

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 177/2010**

**Coram: Shri S.Jayaraman, Member  
Shri V.S.Verma, Member**

**Date of Hearing: 13.1.2011**

**Date of Order: 23.2.2011**

**In the matter of:**

Approval under Regulation 86 of Central Electricity Regulatory Commission (Conduct of Business) Regulations'1999, and Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations 2009, for Tariff determination for 400 kV D/C Talcher- Meramundali Transmission Line in Eastern Region for the period 2009-14.

**And**

**In the matter of:**

Power Grid Corporation of India Ltd., Gurgaon

....**Petitioner**

**Vs**

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

..... **Respondents**

**The following were present:**

1. Shri Rejeev Gupta, PGCIL
2. Shri M M Mondal, PGCIL
3. Shri R R Patel, PGCIL
4. Shri Rakesh Prasad, PGCIL
5. Shri R B Sharma, Advocate, BSEB

**ORDER**

This petition has been filed seeking approval of transmission tariff in respect of 400 kV D/C Talcher- Meramundali Transmission Line in Eastern Region (hereinafter "the transmission line") 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”). The petitioner has also sought the following reliefs:

- (a) Invoke the provisions of Regulation 44(Power to Relax) of the 2009 regulations, for relaxation of clause (3) of regulation 15 thereof so that grossing up the base rate of Return on Equity (ROE) may be allowed considering the revised rate of MAT, surcharge, any other cess, charges, levies etc. as per the relevant Finance Acts and accordingly allow consequential impact of tariff on account of truing up, to be billed and settled directly with the beneficiaries every year in the tariff block.
- (b) Approve the reimbursement, by the beneficiaries, of expenditure towards petition filing fee, and publishing of notices in newspapers in terms of Regulation 42 of the 2009 regulations, and other expenditure (if any) in relation to the filing of petition.
- (c) Allow the petitioner 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 period, if any, from the respondents
- (d) Allow the petitioner to bill and recover Service Tax on Transmission charges separately from the respondents if petitioner is subjected to such tax.

- (e) Allow the petitioner to bill and recover licence fee separately from the respondents
- (f) Pass such other relief as Hon'ble Commission deems fit and appropriate under the circumstances of the case and in the interest of justice.

2. The investment approval for the transmission line was accorded by the Board of Directors of the petitioner company under its Memo dated 19.1.2001 at an estimated cost of ₹ 4686.00 lakh, including IDC of ₹ 536.00 lakh. The approval of the revised cost estimates was accorded by the Board of Directors of the petitioner company vide memorandum dated 13.10.2005 at an estimated cost of ₹ 3875.00 lakh (excluding bays at Meramundali) including IDC of ₹ 636.00 lakh. The date of commercial operation of the transmission line is 1.12.2003 with line length (for O & M purpose) of 102 ckt-kms.

3. Transmission charges for the transmission line for the period up to 31.3.2009 were determined by the Commission vide order dated 10.1.2007 in Petition No. 102/2006

4. The petitioner has claimed the following transmission charges:

(₹ in lakh)

	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	204.58	204.58	204.58	206.03	207.48
Interest on Loan	191.77	171.31	150.80	131.86	112.88
Return on equity	102.90	102.90	102.90	104.34	105.78
Interest on Working Capital	12.01	11.67	11.34	11.10	10.88
O & M Expenses	31.98	33.81	35.75	37.79	39.93
<b>Total</b>	<b>543.24</b>	<b>524.27</b>	<b>505.37</b>	<b>491.12</b>	<b>476.95</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	4.80	5.07	5.36	5.67	5.99
O & M expenses	2.67	2.82	2.98	3.15	3.33
Receivables	90.54	87.38	84.23	81.85	79.49
<b>Total</b>	<b>98.01</b>	<b>95.27</b>	<b>92.57</b>	<b>90.67</b>	<b>88.81</b>
Interest	12.01	11.67	11.34	11.11	10.88
Rate of Interest	12.25%	12.25%	12.25%	12.25%	12.25%

6. Reply to the petition has been filed only by respondent No. 1 viz. Bihar State Electricity Board. The respondent has pointed out that being engaged in the development of infrastructure facilities in the transmission of power, the petitioner is entitled for a tax holiday and has urged that the benefits of tax holiday should be availed by the petitioner so that ultimately the benefits would trickle down to the consumers through the beneficiaries. Such a suggestion has been made by BSEB in some other petitions as well and the Commission has decided to address this issue separately. A decision taken in this regard will apply to the present case as well.

7. BSEB has also objected to the claim of additional capital expenditure towards strengthening of towers due to change in wind zone. According to the respondent, such an expenditure is not covered under regulation 9(2) of the 2009 regulations and should rightly form part of O&M expenditure. The respondent has further objected to the prayer of the petitioner for grossing up the base rate with the actual tax rate for the respective years. According to the respondent, return on equity with reference to the actual rate in line with the provisions of the relevant Finance Acts of the respective years shall be trued

up in accordance with the proviso to clause 15(3) of the 2009 regulations. The respondent has also expressed the apprehension that invoking the provisions of regulation 44 for relaxation will result in undue benefit to the petitioner.

8. Besides, BSEB has questioned the interest rate adopted by the petitioner for the computation of tariff as the same has been described as the State Bank of India Advance Rate (SBAR) whereas regulation 18(3) of the 2009 regulations mandates that the Short Term prime lending rate of SBI shall be the interest rate for computation of interest on working capital. The respondent has also objected to the claim, by the petitioner for reimbursement of application filing fee and the expenses on publication of notices and has relied on the Commission's order dated 11.9.2008 in Petition No. 129/2005 in this regard.

9. As regards the petitioner's claim for reimbursement of License fee and other levies, duties, cess, etc. revision of O&M expenses in the event of the impact of wage revision is more than 50%, the respondent has stated that these items being part of parcel of O&M expenses are not required to be reimbursed.

10. The petitioner, in its rejoinder has reiterated its claim citing the relevant provisions of the 2009 regulations and has urged that 100% transmission tariff and other prayers made by it be approved. The petitioner has clarified that the

SBAR of 12.25% indicted in the petition is the short term prime lending rate of SBI.

11. Submissions of BSEB in its reply and the rival contentions of the petitioner in its rejoinder are considered in the respective paragraphs hereunder.

12. Having heard the representatives of the parties and examined the material on record, we proceed to dispose of the petition.

### **CAPITAL COST**

13. Proviso to clause (2) of Regulation 7 of the 2009 regulations, provides as under:

*“Provided also that in case of the existing projects, the 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.”*

14. The Commission vide order dated 10.1.2007 in Petition No: 102/2006 admitted capital cost of ₹ 3874.63 lakh as on 31.3.2009 and the same has been considered for the purpose of tariff calculation in this order.

### **ADDITIONAL CAPITAL EXPENDITURE**

15. Only one item of expenditure has been projected viz. expenditure amounting to ₹ 54.92 lakh during 2012-13 towards tower strengthening. This has been objected to by respondent No. 1 who contends that the expenditure

should rightly fall under O&M expenses. The petitioner vide its affidavit dated 29.9.2010 has made the following submissions:

- (a) The transmission line was designed as per IS:802 -1995 with 0% wind in broken wire condition along with narrow front wind. There have been 5 incidents of failure of 400 kV towers in the lines having towers with this design reported up to 15.9.2010. This design practice has been discontinued since 2001 and IS:802-1995 with 75% wind in broken wire condition is being followed since then and no incident of tower failure on 400 kV towers had occurred in Power Grid.
- (b) A standing Committee constituted by the Central Electricity Authority (CEA) to investigate failure of transmission tower of power utilities. The committee discussed the collapse of towers during January to June 2009 and recommended provision of hip bracing up to bottom cross arm level in all the suspension towers of all the transmission lines designed after 1995 to minimize tower failure.
- (c) As 400 kV lines transfer bulk amount of power over long distances, impact of tower collapse would be for longer duration and may affect grid stability. Proposed tower strengthening of the transmission line is expected to enhance the stability of grid.
- (d) Tower strengthening by providing additional bracing in the towers up to cross arm level of 105 Nos of suspension towers at an estimated cost of ₹ 54.92 lakh was planned. However

supply and installation works are proposed to be undertaken through competitive bidding process and the petitioner will approach the Commission with the actual cost depending upon market conditions at the time of procurement.

16. As stated hereinabove, the respondent has objected to allowing the above stated additional capital expenditure contending that the same should rightly fall under the category of O&M expenses. During the hearing on 13.1.2011, learned counsel for BSEB fairly stated that he did not have any objection to tower strengthening as such but proposed that instead of allowing it as additional capital expenditure, the same must be covered under regulation 10 i.e. Renovation and Modernisation.

17. For ease of reference, relevant provisions are extracted hereunder:

**Clause 9(2)**

*“(2) The capital expenditure incurred on the following counts after the cut-off date may, 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) Deferred works relating to ash pond or ash handling system in the original scope of work;*

*(iv) In case of hydro generating stations, any expenditure which has become necessary on account of damage caused by natural calamities (but not due to flooding of power house attributable to the negligence of the generating company) including due to geological reasons after adjusting for proceeds from any insurance scheme, and expenditure incurred due to any additional work which has become necessary for successful and efficient plant operation; and*

*(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 transmission system:*



### **Regulation 10**

*10. Renovation and Modernisation. (1) The generating company or the transmission licensee, as the case may be, for meeting the expenditure on renovation and modernization (R&M) for the purpose of extension of life beyond the useful life of the generating station or a unit thereof or the transmission system, shall make an application before the Commission for approval of the proposal with a Detailed Project Report giving complete scope, justification, cost-benefit analysis, estimated life extension from a reference date, financial package, phasing of expenditure, schedule of completion, reference price level, estimated completion cost including foreign exchange component, if any, record of consultation with beneficiaries and any other information considered to be relevant by the generating company or the transmission licensee.”*

18. It may be seen from the above that the moot difference between the two provisions is that while additional capital expenditure must have “*become necessary for successful and efficient operation of transmission system*” prime orientation of Renovation and Modernisation under Regulation 10 is “*for the purpose of extension of life beyond the useful life of the generating station or a unit thereof or the transmission system*”. We have no hesitation in holding that the proposed expenditure has become necessary for successful and efficient operation of the transmission system.

19. Accordingly, estimated expenditure amounting to ₹ 54.92 lakh in respect of the tower strengthening of transmission line is allowed as additional capital expenditure.

### **DEBT- EQUITY RATIO**

20. 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.”*

21. Details of debt-equity based on the capital cost as on 1.4.2009 is as under:-

Particulars	As Admitted on 31.3.2009	
	Amount (₹ lakh)	%
Debt	3285.99	84.81%
Equity	588.64	15.19%
<b>Total</b>	<b>3874.63</b>	<b>100.00%</b>

22. Additional capital expenditure allowed during 2009-10 and 2010-11 has also been segregated in the ratio of 70:30.

23. Additional capital expenditure allowed during 2009-14 has also been segregated in the ratio of 70:30. Consequent to admitting the additional capital expenditure (referred to as "ACE" in the table below), equity base of the transmission system shall be as under:

Equity on 1.4.2009	Notional equity due to ACE for the period 2009-12	Total equity considered for tariff calculations for the period 2009-12*	Notional equity due to ACE for the period 2012-13	Total equity considered for tariff calculations for the period 2012-13*	Notional equity due to ACE for the period 2013-14	Total equity considered for tariff calculations for the period 2013-14*
588.64	0.00	588.64	16.48	596.88	0.00	605.12

### **RETURN ON EQUITY**

24. 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."*

25. Return on Equity has been calculated as follows- Base rate/(1-t), where Base Rate is 15.5% and 't' is normal tax rate for the period 2008-09 applicable to Power Grid which is under MAT i.e. 10%+surcharge@10%+3%Education Cess. Revision of MAT Rate is being reviewed by the commission separately.

26. Petitioner's prayer to invoke the provisions of Regulation 44 of the 2009 regulations for relaxation of Regulation 15(3) thereof 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 Acts, has already been taken cognizance of in the Commission's order dated 3.8.2010 in Petition No. 17/2010 wherein a decision has been taken to address the issue raised by the petitioner. Relevant portion of the said order is extracted as under:

“We are of the view that this issue of ‘grossing up the base rate with the normal tax rate for the year 2008-09’ is generic in nature and therefore, it will be appropriate to make suitable provisions in the 2009 regulations to cater to any future changes in the tax rate. Accordingly, we direct the staff of the Commission to prepare and submit draft amendment to the 2009 regulations for allowing grossing up of base rate of return with the applicable tax rate as per the Finance Act for the relevant year and direct settlement of tax liability between the generating company/transmission licensee and the beneficiaries/long term transmission customers on year to year basis. Any under/over recovery on account of direct settlement of tax liability shall be subject to the final adjustment at the time of true up exercise.”

27. Detailed calculation of the ROE in respect the transmission assets is as under:

		(₹ in lakh)				
		2009-10	2010-11	2011-12	2012-13	2013-14
Gross Notional Equity	588.64					
Addition due to Additional Capitalisation	0.00					
Opening Equity	588.64	588.64	588.64	588.64	588.64	605.12
Addition due to Additional Capitalisation		0.00	0.00	0.00	16.48	0.00
Closing Equity		588.64	588.64	588.64	605.12	605.12
Average Equity		588.64	588.64	588.64	596.88	605.12
Return on Equity (Base Rate )		15.50%	15.50%	15.50%	15.50%	15.50%
Tax rate for the year 2008-09 (MAT)		11.33%	11.33%	11.33%	11.33%	11.33%
Rate of Return on Equity (Pre Tax )		17.481%	17.481%	17.481%	17.481%	17.481%
<b>Return on Equity (Pre Tax)</b>		<b>102.90</b>	<b>102.90</b>	<b>102.90</b>	<b>104.34</b>	<b>105.78</b>

## **INTEREST ON LOAN**

28. Regulation 16 of the 2009 regulations provides that,-

“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."*

29. In these calculations, interest on loan has been worked out as detailed below:

- (a) Gross amount of loan, repayment of instalments and rate of interest and weighted average rate of interest on actual loan have been considered as per the petition.
- (b) The repayment for the tariff period 2009-14 shall be deemed to be equal to the depreciation allowed for that period.

- (c) Moratorium period availed by the transmission licensee, the repayment of the loan shall be considered from the first year of commercial operation of the project and shall be equal to the annual depreciation allowed.
- (d) Weighted average rate of interest on actual loan worked out as per (a) above is applied on the notional average loan during the year to arrive at the interest on loan.
- (e) The methodology followed for the calculation of weighted average Rate of Interest in case of floating interest loans in Petition 132/2010, the same has been adopted in the instant petition. Accordingly, the interest on Loan has been calculated on the basis of rate prevailing as on 01.04.2009. Any change in rate of Interest subsequent to 1.4.2009 will be considered at the time of truing up.

30. Details of the calculation of Interest on Loan are as under:

(₹ in lakh)

		2009-10	2010-11	2011-12	2012-13	2013-14
Gross Notional Loan	3285.99					
Addition due to Additional Capitalisation	0.00					
Gross Normative Loan	3285.99	3285.99	3285.99	3285.99	3285.99	3324.43
Cumulative Repayment upto Previous Year		1235.84	1440.42	1645.00	1849.58	2055.61
Net Loan-Opening		2050.15	1845.57	1640.99	1436.41	1268.82
Addition due to Additional Capitalisation		0.00	0.00	0.00	38.44	0.00
Repayment during the year		204.58	204.58	204.58	206.03	207.48
Net Loan-Closing		1845.57	1640.99	1436.41	1268.82	1061.34
Average Loan		1947.86	1743.28	1538.70	1352.62	1165.08
Weighted Average Rate of Interest on Loan		9.8455%	9.8268%	9.8006%	9.7611%	9.7154%
<b>Interest</b>		<b>191.78</b>	<b>171.31</b>	<b>150.80</b>	<b>132.03</b>	<b>113.19</b>

## **DEPRECIATION**

31. Regulation 17 of the 2009 regulations provides for computation of depreciation in the following manner, namely:

*“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.”*

32. Notional date of commercial operation of the transmission line was 1.12.2003. Accordingly the transmission line will complete 12 years after 2013-14 and thus depreciation has been calculated annually based on Straight Line Method and at rates specified in Appendix-III.

For the period 1.4.2009 to 31.3.2014 the depreciation worked out are as under:

(₹ in lakh)

		2009-10	2010-11	2011-12	2012-13	2013-14
Rate of Depreciation		5.2800%	5.2800%	5.2800%	5.2800%	5.2800%
Depreciable Value	90%	3487.17	3487.17	3487.17	3511.88	3536.60
Remaining Depreciable Value		2251.33	2046.75	1842.17	1662.30	1480.98
<b>Depreciation</b>		<b>204.58</b>	<b>204.58</b>	<b>204.58</b>	<b>206.03</b>	<b>207.48</b>

### **OPERATION & MAINTENANCE EXPENSES**

33. Clause (g) of Regulation 19 the 2009 regulations prescribes the norms for operation and maintenance expenses based on the type of sub-station and line. The petitioner has calculated the operation and maintenance expenses in accordance with the above norms and the same are allowed as such.

34. The petitioner has stated that it reserves the right to approach the Commission for suitable revision in the norms for O&M expenses in case the impact of wage hike is more than 50%. We clarify that petition if any, filed by the petitioner shall be dealt with in accordance with law.

### **INTEREST ON WORKING CAPITAL**

35. As per the 2009 regulations 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' average billing calculated on target availability level. 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 of 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 from 1.4.2009. The value of maintenance spares has accordingly been 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 the respective year as claimed in the petition. This has been considered in 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 interest on working capital is payable on normative basis notwithstanding that the transmission licensee has not taken working capital loan from any outside agency. The petitioner has claimed interest on working capital @ 12.25% based on SBI PLR as on 1.4.2009, which is in accordance with the 2009 regulations and has been allowed.

36. Necessary computations in support of interest on working capital are appended hereinbelow:

(₹ in lakh)

	2009-10	2010-11	2011-12	2012-13	2013-14
Maintenance Spares	4.80	5.07	5.36	5.67	5.99
O & M expenses	2.67	2.82	2.98	3.15	3.33
Receivables	90.54	87.38	84.23	81.88	79.54
<b>Total</b>	<b>98.00</b>	<b>95.27</b>	<b>92.57</b>	<b>90.70</b>	<b>88.86</b>
Rate of Interest	12.25%	12.25%	12.25%	12.25%	12.25%
Interest	<b>12.01</b>	<b>11.67</b>	<b>11.34</b>	<b>11.11</b>	<b>10.89</b>

### **TRANSMISSION CHARGES**

37. The transmission charges being allowed for the transmission lines are summarized below:

(₹ in lakh)

	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	204.58	204.58	204.58	206.03	207.48
Interest on Loan	191.78	171.31	150.80	132.03	113.19
Return on equity	102.90	102.90	102.90	104.34	105.78
Interest on Working Capital	12.01	11.67	11.34	11.11	10.89
O & M Expenses	31.98	33.81	35.75	37.79	39.93
<b>Total</b>	<b>543.24</b>	<b>524.27</b>	<b>505.37</b>	<b>491.30</b>	<b>477.27</b>

### **APPLICATION FEE AND THE PUBLICATION EXPENSES**

38. The petitioner has sought approval for the reimbursement of fee paid by it for filing the petition. In accordance with our decision in order dated 11.1.2010 in Petition No. 109/2009, the petitioner shall be entitled to recover the filing fee from the beneficiaries.

39. Accordingly, expenses incurred by the petitioner on application filing fees and publication of notices in connection with the present petition shall be directly recovered from the beneficiaries on pro rata basis.

## **SERVICE TAX**

40. The petitioner has made a specific prayer in its rejoinder to the reply by respondent No. 1 that it be allowed to bill and recover the Service tax from the respondents if at any time exemption from service tax is withdrawn and transmission of Power is notified as a taxable service. The petitioner is at liberty to approach the Commission with such a prayer if need arises. The same will be disposed off in accordance with law.

41. The transmission charges allowed in this order 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.

42. The petitioner has also prayed for reimbursement of license fee. A view in this regard is yet to be taken. The same as and when evolved will apply to this petition as well.

43. This order disposes of Petition No. 177/2010.

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

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