

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram

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

Petition No. 24/2009

In the matter of

Approval of revised fixed charges after considering the impact of additional capital expenditure/decapitalisation incurred during the years 2004-05 and 2005-06 in respect of Uri Hydroelectric Project, (4 x 120 MW) for the period 1.4.2004 to 31.3.2009.

And in the matter of

NHPC Ltd.

Vs

...Petitioner

1. Punjab State Electricity Board, Patiala
2. Haryana Power Generation Corporation Ltd., Panchkula
3. Delhi Transco Ltd, Delhi
4. BSES Rajdhani Power Ltd., New Delhi
5. BSES Yamuna Power Ltd., New Delhi
6. North Delhi Power Ltd., Delhi
7. Uttar Pradesh Power Corporation Ltd, Lucknow
8. Jaipur Vidyut Vitaran Nigam Ltd., Jaipur
9. Rajasthan Rajya Vidyut Prasaran Nigam Ltd., Jaipur
10. Uttarakhand Power Corporation of Ltd., Dehradun
11. Jodhpur Vidyut Vitaran Nigam Ltd., Jodhpur
12. Himachal Pradesh State Electricity Board, Shimla
13. Ajmer Vidyut Vitaran Nigam Ltd., Ajmer
14. Engineering Deptt. UT Secretariat, Chandigarh
15. Power Development Deptt. Govt of J&K, Jammu

...Respondents

The following were present

1. Shri. Prashant Kaul, NHPC
2. Shri Naveen Samriya, NHPC
3. Shri S.K.Meena, NHPC

ORDER
(DATE OF HEARING: 24.3.2009)

This petition has been filed by the petitioner, NHPC Ltd, for revision of fixed charges after considering the impact of additional capital expenditure/de-capitalisation for the years 2004-05 and 2005-06 in respect of Uri Hydroelectric Project, (4 x 120 MW) (hereinafter referred to as “the generating station”) 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 made the following specific prayers:

- “(i) Approve the revised annual fixed charges in respect of Uri HE project after considering the impact of net additional capitalization as per details given in Annexure-I, for the tariff period 1.4.2004 to 31.3.2009.*
- (ii) allow the servicing of the capital expenditure from the year the same is incurred.*
- (iii) allow the petitioner to approach the Hon’ble Commission for one more revision of annual fixed charges after the accounts of FY 2008-09 are finalized.*
- (iv) allow the reimbursement of filing fees from the beneficiary respondents.*
- (v) pass any other orders in this regard as the Hon’ble Commission may find appropriate in the circumstances pleaded above”.*

2. The generating station was commissioned on 1.6.1997. The tariff for the generating station for the period from 1.4.2004 to 31.3.2009 was approved by the Commission vide its order dated 9.5.2006 in Petition No.47/2005, based on capital cost of Rs.342103.52 lakh (inclusive of FERV) as on 31.3.2004, as given hereunder:

(Rs. in lakh)

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Depreciation	8725.91	8725.91	8725.91	8725.91	5121.79
Interest on Loan	3807.30	3020.61	1482.08	99.30	0.00
Return on Equity	15217.24	15217.24	15217.24	15217.24	15217.24
Advance Against Depreciation	10562.64	5849.56	14614.99	0.00	0.00
Interest on Working Capital	1267.44	1205.27	1366.21	1125.50	1100.60
O & M Expenses	5109.00	5313.00	5526.00	5747.00	5977.00
TOTAL	44689.52	39331.58	46932.43	30914.96	27416.63

3. None of the respondents has filed its reply.

ADDITIONAL CAPITALISATION

4. Regulation 34 of the 2004 regulations provides for considering the additional capital expenditure for tariff purposes 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 works subject to ceiling specified in regulation 33,*
- (iv) Liabilities to meet award of arbitration or in compliance of the order or decree of a court, and*
- (v) On account of change in law.*

Provided that original scope of works along with estimates of expenditure shall be submitted along with the application for provisional tariff.

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 of generating station.

(2) Subject to the provision of clause (3) of this regulation, the capital expenditure of the following nature actually incurred after the 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 in compliance of the order or decree of a court;*
- (iii) On account of change in law; and*
- (iv) Any additional works/service which has become necessary for efficient and successful operation of plant but not included in the original capital cost.*

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

Note

The list of items is illustrative and not exhaustive.

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

Note 1

Any expenditure admitted on account of committed liabilities within the original scope of work and the expenditure deferred on techno-economic grounds but falling within the original scope of work shall be serviced in the normative debt-equity ratio specified in regulation 36.

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 capital cost, except such items as are listed in Clause (3) of this regulation.

Note 3

Any expenditure admitted by the Commission for determination of tariff on account of new works not in the original scope of work shall be serviced in the normative debt-equity ratio specified in regulation 36.

Note 4

Any expenditure admitted on renovation and modernization and life extension shall be serviced on normative debt-equity ratio specified in regulation 36 after writing off the original amount of the replaced assets from the original capital cost."

5. The additional capital expenditure for the years 2004-05 and 2005-06 claimed by the petitioner is as under:

	(Rs. In lakh)	
	2004-05	2005-06
Additional Capitalization as per books of Accounts (A)	876.10	(-) 39.20
Exclusions		
Minor assets	23.63	1.48
Deletion of minor assets	(-) 19.91	(-)12.74
FERV	768.22	(-) 141.90
Assets not in use as on 31.3.2004 (Obsolete / Unserviceable assets)	3.53	0.07
Assets transferred to the head "Assets not in use" (Obsolete / Unserviceable assets)	(-) 10.97	(-) 0.43
Capital Spares as per AS-2	31.16	277.48
Deletion of spares capitalised in financial year 2004-05 & 2005-06 due to consumption	0.00	(-) 124.08
Deletion of capital spares disallowed during the period 2001-04	0.00	(-) 112.32
Deletion of assets replaced by new assets capitalized during the period 2001-04.	(-) 0.97	0.00
Total Exclusions (B)	794.71	(-) 112.46
Additional capital expenditure claimed (C=A-B)	81.39	73.26

Exclusion

6. In the first instance, we consider the exclusions under different heads in the claim.

(a) **FERV:** The petitioner by way of negative entries has excluded an amount of Rs.768.22 lakh in 2004-05 and de-capitalised an amount of Rs.141.90 lakh in 2005-06 on account of impact of FERV. As the petitioner has billed the said amount directly to the beneficiaries in accordance with the 2004 regulations, exclusion under this head is allowed.

(b) **Minor assets:** In terms of clause (3) of Regulation 34, the petitioner has de-capitalised an amount of Rs.23.63 lakh and Rs.1.48 lakh for the years 2004-05 and 2005-06 respectively, in respect of expenditure incurred towards procurement of minor assets like furniture and fixtures, refrigerators, computers, printers, telephones and fax machines, water purifiers, grass cutting machines, aluminum ladder, industrial dustbins, geysers, cassette players, wireless microphones, ethernet switch, speakers, UPS, etc. The exclusion claimed has been allowed.

(c) **Deletion of minor assets:** The petitioner by way of negative entries in books of accounts amounting to Rs. 19.91 lakh and Rs. 12.74 lakh for the years 2004-05 and 2005-06 respectively has de-capitalised minor assets like steel furnitures, ceiling fans, chairs, binding machines, PVC water tank, fire extinguishers, water pressure guages, mattresses, monoblock pump, apparently on the ground that since capitalization of minor assets were not allowed for the purpose of tariff, de-capitalisation of minor assets should also be excluded. The Commission has taken a consistent view that assets

which have been capitalized and are no longer in service have to be de-capitalised for the purpose of tariff. In the present case, capitalization of minor assets which were disallowed in terms of the 2004 regulations are now sought to be de-capitalised by the petitioner for the purpose of tariff. Accordingly, the de-capitalisation under this head is not allowed for the purpose of tariff.

(d) **Assets not in use:** The petitioner has de-capitalised an amount of Rs. 3.53 lakh and Rs.0.06831 lakh for the period 2004-05 and 2005-06 respectively, towards obsolete/unserviceable assets which are not in use as on 31.3.2004. The same is in order and hence exclusion is allowed.

(e) **Assets transferred to head “Assets not in use”:** The petitioner has excluded negative entries amounting to Rs.10.97 lakh and Rs.0.43 lakh for the period 2004-05 and 2005-06 respectively. This amount represents the gross value of assets transferred to the head “assets not in use” on the ground of obsolete /unserviceable assets. As exclusion of negative entries result in addition to the capital cost in respect of assets not in use, exclusions under this head are not allowed.

(f) **Capital spares as per AS-2:** Since capitalization of spares over and above initial spares procured upto the cut-off date are not allowed for the purpose of tariff, the petitioner had excluded amounts of Rs.31.16 lakh and Rs.277.48 lakh respectively, for the years 2004-05 and 2005-06. The exclusions under this head are allowed.

(g) **Deletion of capital spares not allowed:** The petitioner by negative entries had de-capitalised an amount of Rs.124.08 lakh for the year 2005-06 in respect of spares capitalized during the years 2004-05 and 2005-06 and consumed during 2005-06 and Rs.112.32 lakh for the year 2005-06 in respect of spares deducted by the Commission during the period 2001-04 from its books of accounts. The exclusion of capital spares under this head is allowed.

(h) **Deletion of assets replaced by new assets capitalized during the period 2001-04:** The petitioner by negative entries had de-capitalised an amount of Rs. 0.97 lakh for the period 2004-05 under the above head. The Commission while considering the additional capitalization for the period 2001-04 in respect of the generating station in Petition No.88/2005 had directed the petitioner to provide the gross value of the replaced assets wherever capitalization of new assets was sought under replacement. The gross value of replaced assets was reduced from the capital base while allowing capitalization of the new assets. However, for certain assets under replacements during the period 2001-04, the old assets were not de-capitalized in the books of accounts and in such cases capitalization of new assets were allowed by the Commission, after reducing the gross value of the replaced assets as submitted by the petitioner. Such replaced assets have now been de-capitalised in books of accounts during the year 2004-05. As the assets had already been de-capitalised during the period 2001-04, exclusion under this head is in order and has been allowed.

7. The Commission during the hearing on 24.3.2009 directed the petitioner to furnish the detailed categorization and consolidation for each asset under different clauses of Regulation 34 of the 2004 regulations for which capitalization had been claimed, with proper justification. The petitioner by its affidavit dated 9.4.2009 had submitted details of capitalization of items under different clauses of Regulation 34 of the 2004 regulations. The year-wise and category-wise break-up of the additional expenditure claimed by petitioner is as under:

	(Rs.in lakh)	
	2004-05	2005-06
Liabilities to meet award of arbitration or in compliance of order or decree of the court (Regulation 34 (2) (ii))	4.41	1.97
Works/services which have become necessary for efficient and successful operation of station. (Regulation 34 (2) (iv))	315.33	78.13
Expenditure on replacement of old assets (Regulation 34, Note 2)	3.01	16.07
Total addition	322.75	96.18
Total deletion on account of de-capitalisation	(-) 241.36	(-) 22.92
Additional capitalisation claimed	81.39	73.26

8. After examining the asset-wise details and justification for additional capitalisation/ de-capitalisation claimed by the petitioner, under various categories and by applying prudence check, the admissibility of additional capitalisation is discussed in the subsequent paragraphs.

Liabilities to meet award of arbitration or in compliance of order or decree of the court-(Regulation 34 (2) (ii))

9. The petitioner has claimed amounts of Rs.4.41 lakh and Rs.1.97 lakh during the years 2004-05 and 2005-06 respectively, under this category. The expenditure pertains to compensation paid to the owners of land/houses acquired for construction of the generating station. As payment has been made pursuant to the judgment of the court based on the "Assessment statement of land compensation"

of the Collector of Land Acquisition, the said amounts are allowed to be capitalized.

Works/services which have become necessary for efficient and successful operation of station- (Regulation 34(2) (iv)

10. The petitioner has claimed amounts of Rs.315.33 lakh and Rs.78.134 lakh during the year 2004-05 and 2005-06 respectively, under this category. Based on the prudence check, amounts of Rs. 314.10 lakh and Rs. 48.77 lakh for the years 2004-05 and 2005-06 respectively, have been allowed on works like construction of library building, extension of hospital building, MMS software, concrete stop log gates at desilting basin, industrial oven, 50 MVA transformer, centrifuge lube oil purifier, trash machines, DSL modem and DAT drive for LAN system, ultrasound machines, EMS scaler, dental x-ray unit, rotary potentiometer, gas filled cylinders, battery chargers etc, which are considered necessary for the efficient and successful operation of the plant. However, some of the minor assets like aluminum ladder, binoculars, spare transformer, digital thermometer, along with assets declared as surplus and spare assets procured without de-capitalisation of the old asset, have been disallowed.

Expenditure on replacement of old assets (Regulation 34 Note 2)

11. The petitioner has claimed amounts of Rs.3.01 lakh and Rs.16.07 lakh during the year 2004-05 and 2005-06 respectively under this category. Based on the prudence check an amount of Rs.0.19 lakh for the year 2004-05 for purchase of submersible pump has been allowed to be capitalized. Other expenditure on assets like computers and other minor assets have not been capitalized under clause (3) of Regulation 34. In addition to the capitalization under the above categories, the petitioner has de-capitalised amounts of Rs.241.36 lakh and

Rs.22.92 lakh during the years 2004-05 and 2005-06 respectively, which is allowed for the purpose of tariff.

12. Based on the above discussion, the additional capital expenditure allowed (without excluding un-discharged liabilities) is as under:

(Rs in lakh)		
	2004-05	2005-06
Liabilities to meet award of arbitration or in compliance of order or decree of the court (Regulation 34 (2) (ii))	4.41	1.97
Works/services which have become necessary for efficient and successful operation of station. (Regulation 34 (2) (iv))	314.10	48.77
Expenditure on replacement of old assets (Regulation 34, Note 2)	0.19	0.00
Total Addition (P)	318.70	50.74
Total Deletion (Q)	(-) 241.36	(-) 22.92
Additional capitalization allowed before adjustment for exclusions not allowed R= (P)-(Q)	77.34	27.82
Exclusion not allowed for the purpose of tariff		
Exclusion on account of deletion of minor assets (Regulation 34 (3)) (X)	(-) 19.91	(-) 12.74
Exclusion of assets transferred to head "Assets not in use" (Obsolete / Unserviceable Assets) (Y)	(-) 10.97	-0.43
Additional capital expenditure allowed for the purpose of tariff before adjustments on account of un-discharged liabilities (Z)=R+X+Y	46.46	14.65

13. The petitioner vide its affidavit dated 8.6.2009 has submitted the following asset-wise position of un-discharged liabilities in its claim for additional capital expenditure:

Year of capitalisation	Name of asset	Amount of un-discharged liabilities (Rs in lakh)	Year of discharge of un-discharged liabilities
2004-05	MMS software,	5.50	2005-06
2005-06	Dry Type Excitation transformer	0.58	2006-07
2005-06	On-line DC earth fault locator with accessories	0.15	2006-07

14. Accordingly, the above amounts have been deducted during the year in which the liabilities have been charged and adjusted during the year in which the liabilities had been discharged. However, in respect of the asset-dry type excitation transformer, the entire expenditure of Rs 0.58 lakh has been disallowed in view of the fact that the petitioner had procured the transformer as a spare and the expenditure incurred as spares are not allowed to be capitalized as per policy followed by the Commission.

15. In view of the above, additional capital expenditure allowed for the purpose of tariff after excluding the un- discharged liabilities is as under:

Year	(Rs in lakh)		
	2004-05	2005-06	2006-07
Additional capital expenditure allowed prior to adjustment on account of un-discharged liabilities (A)	46.46	14.65	0.00
Un-discharged liabilities (B)	5.50	0.15	
Liabilities discharged (C)	0	5.50	0.15
Additional capital expenditure allowed (A)-(B)+C	40.96	20.00	0.15

Capital cost

16. As already noted, the Commission had admitted capital cost of Rs.342103.52 lakh (inclusive of FERV) as on 31.3.2004 for determining tariff for the period 2004-09.

17. Taking into account the capital cost of the generating station as on 1.4.2004 and the additional capital expenditure approved for the years 2004-05 and 2005-06 as per para 15 above, the capital cost for the period 2004-09 is worked out as under:

(Rs. In lakh)

	Upto 31.3.2004	2004-05	2005-06	2006-07	2007-08	2008-09
Opening Capital cost as on 1 st April of the financial year	342103.51	342103.51	342144.48	342164.47	342164.62	342164.62
Additional capital expenditure for the financial year		40.96	20.00	0.15	0.00	0.00
Capital cost as on 31 st March of the financial year		342144.48	342164.47	342164.62	342164.62	342164.62

Debt-Equity Ratio

18. Regulation 36 of the 2004 Regulations provides as under:

“(1) In case of the existing generating stations, 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 31.3.2004 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 generating stations where additional capitalisation has been completed on or after 1.4.2004 and admitted by the Commission under Regulation 34, equity in the additional capitalization to be considered shall be,-

30% of the additional capital expenditure admitted by the Commission, or equity approved by the competent authority in the financial package, for additional capitalization, or 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.

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

Provided that where equity actually employed to finance the project is less than 30%, the actual debt and equity shall be considered for determination of tariff:

Provided further that the Commission may in appropriate cases consider equity higher than 30% for determination of tariff, where the generating company is able to establish to the satisfaction of the Commission that deployment of equity higher than 30% was in the interest of general public”.

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

Provided that where equity actually employed is more than 30%, equity in excess of 30% shall be treated as notional loan;

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

(4) The debt and equity amount arrived at in accordance with above 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.”

19. The petitioner has furnished the details of financing of the additional capital expenditure at Annexure-V of the petition. The petitioner has stated that the additional capital expenditure has been financed from its internal accruals/resources. The petitioner has claimed debt-equity ratio of 70:30 for the purpose of additional capitalization. Hence, the debt-equity ratio of 70:30 has been considered for additional capitalization in terms of sub-clause (a) of clause (1) of Regulation 36 of the 2004 regulations. Accordingly, additional notional equity for the generating station on account of capitalization approved, works out as under:

(Rs. in lakh)

	2004-05	2005-06	2006-07
Notional Equity	12.29	6.00	0.05

Return on Equity

20. Return on equity is allowed @ 14% on the average normative equity, as under:

(Rs in lakh)

Return on Equity	2004-05	2005-06	2006-07	2007-08	2008-09
Opening Equity	108694.58	108706.87	108712.87	108712.91	108712.91
Addition due to additional capital expenditure	12.29	6.00	0.05	0.00	0.00
Closing Equity	108706.87	108712.87	108712.91	108712.91	108712.91
Average Equity	108700.73	108709.87	108712.89	108712.91	108712.91
Return on Equity	15218.10	15219.38	15219.80	15219.81	15219.81

Interest on Loan

21. As no fresh loans have been added to the actual loans, the weighted average rate of interest, as worked out in order dated 9.5.2006 in Petition No. 47/2005, has been considered. Further, normative repayment of loans corresponding to the loans taken prior to additional capital expenditure, as considered in order dated 9.5.2006 in Petition No. 47/2005 has been adjusted

upwards for computation of repayment of normative loan for the purpose of additional capital expenditure.

22. Interest on loan has been computed as under:

(Rs in lakh)						
Interest on Loan	Upto 31.3.2004	2004-05	2005-06	2006-07	2007-08	2008-09
Gross loan as per last order	230333.22	-	-	-	-	-
Addition due to Additional capitalisation	526.61	-	-	-	-	-
Addition due to FERV	2549.10	-	-	-	-	-
Gross Normative Loan	233408.93	233408.93	233437.61	233451.60	233451.71	233451.71
Cumulative repayment upto previous year		163348.96	182637.51	197220.83	225573.75	233451.71
Net loan-opening		70059.97	50800.10	36230.77	7877.96	0.00
Addition due to additional capitalisation		28.67	14.00	0.11	0.00	0.00
Repayment during the year		19288.55	14583.32	28352.92	7877.96	0.00
Net loan-closing		50800.10	36230.77	7877.96	0.00	0.00
Average loan		60430.03	43515.43	22054.36	3938.98	0.00
Weighted Average Rate of Interest on loan		6.3018%	6.9465%	6.7267%	2.5238%	2.5238%
Interest		3808.20	3022.81	1483.53	99.41	0.00

Depreciation

23. For calculating depreciation, the cumulative depreciation of 132.67 lakh recovered upto 31.3.2004 and the weighted average rate of depreciation of 2.5507% as per order dated 9.5.2006 in Petition No. 47/2005 has been considered.

24. The Commission has approved de-capitalisation of assets worth Rs 308.33 lakh during the years 2004-05 and 2005-06 respectively, from the capital cost. Cumulative depreciation amounting to Rs 132.67 lakh has been deducted on pro-rata basis from cumulative depreciation/AAD as on 31.3.2006, for determination of tariff.

25. Accordingly, depreciation of the generating station has been worked out as under:

(Rs in lakh)					
Depreciation	2004-05	2005-06	2006-07	2007-08	2008-09
Gross Block as on 1 st April of the year	342103.51	342144.48	342164.47	342164.62	342164.62
Additional capital expenditure during the year	40.96	20.00	0.15	0.00	0.00
Closing gross block	342144.48	342164.47	342164.62	342164.62	342164.62
Average gross block	342124.00	342154.48	342164.55	342164.62	342164.62
Rate of Depreciation	2.5507%	2.5507%	2.5507%	2.5507%	2.5507%
Depreciable Value	307911.60	307939.03	307948.09	307948.16	307948.16
Balance Useful life of the asset	29	28	27	26	25
Remaining Depreciable Value	194557.34	175296.23	160721.97	137509.55	128782.08
Depreciation	8726.43	8727.21	8727.46	8727.47	5128.72

Advance Against Depreciation

26. Advance Against Depreciation as considered in order dated 9.5.2006 has been re-calculated after considering the additional capital expenditure. The Advance Against Depreciation has been worked as under:

(Rs in lakh)						
Advance against Depreciation	Upto 31.3.2004	2004-05	2005-06	2006-07	2007-08	2008-09
1/10th of Gross Loan(s)	0.10	23340.89	23343.76	23345.16	23345.17	23345.17
Repayment of the Loan		19288.55	14583.32	28352.92	7877.96	0.00
Minimum of the above		19288.55	14583.32	23345.16	7877.96	0.00
Depreciation during the year		8726.43	8727.21	8727.46	8727.47	5128.72
(A) Difference		10562.12	5856.12	14617.70	-849.51	-5128.72
Cumulative Repayment of the Loan		182637.51	197220.83	225573.75	233451.71	233451.71
Cumulative Depreciation/ Advance against Depreciation		122080.68	141370.00	155953.58	179166.08	184294.79
(B) Difference		60556.83	55850.83	69620.17	54285.63	49156.92
Advance against Depreciation Minimum of (A) and (B)		10562.12	5856.12	14617.70	0.00	0.00

O&M Expenses

27. O&M expenses as considered in the order dated 9.5.2006 in Petition No.47/2005 has been considered.

Interest on Working Capital

28. For the purpose of calculation of working capital, the operating parameters including the price of fuel components as considered in the order dated 9.5.2006 have been kept unchanged. 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)				
	2004-05	2005-06	2006-07	2007-08	2008-09
Maintenance Spares	4491.23	4760.70	5046.35	5349.13	5670.07
O & M expenses	425.75	442.75	460.50	478.92	498.08
Receivables	7448.55	6557.33	7823.48	5153.21	4571.05
Total	12365.53	11760.79	13330.32	10981.25	10739.21
Rate of Interest	10.25%	10.25%	10.25%	10.25%	10.25%
Interest	1267.47	1205.48	1366.36	1125.58	1100.77

29. The SBI PLR of 10.25% as on 1.4.2004 has been considered as the rate of interest on working capital during the tariff period as considered in order dated 9.5.2006.

ANNUAL FIXED CHARGES

30. The revised annual fixed charges for the period from 1.4.2004 to 31.3.2009 are summarized as under:

	(Rs in lakh)				
Annual Fixed Charges	2004-05	2005-06	2006-07	2007-08	2008-09
Depreciation	8726.43	8727.21	8727.46	8727.47	5128.72
Interest on Loan	3808.20	3022.81	1483.53	99.41	0.00
Return on Equity	15218.10	15219.38	15219.80	15219.81	15219.81
Advance against Depreciation	10562.12	5856.12	14617.70	0.00	0.00
Interest on Working Capital	1267.47	1205.48	1366.36	1125.58	1100.77
O & M Expenses	5109.00	5313.00	5526.00	5747.00	5977.00
Total	44691.32	39344.00	46940.85	30919.26	27426.29

31. The reimbursement of the filing fee is not being allowed in view of the Commission’s general order dated 11.9.2008 in Petition No.129/2005.

32. The petitioner shall claim the difference between the fixed charges approved vide order dated 9.5.2006 and those approved now, from the beneficiaries in three equal monthly installments.

33. Petition No.24/2009 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
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New Delhi dated the 25th June 2009