

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 97/2008**

**Coram**

- 1. Dr. Pramod Deo, Chairperson**
- 2. Shri R.Krishnamoorthy, Member**
- 3. Shri S.Jayaraman, Member**
- 4. Shri V.S.Verma, Member**

**Date of Hearing: 28.7.2009**

**Date of Order: 30.12.2009**

**In the matter of**

Determination of impact of liabilities discharged and additional capital expenditure incurred during the years 2005-06 (15.8.2005 to 31.3.2006) 2006-07 and 2007-08 for Rihand STPS, Stage-II (1000 MW).

**And in the matter of**

NTPC Ltd, New Delhi

.....**Petitioner**

Vs

1. Uttar Pradesh Power Corporation Limited, Lucknow
2. Jaipur Vidyut Vitran Nigam Ltd, Jaipur
3. Ajmer Vidyut Vitran Nigam Ltd, Ajmer
4. Jodhpur Vidyut Vitran Nigam Ltd, Jodhpur
5. North Delhi Power Ltd, Delhi
6. BSES-Rajdhani Power Ltd, New Delhi
7. BSES-Yamuna Power Ltd, Delhi
8. Haryana Power Generation Corporation Ltd, Panchkula
9. Punjab State Electricity Board, Patiala
10. Himachal Pradesh State Electricity Board, Shimla
11. Power Development Department, Govt.of J&K, Jammu
12. Power Department, Union Territory of Chandigarh
13. Uttarakhand Power Corporation Ltd, Dehradun

.....**Respondents**

**The following were present:**

1. Shri V.K.Padha, NTPC
2. Shri S.D.Jha, NTPC
3. Shri Ratnesh, NTPC
4. Shri D.Kar, NTPC
5. Shri S.K.Samui, NTPC

**6. Shri V.Kumar, NTPC**

7. Shri Manish Garg, UPPCL

**ORDER**

The petitioner has made this application for approval of the revised fixed charges for the period from 15.8.2005 to 31.3.2009, after considering the liabilities discharged and additional capital expenditure incurred during the years 2005-06 (15.8.2005 to 31.3.2006) 2006-07 and 2007-08 for Rihand STPS, Stage-II (1000 MW) (hereinafter referred to as "the generating station") based on the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004 (hereinafter referred to as "the 2004 regulations"). The petitioner has made the following specific prayers:

- (i) Approve the impact of liabilities discharged and additional capital expenditure incurred based on actual cash paid as per details given for the period 2005-06 (15.8.2005 to 31.3.2006), 2006-07 and 2007-08;*
- (ii) allow the servicing of the expenditure from the year the same is incurred;*
- (iii) approve the recovery of filing fee of this petition from the respondents.;*
- (iv) pass any other orders in this regard as the Hon'ble Commission may find appropriate in the circumstances pleaded above".*

2. The generating station comprises two units, each with capacity of 500 MW and the actual dates of commercial operation of the units are as under:

	Actual date of Commercial operation
Unit – I	15.8.2005
Unit – II	1.4.2006

3. The tariff of the generating station for the period 15.8.2005 to 31.3.2009 was determined by the Commission by its order dated 15.10.2007 in Petition No.106/2006 based on the capital cost as on 15.8.2005 and 1.4.2006 as under:

	(Rs in lakh)	
	As on 15.8.2005	As on 1.4.2006
Capital cost actually incurred after deduction of liabilities on annual basis	137463.51	265684.04
Reduction in IDC due to average method of repayment	781.22	1010.28
<b>Capital cost actually incurred up to the date of commercial operation</b>	<b>136682.29</b>	<b>264673.76</b>

4. The annual fixed charges approved by the Commission are as under:

	(Rs in lakh)			
Particulars	2005-06	2006-07	2007-08	2008-09
Interest on Loan	7015	13033	11795	10430
Interest on Working Capital	1522	2986	3038	3043
Depreciation	4950	9560	9560	9560
Advance against Depreciation	3406	4918	7304	7569
Return on Equity	5741	11116	11116	11116
O & M Expenses	4865	10120	10520	10950

<b>TOTAL</b>	<b>27500</b>	<b>51733</b>	<b>53333</b>	<b>52668</b>
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5. Aggrieved by the order dated 15.10.2007, the petitioner filed Appeal No. 151/2007 before the Appellate Tribunal for Electricity (hereinafter referred to as "the Appellate Tribunal") praying for inclusion of liabilities amounting to Rs. 13232 lakh as on 15.8.2005 and Rs. 13574 lakh as on 1.4.2006, and the Interest During Construction (IDC) which was disallowed while determining tariff for the generating station. Similar appeal (Appeal No. 152/2007) was also filed in respect of another generating station viz Ramagundam, Stage-III by the petitioner. The Appellate Tribunal by a common judgment dated 10.12.2008 allowed the prayer of the petitioner in both the appeals. The relevant portion of the judgment is as under:

*"25. Accordingly, we allow both the appeals in part. We direct that the appellant be allowed to recover capital cost incurred including the portion of such cost which has been retained or has not yet been paid for. We also direct that in case the Commission attributes any loan taken at the corporate level to a particular project under construction and considers any repayment out of it before the date of commercial operation the sum deployed for such repayment would earn interest as pass through in tariff.*

*26. The Commission is directed to give effect to the directions given herein in the truing up exercise and consequent subsequent tariff orders.*

6. The above judgment of the Appellate Tribunal has been challenged by the Commission in Civil Appeal Nos.4112-4113/2009 before the Hon'ble Supreme Court of India. The Civil Appeals have been admitted and there is no interim order of stay of the operation of the judgment. Accordingly, it has been

decided to revise the tariff of the generating station in terms of the directions contained in the judgment *ibid* subject to the final outcome of the appeals in the Supreme Court.

7. The Appellate Tribunal in its judgment dated 10.12.2008 had directed that the capital cost incurred in respect of the generating station including the portion of such cost which has been retained or has not been paid for shall be recovered in tariff. In other words, un-discharged liability in respect of works which have been executed but payments deferred for future date has to be capitalized. As regards IDC, if the loan amount has been repaid out of the internal resources before the date of commercial operation, such repayments would earn interest. The Commission has been directed by the Appellate Tribunal to give effect to the directions contained in the judgment in the truing up exercise and subsequent tariff orders.

8. The directions of the Appellate Tribunal pertain to additional capitalization for the tariff period 2004-09 which has come to an end on 31.3.2009 and the exercise for implementation of the directions have been undertaken after the expiry of the said tariff period. Accordingly, tariff of the generating station is revised after considering the additional capital expenditure, capitalization of undischarged liabilities and IDC after truing up of the expenditure as on 31.3.2009. While truing up, the liabilities discharged, liabilities reversed on

account of de-capitalization of assets during the tariff period have been accounted for.

9. Reply to the petition has been filed by UPPCL, HPPC and JVVNL.

### **Additional capitalization**

10. Regulation 18 of the 2004 regulations provides for considering the additional capital expenditure for tariff as under:

*(1) The following capital expenditure within the original scope of work actually incurred after the date of commercial operation and up to the cut off date may be admitted by the Commission, subject to prudence check:*

- (i) Deferred liabilities;*
- (ii) Works deferred for execution;*
- (iii) Procurement of initial capital spares in the original scope of work, subject to ceiling specified in regulation 17;*
- (iv) Liabilities to meet award of arbitration or for compliance of the order or decree of a court: and*
- (v) On account of change in law.*

*Provided further that a list of the deferred liabilities and works deferred for execution shall be submitted along with the application for final tariff after the date of commercial operation.*

*(2) Subject to the provisions of clause (3) of this regulation, the capital expenditure of the following nature actually incurred after cut off date may be admitted by the commission, subject to prudence check:*

- (i) Deferred liabilities relating to works/services within the original scope of work;*
- (ii) Liabilities to meet award of arbitration or for compliance of the order or decree of a court;*
- (iii) On account of change in law;*
- (iv) Any additional works/services which have become necessary for efficient and successful operation of the generating station, but not included in the original project cost; and*

(v) *Deferred works relating to ash pond or ash handling system in the original scope of work.*

(3) *Any expenditure on minor items/assets like normal tools and tackles, personal computers, furniture, air-conditioners, voltage stabilizers, refrigerators, fans, coolers, TV, washing machine, heat-convector, carpets, mattresses etc. brought after the cut off date shall not be considered for additional capitalization for determination of tariff with effect from 1.4.2004.*

(4) *Impact of additional capitalization in tariff revision may be considered by the Commission twice in a tariff period, including revision of tariff after the cut off date.*

## **Note 2**

*Any expenditure on replacement of old assets shall be considered after writing off the gross value of the original assets from the original project cost, except such items as are listed in clause (3) of this regulation.*

9. The additional capital expenditure claimed by the petitioner during the years 2005-06, 2006-07 and 2007-08 is as under:

Description	(Rs in lakh)		
	15.8.2005 to 31.3.2006	2006-07	2007-08
Additional capital expenditure as per Books of Accounts	11151.90	5270.76	4205.83
Liabilities discharged (A) - <b>18 (1) (i)</b>	5642.26	6693.47	1774.02
Reversal of liabilities (B)	2.54	305.81	99.49
Additional capital expenditure on deferred works (C) - <b>18 (1) (ii)</b>	9998.82	5696.04	4552.02
Liabilities in additional capital expenditure on deferred works (D)	546.21	1047.47	351.47
Additional capital expenditure on initial capital spares in the original scope of work (E) - <b>18 (1) (iii)</b>	1900.19	296.55	520.74
Liabilities included in additional capital expenditure on initial capital spares (F)	0.36	0	0
De-capitalization (G)	744.58	416.02	767.44
Additional capital expenditure	<b>16250.14</b>	<b>11222.57</b>	<b>5727.86</b>

claimed (H)			
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(Where  $H = A + (C - D) + (E - F) - G$ .)

10. After applying prudence check on the asset-wise details and justification of additional capitalization claimed by the petitioner under various categories and the liabilities discharged for the years 2005-06, 2006-07 and 2007-08, the admissibility of additional capitalization is discussed in the succeeding paragraphs.

**Deferred liabilities- {Regulation 18(1) (i)}**

11. The petitioner has submitted that it has discharged liabilities amounting to Rs. 5642.26 lakh for the period from 15.8.2005 to 31.3.2006 and Rs 6693.47 lakh for the year 2006-07 out of the total liabilities disallowed by the Commission and Rs.1774.02 lakh, for the year 2007-08. The petitioner has also submitted that reversal of certain liabilities which were excluded from the capital cost for tariff purposes resulted in de-capitalization in Books of Accounts which do not have impact on tariff since the same were disallowed earlier.

12. It is observed that certain liabilities incurred by the petitioner on accrual basis have been reversed in the books of accounts as it was not payable. As un-discharged liabilities were not allowed to be capitalized by the Commission, reversal of liabilities in truing up exercise for purpose of tariff does not have any impact. However, on account of reversals, the capital cost in the books of



accounts gets reduced to the extent of reversal of liabilities. It is also observed that certain liabilities had been discharged by the petitioner by adjustment entries and these include liabilities for items other than capitalized items. Moreover, adjustment of depreciation amount charged on account of reversals has been carried out in books of accounts. Over and above reversal of liabilities, de-capitalization of assets as claimed by the petitioner is allowed. In view of the above, a total amount of Rs 14109.75 lakh under this head is allowed.

**Works deferred for execution {Regulation 18(1)(ii)}**

13. The petitioner has claimed expenditure of an amount of Rs 20246.88 lakh for 2005-08 (Rs 9998.82 lakh for 2005-06 after the date of commercial operation of the first unit, Rs 5696.04 lakh for 2006-07 and Rs 4552.02 lakh for 2007-08) towards works deferred for execution. The expenditure towards procurement of furnitures, air conditioners, TV, hospital/workshop equipments, computers and associated items like printers, fax and photocopier machines is within the original scope of work and the overall limit of deferred works as furnished in Petition No. 106/2006, and hence allowed. The petitioner has also claimed additional capital expenditure towards inter-unit transfer of certain items. The Commission while dealing with additional capitalization petitions in respect of other generating stations of the petitioner has decided that both positive and negative entries arising out of inter-unit transfers of temporary nature shall be ignored for the purposes of tariff. However, inter-unit transfers in respect of wagons amounting

to Rs 348.90 lakh during 2006-07 and locomotive amounting to Rs 836.82 lakh during 2007-08, has been allowed as the transfers have been effected without capitalization of the assets has not been considered by the Commission while dealing with the petitions of the respective generating stations. Inter-unit transfer amounting to Rs. 40.53 lakh, during the year 2007-08 in respect of certain items like steam path audit software/tool kit, and VSAT/VOIP system is not allowed. In view of the above, the total amount of Rs 20246.88 lakh amount has been allowed.

**Procurement of initial capital spares in the original scope of work {Regulation (18 (1) (iii)}**

14. The petitioner has claimed a total amount of Rs 2717.48 lakh for the period 2005-2008 (Rs 1900.19 lakh for 2005-06, Rs 296.55 lakh for 2006-07 and RS 520.74 lakh for 2007-08) under this head towards procurement of capital spares. In terms of the provisions of the 2004 regulations, the expenditure incurred by the petitioner for procurement of initial capital spares within the original scope of work, is permitted to be capitalized, subject to a ceiling limit of 2.5% specified under regulation 17 of the 2004 regulations. Capitalization of spares amounting to Rs. 2717.48 lakh is within the limit of 2.5% of project cost up to the cut-off date, and hence allowed. After considering the capital spares amounting to Rs. 1930.04 lakh allowed by order dated 15.10.2007 in Petition No. 106/2006, the total initial spares allowed to be capitalized is Rs 4647.51 lakh.

15. Based on the discussions in the preceding paragraphs, the additional capital expenditure allowed during the year 2006-08, before adjustment of IDC, is as under:

Description	(Rs in lakh)		
	15.8.2005 to 31.3.2006	2006-07	2007-08
Liabilities discharged (A) - <b>18 (1) (i)</b>	5642.26	6693.47	1774.02
Additional capital expenditure on deferred works (B) - <b>18 (1) (ii)</b>	9998.82	5696.04	4511.49
Liabilities in additional capital expenditure on deferred works (C)	546.21	1047.47	351.47
Additional capital expenditure on initial capital spares in the original scope of work (D) - <b>18 (1) (iii)</b>	1900.19	296.55	520.74
Liabilities included in additional capital expenditure on initial capital spares (E)	0.36	0	0
De-capitalization (F)	744.58	416.02	767.44
Additional capital expenditure	<b>16250.14</b>	<b>11222.57</b>	<b>5687.33</b>

### Interest During Construction

17. In Petition No. 106/2006, the petitioner had claimed IDC of Rs. 24368 lakh as on date of commercial operation of Unit-I (15.8.2005) and Rs. 27568 lakh as on date of commercial operation of Unit -II, (before consideration of FERV and Station LC amount) by wrongly considering SBI-II loan on FIFO basis (along with

other loans drawn on FIFO basis) though drawn on average basis and KVB-II/IQB-II loans drawn towards working capital requirement. Necessary corrections on these counts after obtaining details from the petitioner has resulted in a reduced claim on the basis of FIFO , amounting to Rs. 24366 lakh as on date of commercial operation of Unit-I (15.8.2005) and Rs. 26610 lakh as on date of commercial operation of Unit -II.

18. The Commission in its order dated 15.10.2007 had observed as under:

*"34. The above capital cost includes IDC and FC. It is seen that the petitioner has adopted FIFO method for repayment of loan. The Commission, in its previous orders has uniformly followed the average method of repayment of loan since FIFO method results in higher IDC in on-going projects under construction and higher AAD in case of the existing generating stations. Accordingly, for this generating station also, IDC has been worked out with average method of loan repayment."*

19. In terms of the said order dated 15.10.2007, the reduction of amount in the revised IDC amount as stated in Para 17 above, on the consideration of the average method of repayment of loan was Rs.779 lakh as on 15.8.2005 and Rs.992 lakh as on 1.4.2006. As regards IDC, the Appellate Tribunal in its judgment dated 10.12.2008 observed as under:

*"22. The NTPC submits that deployment of such internal sources of NTPC for the purpose of repayment of loan of the project under construction before the date of commercial operation should be considered as deemed loan from NTPC to the project. Accordingly, NTPC should be entitled to claim notional interest on such loan as interest during construction.*

*23. The respondents do not dispute this proposition. On behalf of the respondent No.7, TNEB, it is contended that funds deployed for repayment of loan during construction should earn interest only if such amount is actually borrowed and not if the amount comes from NTPC's*

*own sources. This, however, is not a correct view. If NTPC employs its own funds, over and above equity, there is no reason why NTPC should not earn interest thereon.*

*24. We, therefore, find that the Commission's decision not to follow the FIFO method does not call for any interference but that repayment assumed for generating station during the period prior to the date of commercial operation be deemed as loan from NTPC and interest during construction be allowed on such loans".*

20. The Commission during the hearing on 24.3.2009 directed the petitioner to submit certain additional information and the petitioner by affidavits dated 8.4.2009 and 9.11.2009 submitted the required information. Based on equity deployment details furnished vide affidavit dated 7.6.2007 in Petition No.106/2006 and considering the rate of interest of actual individual loans applicable to notional loan where repayment as per average method has been made, in terms of the directions contained in the judgment dated 10.12.2008, the amount of IDC including notional IDC, works out to Rs. 24365 lakh as on 15.8.2005 and Rs.27549 lakh as on 1.4.2006. Taking into account the IDC amount deducted by order dated 15.10.2007 in Petition No. 106/2006, the notional IDC allowed is Rs. 779 lakh as on 15.8.2005 and Rs. 991 lakh as on 1.4.2006.

21. The amount of IDC capitalized is Rs. 169.22 lakh during 2006-07 and Rs.137.80 lakh during 2007-08. It is observed that IDC amount claimed by the petitioner during the year 2006-07 contain loans arrived at as per the FIFO method of repayment. The order of the Commission as to the adoption of average method of repayment of loan had been upheld by the Appellate

Tribunal in its judgment dated 10.12.2008. In terms of the above, the IDC based on average method of repayment works out to Rs. 148.68 lakh during 2006-07 and Rs 137.80 lakh (on account of LIC-III loan drawn on Average method) during 2007-08 and the same is allowed. The additional capital expenditure allowed during the period 2006-08, after adjustment of IDC is as under:

Description	(Rs. in lakh)		
	15.8.2005 to 31.3.2006	2006-07	2007-08
Additional capital expenditure allowed	16250.14	11202.03	5687.33

22. In view of the above, the trued up capital cost arrived at for the purpose of tariff is as under:

Description	(Rs in lakh)			
	15.8.2005 to 31.3.2006	2006-07	2007-08	2008-09
Capital cost as per order dated 15.10.2007	136682.29	264673.76	0	0
Notional IDC as per judgment dated 10.12.2008	778.76	991.04	0	0
Opening capital cost	137461.05	265664.80	276866.84	282554.17
Additional capital expenditure allowed	16250.14	11222.57	5687.33	
Adjustment of IDC in additional capital expenditure	0	20.54	0	0
<b>Closing Capital cost</b>	<b>153711.19</b>	<b>276866.84</b>	<b>282554.17</b>	<b>282554.17</b>
<b>Average Capital cost</b>	<b>145586.10</b>	<b>271265.82</b>	<b>279710.50</b>	<b>282554.17</b>

### Debt-Equity Ratio

23. Regulation 20 of the 2004 Regulations provides as under:

*“(1) In case of the existing project, debt-equity ratio Considered by the Commission for the period ending 31.3.2004 shall be considered for determination of tariff with effect from 1.4.2004.*

*Provided that in cases where the tariff for the period ending 31.03.2004 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 generating stations where additional capitalization has been completed on or after 1.4.2004 and admitted by the Commission under regulation 18, equity in the additional capitalization 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 capitalization; or*

*(c) Actual equity employed,  
Whichever is the least:*

*Provided further that in case of additional capital expenditure admitted under the second proviso, the Commission may consider equity of more than 30% if the generating company is able to satisfy the Commission that deployment of such equity of more than 30% was in the interest of general public.*

24. The petitioner in its affidavit dated 24.12.2008 has furnished details of loans towards financing of the additional capital expenditure along with details of CWIP. Taking into consideration the CWIP, the equity component of additional capitalization is more than 30%. Since the equity component of additional capitalization is more than 30%, the debt-equity ratio of 70:30 has been considered for additional capitalization in terms of sub-clause (a) of clause (1) of Regulation 20 of the 2004 regulations. Accordingly, additional notional equity of the generating station on account of capitalization approved, works out as under:

	(Rs in lakh)			
	2005-06	2006-07	2007-08	2008-09
Additional Notional Equity	4875	3361	1706	0

### Return on Equity

25. Return on equity has been worked out @14% per annum on the normative equity, as follows:

	(Rs in lakh)			
	2005 -2006	2006-07	2007-08	2008-09
Equity opening revised	41238	79699	83060	84766
Equity due to Additional capitalization	4875	3361	1706	0
Equity closing	46113	83060	84766	84766
Average equity	43676	81380	83913	84766
Return on equity	<b>6115</b>	<b>11393</b>	<b>11748</b>	<b>11867</b>

### Interest on loan

26. Interest on loan has been worked out as mentioned below:

(i) The gross opening loan on normative basis as on 15.8.2005 was Rs. 95678 lakh corresponding to the capital cost of Rs. 136682 lakh. On account of revision of the opening capital cost on inclusion of notional IDC, the normative opening loan as on 15.8.2005 corresponding to revised capital cost of Rs. 137461 lakh is Rs. 96223 lakh. Due to addition of loan on account of additional capital expenditure corresponding to Unit-1 for the



period 15.8.2005 to 31.3.2006 and Unit 2 as on 1.4.2006, the gross normative loan corresponding to the capital cost of Rs. 265665 lakh works out to Rs. 185965 lakh and for additions in the years 2006-07 and 2007-08, the gross normative loan for the years 2007-08 and 2008-09 works out to Rs. 193807 lakh and Rs. 197231 lakh.

(ii) Cumulative repayment of loan up to 15.8.2005 is nil.

(iii) The actual loans considered as per order dated 15.10.2007 along with the addition of loan on account of additional capital expenditure has been considered to work out the normative repayment during the period/year.

$$\text{Normative repayment} = \frac{\text{Actual Repayment} \times \text{Normative Loan}}{\text{Actual Loan}}$$

(iv) Where normative repayment of loan is less than the depreciation of the same year, repayment has been considered to the extent of depreciation as considered in the orders dated 9.5.2006 and 27.10.2006, subject to the final decision of the Hon'ble Supreme Court in Civil Appeal No. 5434/2007 and other related appeals preferred by the Commission. Weighted average rate of interest on loan has been worked out after accounting for interest capitalized on loans.

(v) Actual repayment of actual loans has been worked out on the basis of contracted loan terms, as furnished by the petitioner, as per the average method of repayment of loan.

27. Interest on loan has been computed as under:

	(Rs in lakh)			
	<b>15.8.2005 to 31.3.2006</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>
Gross Opening loan-revised	96223	185965	193807	197788
Cumulative repayment of loan upto previous year	0	5273	19804	36821
Net loan opening	96223	180692	174003	160967
Addition of loan due to additional capital expenditure	11375	7841	3981	0
Repayment of loan during the year	5273	14531	17017	17813
Net loan closing	102325	174003	160967	143154
Average loan	99274	177348	167485	152060
Weighted Average Rate of Interest on loan	7.5382%	7.4653%	7.4780%	7.5451%
<b>Interest on loan</b>	<b>7484</b>	<b>13240</b>	<b>12524</b>	<b>11473</b>

### Depreciation

28. The weighted average rate of depreciation as approved by the Commission in order dated 15.10.2007 in Petition No. 106/2006 has been considered to calculate depreciation as under:

	(Rs in lakh)			
	<b>2005 to 2006</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>
Opening capital cost	137461	265665	276867	282554
Closing capital cost	153711	276867	282554	282554
Average capital cost	145586	271266	279711	282554

Depreciable value @90%	131028	244139	251739	254299
Balance depreciable value	131028	238866	231935	217478
<b>Depreciation</b>	<b>5273</b>	<b>9798</b>	<b>10103</b>	<b>10205</b>

### Advance Against Depreciation

29. The petitioner's entitlement towards Advance Against Depreciation is as under:

	(Rs in lakh)			
	2005 - 2006	2006-07	2007-08	2008-09
1/10th of Gross loan(s)	9622	18597	19381	19779
Repayment of the loan	5273	14531	17017	17813
Minimum of the above	5273	14531	17017	17813
Depreciation during the year	3308	9798	10103	10205
(A) Difference	1965	4733	6914	7607
Cumulative Repayment of the loan	5273	19804	36821	54634
Cumulative Depreciation	3308	15071	29907	47027
(B) Difference	1965	4733	6914	7607
<b>Advance against Depreciation</b>	<b>3131</b> <b>(annualized)</b>	<b>4733</b>	<b>6914</b>	<b>7607</b>

### O&M Expenses

30. The O&M Expenses as considered in order dated 15.10.2007 has been considered:

	(Rs in lakh)			
Years	2005 - 2006	2006-07	2007-08	2008-09
<b>O&amp;M Expenses</b>	<b>4865</b> <b>(annualized)</b>	<b>10120</b>	<b>10520</b>	<b>10950</b>

### Interest on Working Capital

31. For the purpose of calculation of working capital, the operating parameters as considered in the order dated 15.10.2007 has been kept

unaltered. The “receivables” component of the working capital has been revised for the reason of revision of return on equity, interest on loan, etc. The necessary details in support of calculation of interest on working capital are as under:

(Rs in lakh)				
	2005 - 2006	2006-07	2007-08	2008-09
Coal Stock- 2 months	3277	6875	6894	6875
Oil stock -2 months	426	499	501	499
O & M expenses	405	843	877	913
Spares	1367	2627	2785	2952
Receivables	9529	18380	18838	18865
<b>Total Working Capital</b>	15004	29225	29895	30104
Rate of Interest	10.25%	10.25%	10.25%	10.25%
Total Interest on Working capital	<b>1538</b> <b>(annualized)</b>	<b>2996</b>	<b>3064</b>	<b>3086</b>

32. The revised annual fixed charges are summarized as under:

(Rs. in lakh)				
Annual Fixed Charges	2005 -2006	2006-07	2007-08	2008-09
Depreciation	5273	9798	10103	10205
Interest on Loan	7484	13240	12524	11473
Return on Equity	6115	11393	11748	11867
Advance against Depreciation	3131	4733	6914	7607
Interest on Working Capital	1538	2996	3064	3086
O & M Expenses	4865	10120	10520	10950
<b>Total</b>	<b>28406 (annualized)</b> <b>17821 (pro-rata)</b>	<b>52279</b>	<b>54874</b>	<b>55189</b>

### Target Availability

33. The target availability of 80% considered by the Commission in the original order dated 15.10.2007 remains unchanged. Similarly, other parameters viz., specific fuel consumption, Auxiliary Power consumption and Station Heat rate

etc considered in the order dated 15.10.2007 have been retained for the purpose of calculation of the revised fixed charges.

34. The petitioner's claim for reimbursement of the filing fee has not been allowed in view of the Commission's general order dated 11.9.2008 in Petition No.129/2005.

35. The tariff determined above is subject to the decision of the Hon'ble Supreme Court in Civil Appeal Nos.4112 and 4113 of 2009.

36. The petitioner shall claim the difference between the fixed charges approved vide order dated 15.10.2007 and those approved now, from the beneficiaries in three equal monthly installments.

37. In addition to the charges approved above, the petitioner is entitled to recover other charges like incentive, claim for reimbursement of Income-tax, other taxes, cess levied by statutory authority, in accordance with the 2004 regulations, as applicable.

38. Petition No.97/2008 stands disposed of in terms of the above.

**Sd/-**  
**(V.S.VERMA)**  
**MEMBER**

**Sd/-**  
**(S.JAYARAMAN)**  
**MEMBER**

**Sd/-**  
**(R. KRISHNAMOORTHY)**  
**MEMBER**

**Sd/-**  
**(DR.PRAMOD DEO)**  
**CHAIRPERSON**