JSERC) (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2015 as shown in table below -

RoE	FY 2020-21
Opening Balance	2,569.28
Addition	820.28
Closing Balance	3,389.56
Average Equity	2,979.42
Rate of Equity	15.50%
Return On Equity	461.81

Particulars	ROE as filed in True-Up for FY 2020-21 (A) (Rs. Cr.)	Reassessment of ROE for FY 2020-21 based on restated annual account (B) (Rs. Cr.)	Difference (B-A) (Rs. Cr.)
ROE	452.43	461.81	9.38

There is increase in ROE of Rs. 9.38 Cr. in FY 2020-21. Hence, Hon'ble Commission is requested to consider Rs. 461.81 Cr. as ROE in FY 2020-21 as shown in table above.

1.2.6 Revised Average Revenue Requirement for FY 2020-21 -

Considering the component wise impact in FY 2020-21 there is increase of Rs. 254.94 Cr. in FY 2020-21 as already filed in True Up petition of FY 2020-21 in November 2021. Total expenditure for FY 2020-21 has been increased from Rs. 8270 Cr. to Rs. 8514.02 Cr. in FY 2020-21 as shown in table below -

Particulars	True-Up filed for FY 2020-21 (A) (Rs Cr)	Reassessment of ARR for FY 2020-21 based on restated annual account (B) (Rs Cr)	Difference (B-A) (Rs Cr)
Total Power Purchase Expense	6231.79	6231.79	-
Power Purchase Expense	5757.58	5757.58	

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Particulars	True-Up filed for FY 2020-21 (A) (Rs Cr)	Reassessment of ARR for FY 2020-21 based on restated annual account (B) (Rs Cr)	Difference (B-A) (Rs Cr)
Intrastate transmission charges	219.75	219.75	
Interstate transmission Charge	254.46	254.46	
Operations and Maintenance Expenses	504.37	699.99	195.62
Employee Expense	212.07	212.37	0.30
Administration & General Expense	95.99	95.99	-
Repair & Maintenance Expense	137.24	137.37	0.13
Terminal Liability	59.06	254.25	195.19
Depreciation	577.95	593.66	15.71
Interest on Long Term Loan	426.3	440.18	13.88
Interest on Working Capital Loan	24.15	44.51	20.36
Interest on Consumer Security Deposit	53.44	53.89	0.45
Bank/ Finance Charges	0.05	0.05	-
Return on Equity Capital	452.43	461.81	9.38
Total Expenditure	8270.48	8525.87	255.40
Less: Non-Tariff Income	271.02	271.02	-
Net: Aggregate Revenue Requirement	7999.45	8254.85	255.40
Total Revenue	4624.58	4624.58	
Net Gap/(Surplus)	3374.88	3630.27	255.40

Thus, the Hon'ble Commission is requested to consider an excess amount of Rs. 255.40 Cr. in the ARR of FY 2020-21.

1.3 Revised ARR for FY 2021-22 based on the restated account

1.3.1 Power Purchase (PP) Expense -

During FY 2021-22, Power purchase cost from Hydro Power Plant (SRHPS) of Jharkhand Urja Utpadan Nigam Limited has not been considered while finalizing the Annual Audited Account for FY 2021-22. Thus, the impact of power purchased from Sikidri Hydro Power Plant of Jharkhand Urja Utpadan Nigam Limited has been considered while finalizing the Audited Account for FY 2022-23 and accordingly, power purchase cost for FY 2021-22 has been restated.

Thus, net Power Purchase cost for FY 2021-22 has been restated from Rs. 6430.83 Cr. to 6474.59 Cr. as shown in Note 26 of Annual Account of FY 2022-23.

Particulars	PP as filed in True-Up for FY 2021-22 (A) (Rs. Cr.)	Reassessment of PP for FY 2021-22 based on restated annual account (B) (Rs. Cr.)	Difference (B-A) (Rs. Cr.)
Power Purchase cost including interstate and intra state transmission charges	6430.83	6474.59	43.76

Hence Hon'ble Commission is requested to consider Rs. 6474.59 Cr. as Power Purchase cost in FY 2021-22 as shown in table above.

1.3.2 Operation and Maintenance Expenses -

Repair and Maintenance Expense has been increased from Rs. 231.05 Cr. to Rs. 236.74 Cr. in FY 2021-22.

Terminal Liability has been increased from Rs. 31.19 Cr. to Rs. 43.77 Cr. in FY 2021-22. Impact of Other Comprehensive Income of Rs. (6.434) Cr. has been considered in terminal liability of FY 2021-22.

Particulars	O&M expenses as filed in True-Up for FY 2021-22 (A) (Rs. Cr.)	Reassessment of O&M expenses for FY 2021-22 based on restated annual account (B) (Rs. Cr.)	Difference (B-A) (Rs. Cr.)
Operations and Maintenance Expenses	585.77	604.74	18.97
Employee Expense	238.74	237.66	-1.08
Administration & General Expense	84.79	86.57	1.78
Repair & Maintenance Expense	231.05	236.74	5.69
Terminal Liability	31.19	43.77	12.58

Thus, there is total increase of Rs. 12.58 Cr. in the operation & maintenance expenditure expenses in FY 2021-22. Hence, the Hon'ble Commission is requested to allow excess amount of Rs. 12.58 Cr. in O&M expense in FY 2021-22 as shown in table below.

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1.3.3 Depreciation –

The Petitioner has applied the depreciation rate, as per restated audited annual accounts of FY 2021-22 in line with JSERC Distribution Tariff Regulation, 2020, on the average GFA and accordingly calculations are made to arrive at the total depreciation being claimed as -

Depreciation	FY 2021-22
Opening GFA (Less CCG) (Rs. Cr.)	9,899.59
Closing GFA (Less CCG) (Rs. Cr.)	11,204.30
Average GFA excluding Consumer Contributions and Grants (Rs. Cr.)	10,551.95
Depreciation Rate	4.82%
Depreciation Cost (Rs. Cr.)	509.07

Balance of Accumulated Depreciation on 31st March 2022 has been restated from Rs. 5851.86 Cr. to Rs. 5353.09 Cr.

Capital Works in Progress has been restated from Rs. 1942.50 Cr. to Rs. 1800.59 Cr. in FY 2021-22.

Particulars	Depreciation as filed in True-Up for FY 2021-22 (A) (Rs. Cr.)	Reassessment of Depreciation for FY 2021-22 based on restated annual account (B) (Rs. Cr.)	Difference (B-A) (Rs. Cr.)
Depreciation	783.93	509.07	-274.86

Thus, there is a decrease in depreciation assessment. The total impact on depreciation in FY 2021-22 is Rs. (-274.86 Cr.) from claimed amount in filed True Up of FY 2021-22. Hence, the Hon'ble Commission is requested to consider the decrease in depreciation cost of Rs. 274.86 Cr. in FY 2021-22.

1.3.4 Interest on Long term Loan –

The normative Interest on Long Term Loan has been reassessed. The restated normative IOL has arrived at Rs. 437.07 Cr as shown in table below –

Int on Long Term Loan	FY 2021-22 (Rs Cr)
Opening Balance	4,895.38

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Addition	431.06
Repayment	509.07
Closing Balance	4,817.37
Average Loan	4,856.37
Rate of Interest	9.00%
Interest Cost	437.07

Particulars	IOL as filed in True-Up for FY 2021-22 (A) (Rs. Cr.)	Reassessment of IOL for FY 2021-22 based on restated annual account (B) (Rs. Cr.)	Difference (B-A) (Rs. Cr.)
IOL	408.30	437.07	28.77

There is cumulative increase in IOL of Rs. 28.77 Cr. in FY 2021-22. Hence, the Hon'ble Commission is requested to consider Rs. 437.07 Cr. as IOL in FY 2021-22 as shown in table above.

1.3.5 Return on Equity (ROE) –

The impact on return on equity has been reassessed for FY 2020-21 based on the restated account for FY 2021-22 and in accordance with the provisions of the Jharkhand State Electricity Regulatory Commission (JSERC) (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2020 as shown in table below -

RoE	True-Up FY 2021-22
Opening Balance	3,389.56
Addition	(28.27)
Closing Balance	3,361.29
Average Equity	3,375.42
Rate of Equity	14.50%
Return On Equity	489.44

Particulars	ROE as filed in True-Up for FY 2021-22 (A) (Rs. Cr.)	Reassessment of ROE for FY 2021-22 based on restated annual account (B) (Rs. Cr.)	Difference (B-A) (Rs. Cr.)
ROE	476.15	489.44	13.28

There is cumulative increase in ROE in FY 2021-22 of Rs. 13.28 Cr. as shown in table above. Hence, the Hon'ble Commission is requested to consider Rs. 489.44 Cr. as ROE for FY 2021-22.

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1.3.6 Non-Tariff Income –

The Non-Tariff Income (Other Income) of JBVNL for FY 2021-22 has been recalculated based on the audited annual accounts for FY 2021-22. However, while computing the non-Tariff income (Other Income) of JBVNL for FY 2021-22, the financing cost for corresponding receivables has to be reduced as accrued DPS is considered as NTI.

As per Clause 10.13 of Electricity Supply Code Regulation, 2015 of JSERC, it is stated that, "In case the consumers do not pay the bill by the due date mentioned in the bills, delay payment surcharge for delayed payment of bills shall apply as per tariff orders issued from time to time."

As per Tariff Order 2020; "The Delayed Payment Surcharge will be at the rate of 1.00% per month chargeable proportionately."

In accordance with the JSERC's Electricity Supply Code 2015 and Tariff Order of 2020, JBVNL was charging delayed payment surcharge as per rate of 1% per month till May 2023.

Thus, on reassessment of non-tariff income arrives at Rs. 199.44 Cr. for FY 2021-22 as shown in table below –

Non-Tariff Income	FY 2021-22
Interest Income from Investment in Fixed Deposits	9.46
D.P.S from Consumer	448.48
Interest from Bank (Other than FD)	5.09
Supervision Charges	3.28
Miscellaneous Receipt	3.64
Transformer Rent	20.34
Wheeling Charges / Fuel surcharge	101.36
Miscellaneous Charges from Consumers	0.25
Total (A)	591.90
Interest rate for Receivables financing	10.50%
Corresponding Receivables against DPS	3,737.36
Less: Interest on Receivables against DPS (B)	392.42
Net NTI to be considered (A-B)	199.48

Particulars	NTI as filed in True-Up for FY 2021-22 (A) (Rs. Cr.)	Reassessment of NTI for FY 2021-22 based on restated annual account (B) (Rs. Cr.)	Difference (B-A) (Rs. Cr.)
NTI	350.58	199.48	-151.10

There is decrease of Rs. 151.10 Cr. in total non-tariff income for FY 2021-22. Thus, Hon'ble Commission is requested to consider Rs. 199.48 Cr. as non-tariff income for FY 2021-22 as shown in table above.

1.3.7 Aggregate Revenue Requirement for FY 2021-22--

Cumulative Aggregate Revenue Requirement in FY 2021-22 as per the restated account is Rs. 8391.43 Cr. as shown in table below -

Particulars	True-Up filed for FY 2021-22 (C)	Reassessment of ARR for FY 2021-22 based on restated annual account (D)	Difference (D-C)
Total Power Purchase Expense	6430.83	6474.59	43.76
<i>Power Purchase Expense</i>	5869.10	5904.44	
<i>Intrastate transmission charges</i>	236.27	570.15	
<i>Interstate transmission Charge</i>	325.46	0.00	
Operations and Maintenance Expenses	585.77	604.74	18.97
<i>Employee Expense</i>	238.74	237.66	-1.08
<i>Administration & General Expense</i>	84.79	86.57	1.78
<i>Repair & Maintenance Expense</i>	231.05	236.74	5.69
<i>Terminal Liability</i>	31.19	43.77	12.58
Depreciation	783.93	509.07	-274.86
Interest on Long Term Loan	408.30	437.07	28.77
Interest on Working Capital Loan	34.08	33.98	-0.10
Interest on Consumer Security Deposit	41.46	41.53	0.06
Bank/ Finance Charges	0.49	0.49	0.00
Return on Equity Capital	476.15	489.44	13.28
Total Expenditure	8761.02	8590.91	-170.11
<i>Less: Non-Tariff Income</i>	350.58	199.48	-151.10
Net: Aggregate Revenue Requirement	8410.44	8391.43	-19.01
<i>Total Revenue</i>	5718.96	5718.96	
Net Gap/(Surplus)	2691.48	2672.47	-19.01

1.4 Prayer to the Hon'ble Commission--

Considering the impact of restated account for FY 2020-21 and FY 2021-22, the cumulative increase in ARR of JBVNL is Rs. 236.39 Cr as shown in table below -

Particulars	Rs. Cr.
Increase in ARR for FY 2020-21 as per restated Account (A)	255.40
Increase in ARR for FY 2021-22 as per restated Account (B)	-19.01
Cumulative increase in ARR of FY 2021-22 and FY 2021-22 as per restated account (A+B)	236.39

Hence, JBVNL prays the Hon'ble Commission to allow Rs. 236.39 Cr. as prior period expenditure along with the True Up of FY 2022-23 submitted by JBVNL. The Aggregate Revenue Requirement for FY 2022-23 after truing up and considering the prior period expenditure for FY 2020-21 and FY 2021-22 as per restated account is summarized in the Table below -

Particulars	FY 2022-23
	True-Up FY 2022-23 (Rs. Cr.)
Total Power Purchase Expense	7691.03
Power Purchase Expense	7124.95
Intrastate transmission charges	257.12
Interstate transmission Charge	308.96
Operations and Maintenance Expenses	850.92
Employee Expense	252.14
Administration & General Expense	114.12
Repair & Maintenance Expense	266.55
Terminal Liability	218.11
Depreciation	509.68
Interest on Long Term Loan	420.69
Interest on Working Capital Loan	45.33
Interest on Consumer Security Deposit	58.98
Bank/ Finance Charges	11.00
Return on Equity Capital	494.38
Prior Period Expenditure of FY 2020-21 and FY 2021-22	236.39
Total Expenditure	10318.40
Less: Non-Tariff Income	275.77
Annual Revenue Requirement	10042.63
Total Revenue	5809.41
Net Total Gap/(Surplus)	4233.22

It is prayed to the Hon'ble Commission that the above ARR and Revenue gap may be allowed, and impact shall be passed on to JBVNL's consumers, while approving the tariff for FY 2023-24 & FY 2024-25.