

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

- 1. Shri Ashok Basu, Chairperson**
- 2. Shri. Bhanu Bhushan, Member**

Petition No.116/2006

In the matter of

Petition for approval of tariff for Purnea sub-station (new) and LILO of 400 kV D/C Bongaigaon-Malda at Purnea (New) in Eastern Region for the period 1.4.2004 to 31.3.2009.

And in the matter of

Power Grid Corporation of India Ltd., Gurgaon

. Petitioner

Vs

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

.....Respondents

The following were present:

1. Shri P.C. Pankaj, PGCIL
2. Shri C. Kannan, PGCIL
3. Shri U.K. Tyagi, PGCIL
4. Shri M.M. Mondal, PGCIL
5. Shri B.C.Pant, PGCIL
6. Shri A.K.Nagpal, PGCIL

**ORDER
(DATE OF HEARING: 18.1.2007)**

The petition has been filed for approval of tariff for LILO of 400 kV D/C Bongaigaon-Malda at Purnea (New) (hereinafter referred to as "the transmission line") in Eastern Region for the period 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 for approval of the reimbursement of expenditure towards publishing of notices in newspapers and petition filing fee from the beneficiaries.

2. As per the revised cost approval accorded by Board of Directors of the petitioner's company, the approved cost of the transmission line is Rs. 8550 lakh,

including IDC of Rs. 1395 lakh. The date of commercial operation of the transmission line with line length of 124 ckt-km (for O&M purpose) is 1.11.2003.

3. The transmission charges for the period from 1.11.2003 to 31.3.2004 were decided by the Commission in its order dated 9.5.2006 in Petition No. 104/2005 at a gross block of Rs. 8298.86 lakh as on the dated of commercial operation.

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

| (Rs. in lakh) | | | | | |
|------------------------------|---------|---------|---------|---------|---------|
| | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
| Depreciation | 229.81 | 229.81 | 229.81 | 229.81 | 229.81 |
| Interest on Loan | 538.29 | 500.01 | 459.23 | 416.07 | 370.26 |
| Return on Equity | 167.90 | 167.90 | 167.90 | 167.90 | 167.90 |
| Advance against Depreciation | 183.26 | 217.41 | 247.72 | 281.12 | 317.96 |
| Interest on Working Capital | 34.92 | 35.65 | 36.31 | 37.02 | 37.79 |
| O & M Expenses | 253.11 | 263.26 | 273.86 | 284.66 | 296.18 |
| Total | 1407.29 | 1414.05 | 1414.84 | 1416.58 | 1419.91 |

5. 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 | 85.06 | 90.17 | 95.58 | 101.31 | 107.39 |
| O & M expenses | 21.09 | 21.94 | 22.82 | 23.72 | 24.68 |
| Receivables | 234.55 | 235.67 | 235.81 | 236.10 | 236.65 |
| Total | 340.70 | 347.78 | 354.21 | 361.13 | 368.72 |
| Rate of Interest | 10.25% | 10.25% | 10.25% | 10.25% | 10.25% |
| Interest | 34.92 | 35.65 | 36.31 | 37.02 | 37.79 |

6. None of the respondents has filed its reply. No comments or suggestions have been received from the general public in response to the notices published by the petitioner under section 64 of the Electricity Act, 2003.

CAPITAL COST

7. As per clause (1) 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.

8. The petitioner has claimed the capital expenditure of Rs. 8153.42 lakh after accounting for decapitalisation of Rs.145.44 lakh on account of FERV for the period 1.11.2003 to 31.3.2004 over the capital expenditure of Rs. 8298.86 lakh admitted by the Commission in the order dated 9.5.2006 *ibid*. The petitioner has not claimed any additional capitalization on works.

Extra Rupee Liability during the years 2001-04:

9. 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

10. 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.

11. As no objections are raised by the beneficiaries to the petitioner's claim for decapitalization of Rs.145.44 lakh on account of FERV, and FERV worked out is matching with calculations submitted by the petitioner and is in accordance with AS-II as applicable up to 31. 3.2004, the claim has been admitted for tariff calculations.

12. Based on the above, after adjustment of decapitalization of Rs.145.44 lakh on account of FERV, the gross block of Rs. 8153.42 lakh as on 1.4.2004 as claimed by the petitioner has been considered.

DEBT- EQUITY RATIO

13. Clause (1) of Regulation 54 of the 2004 regulations *inter alia* provides that,-

“(1) In case of the existing projects, 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 with effect from 01.04.2004:

Provided that in cases where the tariff for the period ending 31.3.2004 has not been determined by the Commission, debt-equity ratio shall be as may be decided by the Commission:

Provided further that in case of the existing projects where additional capitalisation has been completed on or after 1.4.2004 and admitted by the Commission under Regulation 53, equity in the additional capitalisation to be considered shall be :-

- (a) 30% of the additional capital expenditure admitted by the Commission, or
- (b) equity approved by the competent authority in the financial package, for additional capitalisation, or
- (c) actual equity employed,

whichever is the least:

Provided further that in case of additional expenditure admitted under the second proviso, the Commission may considered equity of more than 30% if the transmission licensee is able to satisfy the Commission that deployment of such equity of more than 30% was in the interest of general public.”

14. The petitioner has claimed debt-equity ratio of 85.55:14.45 as actually deployed as on the date of commercial operation. Based on this, Rs. 1191.31 lakh as on 1.4.2004 has been taken as the equity by the petitioner for the purpose of determination of tariff in the present petition.

15. The petitioner has indicated approved debt-equity ratio of 82.71:17.29. Therefore, in order to bring debt and equity close to the approved debt-equity ratio, the de-capitalised amount of Rs. 145.44 on account of FERV has been adjusted against loan. Accordingly, for the purpose of tariff, an amount of Rs. 1199.31 lakh has been considered as the equity as on 1.4.2004.

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. 1191.31 lakh considered in the order dated 9.5.2006 *ibid*. For the reasons given hereinabove para 15, we have taken equity of Rs. 1199.31 lakh. Accordingly, the petitioner shall be entitled to return on equity @ Rs. 167.90 lakh each year during the tariff period.

INTEREST ON LOAN

18. Clause (i) of regulation 56 of the 2004 regulations *inter alia* provides that,-

“(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 in accordance with Regulation 54 minus cumulative repayment as admitted by the Commission or any other authority having power to do so, up to 31.3.2004. The repayment for the period 2004-09 shall be worked out on a normative basis.

(c) The transmission licensee shall make every effort to re-finance the loan as long as it results in net benefit to the beneficiaries. The costs associated with such re-financing shall be borne by the beneficiaries.

(d) The changes to the loan terms and conditions shall be reflected from the date of such re-financing and benefit passed on to the beneficiaries.

(e) In case of dispute, any of the parties may approach the Commission with proper application. However, the beneficiaries shall not withhold any payment ordered by the Commission to the transmission licensee during pendency of any dispute relating to re-financing of loan;

(f) 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.

(g) The transmission licensee shall not make any profit on account of re-financing of loan and interest on loan;

(h) The transmission licensee may, at its discretion, swap loans having floating rate of interest with loans having fixed rate of interest, or vice versa, at its own cost and gains or losses as a result of such swapping shall accrue to the transmission licensee:

Provided that the beneficiaries shall be liable to pay interest for the loans initially contracted, whether on floating or fixed rate of interest.”

19. The petitioner 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 9.5.2006 ibid have been taken as the opening balance as on 1.4.2004.

(ii) The entire amount of Rs. 145.44 lakh on account of decapitalization of FERV during 1.11.2003 to 31.3.2004 has been adjusted against loan.

(iii) On the basis of actual rate of interest on actual average loan, the weighted average rate of interest on loan is worked out for various years.

(iv) Loans as admitted by the Commission in the order dated 9.5.2006 ibid has been considered as notional loan and the weighted average rate of interest on loan for respective years as per above has been multiplied to arrive at interest on loan.

20. In our calculation, the interest on loan has been worked out as detailed below:

- (i) Details of net outstanding loan as on 31.3.2004, repayment schedule for the period 2004-09, rate of interest as on 1.4.2004, exchange rate as on 31.3.2004 etc. have been taken from the loan allocation statement submitted by the petitioner for working out weighted average rate of interest.
- (ii) Gross loan and cumulative repayment up to 31.3.2004 have been taken from the order dated 9.5.2006.
- (iii) Notional loan of Rs. 145.44 lakh arising out of de-capitalization of FERV during the year 2003-04 has been considered.
- (iv) Repayment of notional loan arising due to additional capitalisation and FERV during the year 2003-04 has been worked out by the following formula:

$$\frac{\text{Actual repayment of actual loan each year}}{\text{Opening balance of actual loan during corresponding year}} - X (\text{Opening balance} + \text{Addition of normative loan during corresponding year})$$

- (iv) Tariff has been worked out considering normative loan and normative repayments. Once the normative loan is arrived at, it is considered for all purposes in the tariff. Normative repayment is worked out by the following formula :

$$\frac{\text{Actual repayment of actual loan during the year}}{\text{Opening balance of actual loan during the year}} \times \text{Opening balance of normative loan during the year}$$

- (v) Moratorium in repayment of loan has been considered with reference to normative loan and if the normative repayment of loan during the year is less than the depreciation during the year, it is considered as moratorium and depreciation during the year is deemed as normative repayment of loan during the year.

- (vi) Weighted average rate of interest on actual loan worked out as per (i) above is applied on the average loan during the year to arrive at the interest on loan.
- (vii) PNB-II, OBC and ADB-I loan carries floating rate of interest and rate of interest as applicable as on 1.4.2004 has been considered in the calculation, subject to mutual settlement between the parties in case of any change/resetting of the interest rate during the tariff period:.

21. Based on the above, the year-wise details of interest worked out 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 order dated 9.5.2006 | 7099.55 | | | | | |
| Addition due to additional capitalisation | 0.00 | | | | | |
| Addition due to FERV | (-)145.44 | | | | | |
| Gross Normative Loan | 6954.11 | 6954.11 | 6954.11 | 6954.11 | 6954.11 | 6954.11 |
| Cumulative Repayment up to Previous Year | | 349.19 | 762.28 | 1209.51 | 1687.05 | 2197.99 |
| Net Loan-Opening | | 6604.91 | 6191.83 | 5744.60 | 5267.06 | 4756.12 |
| Repayment during the year | | 413.08 | 447.24 | 477.54 | 510.94 | 547.78 |
| Net Loan-Closing | | 6191.83 | 5744.60 | 5267.06 | 4756.12 | 4208.34 |
| Average Loan | | 6398.37 | 5968.21 | 5505.83 | 5011.59 | 4482.23 |
| Weighted Average Rate of Interest on Loan | | 8.4129% | 8.3778% | 8.3408% | 8.3020% | 8.2606% |
| Interest | | 538.29 | 500.01 | 459.23 | 416.06 | 370.28 |

22. The detailed calculations in support of weighted average rate of interest are contained in Annexure `A` to this order.

DEPRECIATION

23. 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.

24. The gross depreciable value of the transmission line as per (ii) above, is 0.9 x (Rs. 8153.42 lakh- Rs. 239.92 lakh) = Rs. 7122.15 lakh. Cumulative depreciation and AAD recovered in tariff up to 31.3.2004 is Rs. 96.61 lakh. Remaining depreciable value as on 1.4.2004 is thus Rs.7025.54 lakh.

25. For the period 1.4.2004 to 31.3.2009 the depreciation works out to Rs. 229.81 lakh each year by applying rate of depreciation of 2.8186% 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 9.5.2006 | | 8298.86 | | | | | |
| Addition during 2003-04 due to Additional Capitalisation | | 0.00 | | | | | |
| Addition during 2003-04 due to FERV | | (-)145.44 | | | | | |
| Gross Block as on 31.3.2004 | | 8153.42 | | | | | |
| Rate of Depreciation | 2.8186% | | | | | | |
| Depreciable Value | 90% | | 7122.15 | 7122.15 | 7122.15 | 7122.15 | 7122.15 |
| Balance Useful life of the asset | | | - | - | - | - | - |
| Remaining Depreciable Value | | | 7025.54 | 6612.45 | 6165.22 | 5687.68 | 5176.74 |
| Depreciation | | | 229.81 | 229.81 | 229.81 | 229.81 | 229.81 |

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 claimed Advance Against Depreciation in the following manner:

- (i) 1/10th of gross loan is worked out from the gross loan admitted by the Commission order dated 9.5.2006.
- (ii) Cumulative loan as well as repayment of notional loan during the year have been considered.
- (iii) Depreciation as claimed in the petition.
- (iv) In cumulative depreciation, Advance Against Depreciation allowed up to 2003-04 as per order dated 9.5.2006 ibid has not been considered.

29. In our calculation, the Advance Against Depreciation has been worked as under:

- (i) 1/10th of gross loan has been worked out from the gross notional loan as per para 21 above.

- (ii) Cumulative loan as well as repayment of notional loan during the year has been considered as per para 21 above.
- (iii) Depreciation as worked out as per para 25 has been taken into account.
- (iv) In cumulative depreciation recovered up to 2003-04, Advance Against Depreciation has been included as per order dated 9.5.2006 ibid.

30. The details of Advance Against Depreciation allowed for the transmission asset, is given hereunder:

(Rs. in lakh)

| | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
|--|---------|---------|---------|---------|---------|
| 1/10th of Gross Loan(s) | 695.41 | 695.41 | 695.41 | 695.41 | 695.41 |
| Repayment of Loan | 413.08 | 447.24 | 477.54 | 510.94 | 547.78 |
| Minimum of the above | 413.08 | 447.24 | 477.54 | 510.94 | 547.78 |
| Depreciation during the year | 229.81 | 229.81 | 229.81 | 229.81 | 229.81 |
| (A) Difference | 183.27 | 217.42 | 247.72 | 281.13 | 317.96 |
| Cumulative Repayment of the Loan | 762.28 | 1209.51 | 1687.05 | 2197.99 | 2745.77 |
| Cumulative Depreciation/ Advance against Depreciation | 326.42 | 739.51 | 1186.74 | 1664.28 | 2175.22 |
| (B) Difference | 435.85 | 470.00 | 500.30 | 533.71 | 570.55 |
| Advance Against Depreciation Minimum of (A) and (B) | 183.27 | 217.42 | 247.72 | 281.13 | 317.96 |

OPERATION & MAINTENANCE EXPENSES

31. 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 |

32. The petitioner has claimed O & M expenses for 124 ckt-km of line length and 8 bays at Purnia sub-station, 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 124 ckt-km line length | 28.15 | 29.26 | 30.50 | 31.62 | 32.98 |
| O&M expenses for 8 bays | 224.96 | 234.00 | 243.46 | 253.04 | 263.20 |
| Total | 253.11 | 263.26 | 273.86 | 284.66 | 296.18 |

33. The petitioner has submitted that the wage revision of its employees is due with effect from 1.1.2007. Therefore, 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

34. 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 is Rs. 8298.86 lakh, which has been considered as the historical cost for the purpose of the present petition and maintenance spares have been worked out accordingly by escalating 1% of the historical cost @ 6% per annum. In this manner, the value of maintenance spares works out to Rs. 85.06 lakh as on 1.4.2004.

(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.

35. 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 | 85.06 | 90.17 | 95.58 | 101.31 | 107.39 |
| O & M expenses | 21.09 | 21.94 | 22.82 | 23.72 | 24.68 |
| Receivables | 234.55 | 235.68 | 235.81 | 236.10 | 236.65 |
| Total | 340.71 | 347.78 | 354.20 | 361.13 | 368.72 |
| Rate of Interest | 10.25% | 10.25% | 10.25% | 10.25% | 10.25% |
| Interest | 34.92 | 35.65 | 36.31 | 37.02 | 37.79 |

TRANSMISSION CHARGES

36. The capital cost and other relevant details are contained in the summary sheet attached. The transmission charges being allowed for transmission line are summarised below:

| | (Rs.in lakh) | | | | |
|------------------------------|----------------|----------------|----------------|----------------|----------------|
| | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
| Depreciation | 229.81 | 229.81 | 229.81 | 229.81 | 229.81 |
| Interest on Loan | 538.29 | 500.01 | 459.23 | 416.06 | 370.26 |
| Return on Equity | 167.90 | 167.90 | 167.90 | 167.90 | 167.90 |
| Advance against Depreciation | 183.27 | 217.42 | 247.72 | 281.13 | 317.96 |
| Interest on Working Capital | 34.92 | 35.65 | 36.31 | 37.02 | 37.79 |
| O & M Expenses | 253.11 | 263.26 | 273.86 | 284.66 | 296.18 |
| Total | 1407.31 | 1414.05 | 1414.84 | 1416.59 | 1419.91 |

37. 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.

38. The petitioner has sought approval for the reimbursement of expenditure of Rs. 1,52,052/- incurred on publication of notices in the newspapers. The petitioner shall claim reimbursement of the said expenditure directly from the respondents in one installment in the ratio applicable for sharing of transmission charges. The petitioner has also sought reimbursement of filing fee of Rs.5 lakh paid. A final view on reimbursement of filing fee is yet to be taken by the Commission for which views of the stakeholder have been called for. The view taken on consideration of the comments received shall apply in the present case as regards reimbursement of filing fee.

39. 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.

40. This order disposes of Petition No.116/2006.

Sd-/
(BHANU BHUSHAN)
MEMBER

sd-/
(ASHOK BASU)
CHAIRPERSON

New Delhi dated the 13th February 2007

CALCULATION OF WEIGHTED AVERAGE RATE OF INTEREST ON LOAN

(Rs. in Lakh)

| | Details of Loan | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
|---|---------------------------|---------------------------------------|---------|---------|---------|---------|
| 1 | Bond-X | | | | | |
| | Net Loan-Opening | 661.00 | 605.92 | 550.83 | 495.75 | 440.67 |
| | Repayment during the year | 55.08 | 55.08 | 55.08 | 55.08 | 55.08 |
| | Net Loan-Closing | 605.92 | 550.83 | 495.75 | 440.67 | 385.58 |
| | Average Loan | 633.46 | 578.38 | 523.29 | 468.21 | 413.13 |
| | Rate of Interest | 10.90% | 10.90% | 10.90% | 10.90% | 10.90% |
| | Interest | 69.05 | 63.04 | 57.04 | 51.03 | 45.03 |
| | Repayment Schedule | 12 Annual instalments from 21.06.2004 | | | | |
| 2 | Bond-XI Option-I | | | | | |
| | Net Loan-Opening | 75.00 | 75.00 | 68.75 | 62.50 | 56.25 |
| | Repayment during the year | 0.00 | 6.25 | 6.25 | 6.25 | 6.25 |
| | Net Loan-Closing | 75.00 | 68.75 | 62.50 | 56.25 | 50.00 |
| | Average Loan | 75.00 | 71.88 | 65.63 | 59.38 | 53.13 |
| | Rate of Interest | 9.80% | 9.80% | 9.80% | 9.80% | 9.80% |
| | Interest | 7.35 | 7.04 | 6.43 | 5.82 | 5.21 |
| | Repayment Schedule | 12 Annual instalments from 07.12.2005 | | | | |
| 3 | Bond-XII | | | | | |
| | Net Loan-Opening | 5.00 | 5.00 | 4.58 | 4.17 | 3.75 |
| | Repayment during the year | 0.00 | 0.42 | 0.42 | 0.42 | 0.42 |
| | Net Loan-Closing | 5.00 | 4.58 | 4.17 | 3.75 | 3.33 |
| | Average Loan | 5.00 | 4.79 | 4.38 | 3.96 | 3.54 |
| | Rate of Interest | 9.70% | 9.70% | 9.70% | 9.70% | 9.70% |
| | Interest | 0.49 | 0.46 | 0.42 | 0.38 | 0.34 |
| | Repayment Schedule | 12 Annual instalments from 28.03.2006 | | | | |
| 4 | Bond IX | | | | | |
| | Net Loan-Opening | 752.40 | 668.80 | 585.20 | 501.60 | 418.00 |
| | Repayment during the year | 83.60 | 83.60 | 83.60 | 83.60 | 83.60 |
| | Net Loan-Closing | 668.80 | 585.20 | 501.60 | 418.00 | 334.40 |
| | Average Loan | 710.60 | 627.00 | 543.40 | 459.80 | 376.20 |
| | Rate of Interest | 12.25% | 12.25% | 12.25% | 12.25% | 12.25% |
| | Interest | 87.05 | 76.81 | 66.57 | 56.33 | 46.08 |
| | Repayment Schedule | 10 Annual Instalments from 22.08.2003 | | | | |
| 5 | OBC | | | | | |
| | Net Loan-Opening | 34.00 | 31.17 | 28.33 | 25.50 | 22.67 |
| | Repayment during the year | 2.83 | 2.83 | 2.83 | 2.83 | 2.83 |
| | Net Loan-Closing | 31.17 | 28.33 | 25.50 | 22.67 | 19.83 |
| | Average Loan | 32.58 | 29.75 | 26.92 | 24.08 | 21.25 |
| | Rate of Interest | 8.60% | 8.60% | 8.60% | 8.60% | 8.60% |
| | Interest | 2.80 | 2.56 | 2.31 | 2.07 | 1.83 |
| | Repayment Schedule | 12 Annual instalments from 22.03.2005 | | | | |
| 6 | PNB-II | | | | | |
| | Net Loan-Opening | 41.00 | 37.58 | 34.17 | 30.75 | 27.33 |
| | Repayment during the year | 3.42 | 3.42 | 3.42 | 3.42 | 3.42 |
| | Net Loan-Closing | 37.58 | 34.17 | 30.75 | 27.33 | 23.92 |
| | Average Loan | 39.29 | 35.88 | 32.46 | 29.04 | 25.63 |
| | Rate of Interest | 8.60% | 8.60% | 8.60% | 8.60% | 8.60% |
| | Interest | 3.38 | 3.09 | 2.79 | 2.50 | 2.20 |
| | Repayment Schedule | 12 Annual instalments from 08.03.2005 | | | | |
| 7 | ADB-I | | | | | |
| | Net Loan-Opening | 5036.32 | 4768.19 | 4472.56 | 4146.64 | 3787.31 |
| | Repayment during the year | 268.14 | 295.62 | 325.92 | 359.33 | 396.16 |
| | Net Loan-Closing | 4768.19 | 4472.56 | 4146.64 | 3787.31 | 3391.15 |

| | | | | | |
|---------------------------|--|---------|---------|---------|---------|
| Average Loan | 4902.25 | 4620.37 | 4309.60 | 3966.98 | 3589.23 |
| | 7.51% | 7.51% | 7.51% | 7.51% | 7.51% |
| Interest | 368.16 | 346.99 | 323.65 | 297.92 | 269.55 |
| Repayment Schedule | Half Yearly Instalments- 1.6.2004, 1.12.2004, 1.6.2005, 1.12.2005, 1.6.2006, 1.12.2006, 1.6.2007, 1.12.2007, 1.6.2008 & 1.12.2008. | | | | |
| Total Loan | | | | | |
| Net Loan-Opening | 6604.72 | 6191.65 | 5744.43 | 5266.91 | 4755.98 |
| Repayment during the year | 413.07 | 447.22 | 477.52 | 510.93 | 547.76 |
| Net Loan-Closing | 6191.65 | 5744.43 | 5266.91 | 4755.98 | 4208.22 |
| Average Loan | 6398.19 | 5968.04 | 5505.67 | 5011.44 | 4482.10 |
| Rate of Interest | 8.4129% | 8.3778% | 8.3408% | 8.3020% | 8.2606% |
| Interest | 538.27 | 499.99 | 459.22 | 416.05 | 370.25 |

Summary Sheet

| | | | | |
|-------------------------------|--|---|------------|------------------|
| Name of the Company: | | PGCIL | | |
| Name of the Element: | | LILO of 400 kV D/C Bogaigaon-Malda at Purnea & Substation at Purnea (New) in Eastern Region | | |
| Actual DOCO: | | 1.11.2003 | | |
| Petition No.: | | 116/2006 | | |
| Tariff setting Period: | | 2004-09 | | |
| (Rs.in lakh) | | | | |
| 1 | Capital Cost of the Project | | | 8298.86 |
| 2 | Admitted Capital Cost as on 1.4.2004 for Calculation of Debt and Equity | | | 8298.86 |
| 3 | Additional Capitalisation(works) | | | 0.00 |
| | For the year 2003-04 | | 0.00 | |
| | Total | | 0.00 | |
| 4 | Additional Capitalisation (FERV) | | | (-)145.44 |
| | For the year 2003-04 | | (-)145.44 | |
| | Total | | (-)145.44 | |
| 5 | Total Capital Cost as on 1.4.2004 (2+3+4) | | | 8153.42 |
| 6 | Means of Finance : | | | |
| | Debt | 85.29% | 6954.11 | |
| | Equity | 14.71% | 1199.31 | |
| | Total | 100.00% | 8153.42 | |
| 7 | Gross Loan as on 1.4.2004 | | | 6954.11 |
| 8 | Cumulative Repayment up to 31.3.2009 : | | | 2745.77 |
| | Repaid up to 31.3.2004 | | 349.34 | |
| | 1.4.2001 to 31.3.2004 (ACE & FERV) | | -0.15 | |
| | 1.4.2004 to 31.3.2009 | | 2396.57 | |
| | Total | | 2745.77 | |
| 9 | Balance Loan to be repaid beyond 31.3.2009 : | | | 4208.34 |
| 10 | Depreciation recovered up to 31.3.2009 : | | | 2493.19 |
| | | Dep | AAD | Total |
| | Recovered up to 31.3.2004 | 97.46 | 0.00 | 97.46 |
| | 1.4.2001 to 31.3.2004 (ACE & FERV) | -0.85 | 0.00 | -0.85 |
| | 1.4.2004 to 31.3.2009 | 1149.07 | 1247.50 | 2396.57 |
| | Total | | | 2493.19 |
| 11 | Balance Depreciation to be recovered beyond 31.3.2009 : | | | 4628.96 |
| | Capital cost for the purpose of Depreciation | | | 8298.86 |
| | ACE + FERV | | | (-)145.44 |
| | Capital cost as 1.4.2004 | | | 8153.42 |
| | Less: Land Cost | | | 239.92 |
| | | | | 7913.50 |
| | 90% of Capital Cost as above | | | 7122.15 |
| | Cum. Depreciation to be recovered up to 31.3.2009 | | | 2493.19 |
| | Balance Depreciation to be recovered beyond 31.3.2009 | | | 4628.96 |