

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 181/TT/2014

Coram:

Shri Gireesh B. Pradhan, Chairman

Shri A.K. Singhal, Member

Shri A.S. Bakshi, Member

Dr. M. K. Iyer, Member

Date of Hearing: 28.01.2016

Date of Order : 29.02.2016

In the Matter of

Approval under Regulation-86 of CERC (Conduct of Business) Regulations'1999, CERC (Terms and Conditions of Tariff) Regulations, 2009 and CERC (Terms and Conditions of Tariff) Regulations' 2014 for determination of (i) Truing up Transmission tariff for 2009-14 tariff block and (ii) Transmission Tariff for 2014-19 tariff block for **Asset-I: Combined Stage-1** assets consisting of a) 220 kV Allahabad-Rewa Road D/C Transmission line Ckt-1 b) 220 kV Allahabad-Rewa Road D/C Transmission line Ckt-II, c) LILO of 220 kV Modipuram – Nara transmission line, d) LILO of 220 kV Modipuram-Simholi transmission line and e) 220 kV Allahabad-Phulpur S/C transmission line and **Asset-II : Stage –II** asset consisting of f) 220 kV S/C Meerut-Shatabdinagar transmission line under transmission system associated with 220 kV System Strengthening Scheme in UP in Northern Region.

And in the Matter of

Power Grid Corporation of India Ltd,
Registered office: B-9, Qutab Institutional Area,
Katwaria Sarai, New Delhi. 110 016.
Corporate Centre : 'SAUDAMINI', Plot No-2,
Sector-29, Gurgaon-122 001 (Haryana).

.....Petitioner

Versus

1. Uttar Pradesh Power Corporation Ltd.
(Formerly Uttar Pradesh State Electricity Board)
Shakti Bhawan, 14, Ashok Marg,
Lucknow – 226 001



The following were present:

For Petitioner : Ms. Sangeeta Edwards, PGCIL
Sh. S.S.Raju, PGCIL
Sh. S.K.Venkatesan, PGCIL
Sh. M.M.Mondal, PGCIL
Sh. Rakesh Prasad, PGCIL

For Respondents : None

ORDER

The petition has been preferred by Power Grid Corporation of India Ltd, a transmission licensee, for revision of tariff under Regulation 6 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (hereinafter referred to as “the 2009 Tariff Regulations”) based on truing up of expenditure for the period 1.4.2009 to 31.3.2014 and for determination of tariff under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as “the 2014 Tariff Regulations”) for the period from 1.4.2014 to 31.3.2019 in respect of **Asset -I: Combined Stage-1** assets consisting of a) 220 kV Allahabad-Rewa Road D/C Transmission line Ckt-1 b) 220 kV Allahabad-Rewa Road D/C Transmission line Ckt-II, c) LILO of 220 kV Modipuram – Nara transmission line, d) LILO of 220 kV Modipuram- Simbholi transmission line and e) 220 kV Allahabad-Phulpur S/C transmission line and **Asset II : Stage –II** asset consisting of f) 220 kV S/C Meerut-Shatabdinagar transmission line under transmission system associated with 220 kV System Strengthening Scheme in UP in Northern Region. (Hereinafter referred to as “transmission system”).



2. The respondents are distribution licensees, who are procuring transmission service from the petitioner, mainly beneficiaries of Northern Region.

3. The petitioner has built the transmission system in Northern Region and the same has been put under commercial operation w.e.f. dated 1.6.2004 and 1.1.2006. The petitioner had approached the Commission vide Petition No. 173/2010 for determination of tariff for 2009-14 tariff period. The Commission, on 14.12.2010 had approved the tariff based on the admitted capital cost of ₹2046.49 lakh and ₹344.86 for the instant asset as on 31.3.2009 as given below:

Asset-I

(₹ in Lakh)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	108.09	108.09	108.09	108.09	108.09
Interest on Loan	80.05	71.10	62.15	53.19	44.22
Return on Equity	105.03	105.03	105.03	105.03	105.03
Interest on Working Capital	6.66	6.50	6.35	6.20	6.05
O & M Expenses	10.90	11.51	12.19	12.91	13.64
Total	310.73	302.23	293.81	285.42	277.03

Asset-II

(₹ in Lakh)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	19.27	19.27	19.27	19.27	19.27
Interest on Loan	13.91	12.14	10.36	8.59	6.81
Return on Equity	20.38	20.38	20.38	20.38	20.38
Interest on Working Capital	1.19	1.16	1.12	1.09	1.06
O & M Expenses	1.47	1.56	1.65	1.75	1.84
Total	56.22	54.51	52.79	51.08	49.36

4. As per Regulation 6 of the 2009 Tariff Regulations, the Commission shall carry out truing up exercise along with the tariff petition filed for the next tariff period, with respect to the capital expenditure including additional capital expenditure incurred up to 31.3.2014, as admitted by the Commission after prudence check at the time of truing up. Further, as per Regulation 15 of the 2009 Tariff Regulations, the petitioner is required to adjust the yearly impact of MAT rate in the truing up petition for 2009-14



tariff period. The petitioner has submitted that in case interest on loan was calculated on basis of prevailing rates for the determination of tariff, any change in the rate of interest subsequently during the tariff period will be considered at the time of truing up. In this context, the petitioner has relied upon the Commission's order dated 14.12.2010 in Petition No 173/2010.

5. The petitioner has made following submissions in regard to revision of tariff in accordance with Regulation 6 of the 2009 Tariff Regulations for 2009-14:

- a) The additional capital expenditure during the 2009-14 tariff period is NIL and hence, the tariff has been claimed based on the admitted capital cost of ₹2046.49 lakh and ₹344.86 for the instant asset by the Commission in order dated 14.12.2010 in Petition No 173/2010;
- b) The variation in the tax rate during the 2009-14 tariff period applicable to the petitioner as per the Finance Act of the relevant year for the purpose of grossing up of ROE has been furnished as follows:

Year	MAT Rate (in %)	Grossed up ROE (Base rate/(1-t) (in %)
2009-10	16.995	18.674
2010-11	19.931	19.358
2011-12	20.008	19.377
2012-13	20.008	19.377
2013-14	20.961	19.610

- c) The petitioner has claimed the interest on loan based on actual interest rates for each year during the 2009-14 period and also submitted relevant documents vide affidavit dated 26.6.2014.

6. Based on aforesaid, the petitioner has claimed the revision of tariff for 2009-14 tariff period as under:

(₹ in lakh)

Particulars	2009-10	2010 – 11	2011 -12	2012 – 13	2013 - 14
Revised AFC based on truing up (Asset -1)	318.00	313.84	305.81	297.35	290.30
Revised AFC based on truing up (Asset –2)	57.63	56.76	55.12	53.40	51.94

7. The petitioner has further claimed the transmission tariff for the period 2014-19 in accordance with the 2014 Tariff Regulations as follows:

(₹ in Lakh)

Period	2014-15	2015-16	2016-17	2017-18	2018-19
Annual Fixed Cost (Asset-1)	280.26	271.38	262.51	172.01	170.25
Annual Fixed Cost (Asset – II)	50.03	48.26	46.51	45.36	29.10

8. The petitioner has made following submissions in regard to determination of tariff for 2014-19 :

- a) The depreciation has been claimed in accordance with Regulation 27 of the 2014 Tariff Regulations;
- b) The petitioner has prayed for grossing up of ROE at MAT rate of 20.961% prevailing in 2013-14 which shall be trued up with actual tax rate in accordance with clause 25 (3) of the 2014 Tariff Regulations;
- c) The petitioner has prayed for reimbursement of service tax if it is subjected to such tax in future;
- d) The petitioner has considered interest on loan on the basis of rate prevailing as on 1.4.2014 and prayed that the change in Interest Rate due to floating rate of interest applicable, if any, during 2014-19 period will be adjusted;



- e) The wage revision of the employees of the petitioner company is due during 2014-19 and actual impact of wage hike will be effective from a future date. The scheme of wage revision applicable to CPSUs being binding on the petitioner, the petitioner sought liberty to approach the Commission for suitable revision in the norms for O&M expenditure for claiming the impact of wage hike, if any, during 2014-19.
- f) The petitioner has prayed for recovery of deferred tax liability before 1.4.2009 from the beneficiaries or the long term customers / DICs as and when the same gets materialized.
- g) The petitioner has prayed for recovery of the application fee, filing fee, expenses incurred on publication of Notices in News papers and License fee from the respondents in terms of Regulation 52 Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014. The fees and charges to be paid by the petitioner as ISTS licensee (deemed ISTS licensee) under CERC (Fees and Charges of RLDC and other matters) Regulations as amended from time to time have also been prayed to be recoverable from the DICs as provided under clause 52(2) (a).

9. Petitioner has served petition to the respondents and notice of this application has been published in the news paper in accordance with the CERC (Procedure for making of application for determination of tariff, Publication of the application and other related matters) Regulations, 2004. Further, submissions were made vide affidavit dated 5.2.2016. No submissions have been made by the Respondents. No comments/objections have been received from the public in response to the notice in newspaper. The hearing in this matter was held on 28.1.2016.



TRUE UP ANNUAL FIXED CHARGES FOR 2009-14 PERIOD

10. We have considered the submissions of the petitioner in respect of trueing up of annual fixed charged for 2009-14 tariff period. The revision of tariff for 2009-14 period has been determined as discussed below:

- a) The capital cost of ₹ 2046.49 lakh and ₹344.86 lakh for the instant Asset admitted by the Commission as on 31.3.2009 has been considered as opening capital cost as on 1.4.2009 for determination of tariff in accordance with Regulation 7 of the 2009 Tariff Regulations;
- b) The petitioner has not claimed any additional capital expenditure for 2009-14 period;
- c) The Regulation 15 of the 2009 Tariff Regulations provides for the grossing up of ROE with the actual tax rate for the purpose of return on equity. The petitioner has submitted the MAT rate applicable during the various years. Return on equity has been worked out by considering year wise MAT rate submitted by the petitioner in accordance with Regulation 15 of the 2009 Tariff Regulations;
- b) Regulation 16 of the 2009 Tariff Regulations provide the methodology for working out weighted average rate of interest on loan. The Commission in its earlier order dated 8.6.2011 in Petition No. 238/2010 has held that in case of floating rate of interest, any change in the rates of interest during the tariff period will be considered at the time of true up. Accordingly, the interest on loan has been worked out and details of weighted average rate of interest for Asset-1 and Asset-2 are placed at Annexure-1 and Annexure -2 respectively.



c) Depreciation, Interest on Working Capital and Operation & Maintenance

Expenses has been considered in accordance with the 2009 Regulations

11. Accordingly, the annual fixed charges for the transmission system under the petition has been worked out and allowed as under:

Asset -I: Combined Stage-1 assets consisting of a) 220 kV Allahabad-Rewa Road D/C Transmission line Ckt-1 b) 220 kV Allahabad-Rewa Road D/C Transmission line Ckt-II, c) LILO of 220 kV Modipuram – Nara transmission line, d) LILO of 220 kV Modipuram- Simbholi transmission line and e) 220 kV Allahabad-Phulpur S/C transmission line.

(₹in lakh)

Particulars	2009-10	2010-11	2011-12	2012-13	2013- 14
Gross Block					
Opening Gross Block	2046.49	2046.49	2046.49	2046.49	2046.49
Additional Capitalisation	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	2046.49	2046.49	2046.49	2046.49	2046.49
Average Gross Block	2046.49	2046.49	2046.49	2046.49	2046.49
Depreciation					
Rate of Depreciation	5.2818%	5.2818%	5.2818%	5.2818%	5.2818%
Depreciable Value	1841.84	1841.84	1841.84	1841.84	1841.84
Elapsed Life (Beginning of the year)	5	6	7	8	9
Weighted Balance Useful life of the combine assets	-	-	-	-	-
Remaining Depreciable Value	1437.08	1328.99	1220.90	1112.80	1004.71
Depreciation	108.09	108.09	108.09	108.09	108.09
Interest on Loan					
Gross Normative Loan	1445.66	1445.66	1445.66	1445.66	1445.66
Cumulative Repayment upto Previous Year	404.76	512.85	620.94	729.04	837.13
Net Loan-Opening	1040.90	932.80	824.71	716.62	608.53
Additions	0.00	0.00	0.00	0.00	0.00
Repayment during the year	108.09	108.09	108.09	108.09	108.09
Net Loan-Closing	932.80	824.71	716.62	608.53	500.43
Average Loan	986.85	878.76	770.66	662.57	554.48
Weighted Average Rate of Interest on Loan	8.1065%	8.0996%	8.1108%	8.0713%	8.0108%
Interest	80.00	71.18	62.51	53.48	44.42
Return on Equity					
Opening Equity	600.83	600.83	600.83	600.83	600.83
Additions	0.00	0.00	0.00	0.00	0.00
Closing Equity	600.83	600.83	600.83	600.83	600.83
Average Equity	600.83	600.83	600.83	600.83	600.83
Return on Equity (Base Rate)	15.50%	15.50%	15.50%	15.50%	15.50%



MAT rate for the respective year (%)	16.995	19.931	20.008	20.008	20.961
Rate of Return on Equity	18.674%	19.358%	19.377%	19.377%	19.610%
Return on Equity	112.20	116.31	116.42	116.42	117.82
Interest on Working Capital					
Maintenance Spares	1.64	1.73	1.83	1.94	2.05
O & M expenses	0.91	0.96	1.02	1.08	1.14
Receivables	53.00	52.30	50.97	49.56	48.38
Total	55.54	54.99	53.81	52.57	51.56
Interest	6.80	6.74	6.59	6.44	6.32
Annual Transmission Charges					
Depreciation	108.09	108.09	108.09	108.09	108.09
Interest on Loan	80.00	71.18	62.51	53.48	44.42
Return on Equity	112.20	116.31	116.42	116.42	117.82
Interest on Working Capital	6.80	6.74	6.59	6.44	6.32
O & M Expenses	10.90	11.51	12.19	12.91	13.64
Total	318.00	313.82	305.81	297.34	290.29

Asset II : Stage –II asset consisting of f) 220 kV S/C Meerut-Shatabdinagar transmission line under transmission system associated with 220 kV System Strengthening Scheme in UP in Northern Region.

(₹in lakh)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Gross Block					
Opening Gross Block	344.86	344.86	344.86	344.86	344.86
Additional Capitalisation	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	344.86	344.86	344.86	344.86	344.86
Average Gross Block	344.86	344.86	344.86	344.86	344.86
Depreciation					
Rate of Depreciation	5.5882%	5.5882%	5.5882%	5.5882%	5.5882%
Depreciable Value	310.37	310.37	310.37	310.37	310.37
Elapsed Life (Beginning of the year)	5	6	7	8	9
Weighted Balance Useful life of the combine assets	-	-	-	-	-
Remaining Depreciable Value	246.04	226.77	207.50	188.23	168.96
Depreciation	19.27	19.27	19.27	19.27	19.27
Interest on Loan					
Gross Normative Loan	228.28	228.28	228.28	228.28	228.28
Cumulative Repayment upto Previous Year	66.87	86.14	105.41	124.68	143.96
Net Loan-Opening	161.41	142.14	122.87	103.60	84.32
Additions	0.00	0.00	0.00	0.00	0.00
Repayment during the year	19.27	19.27	19.27	19.27	19.27
Net Loan-Closing	142.14	122.87	103.60	84.32	65.05
Average Loan	151.77	132.50	113.23	93.96	74.69



Weighted Average Rate of Interest on Loan	9.1608%	9.1738%	9.2212%	9.2059%	9.1779%
Interest	13.90	12.16	10.44	8.65	6.85
Return on Equity					
Opening Equity	116.58	116.58	116.58	116.58	116.58
Additions	0.00	0.00	0.00	0.00	0.00
Closing Equity	116.58	116.58	116.58	116.58	116.58
Average Equity	116.58	116.58	116.58	116.58	116.58
Return on Equity (Base Rate)	15.50%	15.50%	15.50%	15.50%	15.50%
MAT rate for the respective year (%)	16.995	19.931	20.008	20.008	20.961
Rate of Return on Equity	18.674%	19.358%	19.377%	19.377%	19.610%
Return on Equity	21.77	22.57	22.59	22.59	22.86
Interest on Working Capital					
Maintenance Spares	0.22	0.23	0.25	0.26	0.28
O & M expenses	0.12	0.13	0.14	0.15	0.15
Receivables	9.61	9.46	9.19	8.90	8.66
Total	9.95	9.82	9.57	9.31	9.09
Interest	1.22	1.20	1.17	1.14	1.11
Annual Transmission Charges					
Depreciation	19.27	19.27	19.27	19.27	19.27
Interest on Loan	13.90	12.16	10.44	8.65	6.85
Return on Equity	21.77	22.57	22.59	22.59	22.86
Interest on Working Capital	1.22	1.20	1.17	1.14	1.11
O & M Expenses	1.47	1.56	1.65	1.75	1.84
Total	57.63	56.76	55.13	53.40	51.94

ANNUAL FIXED CHARGES FOR 2014-19

12. We have considered the submissions of the petitioner in respect of tariff for 2014-19 tariff period. The tariff for 2014-19 period has been determined as discussed below:

- a) Regulation 6 of 2014-19 tariff regulation requires submitting single consolidated petition where all elements of a transmission system have been declared under commercial operation prior to 01-04-2014, so that Commission may grant single tariff for all the assets covered under the project. In order to determine a single transmission tariff, the concept of effective date of commercial operation and , weighted average life has



been covered under Regulation 27 of Tariff regulations,2014. In the present petition, these 6 individual Assets were clubbed in to two combined assets based on the concept of Notional DOCO vide order dated 14-12-2010 in Petition No. 173/2010. Accordingly the Tariff for 2009-14 tariff period has been trued-up in the above paragraphs (i.e. for 2 combined Assets).Although the petitioner has not further combined these assets,however,these two Combined Assets are, further combined into single Asset as per Tariff Regulations,2014. Accordingly, single Tariff for the project as a whole has been worked out for the tariff period 2014-19.

- b) As per Tariff Regulations, 2014, Effective Date of Commercial Operation, for the project as a whole has been worked out based on the admitted capital cost of individual Assets as on 31-03-2014 and the Actual DOCO of individual Asset. Accordingly, Effective Date of Commercial Operation for the instant project as a whole has been worked out as 23-Aug-04. The weighted average life of project as a whole on the basis of admitted capital cost of individual elements as on 31.3.2014 and their respective life as prescribed in Tariff Regulations, 2014, worked out as 34 years. Therefore, elapsed life of project as a whole works out to 9 years as on 1.4.2014.
- d) The capital cost of ₹2046.49 lakh and ₹344.86 lakh for the both assets admitted by the Commission as on 31.3.2014 aggregating to combined capital cost of Rs. 2391.35 lakh has been considered as opening capital cost as on 1.4.2014 for determination of tariff in accordance with Regulation 9 of the Tariff Regulations, 2014;



- e) Respective admitted parameters for both the assets during 2009-14 tariff block have been aggregated for working out combined tariff during 2014-19 period.
- f) The petitioner has not claimed any projected additional capital expenditure during 2014-19 period;
- g) The Regulation 24 read with Regulation 25 of the Tariff Regulations, 2014 provides the grossing up of return on equity with the effective tax rate for the purpose of return on equity. It further provides that in case the generating company or transmission licensee paying Minimum Alternative Tax (MAT), the MAT rate including surcharge and cess will be considered for the grossing up of return on equity. The petitioner has submitted that MAT rate is applicable to the petitioner's company. Accordingly, the MAT rate applicable during the 2013-14 has been considered for the purpose of return on equity which shall be true up with actual tax rate in accordance with clause 25 (3) of the Tariff Regulations, 2014;
- h) The weighted average interest on loan has been considered on the basis of rate prevailing as on 1.4.2014. The petitioner has prayed that the change in Interest rate due to floating rate of interest applicable, if any, during 2014-19 period will be adjusted. Accordingly, the floating rate of interest, if any, shall be considered at the time of true up or next revision of tariff. By considering above, the interest on loan has been worked out in accordance with Regulation 26 of the 2014 Regulations and details of weighted average rate of interest are placed at Annexure-3.
- i) As the asset has completed 12 years of life during FY 2016-17, accordingly, remaining depreciable value of the Asset has been spread over based on



the remaining depreciable value to be recovered in the balance useful life from FY 2017-18 onwards.

- j) Interest on Working Capital and Operation & Maintenance Expenses have been considered in accordance with the 2014 Regulations.

13. Accordingly, the annual fixed charges for the transmission asset under the petition has been worked out and allowed as under:

(₹in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Gross Block					
Opening Gross Block	2391.35	2391.35	2391.35	2391.35	2391.35
Additional Capitalisation	0.00	0.00	0.00	0.00	0.00
Closing Gross Block	2391.35	2391.35	2391.35	2391.35	2391.35
Average Gross Block	2391.35	2391.35	2391.35	2391.35	2391.35
Depreciation					
Rate of Depreciation	5.3260%	5.3260%	5.3260%	1.2625%	1.2625%
Depreciable Value	2152.22	2152.22	2152.22	2152.22	2152.22
Elapsed Life (Beginning of the year)	9	10	11	12	13
Weighted Balance Useful life of the combine assets	25	24	23	22	21
Remaining Depreciable Value	1046.31	918.94	791.58	664.21	634.02
Depreciation	127.36	127.36	127.36	30.19	30.19
Interest on Loan					
Gross Normative Loan	1673.94	1673.94	1673.94	1673.94	1673.94
Cumulative Repayment upto Previous Year	1108.45	1235.81	1363.18	1490.54	1520.73
Net Loan-Opening	565.49	438.13	310.76	183.40	153.21
Additions during the year	0.00	0.00	0.00	0.00	0.00
Repayment during the year	127.36	127.36	127.36	30.19	30.19
Net Loan-Closing	438.13	310.76	183.40	153.21	123.01
Average Loan	501.81	374.44	247.08	168.30	138.11
Weighted Average Rate of Interest on Loan	7.9962%	7.8299%	7.5041%	7.0249%	6.6800%
Interest	40.13	29.32	18.54	11.82	9.23
Return on Equity					
Opening Equity	717.41	717.41	717.41	717.41	717.41
Additions	0.00	0.00	0.00	0.00	0.00
Closing Equity	717.41	717.41	717.41	717.41	717.41
Average Equity	717.41	717.41	717.41	717.41	717.41
Return on Equity (Base Rate)	15.50%	15.50%	15.50%	15.50%	15.50%
MAT rate for FY 2014-15 (%)	20.961	20.961	20.961	20.961	20.961
Rate of Return on Equity	19.610%	19.610%	19.610%	19.610%	19.610%
Return on Equity	140.68	140.68	140.68	140.68	140.68



Interest on Working Capital					
Maintenance Spares	2.09	2.17	2.24	2.31	2.39
O & M expenses	1.16	1.20	1.24	1.28	1.33
Receivables	55.00	53.24	51.49	33.86	33.51
Total	58.26	56.61	54.97	37.46	37.22
Interest	7.86	7.64	7.42	5.06	5.02
Annual Transmission Charges					
Depreciation	127.36	127.36	127.36	30.19	30.19
Interest on Loan	40.13	29.32	18.54	11.82	9.23
Return on Equity	140.68	140.68	140.68	140.68	140.68
Interest on Working Capital	7.86	7.64	7.42	5.06	5.02
O & M Expenses	13.96	14.44	14.93	15.41	15.91
Total	330.00	319.45	308.94	203.17	201.04

14. The petitioner has sought reimbursement of fee paid by it for filing the petition and publication expenses. The petitioner shall be entitled for reimbursement of the filing fees and publication expenses in connection with the present petition, directly from the beneficiaries on pro-rata basis in accordance with Regulation 52 (1) of the 2014 Tariff Regulations.

15. The petitioner has prayed for reimbursement of service tax if it is subjected to such tax in future. In our view, the petitioner's prayer is premature.

16. The petitioner shall be entitled for reimbursement of licence fee in accordance with Regulation 42A (1) (b) of the 2009 Tariff Regulations for 2009-14 period and in accordance with Regulation 52 (2) (b) of the 2014 Tariff Regulations. The petitioner shall also be entitled for recovery of RLDC fee & charges in accordance with 42 A (1) (a) of 2009 Tariff Regulations for 2009-14 period and Regulations 52 (2) (a) of the Tariff 2014 Tariff Regulations for 2014-19 period.

17. The petitioner has submitted that O&M Expenses for the year 2014-19 had been arrived at on the basis of normalized actual O&M Expenses during the period 2008-13. The petitioner has further submitted that the wage revision of the



employees of the petitioner company is due during 2014-19 and actual impact of wage hike which will be effective from a future date has also not been factored in fixation of the normative O&M rate specified for the tariff block 2014-19. The petitioner has also prayed that it will approach the Commission for suitable revision in the norms of O&M expenses for claiming the impact of such increase. We have considered the submission of the petitioner. We would like to clarify that any application filed by the petitioner in this regard will be dealt with in accordance with the appropriate provisions of the 2014 Tariff Regulations.

Sharing of Transmission Charges

18. The billing, collection and disbursement of the transmission charges approved shall be governed by the provisions of Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010, as amended from time to time as provided in Regulation 43 of the 2014 Tariff Regulations.

19. This order disposes of Petition No.181/TT/2014.

Sd/-	Sd/-	Sd/-	Sd/-
(Dr. M.K. Iyer)	(A.S. Bakshi)	(A.K. Singhal)	(Gireesh B. Pradhan)
Member	Member	Member	Chairperson



CALCULATION OF WEIGHTED AVERAGE RATE OF INTEREST ON LOAN						
(Rs. in Lacs)						
	Details of Loan	2009-10	2010-11	2011-12	2012-13	2013-14
1	Bond X					
	Gross loan opening	35.00	35.00	35.00	35.00	35.00
	Cumulative Repayment upto DOCO/previous year	14.58	17.50	20.42	23.33	26.25
	Net Loan-Opening	20.42	17.50	14.58	11.67	8.75
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	2.92	2.92	2.92	2.92	2.92
	Net Loan-Closing	17.50	14.58	11.67	8.75	5.83
	Average Loan	18.96	16.04	13.13	10.21	7.29
	Rate of Interest	10.90%	10.90%	10.90%	10.90%	10.90%
	Interest	2.07	1.75	1.43	1.11	0.79
	Rep Schedule	12 Annual Instalment from 21.06.2004				
2	Bond XI Option I					
	Gross loan opening	39.00	39.00	39.00	39.00	39.00
	Cumulative Repayment upto DOCO/previous year	13.00	16.25	19.50	22.75	26.00
	Net Loan-Opening	26.00	22.75	19.50	16.25	13.00
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	3.25	3.25	3.25	3.25	3.25
	Net Loan-Closing	22.75	19.50	16.25	13.00	9.75
	Average Loan	24.38	21.13	17.88	14.63	11.38
	Rate of Interest	9.80%	9.80%	9.80%	9.80%	9.80%
	Interest	2.39	2.07	1.75	1.43	1.11
	Rep Schedule	12 Annual Instalment from 07.12.2005				
3	Bond XIII Option-I					
	Gross loan opening	314.00	314.00	314.00	314.00	314.00
	Cumulative Repayment upto DOCO/previous year	78.50	104.67	130.83	157.00	183.17
	Net Loan-Opening	235.50	209.33	183.17	157.00	130.83
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	26.17	26.17	26.17	26.17	26.17
	Net Loan-Closing	209.33	183.17	157.00	130.83	104.67
	Average Loan	222.42	196.25	170.08	143.92	117.75
	Rate of Interest	8.63%	8.63%	8.63%	8.63%	8.63%
	Interest	19.19	16.94	14.68	12.42	10.16
	Rep Schedule	12 Annual Instalment from 31.07.2006				



4	PNB II					
	Gross loan opening	20.00	20.00	20.00	20.00	20.00
	Cumulative Repayment upto DOCO/previous year	8.33	10.00	11.67	13.33	15.00
	Net Loan-Opening	11.67	10.00	8.33	6.67	5.00
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	1.67	1.67	1.67	1.67	1.67
	Net Loan-Closing	10.00	8.33	6.67	5.00	3.33
	Average Loan	10.83	9.17	7.50	5.83	4.17
	Rate of Interest	8.89%	9.65%	11.80%	11.84%	11.60%
	Interest	0.96	0.88	0.88	0.69	0.48
	Rep Schedule	12 Annual Instalment from 08.03.2005				
5	Bond XII					
	Gross loan opening	417.00	417.00	417.00	417.00	417.00
	Cumulative Repayment upto DOCO/previous year	139.00	173.75	208.50	243.25	278.00
	Net Loan-Opening	278.00	243.25	208.50	173.75	139.00
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	34.75	34.75	34.75	34.75	34.75
	Net Loan-Closing	243.25	208.50	173.75	139.00	104.25
	Average Loan	260.63	225.88	191.13	156.38	121.63
	Rate of Interest	9.70%	9.70%	9.70%	9.70%	9.70%
	Interest	25.28	21.91	18.54	15.17	11.80
	Rep Schedule	12 Annual Instalment from 28.03.2006				
6	OBC					
	Gross loan opening	17.00	17.00	17.00	17.00	17.00
	Cumulative Repayment upto DOCO/previous year	7.08	8.50	9.92	11.33	12.75
	Net Loan-Opening	9.92	8.50	7.08	5.67	4.25
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	1.42	1.42	1.42	1.42	1.42
	Net Loan-Closing	8.50	7.08	5.67	4.25	2.83
	Average Loan	9.21	7.79	6.38	4.96	3.54
	Rate of Interest	9.60%	10.22%	12.32%	12.37%	12.35%
	Interest	0.88	0.80	0.79	0.61	0.44
	Rep Schedule	12 Annual Instalment from 22.03.2005				
7	Bond XV					
	Gross loan opening	574.00	574.00	574.00	574.00	574.00
	Cumulative Repayment upto DOCO/previous year	95.67	143.50	191.33	239.17	287.00
	Net Loan-Opening	478.33	430.50	382.67	334.83	287.00
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	47.83	47.83	47.83	47.83	47.83
	Net Loan-Closing	430.50	382.67	334.83	287.00	239.17
	Average Loan	454.42	406.58	358.75	310.92	263.08



	Rate of Interest	6.68%	6.68%	6.68%	6.68%	6.68%
	Interest	30.36	27.16	23.96	20.77	17.57
	Rep Schedule	12 Annual Instalment 23.02.2008				
	Total Loan					
	Gross loan opening	1416.00	1416.00	1416.00	1416.00	1416.00
	Cumulative Repayment upto DOCO/previous year	356.17	474.17	592.17	710.17	828.17
	Net Loan-Opening	1059.83	941.83	823.83	705.83	587.83
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	118.00	118.00	118.00	118.00	118.00
	Net Loan-Closing	941.83	823.83	705.83	587.83	469.83
	Average Loan	1000.83	882.83	764.83	646.83	528.83
	Rate of Interest	8.1065%	8.0996%	8.1108%	8.0713%	8.0108%
	Interest	81.13	71.51	62.03	52.21	42.36



Annexure – 2

CALCULATION OF WEIGHTED AVERAGE RATE OF INTEREST ON LOAN						
(Rs. in Lacs)						
	Details of Loan	2009-10	2010-11	2011-12	2012-13	2013-14
1	Bond X					
	Gross loan opening	4.00	4.00	4.00	4.00	4.00
	Cumulative Repayment upto DOCO/previous year	1.67	2.00	2.33	2.67	3.00
	Net Loan-Opening	2.33	2.00	1.67	1.33	1.00
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	0.33	0.33	0.33	0.33	0.33
	Net Loan-Closing	2.00	1.67	1.33	1.00	0.67
	Average Loan	2.17	1.83	1.50	1.17	0.83
	Rate of Interest	10.90%	10.90%	10.90%	10.90%	10.90%
	Interest	0.24	0.20	0.16	0.13	0.09
	Rep Schedule	12 Annual Instalment from 21.06.2004				
2	Bond XI Option I					
	Gross loan opening	4.00	4.00	4.00	4.00	4.00
	Cumulative Repayment upto DOCO/previous year	1.33	1.67	2.00	2.33	2.67
	Net Loan-Opening	2.67	2.33	2.00	1.67	1.33
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	0.33	0.33	0.33	0.33	0.33
	Net Loan-Closing	2.33	2.00	1.67	1.33	1.00
	Average Loan	2.50	2.17	1.83	1.50	1.17
	Rate of Interest	9.80%	9.80%	9.80%	9.80%	9.80%
	Interest	0.25	0.21	0.18	0.15	0.11
	Rep Schedule	12 Annual Instalment from 07.12.2005				
3	Bond XIII Option-I					
	Gross loan opening	56.00	56.00	56.00	56.00	56.00
	Cumulative Repayment upto DOCO/previous year	14.00	18.67	23.33	28.00	32.67
	Net Loan-Opening	42.00	37.33	32.67	28.00	23.33
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	4.67	4.67	4.67	4.67	4.67
	Net Loan-Closing	37.33	32.67	28.00	23.33	18.67
	Average Loan	39.67	35.00	30.33	25.67	21.00
	Rate of Interest	8.63%	8.63%	8.63%	8.63%	8.63%
	Interest	3.42	3.02	2.62	2.22	1.81
	Rep Schedule	12 Annual Instalment from 31.07.2006				



4	PNB II					
	Gross loan opening	2.00	2.00	2.00	2.00	2.00
	Cumulative Repayment upto DOCO/previous year	0.83	1.00	1.17	1.33	1.50
	Net Loan-Opening	1.17	1.00	0.83	0.67	0.50
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	0.17	0.17	0.17	0.17	0.17
	Net Loan-Closing	1.00	0.83	0.67	0.50	0.33
	Average Loan	1.08	0.92	0.75	0.58	0.42
	Rate of Interest	8.89%	9.65%	11.80%	11.84%	11.60%
	Interest	0.10	0.09	0.09	0.07	0.05
	Rep Schedule	12 Annual Instalment from 08.03.2005				
5	Bond XII					
	Gross loan opening	46.00	46.00	46.00	46.00	46.00
	Cumulative Repayment upto DOCO/previous year	15.33	19.16	22.99	26.82	30.65
	Net Loan-Opening	30.67	26.84	23.01	19.18	15.35
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	3.83	3.83	3.83	3.83	3.83
	Net Loan-Closing	26.84	23.01	19.18	15.35	11.52
	Average Loan	28.75	24.92	21.09	17.26	13.43
	Rate of Interest	9.70%	9.70%	9.70%	9.70%	9.70%
	Interest	2.79	2.42	2.05	1.67	1.30
	Rep Schedule	12 Annual Instalment from 28.03.2006				
6	OBC					
	Gross loan opening	2.00	2.00	2.00	2.00	2.00
	Cumulative Repayment upto DOCO/previous year	0.83	1.00	1.17	1.33	1.50
	Net Loan-Opening	1.17	1.00	0.83	0.67	0.50
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	0.17	0.17	0.17	0.17	0.17
	Net Loan-Closing	1.00	0.83	0.67	0.50	0.33
	Average Loan	1.08	0.92	0.75	0.58	0.42
	Rate of Interest	9.60%	10.22%	12.32%	12.37%	12.35%
	Interest	0.10	0.09	0.09	0.07	0.05
	Rep Schedule	12 Annual Instalment from 22.03.2005				
	Total Loan					
	Gross loan opening	114.00	114.00	114.00	114.00	114.00
	Cumulative Repayment upto DOCO/previous year	34.00	43.50	52.99	62.49	71.99
	Net Loan-Opening	80.00	70.50	61.01	51.51	42.01
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	9.50	9.50	9.50	9.50	9.50
	Net Loan-Closing	70.50	61.01	51.51	42.01	32.52
	Average Loan	75.25	65.76	56.26	46.76	37.27
	Rate of Interest	9.1608%	9.1738%	9.2212%	9.2059%	9.1779%
	Interest	6.89	6.03	5.19	4.30	3.42



CALCULATION OF WEIGHTED AVERAGE RATE OF INTEREST ON LOAN						
(Rs. in Lacs)						
	Details of Loan	2014-15	2015-16	2016-17	2017-18	2018-19
1	Bond X					
	Gross loan opening	39.00	39.00	39.00	39.00	39.00
	Cumulative Repayment upto DOCO/previous year	32.50	35.75	39.00	39.00	39.00
	Net Loan-Opening	6.50	3.25	0.00	0.00	0.00
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	3.25	3.25	0.00	0.00	0.00
	Net Loan-Closing	3.25	0.00	0.00	0.00	0.00
	Average Loan	4.88	1.63	0.00	0.00	0.00
	Rate of Interest	10.90%	10.90%	10.90%	10.90%	10.90%
	Interest	0.53	0.18	0.00	0.00	0.00
	Rep Schedule	12 Annual Instalment from 21.06.2004				
2	Bond XI Option I					
	Gross loan opening	43.00	43.00	43.00	43.00	43.00
	Cumulative Repayment upto DOCO/previous year	32.25	35.83	39.42	43.00	43.00
	Net Loan-Opening	10.75	7.17	3.58	0.00	0.00
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	3.58	3.58	3.58	0.00	0.00
	Net Loan-Closing	7.17	3.58	0.00	0.00	0.00
	Average Loan	8.96	5.38	1.79	0.00	0.00
	Rate of Interest	9.80%	9.80%	9.80%	9.80%	9.80%
	Interest	0.88	0.53	0.18	0.00	0.00
	Rep Schedule	12 Annual Instalment from 07.12.2005				
3	Bond XIII Option-I					
	Gross loan opening	370.00	370.00	370.00	370.00	370.00
	Cumulative Repayment upto DOCO/previous year	246.67	277.50	308.33	339.17	370.00
	Net Loan-Opening	123.33	92.50	61.67	30.83	0.00
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	30.83	30.83	30.83	30.83	0.00
	Net Loan-Closing	92.50	61.67	30.83	0.00	0.00
	Average Loan	107.92	77.08	46.25	15.42	0.00
	Rate of Interest	8.63%	8.63%	8.63%	8.63%	8.63%
	Interest	9.31	6.65	3.99	1.33	0.00
	Rep Schedule	12 Annual Instalment from 31.07.2006				



4	PNB II					
	Gross loan opening	22.00	22.00	22.00	22.00	22.00
	Cumulative Repayment upto DOCO/previous year	18.33	20.17	22.00	22.00	22.00
	Net Loan-Opening	3.67	1.83	0.00	0.00	0.00
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	1.83	1.83	0.00	0.00	0.00
	Net Loan-Closing	1.83	0.00	0.00	0.00	0.00
	Average Loan	2.75	0.92	0.00	0.00	0.00
	Rate of Interest	11.60%	11.60%	11.60%	11.60%	11.60%
	Interest	0.32	0.11	0.00	0.00	0.00
	Rep Schedule	12 Annual Instalment from 08.03.2005				
5	Bond XII					
	Gross loan opening	463.00	463.00	463.00	463.00	463.00
	Cumulative Repayment upto DOCO/previous year	347.25	385.83	424.42	463.00	463.00
	Net Loan-Opening	115.75	77.17	38.58	0.00	0.00
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	38.58	38.58	38.58	0.00	0.00
	Net Loan-Closing	77.17	38.58	0.00	0.00	0.00
	Average Loan	96.46	57.88	19.29	0.00	0.00
	Rate of Interest	9.70%	9.70%	9.70%	9.70%	9.70%
	Interest	9.36	5.61	1.87	0.00	0.00
	Rep Schedule	12 Annual Instalment from 28.03.2006				
6	OBC					
	Gross loan opening	19.00	19.00	19.00	19.00	19.00
	Cumulative Repayment upto DOCO/previous year	15.83	17.42	19.00	19.00	19.00
	Net Loan-Opening	3.17	1.58	0.00	0.00	0.00
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	1.58	1.58	0.00	0.00	0.00
	Net Loan-Closing	1.58	0.00	0.00	0.00	0.00
	Average Loan	2.38	0.79	0.00	0.00	0.00
	Rate of Interest	12.35%	12.35%	12.35%	12.35%	12.35%
	Interest	0.29	0.10	0.00	0.00	0.00
	Rep Schedule	12 Annual Instalment from 22.03.2005				
7	Bond XV					
	Gross loan opening	574.00	574.00	574.00	574.00	574.00
	Cumulative Repayment upto DOCO/previous year	334.83	382.67	430.50	478.33	526.17
	Net Loan-Opening	239.17	191.33	143.50	95.67	47.83
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	47.83	47.83	47.83	47.83	47.83



Net Loan-Closing	191.33	143.50	95.67	47.83	0.00
Average Loan	215.25	167.42	119.58	71.75	23.92
Rate of Interest	6.68%	6.68%	6.68%	6.68%	6.68%
Interest	14.38	11.18	7.99	4.79	1.60
Rep Schedule	12 Annual Instalment 23.02.2008				
Total Loan					
Gross loan opening	1530.00	1530.00	1530.00	1530.00	1530.00
Cumulative Repayment upto DOCO/previous year	1027.67	1155.17	1282.67	1403.50	1482.17
Net Loan-Opening	502.33	374.83	247.33	126.50	47.83
Additions during the year	0.00	0.00	0.00	0.00	0.00
Repayment during the year	127.50	127.50	120.83	78.67	47.83
Net Loan-Closing	374.83	247.33	126.50	47.83	0.00
Average Loan	438.58	311.08	186.92	87.17	23.92
Rate of Interest	7.9962%	7.8299%	7.5041%	7.0249%	6.6800%
Interest	35.07	24.36	14.03	6.12	1.60

