

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No.206/2010**

**Coram: Shri S.Jayaraman, Member  
Shri V.S.Verma, Member  
Shri M.Deena Dayalan, Member**

**Date of Hearing: 25.1.2011**

**Date of Order: 1.4.2011**

**In the matter of**

Determination of transmission tariff for 400 kV D/C Kaiga-Sirsi transmission line in Southern Region for the period from 1.4.2009 to 31.3.2014.

**And  
In the matter of**

Power Grid Corporation of India Limited, Gurgaon **..Petitioner**  
Vs

- 1 Kerala State Electricity Board, Thiruvananthapuram
- 2 Tamil Nadu Electricity Board, Chennai
- 3 Electricity Department, Govt. of Pondicherry, Pondicherry
- 4 Electricity Department, Government of Goa, Panaji
- 5 Transmission Corporation of Andhra Pradesh Ltd., Hyderabad
- 6 Northern Power Distribution Company of Andhra Pradesh Limited, Warangal
- 7 Eastern Power Distribution Company of Andhra Pradesh Limited, Vishakhapatnam
- 8 Southern Power Distribution Company of Andhra Pradesh Limited, Tirupati
- 9 Central Power Distribution Company of Andhra Pradesh Limited, Hyderabad
- 10 Karnataka Power Transmission Corporation Limited, Bangalore
- 11 Bangalore Electricity Supply Company Ltd., Bangalore
- 12 Gulbarga Electricity Supply Company Ltd. Gulbarga
- 13 Hubli Electricity Supply Company Ltd., Hubli
- 14 MESCOM Corporate office, Mangalore
- 15 Chamundeswari Electricity Supply Corporation Ltd., Mysore.

**.....Respondents**

**The following were present:**

1. Shri M.M. Mondal, PGCIL
2. Shri Rakesh Prasad, PGCIL



3. Shri Rajiv Gupta, PGCIL
4. Shri S. Balaguru, TANGEDCO
5. Miss S. Geetha, TANGEDCO

**ORDER**

The petition has been filed seeking approval of tariff for 400 kV D/C Kaiga-Sirsi transmission line (hereinafter referred to as 'the transmission asset') in Southern Region for the period from 1.4.2009 to 31.3.2014, based on the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (hereinafter referred to as "the 2009 regulations") after accounting for additional capital expenditure proposed to be incurred during 2012-13 . The petitioner has made the following additional prayers:-

- (a) To invoke the provisions of Regulations 44 of the 2009 regulations for relaxation for regulation 15 (3) of the 2009 regulations so that grossing up the base rate of ROE may be allowed considering the tax rates, viz, MAT, surcharge, any other cess, charges, levies etc. as per the relevant Finance Act and accordingly consequential impact of tariff on account of truing up be allowed to be billed and settled directly with the beneficiaries every year in the tariff block;
- (b) To approve reimbursement of petition filing fee and publication of notices in the newspaper as per the 2009 regulations;

- (c) Allow to bill and recover the service tax on transmission charges separately from the respondents;
- (d) Allow to bill and adjust impact on interest on loan due to change in interest rate on account of floating rate of interest applicable during 2009-14, if any from the respondents; and
- (e) Allow to bill and recover licence fee separately from the respondents.

2. The approval for the revised cost estimate (completed cost) of the transmission asset of ₹ 57.53 crore was accorded by Board of Directors of the petitioner company in its 131<sup>st</sup> meeting held on 13.6.2002. The date of the commercial operation of the transmission line is 1.12.1999.

3. The annual transmission charges up to 31.3.2009 were determined by the Commission in its order dated 27.1.2006 in Petition No. 136/2004 which were revised vide order dated 16.4.2008.

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

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	304.71	304.71	304.71	109.55	109.97
Interest on Loan	0.00	0.00	0.00	0.62	1.20
Return on Equity	435.74	435.74	435.74	436.28	436.82
Interest on Working Capital	17.35	17.46	17.58	13.65	13.81
O & M Expenses	38.35	40.55	42.88	45.32	47.89
<b>Total</b>	<b>796.15</b>	<b>798.46</b>	<b>800.91</b>	<b>605.42</b>	<b>609.69</b>

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

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Maintenance Spares	5.75	6.08	6.43	6.80	7.18
O & M expenses	3.20	3.38	3.57	3.78	3.99
Receivables	132.69	133.08	133.49	100.91	101.62
<b>Total</b>	<b>141.64</b>	<b>142.54</b>	<b>143.49</b>	<b>111.49</b>	<b>112.79</b>
Rate of Interest	12.25%	12.25%	12.25%	12.25%	12.25%
<b>Interest</b>	<b>17.35</b>	<b>17.46</b>	<b>17.58</b>	<b>13.66</b>	<b>13.82</b>

6. 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. Reply to the petition has been filed by Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO). TANGEDCO has raised the issue of admissibility of proposed additional capital expenditure, MAT, service tax, reimbursement of filing fee, publication expenses and licence fees and impact of wage revision on O & M norms. The issues have been addressed in relevant paras of this order.

### CAPITAL COST

7. The last proviso to clause (2) of Regulation 7 of the 2009 regulations provides as under:

*“in case of the existing projects, capital cost admitted by the Commission prior to 1.4.2009 and the additional capital expenditure projected to be incurred for the respective year of the tariff period 2009-14 as may be admitted by the Commission, shall form the basis for determination of tariff”.*

8. As per the order dated 27.1.2006 read with order dated 16.4.2008 in Petition No. 136/2004, the admitted capital expenditure of the transmission asset is ₹ 5741.78 lakh, which has been considered as the opening capital cost as on 1.4.2009 for the purpose of determination of tariff.

### **ADDITIONAL CAPITAL EXPEDNTURE**

9. Regulation 9 of the 2009 regulations provides as under:

(1) The capital expenditure incurred or projected to be incurred, on the following counts with in original scope of work, after the date of commercial operation and up to the cut-off date may be admitted by the Commission, subject to prudence check:

- (i) Undischarged liabilities;
- (ii) Works deferred for execution;
- (iii) Procurement of initial capital spares within the original scope of work, subject to the provisions of regulating 8 ;
- (iv) Liabilities to meet award of arbitration or for compliance of the order or decree of a court; and
- (v) Change in law;

Provided that the details of works included in the original scope of work along with estimates of expenditure, undischarged liabilities and the works deferred for execution shall be submitted along with the application for determination of the tariff.

(2) The capital expenditure incurred on the following counts after the cut-off-date, in its discretion, be admitted by the Commission, subject to prudence check:

- (i) Liabilities to meet award of arbitration or for compliance of the order or decree of a court;
- (ii) Change in law;
- (iii) \*\*\*\*\*
- (iv) \*\*\*\*\*
- (v) In case of transmission system any additional expenditure on items such as relays, control and instrumentation, computer system, power line carrier communication, DC batteries, replacement of switchyard equipment due to increase of fault level, emergency restoration system, insulators cleaning infrastructure, replacement of damaged equipment not covered by insurance and any other expenditure which has become necessary for successful and efficient operation of the transmission system.

10. The details submitted by the petitioner in support of its claim for projected additional capital expenditure for the transmission asset is given as under:

Name of asset	Year	Nature and details of expenditure	Amount (₹ in lakh)
400 kV D/C Kaiga-Sirsi transmission line	2012-13	Transmission line- Tower strengthening	20.57

11. TANGEDCO, the successor entity of the erstwhile Tamil Nadu Electricity Board in its reply has submitted that SERC study report does not suggest for strengthening of suspension towers. It is likely that the wind pattern and wind force remains un-altered in the Southern Region without the need for such reinforcement in all suspension towers in service as on date and if it is absolutely necessary to introduce hip bracings up to bottom cross arm of all the suspension towers, then the expenditure can be recovered in three annual instalments after completion of the strengthening of the towers from the beneficiaries instead of treating it as additional capital expenditure and awarding tariff to be recovered till the useful life of the asset.

12. The matter was heard on 21.1.2011. The representative of the TANGEDCO in its reply has submitted that the petitioner in Petition No. 193/2010 pertaining to Ramagundam Stage-III has stated that "vide minutes of meeting held between the petitioner and SERC on 26.9.2009, it was informed by SERC that Power Grid have only statistical records which is

generally inadequate and additional information on the data sampling etc. will be required to access further design inputs for a given specific site condition". The representative of the TANGEDCO further submitted that the petitioner should take up tower strengthening only if the site conditions warrant the same supported by the actual data of increase in wind speed. The petitioner was directed to file its response to the submission of TANGEDCO.

13. On perusal of affidavit dated 29.9.2010 filed by the petitioner, it can be seen that the at S. No. 2, the petitioner has submitted that the transmission asset was designed as per IS:802-1995 whereas at S. No. 2 of the table of the said affidavit, it has been mentioned that "Applicable design practices/period of applicability is IS: 802 Draft case (100% wind in WBC)/1987 TO 1992 along with remarks: There is no failure of 400 kV towers reported till 15.9.2010". The petitioner was directed to clarify the above contradiction and confirm whether the transmission line was designed as IS:802:1995 with 0% wind or 100% wind in the broken wire conditions.

14. The petitioner vide its affidavit dated 21.2.2011 has submitted that the suspension towers of transmission asset were designed for wind zone-2 (39 meter/sec) as per IS:802, Draft Code (100% wind in broken wire condition). It has been further submitted that since there were no failures of suspension

towers with such design, strengthening of suspension towers of transmission asset is now proposed to be undertaken at a later date/stage.

15. We have considered the submission made by the petitioner and the respondent. It is observed that there is no failure in any of the suspension towers designed as per IS:802 Draft case (100% wind in Broken Wire Conditions), applicable from 1987 to 1992 in the country. Moreover the petitioner has deferred its decision to strengthen the suspension towers of the transmission line to a later stage/date. Therefore, additional capital expenditure of ₹ 20.57 lakh proposed to be incurred during 2012-13 has not been allowed.

**TOTAL CAPITAL COST**

16. Based on the above, gross block as given below has been considered for the purpose of tariff for the transmission asset, after allowing additional capital expenditure on works as claimed by the petitioner:

(₹ in lakh)			
Admitted capital cost as on 31.3.2009	Additional expenditure during 2012-13	Capital proposed	Total expenditure as on 31.3.2014
5741.78		NIL	5741.78

**DEBT- EQUITY RATIO**

17. Clause (2) of Regulation 12 of the 2009 regulations *inter-alia* provides that,-

*“(2) In case of the generating station and the transmission system declared under commercial operation prior to 1.4.2009, debt-equity ratio allowed by the Commission for determination of tariff for the period ending 31.3.2009 shall be considered.”*



18. The petitioner has claimed tariff based on debt-equity ratio of 56.59:43.41 as admitted on 31.3.2009 vide orders dated 27.1.2006 and 16.4.2008 in Petition 136/2004. The petitioner has further claimed the amount of additional capital expenditure in the debt-equity ratio of 70:30 for the year 2012-13. Since the proposed additional capital expenditure for towers strengthening has not been allowed under Regulation 9 (2) (v) of the 2009 regulations, the equity base of the transmission asset remains the same as was admitted under orders dated 27.1.2006 and 16.4.2008 in Petition 136/2004.

### **RETURN ON EQUITY**

19. Regulation 15 of the 2009 regulations provides that,-

*"15. (1) Return on equity shall be computed in rupee terms, on the equity base determined in accordance with regulation 12.*

*(2) Return on equity shall be computed on pre-tax basis at the base rate of 15.5% to be grossed up as per clause (3) of this regulation:*

*Provided that in case of projects commissioned on or after 1st April, 2009, an additional return of 0.5% shall be allowed if such projects are completed within the timeline specified in **Appendix-II**:*

*Provided further that the additional return of 0.5% shall not be admissible if the project is not completed within the timeline specified above for reasons whatsoever.*

*(3) The rate of return on equity shall be computed by grossing up the base rate with the normal tax rate for the year 2008-09 applicable to the concerned generating company or the transmission licensee, as the case may be:*

*Provided that return on equity with respect to the actual tax rate applicable to the generating company or the transmission licensee, as the case may be, in line with the provisions of the relevant Finance Acts of the respective year during the tariff period shall be trued up separately for each year of the tariff period along with the tariff petition filed for the next tariff period.*

(4) Rate of return on equity shall be rounded off to three decimal points and be computed as per the formula given below:  
*Rate of pre-tax return on equity = Base rate / (1-t)*  
 Where *t* is the applicable tax rate in accordance with clause (3) of this regulation.”

20. The petitioner has prayed for invocation of provision of Regulation 44 of the 2009 regulations to allow grossing up of ROE with the revised MAT rate as per applicable Finance Act. The Commission vide its order dated 3.8.2010 in Petition No. 17/2010 has already taken a decision to amend the 2009 regulations for allowing grossing up of the base rate of return with the applicable tax rate as per the Finance Act for the relevant year and for direct settlement of tax liabilities between the generating company/transmission licensee and the beneficiaries/long- term transmission customers on year to year basis. The process of amendment to the 2009 regulations is under way and will address the grievance of the petitioner with regard to the MAT rate. TANGEDCO in its reply has submitted that since the Commission has taken a decision to amend the regulations, the amended provisions should apply.

21. The return on equity has been computed as per the existing provision of Regulation 15 (3) of 2009 regulation as under:

(₹ in lakh)

	2009-10	2010-11	2011-12	2012-13	2013-14
Opening Equity as on 1.4.2009	2492.66	2492.66	2492.66	2492.66	2492.66
Addition due to Additional Capitalisation	0.00	0.00	0.00	0.00	0.00
Closing Equity	2492.66	2492.66	2492.66	2492.66	2492.66
Average Equity	2492.66	2492.66	2492.66	2492.66	2492.66
Return on Equity (Base Rate)	15.50%	15.50%	15.50%	15.50%	15.50%
Tax rate for the year 2008-09	11.330%	11.330%	11.330%	11.330%	11.330%
Rate of Return on Equity (Pre Tax )	17.481%	17.481%	17.481%	17.481%	17.481%
Return on Equity (Pre Tax)	<b>435.74</b>	<b>435.74</b>	<b>435.74</b>	<b>435.74</b>	<b>435.74</b>

## **INTEREST ON LOAN**

22. Regulation 16 of the 2009 regulations provides as under:-

*"16. (1) The loans arrived at in the manner indicated in regulation 12 shall be considered as gross normative loan for calculation of interest on loan.*

*(2) The normative loan outstanding as on 1.4.2009 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2009 from the gross normative loan.*

*(3) The repayment for the year of the tariff period 2009-14 shall be deemed to be equal to the depreciation allowed for that year:*

*(4) Notwithstanding any moratorium period availed by the generating company or the transmission licensee, as the case may be the repayment of loan shall be considered from the first year of commercial operation of the project and shall be equal to the annual depreciation allowed,.*

*(5) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each year applicable to the project:*

*Provided that if there is no actual loan for a particular year but normative loan is still outstanding, the last available weighted average rate of interest shall be considered:*

*Provided further that if the generating station or the transmission system, as the case may be, does not have actual loan, then the weighted average rate of interest of the generating company or the transmission licensee as a whole shall be considered.*

*(6) The interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest.*

*(7) The generating company or the transmission licensee, as the case may be, shall make every effort to re-finance the loan as long as it results in net savings on interest and in that event the costs associated with such re-financing shall be borne by the beneficiaries and the net savings shall be shared between the beneficiaries and the generating company or the transmission licensee, as the case may be, in the ratio of 2:1.*

*(8) The changes to the terms and conditions of the loans shall be reflected from the date of such re-financing.*

*(9) In case of dispute, any of the parties may make an application in accordance with the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999, as amended from time to time, including statutory re-enactment thereof for settlement of the dispute:*

*Provided that the beneficiary or the transmission customers shall not withhold any payment on account of the interest claimed by the generating company or the transmission licensee during the pendency of any dispute arising out of re-financing of loan."*

23. The interest on loan has been worked out as detailed below:

- (i) Details of net outstanding loan as on 31.3.2009, cumulative repayment up to 31.3.2009, repayment schedule for the loans, rate of interest etc have been taken from the order dated 16.4.2008 in Petition No. 136/2004 for working out weighted average rate of interest;
- (ii) Normative loan and actual loan as on 1.4.2009 is nil. Since the additional capital expenditure has not been allowed, therefore, the corresponding loan too has been not been considered for the purpose of tariff;
- (iii) Weighted average rate of interest on actual loan has been worked out and applied on the average loan during the year to arrive at the interest on loan; and

24. The detailed calculations in support of the weighted revised average rate of interest for transmission asset are contained in **Annexure** attached to this order Based on the above, the year-wise details of interest worked out are given hereunder:

(₹ in lakh)

Details of loan	Up to 31.3.2009	2009-10	2010-11	2011-12	2012-13	2013-14
Gross Normative Loan	3249.12	3249.12	3249.12	3249.12	3249.12	3249.12
Cumulative Repayment up to Previous Year		3249.12	3249.12	3249.12	3249.12	3249.12
Net Loan-Opening		0.00	0.00	0.00	0.00	0.00
Addition due to Additional Capitalisation		0.00	0.00	0.00	0.00	0.00
Repayment during the year		0.00	0.00	0.00	0.00	0.00
Net Loan-Closing		0.00	0.00	0.00	0.00	0.00
Average Loan		0.00	0.00	0.00	0.00	0.00
Weighted Average Rate of Interest on Loan		5.5026%	4.8034%	3.9109%	3.3163%	3.3163%
<b>Interest</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## **DEPRECIATION**

25. Regulation 17 of the 2009 regulations provides for computation of depreciation in the following manner:

*"17. (1) The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission.*

*(2) The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset.*

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*(3) Land other than the land held under lease and the land for reservoir in case of hydro generating station shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the asset.*

*(4) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix-III to these regulations for the assets of the generating station and transmission system:*

*Provided that, the remaining depreciable value as on 31st March of the year closing after a period of 12 years from date of commercial operation shall be spread over the balance useful life of the assets.*

*(5) In case of the existing projects, the balance depreciable value as on 1.4.2009 shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to 31.3.2009 from the gross depreciable value of the assets.*



(6) Depreciation shall be chargeable from the first year of commercial operation. In case of commercial operation of the asset for part of the year, depreciation shall be charged on pro rata basis."

26. The transmission asset was declared under commercial operation w.e.f. 1.12.1999 and accordingly will complete 12 years on 1.12.2011 and thus depreciation during the period 2009-10, 2010-11 and 2011-12 has been calculated as per Straight Line Method. For the year 2011-12 and onwards, depreciation has been calculated based on the remaining depreciable value to be recovered in the remaining life of the assets. Accordingly, depreciation works out is as under:

(₹ in lakh)

Details of Depreciation		Up to 31.3.2009	2009-10	2010-11	2011-12	2012-13	2013-14
Gross block as per last order		5741.78	5741.78	5741.78	5741.78	5741.78	5741.78
Addition during 2009-14 due to projected Additional Capitalisation			0.00	0.00	0.00	0.00	0.00
Gross block as on 31.3.2009			5741.78	5741.78	5741.78	5741.78	5741.78
Average gross block			5741.78	5741.78	5741.78	5741.78	5741.78
Rate of Depreciation			5.3070%	5.3070%	5.3070%	5.3070%	5.3070%
Depreciable Value	90%		5167.60	5167.60	5167.60	5167.60	5167.60
Elapsed Life			9	10	11	12	13
Balance Useful life of the asset			26	25	24	23	22
Remaining Depreciable Value			3424.13	3119.42	2814.70	2509.99	2400.86
<b>Depreciation</b>			<b>304.71</b>	<b>304.71</b>	<b>304.71</b>	<b>109.13</b>	<b>109.13</b>

### **OPERATION & MAINTENANCE EXPENSES**

27. In accordance with clause (g) of Regulation 19 the 2009 regulations, the following norms for 400 kV D/C, Twin conductor are prescribed for O & M expenses:

	Year				
	2009-10	2010-11	2011-12	2012-13	2013-14
400 kV D/C twin conductor transmission line (₹ in lakh /km)	0.267	0.663	0.701	0.741	0.783

28. The petitioner has claimed O & M expenses for 61.163 ckt/km. Accordingly, the petitioner's entitlement to O & M expenses has been worked out as given hereunder:

	(₹ in lakh)				
	Year				
	2009-10	2010-11	2011-12	2012-13	2013-14
O&M expenses for 400 kV D/C twin conductor transmission line (61.163 ckt/km)	38.35	40.55	42.88	45.32	47.89
<b>Total</b>	<b>38.35</b>	<b>40.55</b>	<b>42.88</b>	<b>45.32</b>	<b>47.89</b>

29. The petitioner has submitted that O & M expenditure for 2009-14 tariff block had been arrived on the basis of normalized actual O & M expenses of the petitioner during the year 2003-04 to 2007-08. The wage hike of 50% on account of pay revision of the employees of public sector undertaking was also considered while calculating the O & M charges for 2009-14 periods. The petitioner has submitted that it would approach the Commission for suitable revision in the norms of O & M expenses in case the impact of wage hike w.e.f. 1.1.2007 is more than 50%.

30. TANGEDCO has submitted that O & M expenses for the period 2009-14 have been specified on normative basis and the 2009 regulations do not provide for revisiting the normative O & M expenses. In response, the petitioner has submitted that per ckt. km. and per bay O & M rates considered in the petition are based on the 2009 regulations. The petitioner

has submitted that the O & M norms in 2009 regulations were determined by the Commission based on the actual O & M data submitted by the petitioner which did not include the expected manpower cost implications on account of pay revision w.e.f 1.1.2007, After arriving at 2009-10 price level, the Commission has considered 50% in the wage hike so as to stipulate the norms for 2009-10. The petitioner has submitted that the total impact of wage revision would be more compared to the compensation provided in the O & M rates and it would approach the Commission with actual additional manpower cost on account of wage revisions during 2009-14. With reference to the submission of the petitioner, it is clarified that if any such application is made, it will be dealt with in accordance with law.

#### **INTEREST ON WORKING CAPITAL**

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

- (i) **Receivables:** As per Regulation 18(1)(c)(i) of the 2009 regulations, receivables will be equivalent to two months of annual transmission charges. The petitioner has claimed the receivables on the basis of 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.



(ii) **Maintenance spares:** Regulation 18(1)(c)(ii) of the 2009 regulations provides for maintenance spares @ 15% per annum of the O & M expenses specified in Regulation 19 of the 2009 regulations. The value of maintenance spares has been accordingly worked out.

(iii) **O & M expenses:** Regulation 18(1)(c)(iii) of the 2009 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 which has been considered for computing the working capital.

(iv) **Rate of interest on working capital:** As per Regulation 18(3) of the 2009 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 1.4.2009 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 petitioner has claimed interest on working capital @ 12.25% based on SBI PLR as on 1.4.2009, which is in accordance with the 2009 regulations and has been allowed.

32. The necessary computations in support of interest on working capital are given as under:

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Maintenance Spares	5.75	6.08	6.43	6.80	7.18
O & M expenses	3.20	3.38	3.57	3.78	3.99
Receivables	132.69	133.08	133.49	100.64	101.09

<b>Total</b>	141.64	142.54	143.49	111.21	112.26
Rate of Interest	12.25%	12.25%	12.25%	12.25%	12.25%
Interest	<b>17.35</b>	<b>17.46</b>	<b>17.58</b>	<b>13.62</b>	<b>13.75</b>

### **TRANSMISSION CHARGES**

33. The transmission charges being allowed for the transmission asset are summarised below:

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	304.71	304.71	304.71	109.13	109.13
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	435.74	435.74	435.74	435.74	435.74
Interest on Working Capital	17.35	17.46	17.58	13.62	13.75
O & M Expenses	38.35	40.55	42.88	45.32	47.89
<b>Total</b>	<b>796.16</b>	<b>798.47</b>	<b>800.91</b>	<b>603.82</b>	<b>606.51</b>

### **Application fee and the publication expenses**

34. TANGEDCO has submitted that the claim of filing fee should be dealt as per the decision taken by Commission vide order dated 11.9.2008 in Petition No. 129/2005 (Suo motu). It is clarified that the said decision was applicable to the tariff period 2004-09. However, Regulation 42 of the 2009 regulation provides for reimbursement of filing fees and expenses on publication of notices may be allowed in the discretion of the Commission during 2009-14 period. In accordance with our decision with regard to application fee in order dated 11.1.2010 in Petition No. 109/2009, the petitioner shall be entitled to recover the filing fee from the beneficiaries on *pro rata* basis. The petitioner shall also be entitled for reimbursement from the beneficiaries on pro-rata basis the publication expenses for issuing public notices in connection with the present petition under Section 64 of the Electricity Act, 2003.

### **Service Tax**

35. The petitioner in para 11.6 of the petition has prayed for reimbursement of service tax. The prayer has been opposed by TANGEDCO on the ground that transmission is exempt from service tax by the Government of India vide notification dated 27.2.2010. We have already decided in our order dated 23.9.2010 in Petition No. 62/2009 that the petitioner is exempted from service tax as per the extant policy of the Government of India. Therefore, the prayer of the petitioner no more survives and is accordingly is rejected.

### **Licence fee**

36. The petitioner has submitted that licence fee is a new component of cost to the transmission licensee and has become incidental to the petitioner with effect from 2008-09. The normative O & M rates in the 2009 regulations do not capture the cost associated with the licence fee and therefore it should be allowed to be recovered from the respondents. TANGEDCO has submitted that licence fee is a levy on the petitioner to be in the business and this should not be passed on to the beneficiaries over and above the O & M charges. In this regard, It is clarified that the matter is under consideration of the Commission and any decision on the issue as and when taken will be applicable to this petition.

37. The transmission charges allowed shall be recovered on monthly basis in accordance with Regulation 23 and shall be shared by the respondents in accordance with Regulation 33 of the 2009 regulations.

38. This order disposes of Petition No. 206/2010.

**Sd/-**  
**(M. Deena Dayalan)**  
**Member**

**Sd/-**  
**(V.S.Verma)**  
**Member**

**Sd/-**  
**(S.Jayaraman)**  
**Member**



Annexure

CALCULATION OF WEIGHTED AVERAGE RATE OF INTEREST ON LOAN

(₹ in lakh)

Details of Loan	2009-10	2010-11	2011-12	2012-13	2013-14
<b>1 BONDS VI</b>					
Gross loan opening	161.00	161.00	161.00	161.00	161.00
Cumulative Repayment up to DOCO/previous year	112.70	128.80	144.90	161.00	161.00
Net Loan-Opening	48.30	32.20	16.10	0.00	0.00
Additions during the year	0.00	0.00	0.00	0.00	0.00
Repayment during the year	16.10	16.10	16.10	0.00	0.00
Net Loan-Closing	32.20	16.10	0.00	0.00	0.00
Average Loan	40.25	24.15	8.05	0.00	0.00
Rate of Interest	13.13%	13.13%	13.13%	13.13%	13.13%
Interest	5.28	3.17	1.06	0.00	0.00
Rep Schedule	10 Annual Instalments from 6.12.2002				
<b>2 BOI(Foreign Currency)</b>					
Gross loan opening	197.62	197.62	197.62	197.62	197.62
Cumulative Repayment up to DOCO/previous year	52.00	62.40	72.80	83.20	93.60
Net Loan-Opening	145.62	140.42	130.02	119.62	109.22
Additions during the year	0.00	0.00	0.00	0.00	0.00
Repayment during the year	10.40	10.40	10.40	10.40	10.40
Net Loan-Closing	135.22	130.02	119.62	109.22	98.82
Average Loan	140.42	135.22	124.82	114.42	104.02
Rate of Interest	3.3163%	3.3163%	3.3163%	3.3163%	3.3163%
Interest	4.66	4.48	4.14	3.79	3.45
Rep Schedule	Equal Half yearly instalment from 10.6.2004				
<b>Total Loan</b>					
Gross loan opening	358.62	358.62	358.62	358.62	358.62
Cumulative Repayment up to DOCO/previous year	164.70	191.20	217.70	244.20	254.60
Net Loan-Opening	193.92	172.62	146.12	119.62	109.22
Additions during the year	0.00	0.00	0.00	0.00	0.00
Repayment during the year	26.50	26.50	26.50	10.40	10.40
Net Loan-Closing	167.42	146.12	119.62	109.22	98.82
Average Loan	180.67	159.37	132.87	114.42	104.02
Rate of Interest	5.5026%	4.8034%	3.9109%	3.3163%	3.3163%
<b>Interest</b>	<b>9.94</b>	<b>7.66</b>	<b>5.20</b>	<b>3.79</b>	<b>3.45</b>