

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 502/TT/2014

Coram:

**Shri A. S. Bakshi, Member
Dr. M. K. Iyer, Member**

**Date of Hearing : 08.02.2016
Date of Order : 29.02.2016**

In the matter of:

Truing up of transmission tariff for 2009-14 tariff period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 and determination of transmission tariff for 2014-19 tariff period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 for Asset-I: 400 kV D/C Mauda-Wardha line (CKT-I) along with bay at Wardha and Asset-II: 400 kV D/C Mauda-Wardha line (CKT-II) along with bays at Wardha under Mauda Transmission system in Western Region under Regulation 86 of Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999.

And in the matter of:

Power Grid Corporation of India Ltd.
'SAUDAMINI', Plot No-2,
Sector-29, Gurgaon -122 001 (Haryana).

.....**Petitioner**

Versus

1. Madhya Pradesh Power Management Company Ltd.
Shakti Bhawan, Rampur, Jabalpur-482008
2. Maharashtra State Electricity Distribution Co. Ltd.
Prakashgad, 4th Floor, Bandra (East), Mumbai-400052
3. Gujarat Urja Vikas Nigam Ltd.
Sardar Patel Vidyut Bhawan,
Race Course Road
Vadodara- 390007



4. Electricity Department
Govt. of Goa,
Vidyut Bhawan, Panaji- 403001
5. Electricity Department
Administration of Daman & Diu,
Daman- 396210
6. Electricity Department
Administration of Dadra Nagar Haveli,
U.T., Silvassa- 396230
7. Chhattisgarh State Electricity Board
P.O Sunder Nagar, Dangania, Raipur
Chhattisgarh-492013
8. Madhya Pradesh Audyogik Kendra Vikas Nigam (Indore) Ltd.
3/54, Press Complex, Agra-Bombay Road
Indore-452008

.....**Respondents**

The following were present:-

For Petitioner: Shri Mohd. Mohsin, PGCIL
 Shri. S. K. Venkatesan, PGCIL
 Shri M.M Mondal, PGCIL
 Ms. Sonam Gangwar,
 Shri A.M Pavgi, PGCIL
 Shri Jasbir Singh, PGCIL
 Shri S. S. Raju, PGCIL
 Shri Rakesh Prasad, PGCIL
 Shri Subhash C Taneja, PGCIL

For Respondent: None.

ORDER

The present petition has been filed by Power Grid Corporation of India Ltd. ("the petitioner") for trueing up of capital expenditure and tariff for **Asset-I**: 400 kV



D/C Mauda-Wardha line (CKT-I) along with bay at Wardha and **Asset-II:** 400 kV D/C Mauda-Wardha line (CKT-II) along with bays at Wardha under Mauda Transmission system in Western Region (hereinafter referred as “transmission asset”) 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 actual capital expenditure for the period from COD 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.

2. The respondents are distribution licensees, transmission licensees and mainly beneficiaries of the Western Region.

3. The petitioner has served the petition to the respondents and notice of this application has been published in the newspapers in accordance with Section 64 of Electricity Act, 2003 (“the Act”). No comments have been received from the public in response to the notices published by the petitioner under Section 64 of the Act. The hearing in this matter was held on 8.2.2016. None of the respondents have filed their reply. In response to letter dated 8.2.2016, the petitioner has submitted its replies vide affidavit dated 16.2.2016. Having heard the representatives of the petitioner and perused the material on record, we proceed to dispose of the petition.



4. The brief facts of the case are as follows:-

- (a) The administrative approval and expenditure sanction to the transmission project was accorded by Board of Directors of the petitioner vide letter C/CP/Mauda dated 6.2.2010 for ₹46938 lakh, including IDC of ₹3553 lakh (based on 3rd quarter price level). Mauda- Khaperkheda transmission line and Sub-station extension have been dropped from the scope of work as decided in 14th WRPC meeting. Subsequently, the scope of work and the cost estimate was revised to ₹25893 lakh including IDC of ₹1343 lakh based on April, 2012 price level. The transmission assets covered in the instant petition after modification of scope of work are as follows:-

Transmission Line

Name (End Point Location)	Voltage class (kV)	Length (km)	Type (S/C or D/C)
Mauda-Wardha	400 kV	124.705	D/C

Sub-station

Name of Sub-station	Voltage class (kV)	No. of bays
Wardha Sub-station	400 kV	2

- (b) The date of the commercial operation of Mauda–Wardha Circuit–I (**Asset-I**) and Mauda–Wardha Circuit–II (**Asset-II**) is 1.4.2012 and 1.6.2012, respectively.
- (c) The tariff from 1.4.2012 to 31.5.2012 for Asset-I and 1.6.2012 to 31.3.2014 for Combined Asset-I&II was allowed vide order dated 4.11.2013 in Petition No. 103/TT/2012 in accordance with the 2009 Tariff Regulations. The tariff allowed for the tariff period 2009-14 is as under:-



(₹ in lakh)

Particulars	Asset-I	Combined Asset-I&II	
	2012-13 (Pro-rata)	2012-13 (Pro-rata)	2013-14
	1.4.2012 to 31.5.2012	1.6.2012 to 31.3.2013	
Depreciation	153.03	1082.56	1358.06
Interest on Loan	181.78	1281.91	1499.21
Return on Equity	157.28	1112.46	1396.65
Interest on Working Capital	12.63	88.62	108.95
O & M Expenses	23.51	218.65	277.32
Total	528.23	3784.21	4640.19

(d) In order dated 4.11.2013 in Petition No. 103-TT-2012, the tariff was determined from COD to 31.3.2014 considering the capital cost of ₹16499.12 for **Asset-I** as on COD of 1.4.2012 and ₹23521.08 lakh for combined Asset-I and **Asset-II** as on COD of 1.6.2012.

(e) The MAT rate applicable as on 2008-09 was considered to arrive at rate of return on equity for the tariff period 2009-14, which is required to be adjusted as per the actual MAT rate applicable for the respective year at the time of truing up of tariff for 2009-14 tariff period.

TRUING UP OF ANNUAL FIXED CHARGES FOR TARIFF PERIOD 2009-14

5. The truing up of tariff for the 2009-14 tariff period has been determined as discussed below.

Capital Cost

6. The Commission in its order dated 4.11.2013 in Petition No. 103/TT/2012 had approved the capital cost of ₹16499.12 lakh for Asset-I and ₹6836.01 lakh for Asset-II as on COD (as per Management Certificate) for the purpose of tariff.



Against this, the petitioner has claimed capital cost of ₹16499.12 lakh for Asset-I and ₹6789.37 lakh for Asset-II as on COD (as per Auditor's Certificate) for the purpose of tariff.

7. Clause (1) of Regulation 7 of the 2009 Tariff Regulations provides that:-

“(1) Capital cost for a project shall include:

(a) the expenditure incurred or projected to be incurred, including interest during construction and financing charges, any gain or loss on account of foreign exchange risk variation during construction on the loan - (i) being equal to 70% of the funds deployed, in the event of the actual equity in excess of 30% of the funds deployed, by treating the excess equity as normative loan, or (ii) being equal to the actual amount of loan in the event of the actual equity less than 30% of the funds deployed, - up to the date of commercial operation of the project, as admitted by the Commission, after prudence check;

(b) capitalised initial spares subject to the ceiling rates specified in regulation 8; and

(c) additional capital expenditure determined under regulation 9:

Provided that the assets forming part of the project, but not in use shall be taken out of the capital cost.”

8. The petitioner has submitted the Auditor's Certificate certifying the capital cost as on COD and additional capitalization claimed thereafter. Accordingly, the capital cost as on COD has been considered as ₹16512.22 lakh for Asset-I and ₹6789.37 lakh for Asset-II for trueing up of tariff of 2009-14 tariff period. Further, the petitioner has claimed the additional capitalization of ₹185.95 lakh for Asset-I from 1.4.2012 (i.e. COD of Asset-I) to 31.5.2012 (i.e. upto COD of Asset-II) and submitted the same in its Auditor's Certificate dated 26.9.2014. Accordingly, we have considered the additional capitalization of ₹185.95 lakh for Asset-I from 1.4.2012 (i.e. COD of Asset-I) to 31.5.2012 (i.e. upto COD of Asset-II) as the same was approved in order dated 4.11.2013. Thus, the capital cost including excess initial spares has been considered as ₹16512.22 for Asset-I as on COD



of 1.4.2012 and ₹23487.54 lakh for Combined Asset-I & II as on COD of 1.6.2012.

Initial Spares

9. The petitioner has claimed initial spares of ₹49.86 lakh and ₹33.39 lakh pertaining to the transmission line and sub-station respectively. In order dated 4.11.2013, initial spares of ₹13.10 lakh was disallowed in case of Asset-I considering the capital cost as on COD and additional capital expenditure upto the end of the tariff period 31.3.2014. The initial spares will be reviewed at the time of true up considering the additional capital expenditure during the 2014-19 period.

10. The petitioner has submitted the actual capital expenditure for true up of tariff during 2009-14 tariff period as per 2009 Tariff Regulations and also submitted the estimated capital expenditure for determination of tariff during 2014-19 tariff period in accordance with the 2014 Tariff Regulations. The initial spares have been worked out by considering the additional capital expenditure upto cut-off date which falls beyond 31.3.2014 period.

11. Regulation 8 of the 2009 tariff Regulations provides that:-

“Initial spares shall be capitalised as a percentage of the original project cost, subject to following ceiling norms:

- (f) Transmission system
 - (a) Transmission line - 0.75%
 - (b) Transmission Sub-station - 2.5%
 - (c) Series Compensation devices and HVDC Station - 3.5%”



12. The initial spares claimed by the petitioner and allowed are shown in the table given below:-

(₹ in lakh)

Description	Capital cost as on cut-off date i.e. 31.3.2015	Initial spares claimed	Ceiling limits as per Regulation 8 of the 2009 Tariff Regulation	Initial spares worked out and allowed	Excess initial spares claimed
	(a)	(b)	(c)	(d)=*((a-b)*c)/(100-c)%	(e)=(d)-(b)
Asset-I					
Transmission Line	17343.35	31.38	0.75%	130.82	0.00
Sub-station (including PLCC)	1021.72	38.14	2.50%	25.22	12.92
Asset-II					
Transmission Line	6629.63	0.00	0.75%	50.10	0.00
Sub-station (including PLCC)	318.73	0.00	2.50%	8.17	0.00

13. The petitioner has submitted the Auditor's Certificate certifying the capital cost and additional capitalization claimed. Accordingly, we have considered the capital cost of ₹16499.30 lakh (excluding excess initial spares of ₹12.92 lakh) in case of Asset-I as on 1.4.2012 and ₹23474.62 (excluding excess initial spares of ₹12.92 lakh) for Combined Asset-I & II as on 1.6.2012 for the purpose of truing up tariff of 2009-14 for tariff period.

Additional Capital Expenditure

14. The petitioner has claimed additional capitalization on account of balance and retention payment within cut-off date under Regulation 9(1) of the 2009 Tariff Regulations.



15. Clause (1), sub-clause(i) of Regulation 9 of the 2009 Tariff Regulations provides that:-

“Additional Capitalisation. (1) The capital expenditure incurred or projected to be incurred, on the following counts within the 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...;”

16. As regards Asset-I, the petitioner has claimed additional capitalization of ₹185.95 lakh from 1.4.2012 (i.e. COD of Asset-I) to 31.5.2012 towards balance and retention payment for works executed within cut-off date. The petitioner has claimed additional capitalization of ₹1569.69 lakh and ₹91.41 lakh for Asset-I and Asset-II, respectively, from 1.6.2012 (i.e. COD of **Asset-II**) to 31.3.2013. The petitioner has claimed additional capitalization of ₹85.65 lakh and ₹67.58 lakh during 2013-14 for Asset-I and Asset-II, respectively.

17. The petitioner has also submitted the Auditor’s Certificate to justify its capital cost and additional capitalization incurred during tariff period 2009-14. Further, the total capital cost of ₹25288.95 as on 31.3.2014 for Combined Asset-I & II including actual additional capitalization claimed by the petitioner is within the overall apportioned approved cost of ₹25893.00 lakh. Accordingly, total capital cost of ₹25288.95 including additional capitalization is allowed under Regulation 9(1)(i) of the 2009 Tariff Regulations as shown in the table below:-



(₹ in lakh)

Particulars	Capital cost upto COD of Asset-I (i.e. 1.4.2012)	Capital cost upto COD of Asset-II (i.e. 1.6.2012)	2012-13 (from 1.6.2012 to 31.3.2013)	2013-14	Total add cap	Total capital cost as on 31.3.2014
Asset-I						
Approved in order dated 4.11.2013	16499.12 (16512.22-13.10)	185.95	1681.83	0.00		
Actual	16499.30 (16512.22-12.92)	185.95	1569.61	85.65		
Asset-II						
Approved in order dated 4.11.2013	6836.01		597.97	0.00		
Actual	6789.37		91.41	67.58		
Combined Asset-I&II Apportioned approved cost: ₹25893.00 lakh						
Approved in order dated 4.11.2013	23521.08 (16499.12+185.95+6836.01)		2279.80	0.00	2279.80	25800.88
Actual	23474.62 (16499.30+185.95+6789.37)		1661.10	153.23	1814.33	25288.95

Debt: Equity

18. Clause 1 & 3 of Regulation 12 of the 2009 Tariff Regulations provide that:-

“(1) For a project declared under commercial operation on or after 1.4.2009, if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan:

Provided that where equity actually deployed is less than 30% of the capital cost, the actual equity shall be considered for determination of tariff:

Provided further that the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment.

.....

(3) Any expenditure incurred or projected to be incurred on or after 1.4.2009 as may be admitted by the Commission as additional capital expenditure for determination of tariff, and renovation and modernisation expenditure for life extension shall be serviced in the manner specified in clause (1) of this regulation.”

19. The petitioner has claimed tried up Annual Fixed Charge based on debt-equity ratio of 70:30 admitted as on 1.4.2012/1.6.2012, i.e., as on COD by the Commission in its order dated 4.11.2013 in Petition No. 103/TT/2012. The



admitted debt:equity ratio of 70:30 as on COD of 1.4.2012 for Asset-I and 1.6.2012 for Asset-II has been considered for the purpose of truing up of the approved tariff of tariff period 2012-14, as given under:-

(₹ in lakh)		
Funding	Amount (₹in lakh)	(%)
Asset-I (as on COD 1.4.2012)		
Debt	11549.51	70.00
Equity	4949.79	30.00
Total	16499.30	100.00
Combined Asset-I&II (as on COD 1.6.2012)		
Debt	16432.23	70.00
Equity	7042.39	30.00
Total	23474.62	100.00

20. The petitioner was directed to submit an undertaking on affidavit that actual equity infused for the additional capitalisation during 2009-14 is not less than 30%. The petitioner, vide affidavit dated 16.2.2016, has submitted actual equity infused for the additional capitalization during 2009-14 as tabulated below:

(₹ in lakh)					
	Year	Total Add cap	Actual debt	Actual equity	Debt: Equity
Combined Asset-I&II	2012-13	1661.10	1241.89	419.21	74.76:25.24
	2013-14	153.23	107.27	45.96	70.00:30.00

During 2012-13 and 2013-14 for additional capitalization of ₹1661.10 lakh and ₹153.23 lakh, 74.76% and 70:00% loan has been deployed as shown in form-13 of the petition. In accordance with sub clause 1 and 3 of Regulation 12 of the 2009 Tariff Regulations, if equity actually deployed is less than 30% of the capital cost, the actual equity shall be considered for determination of tariff. Therefore, actual equity has been considered as indicated in form 1A of the petition.



21. The overall debt equity ratio as on 31.3.2014 for Combined Asset-I & II including additional capitalization is as under:-

(₹ in lakh)		
Funding	Amount	(%)
Combined Asset- I & II		
Debt	17781.39	70.31
Equity	7507.56	29.69
Total	25288.95	100.00

Interest on Loan (“IOL”)

22. Regulation 16 of the 2009 Tariff Regulations provides 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”.

23. The petitioner has submitted the weighted average rate of interest on loan based on its actual loan portfolio and rate of interest. We have considered the submissions of the petitioner and accordingly calculated the IOL based on actual interest rate submitted by the petitioner, in accordance with Regulation 16 of the 2009 Tariff Regulations. The details of weighted average rate of interest are placed at **Annexure-I** and the IOL has been worked out and allowed as follows:-

Particulars	(₹ in lakh)		
	Asset-I	Combined Asset- I&II	
	2012-13 1.6.2012 to 31.5.2012	2012-13 1.6.2012 to 31.3.2013	2013-14
Approved vide order dated 4.11.2013	181.78	1281.91	1499.21
As claimed by petitioner	186.80	1264.50	1467.22
Allowed after true up	186.72	1264.08	1466.74



24. There is variation in interest on loan due to variation in capital cost as on COD and variation in actual additional capitalization during 2012-14 tariff period.

Return on Equity (“ROE”)

25. Clause (3), (4) and (5) of Regulation 15 of the 2009 Tariff Regulations provides that:-

“(3) The rate of return on equity shall be computed by grossing up the base rate with the Minimum Alternate/Corporate Income Tax Rate for the year 2008-09, as per the Income Tax Act, 1961, as applicable to the concerned generating company or the transmission licensee, as the case may be.

(4) Rate of return on equity shall be rounded off to three decimal points and be computed as per the formula given below:

$$\text{Rate of pre-tax return on equity} = \text{Base rate} / (1-t)$$

Where “t” is the applicable tax rate in accordance with clause (3) of this regulation.

(5) The generating company or the transmission licensee, as the case maybe, shall recover the shortfall or refund the excess Annual Fixed Charge on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax Rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission:

Provided further that Annual Fixed Charge with respect to the 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 in accordance with Regulation 6 of these regulations.”

26. The petitioner has submitted that MAT rate of 11.330% applicable for 2008-09 was considered in the order dated 4.11.2013. However, for truing up purpose, the computation of RoE for the tariff period 2009-14 has been done on the basis of actual MAT rate applicable during 2009-14. The petitioner has



submitted the variation in the MAT rate during 2009-14 as per the Finance Act of the relevant year for the purpose of grossing up of ROE, as below:-

Particulars	MAT Rate (t) %	Grossed up ROE (Base rate/(1-t)) %
2012-13	20.008	19.377
2013-14	20.961	19.610

27. Further, the petitioner has claimed for additional ROE of 0.50% for timely completion of asset. The additional ROE of 0.50% for timely completion of asset is allowed in order dated 4.11.2013 in Petition No. 103/TT/2012 as extracted below:

“29. The petitioner has submitted that as per the Investment Approval (I.A.) dated 26.2.2013, the transmission assets were scheduled to be commissioned within 32 months from the date of I.A. Accordingly, the scheduled date of commissioning works out to 25.10.2012, i.e. by 1.11.2012. Both Circuit-I and Circuit-II were commissioned within the scheduled date of commissioning, on 1.4.2012 and 1.6.2012, respectively. The transmission assets were commissioned within the scheduled period of 32 months. The petitioner has prayed for additional return on equity of 0.5% as the transmission assets were commissioned within 32 months as stipulated in the Appendix-II under Regulation 15 (2) of the 2009 Tariff Regulations. As the transmission assets were commissioned within 32 months as stipulated in Appendix-II of the 2009 Tariff Regulations, additional return on equity of 0.5% is allowed.”

28. Accordingly, the ROE as trued up is shown in the table below:-

Particulars	(₹ in lakh)		
	Asset-I	Combined Asset- I&II	
	2012-13 1.6.2012 to 31.5.2012	2012-13 1.6.2012 to 31.3.2013	2013-14
Approved vide order dated 4.11.2013	157.28	1112.46	1396.65
As claimed by petitioner	173.87	1209.20	1515.60
Allowed after true up	173.79	1208.79	1515.10

29. The return on equity allowed in the instant order is more than the return on equity allowed vide order dated 4.11.2013 due to variation in equity on account of



additional capitalisation and increase in the applicable MAT rate for the purpose of grossing up of base rate of return on equity.

Depreciation

30. Clause (42) of Regulation 3 of the 2009 Tariff Regulations defines useful life as follows:-

“**useful life**’ in relation to a unit of a generating station and transmission system from the COD shall mean the following, namely:-

.....	
(c) AC and DC sub-station	25 years
(d) Hydro generating station	35 years
(e) Transmission line	35 years”

31. Clause (4) of Regulation 17 of the 2009 Tariff Regulations provides as follows:-

"17. Depreciation:

...
(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.”

32. The depreciation was allowed in order dated 4.11.2013 in Petition No. 103/TT/2012 in accordance with Regulation 17 of the 2009 Tariff Regulations.

33. The weighted average useful life of the transmission asset has been considered as per Regulations 3 (42) and 17 (4) of the 2009 Tariff Regulations. For the purpose of calculation, the weighted average useful life of the asset as on COD has been considered as 25 years for the Asset-I and Asset-II. The



depreciation for the tariff period 2009-14 has been worked out in accordance with Regulation 17 of the 2009 Tariff Regulations based on admitted capital expenditure as under:-

Particulars	(₹ in lakh)		
	Asset-I	Combined Asset- I&II	
	2012-13 1.6.2012 to 31.5.2012	2012-13 1.6.2012 to 31.3.2013	2013-14
Approved vide order dated 4.11.2013	153.03	1082.56	1358.06
As claimed by petitioner	152.60	1067.62	1328.29
Allowed after true up	152.53	1067.26	1327.87

34. The variation in depreciation is on account of variation in additional capitalization vis-à-vis that approved in the Order.

Operation & Maintenance Expenses (“O&M Expenses”)

35. The petitioner has computed O&M Expenses in accordance with the O&M norms specified in Regulation 19(g) of the 2009 Tariff Regulations. The Commission in its order dated 4.11.2013 had computed O&M expenses as follows:

“42. The O&M expenses are calculated by considering Circuit-I as S/C line (Quad Conductor) along with 400 kV associated bay which was commissioned on 1.4.2012 (Pro rata for 2 months). From 1.6.2012, the O&M was given by considering the asset as D/C line (Quad conductor) along with associated 2 nos 400 kV bays (Pro-rata for 10 months).

35. Accordingly, the O&M Expenses for the instant asset have been worked out as given below:-



(₹ in lakh)

Particulars		Asset-I	Combined Asset- I&II	
		2012-13 1.6.2012 to 31.5.2012	2012-13 1.6.2012 to 31.3.2013	2013-14
Actual line length (km)	Double Circuit (Bundled conductor with four or more sub-conductors)	0.000	124.705	124.705
	Single Circuit (Bundled conductor with four or more sub-conductors)	124.705	0.000	0.000
Actual (No. of bays)	400 kV Bays	1	2	2
Norms as per Regulation	Double Circuit (Bundled conductor with four or more sub-conductors) (₹lakh/km)	--	1.111	1.174
	Single Circuit (Bundled conductor with four or more sub-conductors) (₹lakh/km)	0.635	--	--
	400 kV Bays (₹ lakh/bay)	61.92	61.92	65.46
Total (₹ in lakh)		23.52	218.66	277.32

36. The O&M Expenses claimed by the petitioner for tariff period 2009-14 are same as that approved in the tariff order dated 4.11.2013 in Petition No. 103/TT/2012. Accordingly, the O&M Expenses claimed by the petitioner, allowed and trued up are the same, and they are as follows:-



(₹ in lakh)

Particulars	Asset-I	Combined Asset- I&II	
	2012-13 1.6.2012 to 31.5.2012	2012-13 1.6.2012 to 31.3.2013	2013-14
Approved vide order dated 4.11.2013	23.51	218.65	277.32
As claimed by petitioner	23.59	218.66	277.32
Allowed after true up	23.52	218.66	277.32

Interest on working capital (“IWC”)

37. Sub-clause (c) of clause (1) of Regulation 18 of the 2009 Tariff Regulations provides the components of the working capital for the transmission system and clause (3) of Regulation 18 of the 2009 Tariff Regulations provides for the rate of interest of working capital.

38. The petitioner submitted the rate of interest on working capital as 13.50% for the period 1.6.2011 to 31.3.2014 as per Clause (3) of Regulation 18 of the 2009 Tariff Regulations and the components of working capital are also considered in accordance with Sub-clause (c) of clause (1) of Regulation 18 of the 2009 Tariff Regulations.

39. In accordance with Clause (3) of Regulation 18 of the 2009 Tariff Regulations, we have considered the rate of interest on working capital on normative basis, i.e., equal to State Bank of India Base Rate as applicable as on 1.4.2012 plus 350 basis points. State Bank of India Base Rate on 1.4.2012 was 10.00%. Therefore, interest rate of 13.50% (10.00% plus 350 basis points) has been considered to work out the interest on working capital in the instant case.



40. The IWC trued up is as under:-

(₹ in lakh)

Particulars	Asset-I	Combined Asset- I&II	
	2012-13 1.6.2012 to 31.5.2012	2012-13 1.6.2012 to 31.3.2013	2013-14
Maintenance Spares	3.53	32.80	41.60
O & M expenses	1.96	18.22	23.11
Receivables	91.61	642.06	783.59
Total	97.10	693.08	848.30
Rate of Interest (%)	13.50%	13.50%	13.50%
Interest	13.11	93.57	114.52

(₹ in lakh)

Particulars	Asset-I	Combined Asset- I&II	
	2012-13 1.6.2012 to 31.5.2012	2012-13 1.6.2012 to 31.3.2013	2013-14
Approved vide order dated 4.11.2013	12.63	88.62	108.95
As claimed by petitioner	13.12	93.59	114.55
Allowed after true up	13.11	93.57	114.52

41. The variation in IWC is on account of variation in IOL, depreciation and ROE due to variation in additional capitalization and further increase in ROE on account of applicable MAT rate during 2009-14 tariff period.

ANNUAL FIXED CHARGES FOR 2009-14 TARIFF PERIOD

42. The detailed computation of the various components of the trued up annual fixed charges for the Asset for the tariff period 2012-13 to 2013-14 is summarised below:-



(₹ in lakh)

Particulars	Asset-I	Combined Asset-I & II	
	2012-13 1.4.2012 to 31.5.2012	2012-13 1.6.2012 to 31.3.2013	2013-14
Gross Block			
Opening Gross Block	16499.30	23474.62	25135.72
Additional Capitalization	1755.64	1661.10	153.23
Closing Gross block	18254.94	25135.72	25288.95
Average Gross block	17377.12	24305.17	25212.34
Depreciation			
Rate of Depreciation (%)	5.267	5.269	5.267
Depreciable Value	15639.41	21874.65	22691.10
Elapsed Life of the assets at beginning of the year	0	0	1
Weighted Balance Useful life of the assets	35	35	34
Remaining Depreciable Value	15639.41	21722.12	21471.32
Depreciation	152.53	1067.26	1327.87
Interest on Loan			
Gross Normative Loan	11549.51	16432.23	17674.12
Cumulative Repayment upto Previous Year	0.00	152.53	1219.79
Net Loan-Opening	11549.51	16279.70	16454.34
Additions	1228.95	1241.89	107.27
Repayment during the year	152.53	1067.26	1327.87
Net Loan-Closing	12625.93	16454.34	15233.74
Average Loan	12087.72	16367.02	15844.04
Weighted Average Rate of Interest on Loan (%)	9.2681	9.2680	9.2574
Interest	186.72	1264.08	1466.74
Return on Equity			
Opening Equity	4949.79	7042.39	7461.60
Additions	526.69	419.21	45.96
Closing Equity	5476.48	7461.60	7507.56
Average Equity	5213.14	7251.99	7484.58



Particulars	Asset-I	Combined Asset-I & II	
	2012-13 1.4.2012 to 31.5.2012	2012-13 1.6.2012 to 31.3.2013	2013-14
Return on Equity (Base Rate) (%)	16.00	16.00	16.00
MAT rate for the respective year (%)	20.008	20.008	20.961
Rate of Return on Equity (Pre Tax) (%)	20.002	20.002	20.243
Return on Equity (Pre Tax)	173.79	1208.79	1515.10
Interest on Working Capital			
Maintenance Spares	3.53	32.80	41.60
O & M Expenses	1.96	18.22	23.11
Receivables	91.61	642.06	783.59
Total	97.10	693.08	848.30
Interest	13.11	93.57	114.52
Annual Transmission Charges			
Depreciation	152.53	1067.26	1327.87
Interest on Loan	186.72	1264.08	1466.74
Return on Equity	173.79	1208.79	1515.10
Interest on Working Capital	13.11	93.57	114.52
O & M Expenses	23.52	218.66	277.32
Total	549.66	3852.35	4701.55

DETERMINATION OF ANNUAL TRANSMISSION CHARGES FOR 2014-19

43. The petitioner has claimed the transmission charges as under:-

Particulars	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	1332.64	1332.94	1332.94	1332.94	1332.94
Interest on Loan	1350.60	1228.33	1104.69	981.08	857.47
Return on equity	1520.60	1520.95	1520.95	1520.95	1520.95
Interest on Working Capital	110.74	108.40	106.03	103.69	101.36
O & M Expenses	253.04	261.40	270.03	279.05	288.31
Total	4567.62	4452.02	4334.64	4217.71	4101.03



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

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Maintenance Spares	37.96	39.21	40.50	41.86	43.25
O & M expenses	21.09	21.78	22.50	23.25	24.03
Receivables	761.27	742.00	722.44	702.95	683.51
Total	820.32	802.99	785.44	768.06	750.79
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50
Interest	110.74	108.40	106.03	103.69	101.36

Capital Cost

45. Clause (1) & (3) of Regulation 9 of the 2014 Tariff Regulations specify as follows:-

“(1) The Capital cost as determined by the Commission after prudence check in accordance with this regulation shall form the basis of determination of tariff for existing and new projects.”

“(3) The Capital cost of an existing project shall include the following:

- (a) the capital cost admitted by the Commission prior to 1.4.2014 duly trued up by excluding liability, if any, as on 1.4.2014;
- (b) additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with Regulation 14; and
- (c) expenditure on account of renovation and modernisation as admitted by this Commission in accordance with Regulation 15.”

46. The petitioner has claimed capital cost of ₹25288.95 lakh as on 31.3.2014 for Combined Asset-I&II. The trued up capital cost of ₹25288.95 lakh as on 31.3.2014 is considered to work out tariff for tariff period 2014-19.



Additional Capital Expenditure

47. The petitioner has claimed additional capital expenditure of ₹11.56 lakh during the tariff period 2014-19 for Combined Asset-I&II towards balance and retention payments under Clause 1 of Regulation 14 of the 2014 Tariff Regulations. The petitioner was directed vide letter dated 8.2.2016 to confirm the amount of balance and retention payment yet to be made along with the details of contract for which the payment has been retained. In response, the petitioner vide its affidavit dated 16.2.2016 submitted that the entire amount of additional capitalization upto 2013-14 has been released. Additional capital expenditure of ₹11.56 lakh was projected in the Auditor's Certificate which pertains to the balance and retention payment to be made to M/s JSL.

48. Clause 1 of Regulation 14 of the 2014 Tariff Regulations provides as follows:

“(1) The capital expenditure in respect of the new project or an existing project incurred or projected to be incurred, on the following counts within the 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 recognized to be payable at a future date;
- (ii) Works deferred for execution;
- (iii) Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 13;
- (iv) Liabilities to meet award of arbitration or for compliance of the order or decree of a court of law; and
- (v) Change in law or compliance of any existing law:

Provided that the details of works asset wise/work wise included in the original scope of work along with estimates of expenditure, liabilities recognized to be payable at a future date and the works deferred for execution shall be submitted along with the application for determination of tariff.

49. The total capital cost of the transmission asset for the asset including additional capitalisation of ₹11.56 lakh works out to ₹25300.51 lakh, which is less than the approved apportioned cost of ₹25893.00 lakh for the Combined Asset-



I&I given in the investment approval. We have considered the submissions made by the petitioner. The additional capitalisation of ₹11.56 lakh in 2014-15 towards balance and retention payment, as claimed by the petitioner, is allowed in accordance with Clause 1(i) of Regulation 14 of the 2014 Tariff Regulations. The additional capitalisation during 2014-19 will be reviewed at the time of truing of tariff of 2014-19 tariff period.

(₹ in lakh)

Apportioned approved cost: ₹25893.00 lakh							
Capital cost as on 31.3.2014	Additional capitalisation					Total additional capitalisation	Total capital cost including additional capitalisation
	2014-15	2015-16	2016-17	2017-18	2018-19		
25288.95	11.56	0.00	0.00	0.00	0.00	11.56	25300.51

Debt:Equity Ratio

50. Clause 3 of Regulation 19 of the 2014 Tariff Regulations specifies as under:-

“(3) In case of the generating station and the transmission system declared under commercial operation prior to 1.4.2014, debt-equity ratio allowed by the Commission for determination of tariff for the period ending 31.3.2014 shall be considered.”

51. The petitioner has considered debt: equity ratio as 70.31:29.69 as on 31.3.2014. The admitted debt:equity ratio of 70.31:29.69 after true-up for the tariff period ending 31.3.2014 has been considered as opening debt:equity ratio as on 1.4.2014. The details of the debt:equity as on 1.4.2014 for Combined Asset-I&I considered for the purpose of tariff for the 2014-19 tariff period is as follows:-



(₹ in lakh)		
Funding	Amount	(%)
Combined Asset-I&II		
Debt	17781.39	70.31
Equity	7507.56	29.69
Total	25288.95	100.00

52. Further the debt:equity ratio as on 31.3.2019 after taking into consideration the additional capitalization during 2014-19 period is as shown below:-

(₹ in lakh)		
Funding	Amount	(%)
Debt	17789.49	70.31
Equity	7511.02	29.69
Total	25300.51	100.00

Interest on Loan (“IOL”)

53. Clause (5) & (6) of Regulation 26 of the 2014 Tariff Regulations provides as under:-

“(5) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio after providing appropriate accounting adjustment for interest capitalized:

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.”



54. The weighted average rate of IOL has been considered on the basis of rate prevailing as on 1.4.2014.

55. It is observed that the debt funding in the instant case is through bonds, which bear a fixed interest rate. The IOL has been worked out in accordance with Regulation 26 of the 2014 Tariff Regulations. The details of weighted average rate of interest are placed at **Annexure-II** and the IOL has been worked out and allowed as follows:-

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Gross loan opening	17781.39	17789.49	17789.49	17789.49	17789.49
Cumulative Repayment upto previous year	2547.65	3879.87	5212.39	6544.91	7877.44
Net Loan-Opening	15233.74	13909.62	12577.09	11244.57	9912.05
Additions during the year	8.09	0.00	0.00	0.00	0.00
Repayment during the year	1332.22	1332.52	1332.52	1332.52	1332.52
Net Loan-Closing	13909.62	12577.09	11244.57	9912.05	8579.53
Average Loan	14571.68	13243.36	11910.83	10578.31	9245.79
Rate of Interest (%)	9.2657	9.2721	9.2717	9.2715	9.2712
Interest	1350.18	1227.94	1104.33	980.77	857.19

Return on Equity (“ROE”)

56. Clause (1) & (2) of Regulation 24 and Clause (2) of Regulation 25 of the 2014 Tariff Regulations specify as under:-

“24. Return on Equity: (1) Return on equity shall be computed in rupee terms, on the equity base determined in accordance with regulation 19.
(2) Return on equity shall be computed at the base rate of 15.50% for thermal generating stations, transmission system including communication system”



“25. Tax on Return on Equity:

(2) Rate of return on equity shall be rounded off to three decimal places and shall be computed as per the formula given below:

Rate of pre-tax return on equity = Base rate / (1-t)

Where “t” is the effective tax rate in accordance with Clause (1) of this regulation and shall be calculated at the beginning of every financial year based on the estimated profit and tax to be paid estimated in line with the provisions of the relevant Finance Act applicable for that financial year to the company on pro-rata basis by excluding the income of non-generation or non-transmission business, as the case may be, and the corresponding tax thereon. In case of generating company or transmission licensee paying Minimum Alternate Tax (MAT), “t” shall be considered as MAT rate including surcharge and cess.”

57. The petitioner has computed ROE at the rate of 20.243% after grossing up the ROE with MAT rate as per the above Regulation. The petitioner has further submitted that the grossed up ROE is subject to truing up based on the actual tax paid along with any additional tax or interest, duly adjusted for any refund of tax including the interest received from IT authorities, pertaining to the tariff period 2014-19 on actual gross income of any financial year. Any under-recovery or over-recovery of grossed up ROE after truing up shall be recovered or refunded to the beneficiaries on year to year basis.

58. The petitioner has further submitted that adjustment due to any additional tax demand including interest duly adjusted for any refund of the tax including interest received from IT authorities shall be recoverable/adjustable after completion of income tax assessment of the financial year.

59. We have considered the submissions made by the petitioner. Regulation 24 read with Regulation 25 of the 2014 Tariff Regulations provides for 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 is 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 2013-14 has been considered for the purpose of return on equity, which shall be trued up with actual tax rate in accordance with Regulation 25 (3) of the 2014 Tariff Regulations. Accordingly, the ROE determined by the Commission for Combined Asset-I&II is given below:-

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Equity	7507.56	7511.02	7511.02	7511.02	7511.02
Additional Capitalization	3.47	0.00	0.00	0.00	0.00
Closing Equity	7511.02	7511.02	7511.02	7511.02	7511.02
Average Equity	7509.29	7511.02	7511.02	7511.02	7511.02
Return on Equity (Base Rate) (%)	16.00	16.00	16.00	16.00	16.00
MAT rate for the year (%)	20.961	20.961	20.961	20.961	20.961
Rate of Return on Equity (Pre Tax) (%)	20.243	20.243	20.243	20.243	20.243
Return on Equity (Pre Tax)	1520.11	1520.46	1520.46	1520.46	1520.46

Depreciation

60. Clause (2), (5) and (6) of Regulation 27 of the 2014 Tariff Regulations provide as follows:-

"27. Depreciation:

(2) The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission. In case of multiple units of a generating station or multiple elements of transmission system, weighted average life for the generating station of the transmission system shall be applied. 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”

“(5) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in **Appendix-II** 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 the effective date of commercial operation of the station shall be spread over the balance useful life of the assets.

(6) In case of the existing projects, the balance depreciable value as on 1.4.2014 shall be worked out by deducting the cumulative depreciation as admitted by the Commission upto 31.3.2014 from the gross depreciable value of the assets.”

61. The petitioner has computed depreciation considering capital expenditure of ₹25297.12 lakh as on 31.3.2014.

62. We have allowed depreciation considering capital expenditure of ₹25288.95 lakh as on 31.3.2014 under Regulation 27 of the 2014 Tariff Regulations. The details of the depreciation allowed are given hereunder:-

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Gross block	25288.95	25300.51	25300.51	25300.51	25300.51
Additional Capitalisation	11.56	0.00	0.00	0.00	0.00
Gross block at the end of the year	25300.51	25300.51	25300.51	25300.51	25300.51
Average gross block	25294.73	25300.51	25300.51	25300.51	25300.51
Rate of Depreciation (%)	5.267	5.267	5.267	5.267	5.267
Depreciable Value	22765.26	22770.46	22770.46	22770.46	22770.46
Elapsed Life of the assets at beginning of the year	2	3	4	5	6
Weighted Balance Useful life of the assets	33	32	31	30	29
Remaining Depreciable Value	20217.61	18890.59	17558.07	16225.54	14893.02
Depreciation	1332.22	1332.52	1332.52	1332.52	1332.52



Operation & Maintenance Expenses (“O&M Expenses”)

63. The petitioner has computed normative O&M Expenses as per sub-clause (a) of clause (3) of Regulation 29 of the 2014 Tariff Regulations. Accordingly, the petitioner’s entitlement to O&M expenses have been worked out as given hereunder:-

Particulars		(₹ in lakh)				
		2014-15	2015-16	2016-17	2017-18	2018-19
Actual line length (km)	Double Circuit (Bundled conductor with four or more sub-conductors)	124.705	124.705	124.705	124.705	124.705
Actual (No. of bays)	400 kV Bays	2	2	2	2	2
Norms as per Regulation	Double Circuit (Bundled conductor with four or more sub-conductors) (₹ lakh/km)	1.062	1.097	1.133	1.171	1.21
	400 kV Bays (₹ lakh/bay)	60.30	62.30	64.37	66.51	68.71
Total (₹ in lakh)		253.04	261.40	270.03	279.05	288.31

64. The petitioner has submitted that norms for O&M Expenses for the tariff period 2014-19 have been arrived 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 is due during 2014-19 and actual impact of wage hike, which will be effective at a future date, has not been factored in fixation of the normative O&M rate specified for the tariff period 2014-19. The petitioner has prayed to be allowed to approach the Commission for



suitable revision in the norms of O&M Expenses for claiming the impact of such increase.

65. The O&M Expenses have been worked out as per the norms of O&M Expenses specified in the 2014 Tariff Regulations. As regards impact of wage revision, 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.

66. The details of O&M Expenses allowed are given hereunder:-

(₹ in lakh)

Particulars	Year				
	2014-15	2015-16	2016-17	2017-18	2018-19
Allowed	253.04	261.40	270.03	279.05	288.31

Interest on Working Capital (“IWC”)

67. Clause 1 (c) of Regulation 28 and Clause 5 of Regulation 3 of the 2014 Tariff Regulations specify as follows:-

“28. Interest on Working Capital

(c)(i) Receivables equivalent to two months of fixed cost;

(ii) Maintenance spares @ 15% of operation and maintenance expenses specified in regulation 29; and

(iii) Operation and maintenance expenses for one month”

“(5)Bank Rate’ means the base rate of interest as specified by the State Bank of India from time to time or any replacement thereof for the time being in effect plus 350 basis points;”



68. The petitioner has submitted that it has computed Interest on working capital for the tariff period 2014-19 considering the SBI Base Rate as on 1.4.2014 plus 350 basis points. The rate of interest on working capital considered is 13.50%.

69. The interest on working capital is worked out in accordance with Regulation 28 of the 2014 Tariff Regulations. The rate of interest on working capital considered is 13.50% (SBI Base Rate of 10% plus 350 basis points). The interest on working capital as determined by the Commission is shown in the table below:-

(₹ in lakh)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Maintenance Spares	37.96	39.21	40.50	41.86	43.25
O & M Expenses	21.09	21.78	22.50	23.25	24.03
Receivables	761.04	741.78	722.23	702.74	683.30
Total	820.08	802.78	785.23	767.85	750.57
Rate of Interest (%)	13.50	13.50	13.50	13.50	13.50
Interest	110.71	108.37	106.01	103.66	101.33

Annual Transmission Charges

70. The detailed computation of the various components of the annual fixed charges for the Combined Asset-I&II for the tariff period 2014-19 is summarised below:-

(₹ in lakh)					
Particulars	Combined Asset-I & II				
	2014-15	2015-16	2016-17	2017-18	2018-19
Gross Block					
Opening Gross Block	25288.95	25300.51	25300.51	25300.51	25300.51
Additional Capitalization	11.56	0.00	0.00	0.00	0.00



Particulars	Combined Asset-I & II				
	2014-15	2015-16	2016-17	2017-18	2018-19
Closing Gross Block	25300.51	25300.51	25300.51	25300.51	25300.51
Average Gross Block	25294.73	25300.51	25300.51	25300.51	25300.51
Depreciation					
Rate of Depreciation	5.267	5.267	5.267	5.267	5.267
Depreciable Value	22765.26	22770.46	22770.46	22770.46	22770.46
Elapsed Life of the assets at beginning of the year	2	3	4	5	6
Weighted Balance Useful life of the assets	33	32	31	30	29
Remaining Depreciable Value	20217.61	18890.59	17558.07	16225.54	14893.02
Depreciation	1332.22	1332.52	1332.52	1332.52	1332.52
Interest on Loan					
Gross Normative Loan	17781.39	17789.49	17789.49	17789.49	17789.49
Cumulative Repayment upto Previous Year	2547.65	3879.87	5212.39	6544.91	7877.44
Net Loan-Opening	15233.74	13909.62	12577.09	11244.57	9912.05
Additions	8.09	0.00	0.00	0.00	0.00
Repayment during the year	1332.22	1332.52	1332.52	1332.52	1332.52
Net Loan-Closing	13909.62	12577.09	11244.57	9912.05	8579.53
Average Loan	14571.68	13243.36	11910.83	10578.31	9245.79
Weighted Average Rate of Interest on Loan (%)	9.2657	9.2721	9.2717	9.2715	9.2712
Interest	1350.18	1227.94	1104.33	980.77	857.19
Return on Equity					
Opening Equity	7507.56	7511.02	7511.02	7511.02	7511.02
Additions	3.47	0.00	0.00	0.00	0.00
Closing Equity	7511.02	7511.02	7511.02	7511.02	7511.02
Average Equity	7509.29	7511.02	7511.02	7511.02	7511.02
Return on Equity (Base Rate) (%)	16.00	16.00	16.00	16.00	16.00
MAT Rate for the year 2013-14 (%)	20.961	20.961	20.961	20.961	20.961



Particulars	Combined Asset-I & II				
	2014-15	2015-16	2016-17	2017-18	2018-19
Rate of Return on Equity (Pre Tax) (%)	20.243	20.243	20.243	20.243	20.243
Return on Equity (Pre Tax)	1520.11	1520.46	1520.46	1520.46	1520.46
Interest on Working Capital					
Maintenance Spares	37.96	39.21	40.50	41.86	43.25
O & M expenses	21.09	21.78	22.50	23.25	24.03
Receivables	761.04	741.78	722.23	702.74	683.30
Total	820.08	802.78	785.23	767.85	750.57
Interest	110.71	108.37	106.01	103.66	101.33
Annual Transmission Charges					
Depreciation	1332.22	1332.52	1332.52	1332.52	1332.52
Interest on Loan	1350.18	1227.94	1104.33	980.77	857.19
Return on Equity	1520.11	1520.46	1520.46	1520.46	1520.46
Interest on Working Capital	110.71	108.37	106.01	103.66	101.33
O & M Expenses	253.04	261.40	270.03	279.05	288.31
Total	4566.25	4450.69	4333.35	4216.46	4099.81

Filing Fee and Publication Expenses

71. The petitioner has sought reimbursement of fee paid by it for filing the petition and publication expenses, in terms of Regulation 52 of the 2014 Tariff Regulations. 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 clause (1) of Regulation 52 of the 2014 Tariff Regulations.



Licence Fee and RLDC Fees and Charges

72. The petitioner has requested to allow the petitioner to bill and recover License fee and RLDC fees and charges, separately from the respondents. The petitioner shall be entitled for reimbursement of licence fee and RLDC fees and charges in accordance with Clause (2)(b) and (2)(a), respectively, of Regulation 52 of the 2014 Tariff Regulations.

Service Tax

73. The petitioner has sought to recover Service Tax on Transmission Charges separately from the Respondents, if at any time service tax on transmission is withdrawn from negative list in future. We are of the view that the petitioner's prayer of Service Tax is premature

Sharing of Transmission Charges

74. 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.

75. This order disposes of Petition No. 502/TT/2014.

Sd/-
(Dr. M. K. Iyer)
Member

Sd/-
(A.S. Bakshi)
Member



ANNEXURE-I**DETAILS OF LOAN BASED ON ACTUAL LOAN PORTFOLIO 2009-14****(₹ in lakh)**

Particulars	2012-14						
	Asset-I				Combined Asset-I&II		
	Interest Rate (%)	Loan deployed as on 1.4.2012	Addition from 1.4.2012 to 31.5.2012	Total	Loan deployed as on 1.6.2012	Addition from 1.6.2012 to 31.3.2014	Total
BOND XXXII-DOCO DRAWL ON 01-APR-2012-	500.00	0.00	500.00	0.00	0.00	0.00	500.00
BOND XXXII-Loan-1-	0.00	0.00	0.00	700.00	0.00	700.00	0.00
BOND-XXXIV-DOCO DRAWL ON 01-APR-2012-	4000.00	0.00	4000.00	0.00	0.00	0.00	4000.00
BOND-XXXIV-Loan-2-	0.00	0.00	0.00	5750.00	0.00	5750.00	0.00
BOND-XXXV-DOCO DRAWL ON 01-APR-2012-	5826.00	0.00	5826.00	0.00	0.00	0.00	5826.00
BOND-XXXV-Loan-3-	0.00	0.00	0.00	8100.00	0.00	8100.00	0.00
BOND XXXVII-ADDCAP FOR 2012-2013 DOCO-	0.00	272.89	272.89	0.00	0.00	0.00	0.00
BOND XXXVII-DOCO-	1228.55	0.00	1228.55	0.00	0.00	0.00	1228.55
BOND XXXVII-ADDCAP FOR 2012-2013 AddCap-	0.00	0.00	0.00	0.00	272.89	272.89	0.00
BOND XXXVII-Loan-4-	0.00	0.00	0.00	1757.11	0.00	1757.11	0.00
BOND - XLI-ADDCAP FOR 2012-2013 Loan-2-	0.00	349.00	349.00	0.00	0.00	0.00	0.00
BOND - XLI-ADDCAP FOR 2012-2013 Loan-6-	0.00	0.00	0.00	0.00	349.00	349.00	0.00
BOND - XLII-ADDCAP FOR 2012-2013 AddCap-	0.00	607.06	607.06	0.00	0.00	0.00	0.00
BOND - XLII-ADDCAP FOR 2012-2013 AddCap-	0.00	0.00	0.00	0.00	620.00	620.00	0.00
BOND - XLV-	0.00	0.00	0.00	0.00	0.00	0.00	0.00



Particulars	2012-14						
	Asset-I				Combined Asset-I&II		
	Interest Rate (%)	Loan deployed as on 1.4.2012	Addition from 1.4.2012 to 31.5.2012	Total	Loan deployed as on 1.6.2012	Addition from 1.6.2012 to 31.3.2014	Total
ADDCAP FOR 2013-2014 AddCap-							
BOND - XLV-ADDCAP FOR 2013-2014 Loan-9-	0.00	0.00	0.00	0.00	107.27	107.27	0.00
Total	11554.55	1228.95	12783.50	16307.11	1349.16	17656.27	11554.55

**CALCULATION OF WEIGHTED AVERAGE RATE OF INTEREST ON LOAN
FOR TARIFF PERIOD 2009-14**

(₹ in lakh)

Particulars	Asset-I	Combined Asset-I&II	
	2012-13 1.4.2012 to 31.5.2012	2012-13 1.6.2012 to 31.3.2014	2013-14
Gross Opening Loan	11554.55	16307.11	17549.00
Cumulative Repayments of Loans upto Previous Year	0.00	0.00	0.00
Net Loans Opening	11554.55	16307.11	17549.00
Add: Drawl(s) during the year	1228.95	1241.89	107.27
Less: Repayment(s) of Loan during the year	0.00	0.00	58.33
Net Closing Loan	12783.50	17549.00	17597.94
Average Net Loan	12169.03	16928.06	17573.47
Interest on Loan	1127.84	1568.90	1626.84
Rate of Interest on Loan (%)	9.27	9.2680	9.2574



ANNEXURE-II**DETAILS OF LOAN BASED ON ACTUAL LOAN PORTFOLIO (2014-19)****(₹ in lakh)**

Particulars	2014-19			
	Combined Asset-I&II			
	Interest Rate (%)	Loan deployed as on 1.4.2014	Additions during the tariff period	Total
BOND XXXII-DOCO DRAWL ON 01-APR-2012-	8.84	0.00	0.00	0.00
BOND XXXII-Loan-1-	8.84	700.00	0.00	700.00
BOND-XXXIV-DOCO DRAWL ON 01-APR-2012-	8.84	0.00	0.00	0.00
BOND-XXXIV-Loan-2-	8.84	5750.00	0.00	5750.00
BOND-XXXV-DOCO DRAWL ON 01-APR-2012-	9.64	0.00	0.00	0.00
BOND-XXXV-Loan-3-	9.64	8100.00	0.00	8100.00
BOND XXXVII-ADDCAP FOR 2012-2013 DOCO-	9.25	0.00	0.00	0.00
BOND XXXVII-DOCO-	9.25	0.00	0.00	0.00
BOND XXXVII-ADDCAP FOR 2012-2013 AddCap-	9.25	272.89	0.00	272.89
BOND XXXVII-Loan-4-	9.25	1757.11	0.00	1757.11
BOND - XLI-ADDCAP FOR 2012-2013 Loan-2-	8.85	0.00	0.00	0.00
BOND - XLI-ADDCAP FOR 2012-2013 Loan-6-	8.85	349.00	0.00	349.00
BOND - XLII-ADDCAP FOR 2012-2013 AddCap-	8.80	0.00	0.00	0.00
BOND - XLII-ADDCAP FOR 2012-2013 AddCap-	8.80	620.00	0.00	620.00
BOND - XLV-ADDCAP FOR 2013-2014 AddCap-	8.85	0.00	0.00	0.00
BOND - XLV-ADDCAP FOR 2013-2014 Loan-9-	9.65	107.27	0.00	107.27
Total		17656.27	0.00	17656.27



**CALCULATION OF WEIGHTED AVERAGE RATE OF INTEREST ON LOAN
FOR TARIFF PERIOD 2014-19**

(₹ in lakh)

Particulars	Combined Asset-I&II				
	2014-15	2015-16	2016-17	2017-18	2018-19
Gross Opening Loan	17656.27	17656.27	17656.27	17656.27	17656.27
Cumulative Repayments of Loans upto Previous Year	58.33	595.83	1977.50	3388.25	4807.94
Net Loans Opening	17597.94	17060.44	15678.77	14268.02	12848.33
Add: Drawl(s) during the year	0.00	0.00	0.00	0.00	0.00
Less: Repayment(s) of Loan during the year	537.50	1381.67	1410.75	1419.69	1419.69
Net Closing Loan	17060.44	15678.77	14268.02	12848.33	11428.64
Average Net Loan	17329.19	16369.61	14973.40	13558.18	12138.49
Interest on Loan	1605.68	1517.81	1388.29	1257.05	1125.38
Rate of Interest on Loan (%)	9.2657	9.2721	9.2717	9.2715	9.2712

