

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

- 1. Shri Ashok Basu, Chairperson**
- 2. Shri K.N.Sinha, Member**
- 3. Shri Bhanu Bhushan, Member**
- 4. Shri A.H.Jung, Member**

Petition No. 126/2004

In the matter of

Approval of transmission charges for the transmission system associated with Farakka (I & II) STPS in Eastern Region for the period from 1.4.2004 to 31.3.2009.

And in the matter of

Power Grid Corporation of India Limited

....**Petitioner**

Vs

1. Bihar State Electricity Board, Patna
2. West Bengal State Electricity Board, Calcutta
3. Grid Corporation of Orissa Ltd., Bhubaneswar
4. Damodar Valley Corporation, Calcutta
5. Power Deptt., Govt. of Sikkim, Gangtok
6. Jharkhand State Electricity Board, Ranchi.... **Respondents**

The following were present:

1. Shri U.K. Tyagi, PGCIL
2. Shri C. Kannan, PGCIL
3. Shri P.C. Pankaj, PGCIL
4. Shri R.T.Agrawal, PGCIL
5. Shri Sunil Agrawal, PGCIL
6. Shri M.M. Mondal, CM (Fin), PGCIL

ORDER

(DATE OF HEARING: 4.8.2005)

The petition has been filed for approval for transmission charges for the transmission system associated with Farakka (I & II) STPS (the transmission system) in Eastern Region for the period from 1.4.2004 to 31.3.2009, based on the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004, (hereinafter referred to as "the 2004 regulations"). The petitioner has also prayed that it be permitted to continue the billing of transmission charges on the same basis as charged on 31.3.2004, pending determination of tariff in the present petition. No other specific relief is prayed for.

2. The revised cost estimate for the transmission system were approved by the Central Government in Ministry of Power under letters dated 19.8.1997 at a total cost of Rs. 28589.00 lakh, including FERV component of Rs. 5798.00 lakh.

3. The annual transmission charges for the period from 1.4.2001 to 31.3.2004 for the transmission system were decided by the Commission in its order dated 4.8.2003 in Petition No. 12/2002 at a gross block of Rs. 32313.96 lakh, including additional capitalization of Rs. 1712.96 lakh from 1997 to 2001 on account of FERV.

4. The transmission lines included in the transmission system, and the date of commercial operation of the respective transmission line is as stated below:

S. No.	Name of the transmission line/sub-station	Date of commercial operation	Line length in ckt- km (for O & M)
	Farakka STPS Stage-I		
(i)	400 kV S/C Farakka-Jeerat transmission line -I	1.1.1986	238
(ii)	400 kV S/C Farakka-Durgapur transmission line-I	1.7.1987	150
	Farakka STPS Stage-II		
(i)	400 k V D/C Farakka-Kahalgaoon transmission line (ckt-1)	1.5.1993	95
(ii)	400 kV D/C Farakka-Kahalgaoon transmission line (ckt-2)	1.10.1991	95
(iii)	400 kV D/C Kahalgaoon- Biharshariff transmission line (ckt-1)	1.10.1991	201
(iv)	400 kV D/C Kahalgaoon- Biharshariff transmission line (ckt-2))	1.1.1993	201
(v)	400 kV S/C Farakka-Durgapur transmission line-II	1.8.1992	146
(vi)	400 kV S/C Farakka-Jeerat transmission line-II & associated Jeerat sub-station extrn.	1.12.1994	236
(vii)	400 kV S/C Durgapur-Jamshedpur & associated sub-station at Durgapur & Jamshedpur	1.9.1994	177
	Total		1539

5. The petitioner has claimed the transmission charges as under:

	(Rs. in lakh)				
	2004-05	2005-06	2006-07	2007-08	2008-09
Depreciation	917.54	917.54	917.54	917.54	784.03
Interest on Loan	78.50	52.23	25.96	6.41	0.00
Return on Equity	1838.13	1838.13	1838.13	1838.13	1838.13
Advance against Depreciation	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	163.28	169.23	175.58	182.37	187.55
O & M Expenses	827.39	860.45	895.73	930.16	968.67
Total	3824.83	3837.58	3852.93	3874.60	3778.37

6. The details submitted by the petitioner in support of its claim for interest on working capital are given hereunder:

(Rs. in lakh)

	2004-05	2005-06	2006-07	2007-08	2008-09
Maintenance Spares	886.56	939.75	996.14	1055.90	1119.26
O & M expenses	68.95	71.70	74.64	77.51	80.72
Receivables	637.47	639.60	642.16	645.77	629.73
Total	1592.98	1651.05	1712.94	1779.18	1829.71
Rate of Interest	10.25%	10.25%	10.25%	10.25%	10.25%
Interest	163.28	169.23	175.58	182.37	187.55

7. The replies to the petition have been filed by West Bengal State Electricity Board and Bihar State Electricity Board. The petitioner has published notices in the newspapers in accordance with the procedure specified by the Commission. However, no comments have been received from the general public on the tariff proposals.

CAPITAL COST

8. As per clause (2) of Regulation 52 of the 2004 regulations in case of the projects existing up to 31.3.2004, the project cost admitted by the Commission for determination of tariff prior to 1.4.2004 shall form the basis for determination of tariff.

9. The petitioner has considered the capital expenditure of Rs.32313.96 lakh admitted by the Commission in the order dated 4.8.2003 *ibid*. The petitioner has not claimed additional capitalisation on works. The petitioner has considered additional capitalisation of Rs. 416.98 lakh on account of FERV for the period 1.4.2001 to 31.3.2004. Accordingly, gross block of Rs. 32730.94 lakh has been claimed for the purpose of tariff.

Extra Rupee Liability during the years 2001-04:

10. Regulation 1.13 (a) of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2001 provided as under:

- (a) Extra rupee liability towards interest payment and loan repayment actually incurred, in the relevant year shall be admissible; provided it directly arises out of foreign exchange rate variation and is not attributable to Utility or its suppliers or contractors. Every utility shall follow the method as per the Accounting Standard-11 (Eleven) as issued by the Institute of Chartered Accountants of India to calculate the impact of exchange rate variation on loan repayment.
- (b) Any foreign exchange rate variation to the extent of the dividend paid out on the permissible equity contributed in foreign currency, subject to the ceiling of permissible return shall be admissible. This as and when paid, may be spread over the twelve-month period in arrears.

11. Regulation 1.7 of the 2001 further provided that recovery of foreign exchange rate variation would be done directly by the utilities from the beneficiaries without filing a petition before the Commission. In case of any objections by the beneficiaries to the amounts claimed on these counts, they may file an appropriate petition before the Commission.

12. BSEB in its reply has objected to capitalisation of FERV. We do not find the objection to be valid. FERV worked out by the petitioner is in accordance with the provision of AS-11, applicable for the period up to 31.3.2004 and is matching with calculations submitted by the petitioner. The claim has accordingly been allowed for tariff calculations.

13. Based on the above, gross block of Rs. 32730.94 lakh, including additional FERV of Rs. 416.98 claimed, as on 1.4.2004 has been considered for the purpose of tariff.

DEBT- EQUITY RATIO

14. Regulation 54 of the 2004 regulations *inter alia* provides , -

(1) In case of the existing project, debt–equity ratio Considered by the Commission for fixation of tariff for the period ending 31.3.2004 shall be considered for determination of tariff.

(2) In case of the transmission system for which investment approval was accorded prior to 1.4.2004 and which is likely to be declared under commercial operation during the period 1.4.2004 to 31.3.2009, debt-equity in the ratio of 70:30 shall be considered:

Provided that where deployment of equity is less than 30%, the actual equity deployed shall be considered for the purpose of determination of tariff.

Provided further that the Commission may in appropriate case consider equity higher than 30% for the purpose of determination of tariff, where the transmission licensee is able to establish to the satisfaction of the Commission that deployment of equity more than 30% was in the interest of general public;

(3) In case of the transmission system for which investment approval is accorded on or after 1.4.2004, debt-equity in the ratio of 70:30 shall be considered for the purpose of determination of tariff:

Provided that where deployment of equity is less than 30%, the actual equity deployed shall be considered for the purpose of determination of tariff.

(4) The debt and equity amount arrived at in accordance with above sub-clause (1), (2) or (3), as the case may be, shall be used for calculation of

interest on loan, return on equity, advance against depreciation and foreign exchange rate variation.”

15. The petitioner has claimed tariff based on debt-equity of 50:50 as considered by the Central Government on the Net Fixed Asset as on 1.4.1997 and also considered by the Commission in its order dated 4.8.2003 *ibid*. Accordingly, the Net Fixed Asset of Rs.24129.00 lakh as on 1.4.1997 after adjusting cumulative depreciation of Rs. 6472.00 lakh up to 31.3.1997 has been considered. Additional capitalization on account of FERV (Rs. 1712.96 lakh from 1.4.1997 to 31.3.2001 and Rs. 416.98 lakh from 1.4.2001 to 31.3.2004) has been divided into debt and equity in the ratio of 50:50. Based on this, Rs.13129.47 lakh has been considered as the equity for the purpose of determination of tariff in the present petition.

RETURN ON EQUITY

16. As per clause (iii) of Regulation 56 of the 2004 regulations, return on equity shall be computed on the equity base determined in accordance with regulation 54 @ 14% per annum. Equity invested in foreign currency is to be allowed a return in the same currency and the payment on this account is made in Indian Rupees based on the exchange rate prevailing on the due date of billing.

17. The petitioner has claimed return on equity of Rs. 13129.47 lakh, after adjustment of amount of FERV from 1.4.2001 to 31.3.2004, which has been considered. Accordingly, the petitioner shall be entitled to return on equity @ Rs. 1838.13 lakh each year during the tariff period.

INTEREST ON LOAN

18. As per clause (i) of Regulation 56 of the 2004 regulations,-

- (a) Interest on loan capital shall be computed loan-wise on the loans arrived at in the manner indicated in regulation 54.

(b) The loan outstanding as on 1.4.2004 shall be worked out as the gross loan as per regulation 54 minus cumulative repayment as admitted by the Commission for the period up to 31.3.2004. The repayment for the period 2004-09 shall be worked out accordingly on normative basis.

(c) The transmission licensee shall make every effort to swap the loan as long as it results in net benefit to the long-term transmission customers. The costs associated with such swapping shall be borne by the long-term transmission customers.

(d) The changes to the loan terms and conditions shall be reflected from the date of such swapping and benefits passed on to the beneficiaries.

(e) In case any moratorium period is availed of by the transmission licensee, depreciation provided for in the tariff during the years of moratorium shall be treated as repayment during those years and interest on loan capital shall be calculated accordingly.

19. The partitioner has claimed interest on loan in the following manner:

(i) Gross loans, cumulative loan repayment up to previous year as admitted by the Commission in the order dated 4.8.2003 *ibid* have been taken as the opening balance as on 1.4.2004 after adjusting notional loan component arising out of FERV claimed.

(ii) On the basis of actual rate of interest on average loan as worked out in the debt-equity ratio as admitted in the order dated 4.8.2003 *ibid*, the weighted average rate of interest on loan is worked out for various years.

20. In our calculations, the interest on loan has been worked as detailed below:
- (i) Details of net outstanding loan as on 31.03.2004, repayment schedule for the period 2004-09, rate of interest as on 01.04.2004 etc .have been taken as per the loan details submitted by the petitioner under his letter dated 31.8.2005 based on which loan allocation approved for the year 2003-04 has been reset for the instalments for the period 2004-09 for working out weighted average rate of interest.
 - (ii) 50% of the notional loan arising out of FERV has been added in the loan outstanding as per order dated 4.8.2003 ibid to arrive at total notional loan.
 - (iii) Repayment of notional loan up to 31.3.2004 has been considered in proportion to repayment up to that date of actual loan.
 - (iv) The repayment for the years 2001-02 to 2003-04 of the notional loan component of FERV has been considered in proportion to total actual loan repaid during 2001-04.
 - (v) The repayment for the year 2004-05 to 2008-09 of the total notional loan has been worked out as per the following formula :

Maximum of depreciation or (Notional net loan at the beginning of the year x (actual repayment of the respective loan / actual net respective loan at the beginning of the year)).
 - (vi) Weighted average rate of interest on actual loan worked out is applied on the notional average loan during the year to arrive at the interest on loan.

21. The detailed calculations on interest on loan up to 2007-08 are given hereunder:

(Rs. in lakh)						
Details of loan	Up to 31.3.2004	2004-05	2005-06	2006-07	2007-08	2008-09
Interest on Loan						
Gross Loan as per last Order	12920.98					
Addition due to Additional Capitalisation	0.00					
Addition due to FERV	208.49					
Gross Normative Loan	13129.47	13129.47	13129.47	13129.47	13129.47	13129.47
Cumulative Repayment up to Previous Year		10130.56	11048.10	11965.64	12883.17	13129.47
Net Loan-Opening		2998.90	2081.37	1163.83	246.30	0.00
Repayment during the year		917.54	917.54	917.54	246.30	0.00
Net Loan-Closing		2081.37	1163.83	246.30	0.00	0.00
Average Loan		2540.14	1622.60	705.06	123.15	0.00
Weighted Average Rate of Interest on Loan		3.09%	3.09%	3.09%	3.09%	3.09%
Interest		78.36	50.06	21.75	3.80	0.00

DEPRECIATION

22. Sub-clause (a) of clause (ii) of Regulation 56 of the 2004 regulations provides for computation of depreciation in the following manner, namely:

- (i) The value base for the purpose of depreciation shall be the historical cost of the asset.
- (ii) Depreciation shall be calculated annually based on straight line method over the useful life of the asset and at the rates prescribed in Appendix II to these regulations. The residual value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the historical capital cost of the asset. Land is not a depreciable asset and its cost shall be excluded from the capital cost while computing 90% of the historical cost of the asset. The historical capital cost of the asset shall include additional capitalisation on account of Foreign Exchange Rate Variation up to 31.3.2004 already allowed by the Central Government/Commission.

- (iii) On repayment of entire loan, the remaining depreciable value shall be spread over the balance useful life of the asset.
- (iv) Depreciation shall be chargeable from the first year of operation. In case of operation of the asset for part of the year, depreciation shall be charged on pro rata basis.

23. Land cost included in the capital cost of the transmission system is Rs. 684.27 lakh. Thus, the gross depreciable value of the asset, as per (ii) above, is 0.9 x (Rs. 32730.94 lakh-Rs. 684.27 lakh) = Rs.28834.05 lakh. Cumulative depreciation and AAD recovered in tariff up to 31.3.2004 is Rs.16539.62 lakh. Remaining depreciable value as on 1.4.2004 is thus Rs. 12294.43 lakh.

24. For the period 1.4.2004 to 31.3.2008, the depreciation works out to Rs. 917.54 lakh each year by applying rate of depreciation of 2.80%, as shown below:

(Rs. in lakh)

Details of Depreciation		Up to 31.3.2004	2004-05	2005-06	2006-07	2007-08	2008-09
As per order dated 4.8.2003		32313.96					
Addition during 2001-04 due to Additional Capitalisation		0.00					
Addition during 2001-04 due to FERV		416.98					
Gross Block as on 31.3.2004		32730.94	32730.94	32730.94	32730.94	32730.94	32730.94
Rate of Depreciation	2.80%						
Depreciable Value	90%		28834.05	28834.05	28834.05	28834.05	28834.05
Balance Useful life of the asset			20	19	18	17	16
Remaining Depreciable Value			12294.43	11376.90	10459.36	9541.82	8624.29
Depreciation			917.54	917.54	917.54	917.54	539.02

25. As the entire loan for the transmission system would be repaid during 2007-08, the depreciation for 2008-09 has been worked out by spreading the balance depreciable value (Rs. 8624.29 lakh as on 1.4.2008) over the remaining useful life of the transmission system (16 years as on 1.4.2008), and it comes to Rs. 539.02 lakh . The weighted average life of the transmission system works out to 33 years against

the actual life of 17 years as on 31.3. 2008. Accordingly, balance useful life has been taken as 16 years.

ADVANCE AGAINST DEPRECIATION

26. As per sub-clause (b) of clause (ii) of Regulation 56 of the 2004 regulations, in addition to allowable depreciation, the transmission licensee is entitled to Advance Against Depreciation, computed in the manner given hereunder:

AAD = Loan repayment amount as per regulation 56 (i) subject to a ceiling of 1/10th of loan amount as per regulation 54 minus depreciation as per schedule.

27. It is provided that Advance Against Depreciation shall be permitted only if the cumulative repayment up to a particular year exceeds the cumulative depreciation up to that year. It is further provided that Advance Against Depreciation in a year shall be restricted to the extent of difference between cumulative repayment and cumulative depreciation up to that year.

28. The petitioner has not claimed Advance Against Depreciation. Accordingly, the petitioner is not entitled to Advance Against Depreciation

OPERATION & MAINTENANCE EXPENSES

29. In accordance with clause (iv) of Regulation 56 the 2004 regulations, the following norms are prescribed for O & M expenses:

	Year				
	2004-05	2005-06	2006-07	2007-08	2008-09
O&M expenses (Rs in lakh per ckt-km)	0.227	0.236	0.246	0.255	0.266
O&M expenses (Rs in lakh per bay)	28.12	29.25	30.42	31.63	32.90

30. The petitioner has claimed O & M expenses for 1539 ckt km of line length and 17 bays (4 at Biharshariff , 7 at Durgapur, 3 at Jamshedpur , and 3 at Jeerhat), which

has been allowed. Accordingly, the petitioner's entitlement to O & M expenses has been worked out as given hereunder:

(Rs. in lakh)

	Year				
	2004-05	2005-06	2006-07	2007-08	2008-09
O&M expenses for line length	349.35	363.20	378.59	392.45	409.37
O&M expenses for bays	478.04	497.25	517.14	537.71	559.30
Total	827.39	860.45	895.73	930.16	968.67

31. The petitioner has submitted that the wage revision of its employees is due with effect from 1.1.2007. Therefore, according to the petitioner, O & M expenses should be subject to revision on account of revision of employee cost from that date. In the alternative, it has been prayed that the increase in employee cost due to wage revision be allowed as per actuals for extra cost to be incurred consequent to wage revision. We are not expressing any view, as this issue does not arise for consideration at this stage. The petitioner may approach for a relief in this regard at an appropriate stage in accordance with law.

INTEREST ON WORKING CAPITAL

32. The components of the working capital and the interest thereon are discussed hereunder:

(i) Maintenance spares

Regulation 56(v)(1)(b) of the 2004 regulations provides for maintenance spares @ 1% of the historical cost escalated @ 6% per annum from the date of commercial operation. In the present case, element wise capital expenditure on the date of commercial operation has not been made available by the petitioner. The earliest available capital expenditure of Rs. 306.01 crore as on 1.4.1997 has been considered as the historical cost for the purpose of the present petition and maintenance spare have been worked out accordingly by escalating 1% of the historical cost @ 6% per annum. The value of maintenance spares as on 1.4.2004 works out to Rs. 460.13 lakh.

(ii) O & M expenses

Regulation 56(v)(1)(a) of the 2004 regulations provides for operation and maintenance expenses for one month as a component of working capital. The petitioner has claimed O&M expenses for 1 month of O&M expenses of the respective year as claimed in the petition. This has been considered in the working capital.

(iii) Receivables

As per Regulation 56(v)(1)(c) of the 2004 regulations, receivables will be equivalent to two months average billing calculated on target availability level. The petitioner has claimed the receivables on the basis 2 months' transmission charges claimed in the petition. In the tariff being allowed, receivables have been worked out on the basis 2 months' transmission charges.

(iv) Rate of interest on working capital

As per Regulation 56(v)(2) of the 2004 regulations, rate of interest on working capital shall be on normative basis and shall be equal to the short-term Prime Lending Rate of State Bank of India as on 1.4.2004 or on 1st April of the year in which the project or part thereof (as the case may be) is declared under commercial operation, whichever is later. The interest on working capital is payable on normative basis notwithstanding that the transmission licensee has not taken working capital loan from any outside agency. The petitioner has claimed interest on working capital @ 10.25% based on SBI PLR as on 1.4.2004, which is in accordance with the 2004 regulations and has been allowed.

33. The necessary computations in support of interest on working capital are appended hereinbelow.

(Rs. in lakh)

	2004-05	2005-06	2006-07	2007-08	2008-09
Maintenance Spares	460.13	487.73	517.00	548.02	580.90
O & M expenses	68.95	71.70	74.64	77.51	80.72
Receivables	630.04	631.37	633.11	636.50	578.83
Total	1159.11	1190.81	1224.76	1262.03	1240.45
Rate of Interest	10.25%	10.25%	10.25%	10.25%	10.25%
Interest	118.81	122.06	125.54	129.36	127.15

TRANSMISSION CHARGES

34. A summary sheet showing basic details of capital cost and other related aspects is annexed to this order. The transmission charges being allowed for the transmission system are summarised below.

(Rs. in lakh)

	2004-05	2005-06	2006-07	2007-08	2008-09
Depreciation	917.54	917.54	917.54	917.54	539.02
Interest on Loan	78.36	50.06	21.75	3.80	0.00
Return on Equity	1838.13	1838.13	1838.13	1838.13	1838.13
Advance against Depreciation	0.00	0.00	0.00	0.00	0.00
Interest on Working Capital	118.81	122.06	125.54	129.36	127.15
O & M Expenses	827.39	860.45	895.73	930.16	968.67
Total	3780.22	3788.23	3798.68	3818.98	3472.96

35. In addition to the transmission charges, the petitioner shall be entitled to other charges like income-tax, incentive, surcharge and other cess and taxes in accordance with the 2004 regulations. These transmission charges shall be included in the regional transmission tariff for Eastern Region and shall be shared by the regional beneficiaries in accordance with the 2004 regulations.

36. The petitioner is already billing the respondents on provisional basis in accordance with the Commission's interim directions. The provisional billing of tariff shall be adjusted in the light of final tariff now approved by us.

37. This order disposes of Petition No.126/2004.

Sd-/
(A.H.JUNG)
MEMBER

sd-/
(BHANU BHUSHAN)
MEMBER

sd-/
(K.N.SINHA)
MEMBER

sd-/
(ASHOK BASU)
CHAIRPERSON

New Delhi dated the 5th January 2006

Summary Sheet

Name of the Company		PGCIL		
Name of the Scheme		Transmission System associated with Farakka (I & II) STPS IN Eastern Region		
Date of Commercial Operation		Between 21986 to 1994		
Tariff setting Period		2004-09		
Petition No.		126/2004		
				Rs .in lakh
1	Capital Cost of the Project	32313.96		
2	Cumulative depreciation recovered as on 31.03.97	6472.00		
3	Net Fixed Assets as on 1.4.1997	24129.00		
4	Admitted Capital Cost as on 01.04.2004 for Calculation of Debt and Equity	25841.96		
5	Additional Capitalisation (works)	0.00		
	For the year 2001-02			0.00
	For the year 2002-03			0.00
	For the year 2003-04			0.00
	Total			0.00
6	Additional Capitalisation (FERV)	416.98		
	For the year 2001-02			-53.48
	For the year 2002-03			314.31
	For the year 2003-04			156.14
	Total			416.98
7	Total Capital Cost as on 01.04.2004(2+3+4)	26258.94		
8	Means of Finance¹:			
	Debt	50.00%		13129.47
	Equity	50.00%		131129.47
	Total	100.00%		26258.94
9	Gross Loan as on 1.4.2004	13129.47		
	Cumulative Repayment up to 31.3.2009	13129.47		
	Repaid up to 31.3.2004	10086.65		
	From 1.4.2001 to 31.3.2004 (ACE & FERV)	43.91		
	From 1.4.2004 to 31.3.2009	2998.90		
	Total	13129.47		
10	Balance Loan to be repaid beyond 31.3.2009D	0.00		
11	Depreciation recovered up to 31.03.09 :	207848.78		
		Dep	AAD	Total
	Recovered up to 31.03.2001	16357.06	170.90	8238.16
	From 01.04.01 to 31.04.2004	11.66	0.00	11.66
	From 01.04.2004 to 31.03.2009	4209.16	0.00	4209.16
	Total			20748.78
10	Balance Depreciation to be recovered beyond 31.03.2009:	5812.53		
	Capital cost for the purpose of Depreciation²	32313.96		
	ACE + FERV	416.98		
	Capital cost as 01.04.2004	32730.94		
	Less: Land Cost	693.10		
		32037.84		
	90% of Capital Cost as above	28834.05		
	Cum. Depreciation to be recovered up to 31.03.09	20748.78		
	Balance	8085.27		
<p>¹ Debt and Equity are notional and not actual as per division of debt & equity taken by GOI as 50:50 and the same has been accepted by the Commission. The last tariff set by GOI for the period 1997-98 to 2001-02 on NFA basis and the Gross Block as on 01.04.1997 as per GoI Notification F no. 2/3/POWERFRID/Tariff/98 dated 04.12.1998 and F no. 2/3/Powergrid/Tariff/99-(II) dated 11.05.1999 was Rs. 30601.00 lacs. Cumulative depreciation recovered up to 31.03.1997 amounting to Rs.6472.00 lacs was deducted to arrive at NFA as on 31.03.1997 amounting to Rs.24129.00 lacs. The same was divided into notional loan and notional equity in the ratio of 50:50 which has been considered by the Commission while awarding the tariff for the period 2001-04 in petition 12/2002. The Commission in petition no. 12/2002 and in this petition has allowed FERV of Rs.1712.96 lacs and Rs.416.98 lacs for the period up to 31.3.2001 and 1.4.2001 to 31.3.2004 respectively.</p>				

