



TELANGANA STATE ELECTRICITY REGULATORY COMMISSION

5th Floor, Singareni Bhavan, Red Hills, Lakdi-ka-pul, Hyderabad 500 004

ORDER

ON

**DETERMINATION OF TRUE-UP FOR DISTRIBUTION BUSINESS
FOR 1st, 2nd AND 3rd CONTROL PERIODS AND
ANNUAL PERFORMANCE REVIEWS (APR) FOR FY 2019-20,
FY 2020-21 AND FY 2021-22**

IN THE SUPPLY AREAS OF

**SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED
(TSSPDCL)**

AND

**NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED
(TSNPDCL)**

23.03.2023

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LIST OF ABBREVIATIONS

A&G	Administrative and General
APCPDCL	Andhra Pradesh Central Power Distribution Corporation Limited
APERC	Andhra Pradesh Electricity Regulatory Commission
APNPDCL	Northern Power Distribution Company of Andhra Pradesh Limited
APTransco	Transmission Corporation of Andhra Pradesh Limited
ARR	Aggregate Revenue Requirement
AT&C	Aggregate Technical and Commercial Losses
CAGR	Compound Annual Growth Rate
CC	Consumer Contribution
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
CPI	Consumer Price Index
CT	Current Transformer
CWIP	Capital Work in Progress
DA	Daily Allowance
DE	Divisional Engineer
DISCOM	Distribution Company
DNR	Distribution Network Renovation
DTR	Distribution Transformer
EE	Employee Expenses
FPT	Filing for Proposed Tariff
FRP	Financial Restructuring Plan
FY	Financial Year
G.O.Ms.	Government Order (Manuscript)
GFA	Gross Fixed Assets
GHMC	Greater Hyderabad Municipal Corporation
GoI	Government of India
HT	High Tension
HV	High Voltage
HVDC	High Voltage Direct Current
IDC	Interest During Construction
ISI	Indian Standard Institute
JICA	Japan International Cooperation Agency
JLM	Junior Line Man
kV	kilo Volt
LI	Lift Irrigation
LT	Low Tension
LV	Low Voltage
MAT	Minimum Alternative Tax
MoP	Ministry of Power
MSW	Municipal Solid Waste

MU	Million Units
MW	Mega-Watt
MYT	Multi Year Tariff
NEP	National Tariff Policy
NTI	Non Tariff Income
NTP	National Tariff Policy
O&M	Operation and Maintenance
O.P.	Original Petition
OA	Open Access
OCFA	Original Cost of Fixed Assets
PFC	Power Finance Corporation
PTC	Power Trading Corporation
PTR	Power Transformer
R&M	Repairs & Maintenance
RBI	Reserve Bank of India
RE	Renewable Energy
REC	Rural Electrification Corporation
RMI	Renovation, Modernisation & Improvement
RoCE	Return on Capital Employed
RoE	Return on Equity
RRB	Regulated Rate Base
Rs.	Rupees
RTC	Round the Clock
SAC	State Advisory Committee
SCCL	Singareni Collieries Company Limited
SLDC	State Load Despatch Centre
SS	Sub-Station
STU	State Transmission Utility
TSERC	Telangana State Electricity Regulatory Commission
TSNPDCL	Northern Power Distribution Company of Telangana Limited
TSSPDCL	Southern Power Distribution Company of Telangana Limited
TSTransco	Transmission Corporation of Telangana Limited
UDAY	Ujwal Discom Assurance Yojana
VCB	Vacuum Circuit Breaker
WACC	Weighted Average Cost of Capital
WPI	Wholesale Price Index



TELANGANA STATE ELECTRICITY REGULATORY COMMISSION

5th Floor, Singareni Bhavan, Red Hills, Lakdi-ka-pul, Hyderabad 500 004

Dated 23.03.2023

Present

Sri T.Sriranga Rao, Chairman

Sri M.D.Manohar Raju, Member (Technical)

Sri Bandaru Krishnaiah, Member (Finance)

O.P.No.39 of 2021 & I.A.No.12 of 2021 True-up for 1st control period

O.P.No.40 of 2021 & I.A.No.13 of 2021 True-up for 2nd control period

O.P.No.41 of 2021 & I.A.No.14 of 2021 True-up for 3rd control period

O.P.No.42 of 2021 & I.A.No.15 of 2021 APR for FY 2019-20 of 4th control period

O.P.No.22 of 2022 APR for FY 2020-21 of 4th control period

O.P.No.4 of 2023 APR for FY 2021-22 of 4th control period

Southern Power Distribution Company of Telangana Limited (TSSPDCL)

... Applicant

O.P.No.43 of 2021 & I.A.No.16 of 2021 True-up for 1st control period

O.P.No.44 of 2021 & I.A.No.17 of 2021 True-up for 2nd control period

O.P.No.45 of 2021 & I.A.No.18 of 2021 True-up for 3rd control period

O.P.No.46 of 2021 & I.A.No.19 of 2021 APR for FY 2019-20 of 4th control period

O.P.No.20 of 2022 APR for FY 2020-21 of 4th control period

O.P.No.5 of 2023 APR for FY 2021-22 of 4th control period

Northern Power Distribution Company of Telangana Limited (TSNPDCL)

... Applicant

The Southern Power Distribution Company of Telangana Limited (TSSPDCL) and the Northern Power Distribution Company of Telangana Limited (TSNPDCL) (hereinafter referred to as “Applicants” or “Petitioners” or “TSDISCOMs” or “Licensees”) have filed petitions along with the delay condonation Interlocutory Applications on 01.09.2021 (TSSPDCL), 08.09.2021 (TSNPDCL), 31.12.2021 (APR for FY 2020-21) and 31.12.2022 (APR for FY 2021-22) for approval of true-up of expenses and revenue for Distribution Business for 1st, 2nd and 3rd control periods and to undertake Annual Performance Review (APR or True-up) for FY 2019-20,

FY 2020-21 and FY 2021-22 i.e., 1st, 2nd and 3rd financial years of 4th control period in accordance with the “Terms & Conditions for Determination of Tariff for Wheeling and Retail Sale of Electricity” Regulation No.4 of 2005, adopted by Telangana State Electricity Regulatory Commission (hereinafter referred to as “TSERC” or “Commission”) vide its Regulation No.1 of 2014 and the directions of the Commission issued in Aggregate Revenue Requirement (ARR) & Wheeling Tariff Order dated 29.04.2020.

The petitions were admitted by the Commission. They came up for public hearing on 18.01.2023 and on 28.02.2023 (APR for FY 2021-22), and having stood over for consideration till this day, the Commission, in exercise of its powers under the Electricity Act, 2003 and Regulation No.4 of 2005, adopted by TSERC vide Regulation No.1 of 2014, and after considering petitioners’ submissions, suggestions and objections of the other stakeholders, responses of petitioners, issues that are raised during the public hearings, and all other relevant material, hereby passes the following:

COMMON ORDER

Chapter-1 Introduction

1.1 BACKGROUND

- 1.1.1 Telangana State Electricity Regulatory Commission (herein referred to as TSERC or the Commission) was constituted by the Government of Telangana (GoTS) in terms of the provisions of Schedule XII(C)(3) of the A.P. Reorganisation Act of 2014, read with Section 82 of the Electricity Act, 2003 (Act, 2003) vide G.O.Ms.No.3, (Energy) (Budget) Department, dated 26.07.2014. The Commission is came into function with effect from 02.11.2014.
- 1.1.2 The Commission has notified Regulation, viz., TSERC (Adoption) Regulation No.1 of 2014 on 10.12.2014 being adoption of previously subsisting regulations, decisions, directions or orders, licenses and practice of directions. Clause 2 of this regulation specifies as follows:

“All regulations, decisions, directions or orders, all the licences and practice directions issued by the erstwhile Andhra Pradesh Electricity Regulatory Commission (Regulatory Commission for States of Andhra Pradesh and Telangana) as in existence as on the date of the constitution of the Telangana State Electricity Regulatory Commission

and in force, shall mutatis-mutandis apply in relation to the stakeholders in electricity in the State of Telangana including the Commission and shall continue to have effect until duly altered, repealed or amended, any of Regulation by the Commission with effect from the date of notification as per Notification issued by the Government of Telangana in G.O.Ms.No.3 Energy(Budget) Department, dt.26-07-2014 constituting the Commission.”

- 1.1.3 In accordance with the above Regulation, all the Regulations framed by the erstwhile Commission before formation of Telangana State will continue to apply for the Telangana State, till further modification. Accordingly, the Regulation No.4 of 2005 notified on 14.11.2005 and its subsequent amendment thereof, as subsisting as on date of constitution of TSERC and in force, shall mutatis-mutandis apply.

1.2 TSDISCOMs

- 1.2.1 TSSPDCL & TSNPDCL: Both the distribution companies viz., Southern Power Distribution Company of Telangana Limited (formerly Central Power Distribution Company of Andhra Pradesh Limited, APCPDCL) and Northern Power Distribution Company of Telangana Limited (formerly Northern Power Distribution Company of Andhra Pradesh Limited, APNPDCL) were incorporated under the Companies Act, 1956 as a public limited company and have Distribution and Retail Supply of Electricity License (License Nos.13 of 2000 and 14 of 2000 respectively), granted by the Commission (former APERC) under Section 15 of Andhra Pradesh Electricity Reform Act, 1998 effected from 1st April, 2001, all conditions as contained in License shall be deemed to have been specified u/s 16 of the Electricity Act, 2003 as per the Commission (former APERC) notified Regulation No.8 of 2004.
- 1.2.2 In terms with Schedule XII to the Andhra Pradesh Reorganisation Act, 2014, which came into effect on 2nd June, a) the Anantapur and Kurnool districts, which fall within the jurisdiction of the APCPDCL have been reassigned to the Southern Power Distribution Company of Andhra Pradesh Limited (APSPDCL). Accordingly (2) operating circles of the Licensee viz., Anantapur and Kurnool were demerged and assigned to APSPDCL. b) Likewise, Seven (7) Mandals viz., Chintoor, Kunavarm, Vararamachandrapuram, Kukunuru, Velairupadu, Badrachalam (excluding Badrachalam town) and part of Burgampadu

(excluding 12 revenue villages) of APNPDCL were transferred to residual state of Andhra Pradesh; on the appointed date i.e., 02.06.2014.

- 1.2.3 Assets and Liabilities of the distribution licensees were bifurcated in terms of Transfer Guidelines issued by united State of Andhra Pradesh in G.O.Ms.No.24, dated 29.05.2014.
- 1.2.4 In pursuant to the provisions of Section 13 and other applicable provisions of Companies Act, 2013 the name of the distribution companies have been changed from a) APCPDCL to Southern Power Distribution Company of Telangana Limited (TSSPDCL) w.e.f. 27.05.2014 and b) APNPDCL to Northern Power Distribution Company of Telangana Limited (TSNPDCL) w.e.f. 28.05.2014.
- 1.2.5 The Commission in its order dated 17th March, 2017 in O.P.Nos.3 and 4 of 2017, has allowed the name of the license to be the Southern Power Distribution Company of Telangana Limited (TSSPDCL) in place of APCPDCL and the Northern Power Distribution Company of Telangana Limited (TSNPDCL) in place of APNPDCL.

1.3 REGULATORY PROVISIONS

- 1.3.1 The regulatory provisions under the Regulation No.4 of 2005 which deals with the True-up of distribution business are reproduced below:

“10 **MULTI-YEAR TARIFF FRAMEWORK AND APPROACH**

- 10.1 *The multi-year tariff framework shall be based on the following approach, for calculation of aggregate revenue requirement and expected revenue from tariff and charges.*
- 10.2 **Base Year:** *Values for Base Year of the control period will be determined based on the audited accounts available, best estimate for the relevant years and other factors considered appropriate by the Commission, and after applying the tests for determining the controllable or uncontrollable nature of various items. The Commission will normally not revisit the performance targets even if the targets are fixed on the basis of base values of un-audited accounts.*
- 10.3 **Targets:** *Targets will be set for items that are deemed by the Commission as “controllable” which constitute operation & maintenance costs, financing costs, and for distribution losses duly adhering to the Licensees’ Standards of Performance Regulation. Trajectory for specific variables may be stipulated by the Commission where the performance of the applicant is sought to be improved upon through incentives and disincentives.*

- 10.4 **Controllable and Uncontrollable items of ARR:** The expenditure of the Distribution Licensee considered as “controllable” and “uncontrollable” shall be as follows:

Distribution Business	
ARR Item	“Controllable”/“Uncontrollable”
Operation & Maintenance expenses	Controllable
Return on Capital Employed	Controllable
Depreciation	Controllable
Taxes on Income	Uncontrollable
Non-Tariff Income	Controllable

... ..

- 10.5 **Pass-through of gains and losses on variations in “uncontrollable” items of ARR:** The Distribution Licensee shall be eligible to claim variations in “uncontrollable” items in the ARR for the year succeeding the relevant year of the control period depending on the availability of data as per actuals with respect of effect of uncontrollable items:

Provided that the Commission shall allow the financing cost on account of the time gap between the time when the true-up becomes dues and when it is actually allowed and the corrections shall not be normally revisited.

- 10.6 **Sharing of gains and losses on variations in “controllable” items of ARR:** The Distribution Licensee in its annual filings during the control period shall present gains and losses for each controllable item of the Aggregate Revenue Requirement. A statement of gain and loss against each controllable item will be presented after adjusting for any variations on account of uncontrollable factors.

- 10.7 For the purpose of sharing gains and losses with the consumers, only aggregate gains or losses for the control period as a whole will be considered. The Commission will review the gains and losses for each item of the ARR and make appropriate adjustments wherever required:

... ..

- 10.8 Notwithstanding anything contained in this Regulation, the gains or losses in the controllable items of ARR on account of factors that are beyond the control of the Distribution Licensee – force majeure – shall be passed on as an additional charge or rebate in ARR over such period as may be specified in the Order of the Commission.

... ..

- 19 **CORRECTIONS FOR “UNCONTROLLABLE” ITEMS AND “CONTROLLABLE” ITEMS AND SHARING OF GAINS/LOSSES OF “CONTROLLABLE” ITEMS**

The Distribution Licensee shall file its proposals for pass-through as well as sharing of gains/losses on variations in “uncontrollable” items of ARR and “controllable” items (indexed to external parameters) in accordance with the clause 10 of this Regulation.”

1.4 PREVIOUS FILINGS

- 1.4.1 The TSDISCOMs have filed True-up proposals on 04.03.2015 for FY 2013-14 of 2nd control period along with its ARR and Wheeling Charges proposals for

the Distribution Business for 3rd control period. The Commission in its distribution wheeling tariff order dated 27.03.2015 in O.P.No.78 & 79 of 2015 for MYT 3rd control period has held that it is not correct to file true-up for one (1) year period and directed TSDISCOMs to file the true-up proposals of Distribution Business for 1st control period and 2nd control period after segregating the assets and liabilities of the areas transferred from TSDISCOMs to APDISCOMs viz., Anantapur and Kurnool districts from APCPDCL and Seven (7) Mandals of APNPDCL, in line with A.P. Reorganisation Act, 2014. Further, directed to file the True-ups/True-downs for both the control periods indicating the reasons for variations item-wise for both controllable and uncontrollable items as per Regulation No.4 of 2005 by 30.09.2015 to enable the Commission to conduct study in detail in transparent manner before issuing of order.

- 1.4.2 In compliance to the directive, TSDISCOMs have filed the True-up petitions along with the statement of variance for 1st and 2nd control periods after segregating the assets and liabilities as per AP Reorganisation Act, 2014 and in line with G.O.Ms.No.24 dated 29.05.2014 and G.O.Ms.No.20 dated 08.05.2014. i.e., split on the energy consumption ratio of the past 5 years (TSSPDCL has been considered at 82.55% of the total claim for erstwhile APCPDCL and the true-up claim for TSNPDCL has been considered as 99.83% of the total claim for erstwhile APNPDCL).
- 1.4.3 The Commission in the Retail Supply Tariff Order for FY 2016-17 dated 23.06.2016 in O.P.Nos.06 & 07 of 2016 has taken cognizance of TSDICOMs filings on true-up and directed to file the true-up of Distribution business for the first two control periods and for FY 2014-15 and FY 2015-16 in order to issue necessary directives to improve the performance of DISCOMs.
- 1.4.4 Subsequently, TSDISCOMs in their Retail Supply filings for FY 2017-18 has submitted that the Government of Telangana (GoTS) is considering signing Ujwal Discom Assurance Yojana (UDAY) scheme and will file true-up for FY 2015-16 and FY 2016-17 along with tariff proposal after considering final MoU signed by GoTS and Gol.

- 1.4.5 Subsequently on 04.01.2017, a Tripartite MoU for UDAY was entered among Ministry of Power (MoP), Government of India (GoI), Government of Telangana (GoTS) and TSDISCOMs in order to improve the operational and financial efficiency of TSDISCOMs to enable financial turnaround of TSDISCOMs. Whereby, GoI agrees to undertake –
- i) Facilitating GoTS to takeover 75% of the outstanding debt of TSDISCOMs of Rs.8923 crore as on 30.09.2015 by the end of FY 2016-17;
 - ii) Transfer to TSDISCOMs 50% of Rs.8923 crore i.e., Rs.4,462 crore in the form of Grants;
 - iii) Transfer to TSDISCOMs 25% of Rs.8923 crore i.e., Rs.2,230 crore in the form of Loan
 - iv) Transfer to TSDISCOMs 25% of Rs.8923 crore i.e., Rs.2,231 crore in the form of Equity;
- 1.4.6 TSDISCOMs couldn't ascertain the impact of UDAY on the true-up of 1st control period and hence same was not filed along with ARR and Retail Supply Tariff filings for FY 2018-19.
- 1.4.7 In the matter of considering the proposal of TSDISCOMs allowing to file Retail Supply Tariff proposals on yearly basis, the Commission vide letter dated 20.11.2018 has directed TSDISCOMs to file true-up proposals for the distribution business for earlier control periods.
- 1.4.8 Consequently, TSDISCOMs have made submissions on 16.12.2019 along with ARR & Wheeling Tariff filings for Distribution business for MYT of 4th control period, the distribution true-up claims for 1st, 2nd and 3rd control period. The Commission in its order dated 29.04.2020 in O.P.Nos.9 & 10 of 2019 on ARR & Wheeling Tariffs for Distribution Business for MYT 4th control period held that certain information was deficit in the true-up submissions and the following directions were issued:

Annual Performance Review

The Commission directs the DISCOMs to file the Performance Review (True-up) for each year of 4th control period before 31st December of the following year. As a first step, the DISCOMs shall file the Annual Performance Review for FY2019-20 by 31.12.2020.

True-up for 1st, 2nd and 3rd control periods

The Commission directs the DISCOMs to submit their true-up claims along complete details sought regarding the capitalisation claimed for each year of the 1st, 2nd and 3rd control periods in the Petitions to be filed

for Annual Performance Review for FY 2019-20. The DISCOMs are also directed to submit the requisite supporting documents such as Physical Completion Certificates (PCCs), Financial Completion Certificates (FCCs), etc., as mandated in the investment approval guidelines.

The Commission directs the DISCOMs to make a detailed submission regarding the differential treatment of GoTS under the UDAY scheme and likely consequences of the same in the Petitions to be filed for Annual Performance Review for FY 2019-20.

The Commission directs the DISCOMs to submit the details of long-term loans viz., loans availed for capital expenditure, taken over by GoTS under UDAY scheme in the Petitions to be filed for Annual Performance Review for FY 2019-20.

1.5 PRESENT PETITIONS

- 1.5.1 TSSPDCL and TSNPDCL have separately and individually filed the instant petitions on 01.09.2021, 08.09.2021, 31.12.2021 and 31.12.2022 under Multi-Year Tariff (MYT) principles in accordance with the “*Terms & Conditions for Determination of Tariff for Wheeling and Retail Sale of Electricity*” Regulation No.4 of 2005, adopted by Telangana State Electricity Regulatory Commission (hereinafter referred to as “TSERC” or “Commission”) vide its Regulation No.1 of 2014 and in accordance with the directions of the Commission in ARR & Wheeling Tariff Order dated 29.04.2020 for approval of True-up of expenses and revenue for the Distribution Business for 1st, 2nd and 3rd control periods along with requisite supporting documents of PCCs and FCCs and for Annual Performance Review (APR) of FY 2019-20, FY 2020-21 and FY 2021-22 i.e., 1st, 2nd and 3rd financial years of 4th control period.

1.6 INTERLOCUTORY APPLICATIONS

- 1.6.1 TSDISCOMs have also filed Interlocutory Applications for condoning the delay in filing of distribution Business true-up petitions for 1st, 2nd and 3rd control periods and for Annual Performance Review (APR) of FY 2019-20 i.e., 1st financial year of 4th control period and submitted the following reasons for delay:
- i) The Commission in its Distribution Business Tariff Order for 4th MYT period dated 29.04.2020 has issued a directive to submit the True-up for 1st, 2nd and 3rd control periods along with requisite supporting documents such as Physical Completion Certificates (PCCs) and Financial Completion Certificates (FCCs).
 - ii) In light of the above, it is submitted that as the PCCs and FCCs are sought for the historical years which pertain to erstwhile DISCOMs, TSDISCOMs has faced difficulty in collecting the documents related to the capitalised works.

- iii) Further, due to continued lockdown for six (6) months across the country on account of COVID-19 pandemic, the works in the Headquarters got hampered which caused further delay in filing the True-up for 1st, 2nd control period within the stipulated date as directed by the Commission.
- iv) The finalisation of annual accounts of FY 2019-20 and audit thereon was completed on 31.12.2020. As the preparation of Annual Performance Review of FY 2019-20 in respect of distribution business required the actuals of FY 2019-20 as per the audited annual accounts, the same could not be finalised with the stipulated time.

1.7 ADMISSION OF PETITION

1.7.1 The Original Petitions along with their Interlocutory Applications submitted by TSDISCOMs were scrutinised and found to be generally in order as required under TSERC (Conduct of Business) Regulations, 2015 (Regulation No.2 of 2015). The Commission admitted the filings and the same were taken on record by assigning the numbers as detailed in Table below:

Table 1.1: Details of assigned numbers to the filings made by TSDISCOMs

Sl. No.	TSDISCOM	Date of Filing	Type of Petition	Financial Year	Number Allotted
1	TSSPDCL	01.09.2021	True-up	1 st control period (FY 2006-07 to FY 2008-09)	O.P.No.39 of 2021
2			Delay condonation for filing True-up	1 st control period (FY 2006-07 to FY 2008-09)	I.A.No.12 of 2021
3			True-up	2 nd control period (FY 2009-10 to FY 2013-14)	O.P.No.40 of 2021
4			Delay condonation for filing True-up	2 nd control period (FY 2009-10 to FY 2013-14)	I.A.No.13 of 2021
5			True-up	3 rd control period (FY 2014-15 to FY 2018-19)	O.P.No.41 of 2021
6			Delay condonation for filing True-up	3 rd control period (FY 2014-15 to FY 2018-19)	I.A.No.14 of 2021
7			APR	1 st year of 4 th control period (FY 2019-20)	O.P.No.42 of 2021
8			Delay condonation for filing APR	1 st year of 4 th control period (FY 2019-20)	I.A.No.15 of 2021
9		31.12.2021	APR	2 nd year of 4 th control period (FY 2020-21)	O.P.No.22 of 2022
10		31.12.2022	APR	3 rd year of 4 th control period (FY 2021-22)	O.P.No.4 of 2023
11	TSPDCL	08.09.2021	True-up	1 st control period (FY 2006-07 to FY 2008-09)	O.P.No.43 of 2021
12			Delay condonation for filing True-up	1 st control period (FY 2006-07 to FY 2008-09)	I.A.No.16 of 2021

Sl. No.	TSDISCOM	Date of Filing	Type of Petition	Financial Year	Number Allotted
13			True-up	2 nd control period (FY 2009-10 to FY 2013-14)	O.P.No.44 of 2021
14			Delay condonation for filing True-up	2 nd control period (FY 2009-10 to FY 2013-14)	I.A.No.17 of 2021
15			True-up	3 rd control period (FY 2014-15 to FY 2018-19)	O.P.No.45 of 2021
16			Delay condonation for filing True-up	3 rd control period (FY 2014-15 to FY 2018-19)	I.A.No.18 of 2021
17			APR	1 st year of 4 th control period (FY 2019-20)	O.P.No.46 of 2021
18			Delay condonation for filing APR	1 st year of 4 th control period (FY 2019-20)	I.A.No.19 of 2021
19		31.12.2021	APR	2 nd year of 4 th control period (FY 2020-21)	O.P.No.20 of 2022
20		31.12.2022	APR	3 rd year of 4 th control period (FY 2021-22)	O.P.No.5 of 2023

1.8 DATA GAPS AND PETITIONERS' RESPONSES

1.8.1 Upon scrutiny of the filings of the petitioners, the Commission identified certain data gaps and directed the petitioners to furnish additional information.

1.8.2 As directed by the Commission, the petitioners submitted the additional information and also the same is appended in hard copies of the filings being made available to the interested persons(s)/stakeholder(s) for their perusal/ purchase and placed on their respective websites along the side of original petitions. Further, the same were posted on the website of the Commission.

1.9 PUBLIC NOTICE IN THE MATTER OF TRUE-UP FOR 1ST, 2ND AND 3RD CONTROL PERIODS AND FOR APRs FOR FY 2019-20 AND FY 2020-21

1.9.1 The petitioners, as directed by the Commission, published a Public Notice (Annexure-I) on 18.08.2022 in two (2) Telugu, two (2) English and one (1) Urdu daily newspapers having wide circulation in their area of supply.

1.9.2 The Public Notice was to inform the general public and stakeholders that the petitioner has filed before the Commission its True-up proposals along with delay condonation applications in respect of their Distribution Business for 1st, 2nd and 3rd control periods and for Annual Performance Review (APR) of FY 2019-20 and FY 2020-21 i.e., 1st and 2nd financial years of 4th control period. The copies of the filings were made available in the offices of the Chief General Manager (RAC) of the respective TSDISCOM at their Corporate Office and also

with all the Superintending Engineer/Operation circles. The filings were also posted on the official website of TSDISCOM as well as the Commission. This was to facilitate inspection/perusal/procurement of the said filings by the interested person(s). In the Public Notice it was also stated that the intention of the Commission to conduct Public Hearing in the matter in the Court Hall of TSERC, 5th Floor, Singareni Bhavan, Red Hills, Hyderabad on 26.09.2022 from 11:00 hrs onwards. The interested person(s)/stakeholders were requested to send their objections/suggestions, if any, on the true-up filings, together with supporting material to the concerned Chief General Manager (RAC) in person or through Registered Post so as to reach on or before 08.09.2022 by 5 PM and to mention if the objector also wants to be heard in person. A copy of the same must also be filed with the Commission.

1.10 EXTENSION AND POSTPONEMENT OF PUBLIC HEARING

- 1.10.1 The Commission considering the request received from the stakeholders has extended the last date for submission of comments/suggestions/objections on Distribution Business upto 30.09.2022, last date for arranging responses to the objectors upto 14.10.2022 and the date of Public Hearing as 21.10.2022 from 11:00 hrs onwards. The same is notified in daily newspapers by TSDISCOMs as directed by the Commission.
- 1.10.2 Subsequently, as per the request of the stakeholders the Public Hearing is again postponed to 15.11.2022 from 10:30 hrs onwards at Court Hall of TSERC, 5th Floor, Singareni Bhavan, Red Hills, Hyderabad. Also, TSDISCOMs as directed by the Commission published a notification in the daily newspapers.
- 1.10.3 Later on, due to administrative reasons, the Public Hearing Scheduled on 15.11.2022 at 10:30 am was postponed and the revised date of Public Hearing is 18.01.2023 at 10:30 am in the Court Hall of TSERC. The same information was posted and scrolled in Homepage of the website of the Commission.

1.11 PUBLIC NOTICE IN THE MATTER OF APR FOR FY 2021-22

- 1.11.1 The petitioners, as directed by the Commission, published a Public Notice (Annexure-II) on 07.01.2023 in two (2) Telugu, two (2) English and one (1) Urdu daily newspapers having wide circulation in their area of supply.

1.11.2 The Public Notice was to inform the general public and stakeholders that the petitioner has filed before the Commission its Annual Performance Review (APR) for FY 2021-22 i.e., 3rd financial year of 4th control period. The copies of the filings were made available in the offices of the Chief General Manager (RAC) of the respective TSDISCOM at their Corporate Office and also with all the Superintending Engineer/Operation circles. The filings were also posted on the official website of TSDISCOM as well as the Commission. This was to facilitate inspection/perusal/ procurement of the said filings by the interested person(s). In the Public Notice it was also stated that the intention of the Commission to conduct Public Hearing in the matter in the Court Hall of TSERC, 5th Floor, Singareni Bhavan, Red Hills, Hyderabad on 28.02.2023 from 11:00 hrs onwards. The interested person(s)/stakeholders were requested to send their objections/suggestions, if any, on the true-up filings, together with supporting material to the concerned Chief General Manager (RAC) in person or through Registered Post so as to reach on or before 10.02.2023 by 5 PM and to mention if the objector also wants to be heard in person. A copy of the same must also be filed with the Commission.

1.12 RESPONSE TO THE PUBLIC NOTICES

- 1.12.1 In response to the public notice in the matter of True-up for 1st, 2nd and 3rd control periods and for APRs for FY 2019-20 and FY 2020-21, objections/suggestions were received from seven (7) stakeholders (Annexure-III) in writing within due date. One (1) stakeholder has submitted objections/ suggestions after the due date and the same has also been considered by the Commission.
- 1.12.2 In response to the public notice in the matter of APR for FY 2021-22, objections/suggestions were received from One (1) stakeholder (Annexure-III) in writing within due date.
- 1.12.3 The petitioners were also directed to give the reply to the stakeholders in writing to all the written objections/suggestions by sending the same to the respective objector with a copy to the Commission before the scheduled date of Public Hearing. The replies were also to be posted on the website of the Petitioners.

1.13 PUBLIC HEARINGS

- 1.13.1 The Commission has conducted the Public Hearings in the Court Hall of TSERC a) on 18.01.2023 in the matter of True-up for 1st, 2nd and 3rd control periods and for APRs for FY 2019-20 and FY 2020-21 b) on 28.02.2023 in the matter of APR for FY 2021-22.
- 1.13.2 During the Public Hearings, the petitioners made a brief presentation on their respective filings and then the Commission heard the objectors desiring to be heard in person. At the hearings, apart from the registered objectors, the persons/organizations who had turned up at the venue directly were also heard. At the end, as directed by the Commission, the petitioners responded on the issues raised by the objectors. As per the directions of the Commission, petitioners have submitted their written submissions.

1.14 DELAY CONDONATION IN FILING OF DISTRIBUTION TRUE-UPS & APR FOR FY 2019 20

Stakeholders' Submissions

- 1.14.1 In terms of the Regulation, true-up for gains and losses arising out of uncontrollable items are to be filed along with the ARR of year succeeding the relevant year. In the case of the controllable items, the true-up is to be with respect to the control period as a whole, and the relevant application for true-up ought to be brought before the Commission immediately after the end of the control period.
- 1.14.2 It is stated in the petitions that the true-up for 1st and 2nd control periods was filed for the first time along with the ARR & FPT for 2016-17. Nothing is stated as to what happened to those true-up applications. The Commission appears to have directed filing the true-ups for first two control periods and FY 2014-15 and FY 2015-16 "*so as to issue directions to improve performance of TSDISCOMs*". That appears to be ignored. Eventually the Commission directed filing true-ups for 1st, 2nd and 3rd control periods on or before 31.12.2020 in the tariff order dated 29.04.2020. That also was not complied with, and the reasons given are nothing but lame excuses.
- 1.14.3 The licensees say that they could not file the true-ups with ARR filings for FY 2017-18 as they could not ascertain the impact of UDAY on the true-ups for

FY 2006-07. That was also a mere lame excuse because there is nothing in the present petition also which indicates the impact of UDAY.

- 1.14.4 Public notice inviting comments were released in August 2022, and from TSDISCOM petitions it appears that they were submitted to the Commission in September 2021. TSDISCOMs have given reasons for the delay, which includes issues with state re-organisation and UDAY program. Delay in true-up filing leads to higher carrying costs to TSDISCOM, which have to be borne by the consumers or the Government.
- 1.14.5 Hence any delay in completing the true-up process (covering the filing of petition and issuing of order) impacts the consumer. Since the State Government and TSDISCOMs are mostly responsible for this delay, it is fair that they should bear at a majority proportion of the cost of true-up. It is important to fix responsibility for this inordinate delay and ensure that this is not repeated. The Commission could take proactive action if there is such delay in future.
- 1.14.6 The conduct of the licensees therefore has been to wilfully evade and avoid the exercise of true-ups for reasons best known to themselves and wilfully suppressed. In fact, the conduct of the licensees has been to even avoid and evade filing ARR for reasons best known to themselves and wilfully suppressed so that even annual tariffs are not determined.
- 1.14.7 In the circumstances the delays in filing the petition cannot be excused. Even if the true-ups are now carried out for academic and record purposes there cannot be any pass through whatsoever to the consumers with respect to the first three control periods. The applications for condonation of delay deserve to be dismissed, and consequently the OPs themselves are to be dismissed.
- 1.14.8 TSSPDCL and TSNPDCL have sought a true-up of Rs.4092.23 crore - Rs.3259 crore by TSSPDCL and Rs.833.23 crore by TSNPDCL – for their distribution business for the first three control periods and FY 2019-20 and FY 2020-21, i.e., from FY 2006-07 to FY 2020-21. As per applicable regulations, TSDISCOMs have to file their true-up claims for distribution business after completion of the control period concerned. Filing true-up claims for three control periods at a time is violation of the regulations concerned. The

reasons given by TSDISCOMs for such an abnormal delay in filing the subject claims are untenable, as a period of several years is not required to complete the formalities they have explained in the subject petitions. It is the responsibility of TSDISCOMs to file the claims as per the regulations of the Commission and of the Government of the day to direct them to do so.

1.14.9 Therefore, non-compliance of the regulations of the Commission for such an abnormal period should be treated as a failure of omission both by the State Government and its TSDISCOMs. The abnormal delay in filing the subject true-up claims for the first three control periods by the two (2) TSDISCOMs before the Commission for a hefty sum of Rs.3260 crore to be collected from their consumers is unwarranted and impermissible. Such a delay is not in the interest of TSDISCOMs, because they have been deprived of what has been due to them during the said period. Nor is it in the interest of the consumers, because such an accumulated burden, coupled with the highest tariff hike in force for FY 2022-23, will unjustifiably overburden the consumers, besides leaving scope for imposing true-up burdens on new consumers for the consumption of power by old consumers under the same service connection. It will also leave scope for imposing the true-up burden of a particular control period on consumers who have taken new connections after that control period. For the last three financial years, TSDISCOMs did not file their ARR and tariff revision proposals in time.

1.14.10 The Commission rightly returned their belated filings, as they were not filed in time. However, the Commission has permitted TSDISCOMs to collect tariffs for the last three years as per the earlier tariff order given four years back. True-up claims are for additional expenditure incurred by TSDISCOMs or loss of revenue as determined in the annual tariff order/MYT order issued by the Commission. Since for the last three years, no public hearings were held and no retail supply tariff orders were issued by the Commission, the question of determining annual revenue requirement by the Commission and variations therein for true-up claims would not arise. The very valid reason for which TSERC returned the belated ARR and tariff proposals of TSDISCOMs for the last three financial years should equally apply to the belated true-up claims of TSDISCOMs for their distribution business. For the failure of non-submission

of true-up claims in time, the Government should bear that burden of true-up claims and provide permissible amount to TSDISCOMs. It is to be noted that TSDISCOMs could not file their true-up claims for their retail supply business for the last three financial years which should be done on yearly basis as per the applicable regulations of the Commission.

1.14.11 The hefty sum claimed under true-up by TSDISCOMs is after adjusting non-tariff income, revenue from wheeling charges/open access and amounts received by them from the State Government under UDAY. It should not have been difficult for TSDISCOMs to file their true-up claims for distribution business control period-wise, even with some delay for unavoidable reasons. There is no justification in filing the claims for three control periods together, for, the issues pertaining to a control period would not have any relevance or impact on the claims for the immediate previous control period. Obviously, the abnormal and impermissible delay in filing the subject claims involves elements of dereliction and redtapism at the levels of TSDISCOMs and the State Government, much more so in the case of the latter, because TSDISCOMs have nothing to gain by delaying filing of the subject petitions inordinately. Needless to say, for filing true-up claims of the first control period (for three years up to 2008-09), a period of more than twelve years is not required. For filing true-up claims for the second control period (2009-10 to 2013-14), a period of more than seven years is not required. For filing true-up claims of the third control period (2014-15 to 2018-19), a period of more than two years is not required. In this connection, it may be noted that TSTRANSCO filed its true-up/true-down claims periodically and up to 2020-21.

Petitioners' Replies

1.14.12 TSDISCOMs submit that the delay in filing of the true-up and APR petitions was on account of the genuine reasons which were elaborated in the instant petitions and the same were also pointed out by the objector.

1.14.13 TSDISCOMs submit that they were constantly pursuing the matter of filing the true-up and APR petitions considering the fact that periodic true-ups shall ultimately benefit TSDISCOMs and consumers of the State by improving their financial health.

1.14.14 TSDISCOMs submits that the petitions for true-up of 1st, 2nd and 3rd control periods have been delayed on account of various factors which were detailed in the instant petitions filed by TSDISCOMs. A brief of the various factors led to delay of filing are stated below:

- The Commission in O.P.No.79 of 2015 of Distribution tariff order for 3rd control period has directed TSDISCOMs to file the true-up proposals of Distribution Business for both control periods (i.e., 1st control period and 2nd control period) after segregating the assets and liabilities of Anantapur and Kurnool districts from APCPDCL and seven mandals of APNPDCL in line with AP Reorganisation Act, 2014, as per prevailing Regulation.
- In compliance to the directive, TSDISCOMs had filed the True-ups for 1st and 2nd control periods along with Filings for ARR and FPT for FY 2016-17.
- The Commission in the Tariff Order 2016-17 taken cognizance of TSDISCOMs filings (para No.5.96 of the Tariff Order for FY 2016-17) on true-up and a directive was issued to file the true-up of Distribution business for the first two control periods and for FY 2014-15 and FY 2015-16 in order to issue necessary directions to improve the performance of TSDISCOMs.
- Subsequently, the licensees in their filings for FY 2017-18 have mentioned that “as Government of Telangana (GoTS) is considering signing UDAY scheme the Licensee will file true-up for FY 2015-16 and FY 2016-17 along with tariff proposal after considering final MoU signed by GoTS and Gol.
- As the clarification regarding equity infusion and fund transfers on account of UDAY has been received only in FY 2017-18, the licensees couldn't ascertain the impact of UDAY on the true-ups of 1st control period and have not filed the true-up petitions along with ARR filings for FY 2018-19.
- The Commission vide its letter dt. 20.11.2018 has directed TSDISCOMs to file the true-up proposals for the distribution business for earlier control periods duly segregating the assets and liabilities relating to the districts of Anantapur and Kurnool along with seven mandals relating to APNPDCL.
- Consequently, TSDISCOMs have made submissions regarding the true-up claims for 1st, 2nd and 3rd control periods along with ARR filings for Distribution business for 4th control period (FY 2019-2024).
- The Commission in its Tariff Order dt. 29.04.2020, has directed TSDISCOMs to submit their true-up claims along with complete details regarding the capitalisation claimed for each year of 1st, 2nd and 3rd control periods in the petitions to be filed for Annual Performance Review for FY 2019-20 before 31.12.2020. (Directive No.3).
- Interlocutory applications to condone the delay in filing the true-up petitions have been submitted along with the petitions.

- In line with the Commission directive in Tariff Order 29.04.2020, TSDISCOMs are filing the instant petitions and request the Commission to accept the claims made by TSDISCOMs.

Commission's View

1.14.15 In accordance with the directions of the Commission in Tariff Order 29.04.2020, TSDISCOMs are required to file true-up/true-down petitions and APRs of distribution business giving details of the variation in line item wise of ARR for the relevant financial year.

1.14.16 The Commission in order to provide consequences of delay in filing the proposals with the Commission has notified the following amendments to the Principal Regulations relating to TSDISCOMs with stringent penalties viz., the penal fee that is attracted in case of the licensee not complying with the provisions of Regulations, the rate of return on equity shall be reduced by 0.5% per month or part thereof.

- i Second Amendment to the Principal Regulation No.4 of 2005 viz., Terms and Conditions for Determination of Tariff for Wheeling and Retail Sale of Electricity. [Regulation No.1 of 2022]
- ii First Amendment to the Principal Regulation No.2 of 2016 viz., Fee [Regulation No.2 of 2022]

1.14.17 TSDISCOMs have cited the main reasons for delay as the PCCs and FCCs are sought for the historical years which pertains to erstwhile DISCOMs, TSDISCOMs have faced difficulty in collecting the documents related to the capitalised works and due to unavoidable situations, that are beyond the control of TSDISCOMs viz., imposition of lockdown for six (6) months across the country in view of outbreak of COVID-19 pandemic, the works in the Headquarters got hampered which caused further delay in filing the True-ups within the stipulated date as directed by the Commission. Further, cited that the finalisation of annual accounts of FY 2019-20 and audit thereon was completed on 31.12.2020. As the preparation of APR of FY 2019-20 in respect of distribution business required the actuals of FY 2019-20 as per the audited annual accounts, the same could not be finalised with the stipulated time.

1.14.18 The objective of the Electricity Act, 2003 is to protect the interest of the consumers. Although the delay in filings for true-ups/true-downs and APRs of Distribution Business is not desirable, it is necessary to determine true-ups/true-downs and APRs as per the regulatory provisions. Hence, the Commission

finds it appropriate to condone the delay in filing of true-up/true-down and APRs filings by TSDISCOMs. However, in future TSDISCOMs shall endeavour for timely filing of their True-up/True-down and APR petitions before the Commission in accordance with the terms of relevant Regulations in order to issue necessary directions to improve the performance of TSDISCOMs.

1.14.19 Accordingly, the Commission has carried out the final True-up of expenses and revenue for Wheeling Charges of the Distribution Business of distribution licensees for 1st, 2nd and 3rd control periods and finalized Annual Performance Reviews (APRs) for 1st, 2nd and 3rd financial years (viz., FY 2019-20, FY 2020-21 and FY 2021-22) of 4th control period considering the submissions along with additional information submitted by the Licensees for the respective years duly considering suggestions and objections of the stakeholders, responses of petitioners, issues that are raised during the public hearing, and all other relevant materials as detailed in Chapter-4 and Chapter-5 respectively in this order.

Chapter-2 Summary of Filings

2.1 PETITIONERS' SUBMISSIONS

2.1.1 The petitioners have made the following individual submissions in their original filings and the additional submissions:

- True-up of 1st control period from FY 2006-07 to FY 2008-09;
- True-up of 2nd control period from FY 2009-10 to FY 2013-14;
- True-up of 3rd control period from FY 2014-15 to FY 2018-19;
- Annual Performance Reviews (APR) for FY 2019-20;
- Annual Performance Reviews (APR) for FY 2020-21;
- Annual Performance Reviews (APR) for FY 2021-22;

2.1.2 The summary of each of the submissions is detailed below:

2.2 TRUE-UP OF 1ST, 2ND AND 3RD CONTROL PERIODS

2.2.1 The Commission, in its MYT Order dated 29.04.2020, directed Discoms to file the true-up proposals of Distribution Business for 1st, 2nd and 3rd control periods along with requisite supporting documents viz., Physical Completion Certificates (PCCs) and Financial Completion Certificates (FCCs) as mandated in the investment approval guidelines.

2.2.2 TSSPDCL and TSNPDCL submitted that the segregation of assets and liabilities has been carried out as per A.P. Reorganisation Act, 2014 and in line with G.O.Ms.No.24, dated 29.05.2014 and G.O.Ms.No.20, dated 08.05.2014. Accordingly, the true-up claim for TSSPDCL has been considered at 82.55% of the total claim for erstwhile APCPDCL and the true-up claim for TSNPDCL has been considered as 99.83% of the total claim for erstwhile APNPDCL.

2.2.3 TSDISCOMs as part of True-up filings for 1st, 2nd and 3rd control periods along with PCCs and FCCs have submitted the following:

- i) Allocation statement to segregate expenses and income of Controllable and Uncontrollable items under Distribution Business.
- ii) Statement of variance with Tariff Order approved figures pertains to items under Distribution Business for 1st control period.
- iii) Corrections for Uncontrollable items under Distribution Business along with reasons for variation.
- iv) Corrections for Controllable items under Distribution Business along with reasons for variation

- v) True-up claim for TSSPDCL is taken as 82.55% of the total claim for erstwhile APCPDCL and the true-up claim for TSNPDCL has been considered as 99.83% of the total claim for erstwhile APNPDCL in line with the A.P. Reorganisation Act, 2014 and in line with G.O.Ms.No.24 dated 29.05.2014 and G.O.Ms.No.20 dated 08.05.2014

2.2.4 The summary of true-up of 1st control period claimed by TSSPDCL (for erstwhile APCPDCL) is as shown in the Table below:

Table 2.1: Summary of true-up of 1st control period claimed by TSSPDCL (for erstwhile APCPDCL)

Rs. in crore

Particulars	FY 2006-07			FY 2007-08			FY 2008-09		
	Approved in MYT	Actual	Variation	Approved in MYT	Actual	Variation	Approved in MYT	Actual	Variation
O&M expenses (net)	371.27	456.47	85.20	389.84	552.10	162.26	406.90	545.97	139.07
Return on Capital Employed	132.55	113.18	-19.37	146.21	118.97	-27.24	159.88	145.67	-14.23
Depreciation during the year	130.90	138.50	7.60	152.47	146.39	-6.08	171.85	153.32	-18.53
Taxes on Income	0.00	0.82	0.82	0.00	1.28	1.28	0.00	1.04	1.04
Special Appropriation for Safety measures	5.00	0.00	-5.00	5.00	0.00	-5.00	5.00	0.00	-5.00
Other Expenditure	4.47	1.69	-2.78	0.00	6.61	6.61	0.00	13.78	13.78
Gross ARR	644.19	710.67	66.48	693.52	825.36	131.84	743.65	859.78	116.13
Revenue	644.19	649.79	5.60	693.52	690.11	-3.41	743.65	737.33	-6.32
Non-Tariff Income	0.00	30.96	30.96	0.00	24.24	24.24	0.00	23.39	23.39
Total Revenue	644.19	680.75	36.56	693.52	714.35	20.83	743.65	760.72	17.07
Total Gap			29.92			111.00			99.07
Cumulative Gap APCPDCL			29.92			140.92			239.99
Cumulative Gap TSSPDCL									198.11

2.2.5 TSSPDCL has claimed the total gap of Rs.239.99 crore for erstwhile APCPDCL. Out of the total gap of Rs.239.99 crore, TSSPDCL has claimed its share at Rs.198.11 crore being 82.55% of total claim on account of true-up of 1st control period from FY 2006-07 to FY 2008-09.

2.2.6 The summary of true-up of 1st control period claimed by TSNPDCL (for erstwhile APNPDCL) is as shown in the Table below:

Table 2.2: Summary of true-up of 1st control period claimed by TSNPDCL (for erstwhile APNPDCCL)

Rs. in crore

Particulars	FY 2006-07			FY 2007-08			FY 2008-09		
	Approved in MYT	Actual	Variation	Approved in MYT	Actual	Variation	Approved in MYT	Actual	Variation
O&M Expenses (net)	196.71	243.17	46.46	200.93	228.01	27.08	210.78	281.66	70.88
Return on Capital Employed	77.51	80.49	2.98	87.01	76.66	-10.35	93.65	93.95	0.29
Depreciation	82.38	89.63	7.25	90.27	102.46	12.19	98.10	115.28	17.18
Taxes on Income	0.00	1.38	1.38	0.00	1.46	1.46	0.00	1.67	1.67
Special Appropriation for Safety measures	5.00	0.00	-5.00	5.00	0.00	-5.00	5.00	22.33	17.33
Other Expenditure	3.45	0.00	-3.45	0.00	0.55	0.55	0.00	0.64	0.64
Gross ARR	365.05	414.67	49.62	383.21	409.14	25.93	407.53	515.52	107.99
Revenue	365.05	365.05	0.00	383.21	383.21	0.00	407.53	407.53	0.00
Non-Tariff Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue	365.05	365.05	0.00	383.21	383.21	0.00	407.53	407.53	0.00
Total Gap/ (Surplus)			49.62			25.93			107.99
Cumulative Gap/ (Surplus) APNPDCCL			49.62			75.55			183.53
Cumulative Gap/ (Surplus) TSNPDCL									183.22

2.2.7 TSNPDCL has claimed the total gap of Rs.183.53 crore for erstwhile APNPDCCL. Out of the total gap of Rs.183.53 crore, TSNPDCL has claimed its share at Rs.183.22 crore being 99.83% of total claim on account of true-up of 1st control period from FY 2006-07 to FY 2008-09.

2.2.8 The summary of true-up of 2nd control period claimed by TSSPDCL (for erstwhile APCPDCL) is as shown in the Tables below:

Table 2.3: Summary of true-up of 2nd control period claimed by TSSPDCL (for erstwhile APCPDCL)

Rs. in crore

Particulars	FY 2009-10			FY 2010-11			FY 2011-12		
	Approved in MYT	Actual	Variation	Approved in MYT	Actual	Variation	Approved in MYT	Actual	Variation
O&M expenses (Net)	644.72	602.58	-42.14	716.33	849.91	133.58	784.65	1105.96	321.31
Return on Capital Employed	184.72	173.11	-11.61	209.14	200.86	-8.28	227.66	254.59	26.93

Particulars	FY 2009-10			FY 2010-11			FY 2011-12		
	Approved in MYT	Actual	Variation	Approved in MYT	Actual	Variation	Approved in MYT	Actual	Variation
Depreciation during the year	224.82	166.57	-58.25	301.67	182.27	-119.40	380.94	220.13	-160.81
Taxes on Income	1.50	3.34	1.84	1.50	2.44	0.94	1.50	1.28	-0.22
Special Appropriation for safety measures	5.00	0.00	-5.00	5.00	0.00	-5.00	5.00	0.00	-5.00
Other Expenditure	0.00	0.00	0.00	0.00	0.56	0.56	0.00	1.99	1.99
Gross ARR	1060.76	945.60	-115.16	1233.64	1236.05	2.41	1399.75	1583.95	184.20
Revenue	1028.65	1022.38	-6.27	1201.47	1201.47	0.00	1367.50	1367.56	0.06
Non-Tariff Income	32.10	40.36	8.26	32.17	43.35	11.18	32.25	47.41	15.16
Total Revenue	1060.75	1062.74	1.99	1233.64	1244.82	11.18	1399.75	1414.97	15.22
Total Gap/ (Surplus)			-117.15			-8.77			168.98
Cumulative Gap/ (Surplus) APCPDCL			-117.15			-125.92			43.06

Particulars	FY 2012-13			FY 2013-14		
	Approved in MYT	Actual	Variation	Approved in MYT	Actual	Variation
O&M expenses (Net)	869.17	1106.41	237.24	954.34	1221.96	267.62
Return on Capital Employed	243.99	293.17	49.18	257.17	348.27	91.10
Depreciation during the year	443.94	254.56	-189.38	514.17	284.00	-230.17
Taxes on Income	1.50	0.00	-1.50	1.50	0.00	-1.50
Special Appropriation for safety measures	5.00	0.00	-5.00	5.00	0.00	-5.00
Other Expenditure	0.00	16.41	16.41	0.00	0.00	0.00
Gross ARR	1563.60	1670.55	106.96	1732.18	1854.23	122.05
Revenue	1531.28	1531.45	0.17	1699.76	1699.83	0.08
Non-Tariff Income	32.32	51.10	18.78	32.42	50.13	17.71
Total Revenue	1563.60	1582.55	18.95	1732.18	1749.96	17.79
Total Gap			88.00			104.26
Cumulative Gap APCPDCL			131.06			235.33
Cumulative Gap TSSPDCL						194.26

2.2.9 TSSPDCL has claimed the total gap of Rs.235.33 crore for erstwhile APCPDCL. Out of the total gap of Rs.235.33 crore, TSSPDCL has claimed its share at Rs.194.26 crore on account of true-up of 2nd control period from FY 2009-10 to FY 2013-14.

2.2.10 The summary of true-up of 2nd control period claimed by TSNPDCL (for erstwhile APNPDCL) is as shown in the Tables below:

Table 2.4: Summary of true-up of 2nd control period claimed by TSNPDCL (for erstwhile APNPDCL)

Rs. in crore

Particulars	FY 2009-10			FY 2010-11			FY 2011-12		
	Approved in MYT	Actual	Variation	Approved in MYT	Actual	Variation	Approved in MYT	Actual	Variation
O&M expenses (Net)	251.43	286.96	35.53	284.63	489.37	204.74	317.23	443.51	126.28
Return on Capital Employed	113.70	117.06	3.36	130.93	131.74	0.81	148.12	139.91	-8.21
Depreciation during the year	149.73	142.76	-6.97	183.80	147.11	-36.69	232.45	160.77	-71.68
Taxes on Income	1.25	1.68	0.43	1.25	1.93	0.68	1.50	0.87	-0.63
Special Appropriation for safety measures	5.00	30.88	25.88	5.00	17.92	12.92	5.00	1.16	-3.84
Other Expenditure	3.90	1.01	-2.89	3.97	0.59	-3.38	4.03	1.21	-2.82
Gross ARR	525.01	580.35	55.34	609.58	788.66	179.08	708.33	747.43	39.10
Revenue	519.15	519.15	0.00	603.67	603.67	0.00	702.38	702.38	0.00
Non-Tariff Income	5.86	15.87	10.01	5.91	15.59	9.68	5.95	17.61	11.66
Total Revenue	525.01	535.02	10.01	609.58	619.26	9.68	708.33	719.99	11.66
Total Gap			45.33			169.40			27.43
Cumulative Gap			45.33			214.73			242.16

Particulars	FY 2012-13			FY 2013-14		
	Approved in MYT	Actual	Variation	Approved in MYT	Actual	Variation
O&M expenses (Net)	368.02	560.09	192.07	407.91	646.35	238.44
Return on Capital Employed	156.79	153.97	-2.82	159.13	164.96	5.83
Depreciation during the year	275.60	174.23	-101.37	319.20	186.49	-132.71
Taxes on Income	1.50	0.00	-1.50	1.50	0.00	-1.50
Special Appropriation for safety measures	5.00	0.56	-4.44	5.00	0.24	-4.76
Other Expenditure	4.11	0.86	-3.25	4.19	1.19	-3.00
Gross ARR	811.02	889.69	78.67	896.93	999.23	102.30
Revenue	805.02	805.02	-	890.87	890.87	-
Non-Tariff Income	6.00	21.44	15.44	6.06	26.63	20.58
Total Revenue	811.02	826.46	15.44	896.93	917.51	20.58
Total Gap			63.24			81.72
Cumulative Gap APNPDCL			305.40			387.12
Cumulative Gap TSNPDCL						386.46

2.2.11 TSNPDCL has claimed the total gap of Rs.387.12 crore for erstwhile APNPDCL. Out of the total gap of Rs.387.12 crore, TSNPDCL has claimed its share at Rs.386.46 crore on account of true-up of 2nd control period from FY 2009-10 to FY 2013-14.

2.3 TRUE-UP OF 3RD CONTROL PERIOD

2.3.1 The summary of true-up of 3rd control period claimed by TSSPDCL is as shown in the Tables below:

Table 2.5: Summary of true-up of 3rd control period claimed by TSSPDCL
Rs. in crore

Particulars	FY 2014-15			FY 2015-16			FY 2016-17		
	Approved in MYT	Actual	Variation	Approved in MYT	Actual	Variation	Approved in MYT	Actual	Variation
O&M expenses (Net)	1055.74	1315.69	259.95	1164.20	1080.82	-83.38	1397.80	1841.33	443.53
Return on Capital Employed	277.95	233.75	-44.20	376.00	332.55	-43.44	490.17	558.86	68.70
Depreciation during the year	497.25	457.14	-40.11	561.63	544.52	-17.11	634.64	673.28	38.64
Taxes on Income	14.40	0.00	-14.40	19.48	0.00	-19.48	25.39		-25.39
Special Appropriation for safety measures	30.00	0.00	-30.00	35.00	0.00	-35.00	40.00	0.00	-40.00
Other Expenditure	0.48	1.01	0.53	0.50	5.66	5.16	0.53	9.61	9.08
Gross ARR	1875.82	2007.59	131.76	2156.80	1963.56	-193.25	2588.53	3083.08	494.56
Revenue	241.30	264.21	22.91	326.16	292.04	-34.12	320.55	323.43	2.88
Non-Tariff Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue	241.30	264.21	22.91	326.16	292.04	-34.12	320.55	323.43	2.88
Total Gap/ (Surplus)			108.85			-159.12			491.68
Cumulative Gap/(Surplu s)			108.85			-50.27			441.41

Particulars	FY 2017-18			FY 2018-19		
	Approved in MYT	Actual	Variation	Approved in MYT	Actual	Variation
O&M expenses (Net)	1633.80	2109.00	475.20	1901.31	2404.02	502.71
Return on Capital Employed	610.10	565.30	-44.80	729.99	542.28	-187.71
Depreciation during the year	704.56	772.14	67.58	774.49	855.81	81.32
Taxes on Income	31.60	0.00	-31.60	37.81	0.00	-37.81
Special Appropriation for safety measures	45.00	0.00	-45.00	50.00	0.00	-50.00
Other Expenditure	0.56	16.20	15.64	0.59	21.69	21.10
Gross ARR	3025.62	3462.64	437.02	3494.18	3823.80	329.62
Revenue	362.72	228.69	-134.03	395.46	436.84	41.38
Non-Tariff Income	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue	362.72	228.69	-134.03	395.46	436.84	41.38
Total Gap/ (Surplus)			571.04			288.23
Cumulative Gap/(Surplus)			1012.45			1300.69

2.3.2 TSSPDCL has claimed the total gap of Rs.1300.69 crore on account of true-up of 3rd control period from 2014-15 to FY 2018-19.

2.3.3 The summary of true-up of 3rd control period claimed by TSNPDCL is as shown in the Tables below:

Table 2.6: Summary of true-up of 3rd control period claimed by TSNPDCL
Rs. in crore

Particulars	FY 2014-15			FY 2015-16			FY 2016-17		
	Approved in MYT	Actual	Variation	Approved in MYT	Actual	Variation	Approved in MYT	Actual	Variation
O&M expenses (Net)	628.08	891.26	263.18	740.26	873.50	133.24	882.64	912.92	30.28
Return on Capital Employed	188.52	151.16	-37.36	224.68	159.89	-64.79	267.65	247.28	-20.37
Depreciation during the year	235.27	195.01	-40.26	258.20	132.69	-125.51	311.59	208.13	-103.46
Taxes on Income	8.48	0.00	-8.48	9.09	0.00	-9.09	9.36	0.00	-9.36
Special Appropriation for safety measures	25.89	2.01	-23.88	61.86	2.47	-59.39	65.12	5.15	-59.97
Other Expenditure	1.25	6.80	5.55	1.31	0.12	-1.19	1.38	0.04	-1.34
Gross ARR	1087.49	1246.23	158.74	1295.40	1168.67	-126.73	1537.74	1373.52	-164.22
Revenue	1019.34	1019.34	0.00	1203.15	1203.15	0.00	1390.17	1390.17	0.00
Non-Tariff Income	68.15	16.75	-51.40	92.25	24.94	-67.31	147.57	19.93	-127.64
Total Revenue	1087.49	1036.09	-51.40	1295.40	1228.09	-67.31	1537.74	1410.10	-127.64
Total Gap/ (Surplus)			210.14			-59.42			-36.59
Cumulative Gap/ (Surplus)			210.14			150.72			114.13

Particulars	FY 2017-18			FY 2018-19		
	Approved in MYT	Actual	Variation	Approved in MYT	Actual	Variation
O&M expenses (Net)	1026.28	824.71	-201.57	1194.45	1773.84	579.39
Return on Capital Employed	328.59	213.08	-115.51	404.02	258.51	-145.51
Depreciation during the year	372.40	235.82	-136.58	427.63	268.29	-159.34
Taxes on Income	9.56	0.00	-9.56	10.58	0.00	-10.58
Special Appropriation for safety measures	68.41	18.58	-49.83	71.42	23.64	-47.78
Other Expenditure	1.45	0.00	-1.45	1.52	0.00	-1.52
Gross ARR	1806.69	1292.19	-514.50	2109.62	2324.27	214.65
Revenue	1632.93	1632.93	0.00	1920.47	1920.47	0.00
Non-Tariff Income	173.76	31.59	-142.17	189.15	62.79	-126.36
Total Revenue	1806.69	1664.52	-142.17	2109.62	1983.26	-126.36
Total Gap/ (Surplus)			-372.33			341.01
Cumulative Gap/ (Surplus)			-258.20			82.82

2.3.4 TSNPDCL has claimed the total gap of Rs.82.82 crore on account of true-up of 3rd control period from 2014-15 to FY 2018-19.

2.3.5 Subsequently, TSNPDCL in additional information has submitted gross depreciation and NTI including depreciation on consumer contribution assets for maintaining uniformity. As such, the deprecation and NTI claimed by TSNPDCL for 3rd control period shall be as follows:

Table 2.7: Depreciation and NTI to be considered as per additional information submitted by TSNPDCL

Rs. in crore

Particulars	FY 2014-15			FY 2015-16			FY 2016-17		
	Approved in MYT	Actual	Variation	Approved in MYT	Actual	Variation	Approved in MYT	Actual	Variation
Depreciation during the year	235.27	225.97	-9.30	258.20	365.30	107.10	311.59	256.45	-84.09
Gross ARR	1087.49	1277.20	189.70	1295.40	1401.28	105.89	1537.74	1392.88	-144.86
Non-Tariff Income and Revenue from OA	68.15	47.71	-20.44	92.25	257.55	165.30	147.57	39.34	-108.27
Net ARR	1087.49	1229.48	210.14	1295.40	1143.73	-59.42	1537.74	1353.58	-36.58
Total Gap/ (Surplus)			210.14			-59.42			-36.58
Cumulative Gap/ (Surplus)			210.14			150.72			114.13

Particulars	FY 2017-18			FY 2018-19		
	Approved in MYT	Actual	Variation	Approved in MYT	Actual	Variation
Depreciation during the year	372.40	335.45	-36.95	427.63	379.92	-47.71
Gross ARR	1806.69	1391.82	-414.87	2109.62	2435.90	326.28
Non-Tariff Income	173.76	131.22	-42.54	189.15	174.42	-14.73
Total Revenue	1806.69	1764.15	-42.54	2109.62	2094.89	-14.73
Total Gap/ (Surplus)			-372.33			341.01
Cumulative Gap/ (Surplus)			-258.20			82.82

2.4 IMPACT OF FINANCIAL RESTRUCTURING PACKAGE (FRP) 2012 AND UDAY

2.4.1 TSDISCOMs have submitted the impact of Financial Restructuring Package (FRP) 2012 and Ujwal DISCOM Assurance Yojana (UDAY) and the consequences of differential treatment of GoTS under the UDAY scheme as reproduced below:

“The Company was covered under the FRP of Government of India in 2012. In accordance to the package, the then State Government has assumed the liability of the erstwhile DISCOMs to the extent of APCPDCL Rs.4026 crore and APNPDCL Rs.1,744 crore which covers the short-term borrowings of the company towards expensive power. Thus the FRP covers the liability of the DISCOMs towards borrowings for expensive power which was not admitted by the Commission in the Fuel Surcharge Adjustments/Power Purchase True-ups. Hence the impact of FRP cannot be considered under the True-ups of the DISCOMs.

Subsequently in 2017, Telangana DISCOMs entered in to UDAY scheme and as per the agreement, total outstanding debt balance of TSSPDCL of Rs.5550.21 crore and TSNPDCL of Rs.3373 crore (75% of total outstanding) as on 30.09.2015 has been taken over by Government of Telangana. The GoTS has released Rs.4593.84 crore and Rs.2396 crore for TSSPDCL and TSNPDCL respectively in 2016-17 and Rs.282.93 crore and Rs.450 crore for TSSPDCL and TSNPDCL respectively in 2017-18 in the form of Equity. The outstanding loans of the Discoms which includes long-term and short-term borrowings has been taken over by the GoTS in the form of Equity infusion in the DISCOMs. Therefore, as per the Regulation mandate, though DISCOMs have savings through interest & principal repayment portion of loans but since the same has been taken as equity infusion by GoTS but not as a capital grant it attracts Return of Equity @14% per annum as per Regulation 4 of 2005.

The Commission in the MYT Tariff Order for 3rd control period has approved debt-equity norm of 75:25 where 25% equity attract 14% Return on Capital Employed (and 2 % of Supply margin) and 75% of debt shall assume cost of finance of 12%.

As per Clause 5.11(b) of National Tariff Policy, 2016, “For financing of future capital cost of projects, a Debt Equity of 70:30 should be adopted. Promoters would be free to have higher quantum of equity investments. The equity in excess of this norm should be treated as loans advanced at the weighted average rate of interest”

Thus, the equity in excess of 25% shall be treated as normative loan and weighted average rate of interest has to be allowed, thus debt-equity mix of 75:25 has to be maintained for FY 2016-17 as per the norms approved and guidelines of Tariff Policy, 2016.

Therefore, no benefit has been accrued to the DISCOMs due to UDAY as the equity infusion by the GoTS attracts return on equity of 14% which is higher than the cost of debt that would have incurred in the absence of UDAY scheme.

Further, it is noteworthy to mention that the loans taken under UDAY also comprises FRP & other loans taken to meet the working capital requirements (power purchase payments) and these costs of finance are not allowed as a pass through under Distribution or Retail Supply Business.

The GoTS has taken over Rs.5550 crore of loans of TSSPDCL and Rs.3373 crore of loans of TSNPDCL under UDAY agreement. The Breakup of capital expenditure loans and Working capital loans taken over by GoTS under UDAY is tabulated below:

Table 2.8: Break-up of capital expenditure loans and working capital loans taken over by GoTS under UDAY

Particulars	Rs. in crore	
	TSSPDCL	TSNPDCL
Total Loans taken over under UDAY Scheme	5550	3373
CAPEX Loans	1851	940
Working Capital Loans	3699	2433

The Commission has not considered any interest pass-through of working capital loans for power purchase in the Retail Supply ARR. Only loans to meet capital expenditure have been considered in the Distribution Business ARR.

But the Commission has computed the savings as Rs.743.88 crore for TSSPDCL and Rs.372.54 crore for TSNPDCL for each year of FY 2017-18 and FY 2018-19 in respective Retail Supply Tariff Orders which includes savings towards capital expenditure loans and working capital loans for each year. These savings were already considered as pass through in the Retail Tariffs for FY 2017-18 and FY 2018-19. Therefore, the Commission to –

- Consider the loans taken under UDAY by GoTS as equity infusion.
- Consider no savings on loans under UDAY scheme for the DISCOMs and the computed savings of Rs.1487.76 crore for TSSPDCL and Rs.745.08 crore for TSNPDCL (for two years) which was already passed through the tariffs in retail supply Tariff Order FY 2017-18 and FY 2018-19, may be added back to the True-ups of third control period i.e., FY 2014-15 to FY 2018-19.

Hence, the Commission to allow the True-ups for 3rd control period entirely as per the Regulation.

Table 2.9: Total True-up Gap for 3rd control period considering savings already passed through tariffs in RST Order FY 2017-18 and FY 2018-19

Particulars	<i>Rs. in crore</i>	
	TSSPDCL	TSNPDCL
<i>Third control period Gap</i>	1300.69	82.82
<i>Add: Savings already considered in the Retail Supply Tariff Order FY 2017-18 & FY 2018-19</i>	1487.76	745.08
Total True-up GAP	2788.45	827.90

2.5 APR (TRUE-UP) FOR FY 2019-20, FY 2020-21 AND FY 2021-22

2.5.1 The summary of APR (true-up) of 1st, 2nd and 3rd year of 4th control period i.e., FY 2019-20, FY 2020-21 and FY 2021-22 as claimed by TSSPDCL is as shown in the Table below:

Table 2.10: Summary of APR (true-up) of FY 2019-20, FY 2020-21 and FY 2021-22 as claimed by TSSPDCL

Particulars	<i>Rs. in crore</i>			<i>Rs. in crore</i>			<i>Rs. in crore</i>		
	FY 2019-20			FY 2020-21			FY 2021-22		
	Approved in MYT	Actual	Variation	Approved in MYT	Actual	Variation	Approved in MYT	Actual	Variation
O&M expenses (Net)	2628.95	2576.13	-52.82	2822.90	2529.25	-293.65	3036.24	2307.73	-728.51
Return on Capital Employed	573.77	583.22	9.44	647.43	615.99	-31.44	724.62	568.14	-156.48
Depreciation during the year	759.54	986.56	227.02	850.02	1066.58	216.56	937.33	1126.23	188.90

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	Approved in MYT	Actual	Variation	Approved in MYT	Actual	Variation	Approved in MYT	Actual	Variation
Taxes on Income	39.05	0.00	-39.05	44.06	0.00	-44.06	49.32	0.00	-49.32
Special Appropriation for safety measures	20.00	0.00	-20.00	20.00	0.00	-20.00	20.00	0.00	-20.00
Other Expenditure	0.00	19.79	19.79	0.00	9.67	9.67	0.00	35.84	35.84
Gross ARR	4021.31	4165.70	144.38	4384.41	4221.48	-162.33	4767.51	4037.94	-729.57
Less: Revenue from OA	24.84	13.15	-11.69	44.62	15.84	-28.78	46.80	21.70	-25.10
Less: Non-Tariff Income	450.65	413.18	-37.47	456.87	437.72	-19.15	495.82	514.43	18.61
Net ARR	3545.82	3739.36	193.54	3882.93	3767.92	-115.00	4224.89	3501.81	-723.08
Total Gap/ (Surplus)			193.54			-115.00			-723.08
Cumulative Gap/ (Surplus)			193.54			78.54			-644.54

2.5.2 TSSPDCL has claimed the total gap of (-)Rs.644.54 crore on account of APR (true-up) of 1st, 2nd and 3rd year of 4th control period i.e., FY 2019-20, FY 2020-21 and FY 2021-22.

2.5.3 The summary of APR (true-up) of 1st, 2nd and 3rd year of 4th control period i.e., FY 2019-20, FY 2020-21 and FY 2021-22 as claimed by TSNPDCL is as shown in the Table below:

Table 2.11: Summary of APR (true-up) of FY 2019-20, FY 2020-21 and FY 2021-22 as claimed by TSNPDCL

Rs. in crore

Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
	Approved in MYT	Actual	Variation	Approved in MYT	Actual	Variation	Approved in MYT	Actual	Variation
O&M expenses (Net)	1874.91	1584.01	-290.90	2050.87	1999.99	-50.88	2290.20	1983.87	-306.33
Return on Capital Employed	297.62	267.08	-30.54	371.35	268.19	-103.16	465.16	367.50	-97.66
Depreciation during the year	374.39	444.87	70.48	424.81	322.62	-102.19	492.35	328.65	-163.70
Taxes on Income	20.26	0.00	-20.26	25.27	0.00	-25.27	31.66	0.00	-31.66
Special Appropriation for safety measures	20.00	20.34	0.34	20.00	19.85	-0.15	20.00	21.66	1.66
Other Expenditure	0.00	14.85	14.85	0.00	0.00	0.00	0.00	0.00	0.00
Gross ARR	2587.18	2331.15	-256.04	2892.31	2610.65	-281.66	3299.36	2701.68	-597.69
Less: Revenue from OA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Less: Non-Tariff Income	140.99	162.73	21.74	151.92	156.83	4.91	160.85	120.48	-40.37
Net ARR	2446.19	2168.42	-277.78	2740.39	2453.82	-286.57	3138.51	2581.19	-557.32
Total Gap/ (Surplus)			-277.78			-286.57			-557.32
Cumulative Gap/ (Surplus)			-277.78			-564.35			-1121.67

2.5.4 TSNPDCL has claimed the total gap of (-)Rs.1121.67 crore on account of APR (true-up) for 1st, 2nd and 3rd year of 4th control period i.e., FY 2019-20, FY 2020-21 and FY 2021-22 respectively.

2.6 RECOVERY MECHANISM OF THE CLAIMED GAP

2.6.1 TSDISCOMs in their additional information have proposed recovery mechanism of claimed gap by referring to Clause 10.7 and 10.8 of Regulation No.4 of 2005 and submitted that gains or losses of 1st, 2nd and 3rd control periods as a whole claimed by the licensee be passed on to the consumers equally in the balance period of 4th control period by adjusting in ARR of the licensees' for the distribution business approved in the ARR and Wheeling Tariffs for Distribution Business for 4th control period (FY 2019-20 to FY 2023-24) order dated 29.04.2020. Further, submitted that the aggregate gains or losses of APRs (True-ups) of 1st, 2nd and 3rd year of 4th control period be considered at the end of 4th control period as a whole while determination of ARR for 5th control period (FY 2024-29).

Chapter-3

Issues raised by Stakeholders, Responses of Petitioners' and Commission's View

3.1 GENERAL

3.1.1 Eight stakeholders (7 within due date and 1 after due date) have filed objections/suggestions on the petitions for true-up for 1st, 2nd and 3rd control periods and determination of ARR and APR for FY 2019-20, FY 2020-21 and FY 2021-22. The petitioners have filed replies on the objections/suggestions received from the stakeholders. For the sake of clarity, the objections/suggestions raised by the stakeholders and responses of the petitioners have been consolidated and summarised issue-wise. The Commission has concluded all the objections/suggestions of the stakeholders made in writing as well as during the course of Public Hearings and the responses to them by the petitioners.

Stakeholders' Submission

3.1.2 The notice issued by way of publication in the newspaper mentions filing of O.P.Nos.39 to 42 of 2021 by TSSPDCL and O.P.Nos.43 to 46 of 2021 by TSNPDCL. From the Commission's website it was difficult to find the filings because of the manner in which they were put up. The copies available on the Commission's website do not give the O.P.Nos. of each of the petitions and it has not been possible to ascertain which O.P.No. pertains to which petition. There are also I.A.Nos.12 to 15 of 2021 filed by TSSPDCL and I.A.Nos.16 to 19 of 2021 filed by TSNPDCL. There is no such numbers in the documents put up on the website and it can only be presumed that these are applications to condone delay in filing.

3.1.3 In addition, the newspaper notice mentions O.P.No.20 of 2022 filed by TSNPDCL and O.P.No.22 of 2022 filed by TSSPDCL. There is no information available as to what these OPs are and unable to locate these OPs on the Commission's website. In the circumstances, the objector has proceeded on the basis that the O.P.Nos.39 to 41 of 2021 and O.P.Nos.43 to 45 of 2021 are the true-up applications filed by the licensees for 1st to 3rd control periods respectively. These objections are with these matters relating to the True-up for 1st to 3rd control period.

- 3.1.4 The objections and submissions made are with respect to the particular applications filed by TSSPDCL and the same objections may be treated as being applicable also to the applications filed by TSNPDCL mutates mutandis.
- 3.1.5 The entire approach and content of the petitions are misconceived, casual and without necessary details or explanations. The petitions are also not in conformity with the Regulation. The petitions ought to be dismissed or returned to the licensees.

Petitioners' Replies

- 3.1.6 TSNPDCL submits that the copies of the O.P.Nos.43 to 46 of 2021 by TSNPDCL are available in the website and can be accessed from there. I.A.Nos.16 to 19 of 2021 filed by TSNPDCL for condonation of delay. The O.P.No.20 of 2022 filed by TSNPDCL is related to the APR petition filed for FY 2020-21.
- 3.1.7 TSSPDCL submits that the copies of the O.P.Nos.39 to 42 of 2021 are available in website and can be accessed from there. The O.P.No.22 of 2022 filed by TSSPDCL is related to the APR petitions filed for FY 2020-21.
- 3.1.8 TSDISCOMs submit that they have complied with the provisions of Regulation No.4 of 2005 and have clearly provided justifications for variations between the approved and actual claimed expenses in the instant petitions. TSDISCOMs would abide by any further directions and orders of the Commission.

Commission's View

- 3.1.9 The objections raised by the stakeholders is taken note of and the information pertaining to these O.P.Nos on the Commission's website was made updated.

3.2 INADEQUATE DATA/DETAILS/DOCUMENTARY EVIDENCES PROVIDED

Stakeholders' Submissions

- 3.2.1 The True-up petitions for Distribution Business for FY 2006-07 to FY 2020-21 of both TSDISCOMs are inadequate in the terms of details/data/justification/documentary evidence like formula-linked workable excel model, mapping of each Financial Certificate with the associated work and cost, complete set of Audited Reports/Accounts, formula-linked workable excel model of Fixed Asset Register, reconciliation Statements for each year from FY 2006-07 to FY 2020-21 of the True-up Amounts for each ARR element, all Actuarial Valuation

Reports, Detailed Report on Wage Revision Impact, detailed explanation with supporting documents for increase in Repair and Maintenance Expenses, detailed explanation with supporting documents for increase in Administrative and General Expenses , all Tax Evaluation Reports and Tax Assessment Orders, all Orders of the Commission in O.P.Nos.39, 40, 41, 42, 43,44, 45 and 46 of 2021 along with I.A.Nos.12, 13, 14, 15, 16, 17,18 and 19 of 2021 and O.P.No.20 of 2022 and O.P.No.22 of 2022, pending petitions/Appeals of TSSPDCL and/or TSNPDCL (as Appellant/Respondent/Both) in TSERC/High Court/Supreme Court/Any other court that are related to the Electricity Distribution Business of TSSPDCL and/or TSNPDCL.

- 3.2.2 In the absence of the details and particulars, the prudence check of the claims made by the petitioners cannot be conducted and gainful detailed objections/comments cannot be framed by the Objector. Hence the petitioners may be directed to furnish the above data along with comprehensive workable excel model for the same.
- 3.2.3 The time allowed for making the submissions is far too short considering that the applications relate to three (3) control periods relating to three (3) tariff orders. The issues have to be examined in relation to the respective tariff orders. The information given in the applications is scant without compliance with the methodology in the tariff orders and the Regulation. Going into these aspects in detail requires relevant information to be made available by the licensees and also substantial time. The information and time provided is not reasonable or fair. In the circumstances, the submissions made herein may be considered to be preliminary submissions reserving right to make further submissions in any extended time that may be allowed or at the time of public hearing.
- 3.2.4 The licensees have filed petitions without the necessary statements and details as required and contemplated by the Regulation. They have not given relevant information with regard to the expenditure vis-à-vis the norms fixed by the tariff order. In the absence of the same, it is not possible for the Objector to evaluate the claim of the licensee. The petitions require to be dismissed as being vague, bereft of necessary details and for non-compliance with the requirements of the Regulations.

3.2.5 Contrary to its practice, the Commission has not sought any clarifications, responses and further information from TSDISCOMs relating to the subject petitions before inviting objections and suggestions from the interested public. Even if the Commission has sought and got such further information from TSDISCOMs, it is not made public in its website. Though the subject petitions were received by the Commission on September 1, 2021, public notices were issued in the month of August, 2022. In other words, it can be presumed that a period of nearly one year from the date of filing of the subject petitions is not sufficient for the Commission to study the same and seek relevant clarifications and further information, if any, from TSDISCOMs, or that it has considered that no further clarifications and information are required from TSDISCOMs to meet regulatory requirements. The subject petitions and annexures there to filed by TSDISCOMs run into 783 pages - 526 pages by SPDCL and 257 pages by NPDCL – pertaining to a period of 15 years. It is difficult to study and analyse the same and prepare required submissions within a short period from the date of uploading the subject petitions on the website of the Commission. It is requested to extend time for filing objections and suggestions at least by 20 days and reschedule date of public hearing suitably.

Petitioners' Replies

3.2.6 TSDISCOMs have submitted the relevant information and also work wise details of capitalization along with the petitions. Additional information sought by the Commission was submitted and the same information requirement as pointed out by the objector was uploaded in TSDISCOM website.

3.2.7 The matter of time allowed to the objectors for filing of objections is under the purview of the Commission. TSDISCOMs shall abide by the instructions given by the Commission.

3.2.8 TSDISCOMs have submitted the relevant information along with the instant petitions and also have responded to the additional information request sought by the Commission. TSDISCOMs shall submit further information as sought by the Commission during the proceedings.

3.2.9 TSDISCOMs have submitted the relevant information along with the instant petitions and also have responded to the additional information request sought

by the Commission. TSDISCOMs shall submit further information as sought by the Commission during the proceedings.

3.2.10 TSNPDCL submits that the Commission has sought additional information requirement in respect of the instant petitions and TSNPDCL has submitted response to the additional information requirement and the same can be accessed from TSDISCOM website.

3.2.11 The matter of time allowed to the objectors for filing of objections is under the purview of the Commission. TSNPDCL shall abide by the instructions given by the Commission.

Commission's View

3.2.12 The Commission has taken note of the stakeholders' submissions and petitioners' responses to the same. The Commission has given due time to the stakeholders for making their submissions on filings of the petitioners. Further, the Commission has also considered the additional submissions made by the stakeholders after the Public Hearing.

3.3 SCOPE OF THE PRESENT PETITIONS

Stakeholders' Submissions

3.3.1 The prayer in the petitions is only for approval of the true-ups as per the petition. There is no proposal for pass through in any manner to the consumers. In the circumstances, the objections now made are only with regard to the true-up of the ARRs. The question of whether and how the admitted true-up amount is to be passed through is considered beyond the scope of the present petitions.

3.3.2 In the event that there is any proposal for pass through to the consumers, the consumers are entitled to specific notice thereof so that appropriate objections may be made.

Petitioners' Replies

3.3.3 TSDISCOMs propose the following recovery mechanism for pass through of gains or losses:

- The gains or losses of 1st (FY 2006-09), 2nd (FY 2009-14) and 3rd (FY 2014-19) control period as a whole claimed by the licensee be passed on to the consumers equally in the balance period of this 4th control period (FY 2019-24) i.e., for the years FY2022-23 and FY 2023-

24 by adjusting in the Aggregate Revenue Requirement of the licensees' of the Distribution business approved in the Aggregate Revenue Requirement and Wheeling Tariffs for Distribution Business for 4th control period (FY 2019-20 to FY 2023-24) order dated 29.04.2020.

- The Annual Performance True-ups/True-downs of FY 2019-20 (which is being 1st year of 4th control period) be considered at the end of the control period considering the aggregate gains or losses of 4th control period as a whole in accordance to clause 10.7 of the Regulation 4 of 2005 while the determination of Aggregate Revenue Requirement for the 5th control period (FY 2024-29).

Commission's View

3.3.4 The Commission has taken note of the stakeholders' submissions and petitioners' responses to the same.

3.4 DIRECTIVES OF HON'BLE APTEL JUDGEMENT DATED 11.11.2011 IN O.P.No.1 OF 2011

Stakeholders' Submissions

3.4.1 The Commission may take cognizance of the following directives of the Hon'ble APTEL made vide its Judgement dated 11.11.2011 in O.P.No.1 of 2011.

“(i) Every State Commission has to ensure that Annual Performance Review, true-up of past expenses and Annual Revenue Requirement and tariff determination is conducted year to year basis.

66. We direct all the State Commissions to follow these directions scrupulously, and send the periodical reports by 1st June of the relevant financial year about the compliance of these directions to the Secretary, Forum of Regulators, who in turn will send the status report to this Tribunal and also place it on its website.”

Petitioners' Replies

3.4.2 TSDISCOMs submits that the petitions for true-up of 1st, 2nd and 3rd control periods have been delayed on account of various factors which were detailed in the instant petitions filed by TSDISCOMs. A brief of the various factors which led to delay of filing are stated below:

- The Commission in O.P.No.79 of 2015 of Distribution tariff order for 3rd control period has directed TSDISCOMs to file the true-up proposals of Distribution Business for both control periods (i.e., 1st control period and

2nd control period) after segregating the assets and liabilities of Anantapur and Kurnool districts from APCPDCL and seven mandals of APNPDCL in line with AP Reorganisation Act, 2014, as per prevailing Regulation.

- In compliance to the directive, TSDISCOMs had filed the True-ups for 1st and 2nd control periods along with Filings for ARR and FPT for FY 2016-17.
- The Commission in the Tariff Order 2016-17 taken cognizance of TSDISCOMs filings (Para No.5.96 of the TO 2016-17) on true-up and a directive was issued to file the true-up of Distribution business for the first two control periods and for FY 2014-15 and FY 2015-16 in order to issue necessary directions to improve the performance of TSDISCOMs. Subsequently, the licensees in their filings for FY 2017-18 have mentioned that “as Government of Telangana (GoTS) is considering signing UDAY scheme this year the Licensee will file true-up for FY 2015-16 and FY 2016-17 along with tariff proposal after considering final MoU signed by GoTS and Gol.
- As the clarification regarding equity infusion and fund transfers on account of UDAY has been received only in FY 2017-18, the licensees couldn't ascertain the impact of UDAY on the true-ups of 1st control period and have not filed the true-up petitions along with ARR filings for FY 2018-19.
- The Commission in its letter dated 20.11.2018 has directed TSDISCOMs to file the true-up proposals for the distribution business for earlier control periods duly segregating the assets and liabilities relating to the districts of Anantapur and Kurnool along with seven mandals relating to APNPDCL.
- Consequently, TSDISCOMs have made submissions regarding the true-up claims for 1st, 2nd and 3rd control periods along with ARR filings for Distribution business for 4th control period (FY 2019-2024).
- The Commission in its Tariff Order dt. 29.04.2020, has directed TSDISCOMs to submit their true-up claims along with complete details

regarding the capitalisation claimed for each year of 1st, 2nd and 3rd control periods in the petitions to be filed for Annual Performance Review for FY 2019-20 before 31.12.2020. (Directive No.3).

- Interlocutory applications to condone the delay in filing the true-up petition have been submitted along with the petitions.
- In line with the Commission directive in Tariff Order 29.04.2020, TSDISCOMs are filing the instant petitions and request the Commission to accept the claims made by TSDISCOMs.

Commission's View

3.4.3 The Commission has taken note of the stakeholders' submissions and petitioners' responses to the same.

3.5 NON-COMPLIANCE OF TARIFF REGULATIONS

Stakeholders' Submissions

3.5.1 As per tariff Regulations, the Commission may provide corrections in the ARR of the Distribution Licensee for subsequent years of the control period to the extent of variation from the investments approved as part of the Capital Investment Plan such that TSDISCOMs shall have to:

- Seek approval for individual schemes in the Capital Investment Plan at least 90 days before undertaking the investment in accordance with the Guidelines on Investment Approval
- The individual schemes/projects submitted by the Distribution Licensee for Commission's approval must provide complete details including those relating to the cost and capitalisation for each year of the control period
- Justify the variations beyond 1.0 percent for each individual scheme/project and any other material variations from the Capital Investment Plan including introduction of; or substitution of existing schemes/projects by, new scheme/project(s).

3.5.2 From the instant petitions, it is apparent that the petitioners have not complied with the above stipulations. The Commission may direct the petitioners to submit a point-by-point compliance report of the above along with all of the necessary supporting documents and evidences and the same may be made available on the public domain so that the Objector may submit its objections/ suggestion on the same. In case of non-compliance by the petitioner the Commission may reject the instant petitions in limine.

Petitioners' Replies

- 3.5.3 During 1st, 2nd and 3rd control periods, TSDISCOMs have submitted the Resource Plan including Investment Plan of the licensees along with the filing of ARR before the Commission and same were placed before the stakeholders for inviting objections/suggestions. Further, the Commission has conducted public hearings on the above ARR filings of respective control periods. After considering the objections/suggestions of the stakeholders and prudence check, the Investment Plan of the respective licensees for each year of the control period was approved by the Commission in the respective MYT Orders.
- 3.5.4 The amount claimed in Investment Plan and the amount approved for each control period (1st, 2nd and 3rd are placed below for ready reference:

Table 3.1: Investment Plan claimed and approved in Tariff Order dated 29.04.2020

Rs. in crore

Particular	1 st control Period		2 nd control period		3 rd control period	
	Filing	ERC	Filing	ERC	Filing	ERC
TSSPDCL						
Investment	1457.82	879.49	7282.52	3916.00	10287	6676
TSNPDCL						
Investment	1042	663	3282	2068	6989	5349

- 3.5.5 From the above, it is evident that the Investment Plan was approved by the Commission for each control period only after detailed analysis and consideration of views of stakeholders.

Commission's View

- 3.5.6 The Commission has taken note of stakeholder's submission and the petitioners' response.

3.6 NON-COMPLIANCE TO THE COMMISSION'S GUIDELINES FOR INVESTMENT APPROVAL Stakeholders' Submissions

- 3.6.1 As can be observed from the Guidelines for Investment Approval mandate TSDISCOMs to:

- Obtain prior approval of the Commission for any investment above Rs.500 lakhs (major investment) providing due justifications. (Such that the waiver granted for implementing Schemes below Rs.500 lakhs relax only the requirement of obtaining prior Commission approval for the investment. The Commission still retains the authority to assess the efficiency and economy with which the Licensee makes any investment

and to verify that these investments are consistent with the spirit of the Licence and the Act, and for this purpose may require the Licensee to furnish details of any such scheme, from time to time.)

- Submit the PCC and FCC certificates (On completion of a scheme or a usable module of the scheme) to the effect that the assets created have been duly entered in the Fixed Assets Register by transfer from the CWIP register to OCFA to the Commission within 60 days of completion of work/module/scheme, at the latest. (Such that the Commission or its authorized representative shall have the right to verify the correctness of the PCC and FCC.)
- Undertake a post-completion review of the Scheme to assess whether the objective of the investment is met or not and whether or not the desired benefits are accruing from the Scheme and submit a report to the Commission after twelve months of its completion.

3.6.2 It is observed that the petitioners have flouted the 60 days limit for submission of PCCs and FCCs certificates. Moreover, in the instant petition, petitioners have not provided the mapping of each PCC and FCC with the associated work and cost (along with soft copies of work and cost details) for each year from FY 2006-07 to FY 2020-21 for both TSNPDCL and TSSPDCL. Nor have the petitioners submitted their Fixed Asset Registers for every year from FY 2006-07 to FY 2020-21.

3.6.3 The Commission may take cognizance of the above provisions of the Guidelines for Investment Approval and direct the petitioners to submit the necessary reports/documents and evidence and the same may be made available on the public domain so that the Objector may submit its objections/comments on the same.

3.6.4 Furthermore, the Commission may take due action providing due reasoning in accordance to the following provisions of the Guidelines for Investment Approval.

Petitioners' Replies

3.6.5 The Investment Plans for each year of control period (1st, 2nd and 3rd) of the licensees were approved by the Commission duly after conducting public hearings and prudent check.

3.6.6 TSDISCOMs submits that the petitions for true-up of 1st, 2nd and 3rd control periods have been delayed on account of various factors which were detailed in the instant petitions filed by TSDISCOMs.

- 3.6.7 After completion of the sanctioned works in line with the conditions laid down in each scheme/project, the Superintending Engineer of the concerned Circle Issues Work Completion Certificate, after thorough verification. This procedure ensures proper completion of the works, proper verification by Senior Engineers and proper capitalization of the assets.
- 3.6.8 TSNPDCL has successfully completed IPDS, DDUGJY & SAUBHAGYA schemes within the scheduled time and received appreciation from the Ministry of Power, Government of India.
- 3.6.9 The control period wise approved investment and actual investment along with variations are tabulated below:

Table 3.2: TSNPDCL Investment at actuals and variation

Rs. in crore

Investment (in Rs. crore)	Approved	Actual	Variation
1 st control period	663	758	94
2 nd control period	2068	1542	-526
3 rd control period	5349	3663	-1686
2019-20	1238	633	-605
2020-21	1279	470	-809

- 3.6.10 On account of completion of above works, TSNPDCL could achieve the following:
- No. of Consumers served were increased by 30,60,506 Nos. from FY 2005-06 to 2021-22.
 - The sales were increased from 6434MU (FY 2005-06) to 18642MU (FY 2021-22) which amounts to a growth of 290% over a period of 16 years' period with a CAGR of around 7%.
 - Distribution losses were reduced by an amount of 10.29% over the three control periods (from 21.09% in FY2005-06 to 10.80% in FY 2021-22)
 - 24 hrs un-interrupted, quality & reliability of power supply is being extended to consumers including Agricultural Consumers.
 - Fixed Asset Register for every year from FY 2006-07 to FY 2020-21 enclosed.
- 3.6.11 TSSPDCL has successfully completed IPDS, DDUGJY & SAUBHAGYA schemes within the scheduled time and received appreciation from the Ministry of Power, Government of India.
- 3.6.12 The control period wise approved investment and actual investment along with variations are tabulated below:

Table 3.3: TSSPDCL Investment at actuals and variation

Rs. in crore

Description	Approved	Actual	Variation
1 st control period	879.49	8162.10	1486
2 nd control period	3916	4464.16	548.16
3 rd control period	6676	8162.10	1485.93
FY 2019-20	1120.92	1384.82	263.90
FY 2020-21	1420.34	1205.88	-214.46

Commission's View

- 3.6.13 The Commission has taken note of the submissions of the stakeholders and the petitioners' response.

3.7 NON-COMPLIANCE TO THE DIRECTIVES**Stakeholders' Submissions**

- 3.7.1 As per the Distribution order dated 29.04.2020 of TSDISCOMs pertaining to 4th control period (FY2019-20 to FY 2023-24) issued the Commission had directed TSDISCOMs as follows:

Neutral Wire-HVDC areas The Commission directs TSDISCOMs to run neutral wire from 33/11 kV SS to all single-phase transformers both existing and new installations without resorting to use of earth as return conductor. Further, TSDISCOMs are directed to strictly implement earthing practices as per 61(1)(a), 67(1A) and 92 of IE Rules, 1956 and provide three earth pits as per the prescribed construction standards. The TSDISCOMs shall submit half yearly reports by 31st October and 30th April for the periods ending 30th September and 31st March respectively.

True-up for 1st, 2nd and 3rd control periods: *The Commission directs TSDISCOMs to submit their true-up claims along complete details sought regarding the capitalization claimed for each year of the 1st, 2nd and 3rd control periods in the petitions to be filed for Annual Performance Review for FY 2019-20. The TSDISCOMs are also directed to submit the requisite supporting documents such as Physical Completion Certificates (PCCs), Financial Completion Certificates (FCCs) etc. as mandated in the investment approval guidelines.*

The Commission directs TSDISCOMs to make a detailed submission regarding the differential treatment of GoTS under the UDAY scheme and likely consequences of the same in in the petitions to be filed for Annual Performance Review for FY 2019-20. The Commission directs TSDISCOMs to submit the details of long-term loans viz., loans availed for capital expenditure, taken over by GoTS under UDAY scheme in the petitions to be filed for Annual Performance Review for FY 2019-20.

Computation of depreciation in accordance with CERC (Terms and Conditions of Tariff) Regulations, 2019. The Commission directs TSDISCOMs to submit the computations of depreciation for each year of 4th control period in accordance with the provisions of the CERC Tariff

Regulations, 2019 in Annual Performance Review for each year of 4th control period.

Capital Investments: The TSDISCOMs shall seek approval for individual schemes at least 90 days undertaking the investment in accordance with the Guidelines for Investment Approval. The individual schemes/projects submitted by TSDISCOMs for Commission's approval must provide complete details including those relating to the cost and capitalisation for each year of 4th control period.

Considering the importance of capitalisation of works, the Commission lays down the following requirements to be fulfilled before accepting inclusion of the value of capitalised work in the Original Cost of Fixed Assets (OCFA):

- a. On completion of a capital work, a physical completion certificate (PCC) to the effect that the work has been fully executed, physically, and the assets created are put in use, to be issued by the concerned engineer not below the rank of Superintendent Engineer.*
- b. The PCC shall be accompanied or followed by a financial completion certificate (FCC) to the effect that the assets created have been duly entered in the fixed assets register by transfer from the Capital Works in Progress (CWIP) register to OCFA. The FCC shall have to be issued by the concerned finance officer not below the rank of Senior Accounts Officer.*
- c. The above mentioned certificates have to be submitted to the Commission within 60 days of completion of work, at the latest. The Commission may also inspect or arrange to inspect, at random, a few of the capitalised works included in the OCFA to confirm that the assets created are actually being used and are useful for the business.”*

3.7.2 It is apparent from the instant petitions of TSDISCOMs that TSDISCOMs have not complied with the Commission's Distribution order dated 29.04.2020.

3.7.3 The Commission may direct the petitioners to submit a point-by-point compliance report of the aforementioned directives along with all of the necessary supporting documents and evidences and the same may be made available on the public domain so that the Objector may submit its objections/comments on the same.

3.7.4 If the petitioners fail to prove absolute compliance to the Commission's directives in the aforementioned Distribution order dated 29.04.2020, it prayed that the instant petitions may be rejected in limine.

Petitioners' Replies

3.7.5 TSNPDCL has complied to the directives issued by the Commission in the Distribution Business Order dated 29.04.2020 for 4th control period.

3.7.6 **Directive No.1:** Neutral Wire-HVDC areas implementation report submitted to Commission vide Lr.No.D.No.224/20, dated 05.01.2021 as follows

3.7.7 **Agriculture:** The work of conversion from Single Phase Agriculture Distribution transformer to 3-phase Agriculture Distribution transformer was done in the identified locations in TSNPDCL area duly erecting 3-phase DTRs and also carried out laying of additional two wires to form 11 kV line and LT network. Apart from the above, new agriculture services were also released for the prospective consumers. Abstract of conversion progress as on Dec'20.

Table 3.4: TSNPDCL Conversion of single phase Agricultural DTRs

DISCOM	6.3 kV to 11 kV Line (km)	25/16 kVA DTRs (Nos.)	LT Line with AB Cable (km)	Conversion of existing LT 2 W/L to 3 W/L by stringing 3 rd wire(km)
NPDCL	527.62	2132	19.63	474.32

3.7.8 **Domestic:** In TSNPDCL area, the supply to village headquarter substations has been extended through 3-phase DTRs in some areas and for the remaining villages, the supply was extended through Single phase DTRs with the following feature:

- Earthing is being done with 2 Nos. electrodes of 2 Mtr. Long 50 mm dia, CI pipe, 25x3 mm GI flat (towns) and No.8 GI wire (rural areas).
- Separate earthing is being provided for HV & LV side of distribution transformers.
- Inter connection of both earth pits is made with GI flat.

3.7.9 Since the hamlets are spread over at distant places, running the neutral wire from 33/11 kV substation is very expensive. Further, earthing of neutral at intermediate locations, needs additional expenditure.

3.7.10 Hence, it has been decided to provide local ground earthing by maintaining the earth resistance as per REC construction standards.

3.7.11 In compliance to the Directive No.2, 3 & 5, the licensee has filed the petitions for True-up for 1st, 2nd & 3rd control periods and Annual Performance Review for FY 2019-20 along with an IA for condonation of delay in filing the petitions before the Commission. Further, the Physical Completion Certificates (PCCs)

& Financial Completion Certificates (FCCs) of the capitalised works details from FY 2010-11 to FY 2019-20 have been submitted along with the instant petitions.

3.7.12 As per Directive No.4, depreciation is calculated in accordance with the provisions of the CERC Tariff Regulations, 2019. TSNPDCL has followed CERC depreciation rates for computation of the depreciation from FY 2020-21 onwards i.e., 2nd year of 4th control period in its annual reports and claimed the depreciation as per CERC rates in APR petition for FY 2020-21. In view of the above the Commission is earnestly requested to allow true-up claims of depreciation for FY 2019-20 with MoP depreciation rates.

3.7.13 TSSPDCL has complied to the directives issued by the Commission in the Distribution Business Order dated 29.04.2020 for 4th control period. The detailed submissions are as detailed below:

- Directive No.1: TSSPDCL submits that it is in the process of complying to this directive by the Commission
- Directive No.2&4: In compliance to this directive, the licensee has filed the petitions for True-up for 1st, 2nd & 3rd control periods and Annual Performance Review for FY 2019-20 along with an IA for condonation of delay in filing the petitions before the Commission.
- Further, the Physical Completion Certificates (PCCs) & Financial Completion Certificates (FCCs) of the capitalised works details from FY 2010-11 to FY 2020-21 have been submitted along with the instant petitions.
- Directive No.3: Computation of depreciation in accordance with CERC (Terms and Conditions of Tariff) Regulations, 2019:
- TSSPDCL is in the process of adopting the CERC Depreciation rates and requests the Commission to consider the claim as per MoP rates till the time TSSPDCL adopts the CERC depreciation rates.

Commission's View

3.7.14 The Commission has taken note of stakeholders' submission and the petitioners' response. ***The Commission directs TSDISCOMs to submit a compliance report of the directives along with all of the necessary supporting documents by the end of 1st quarter of the FY 2023-24.***

3.8 SCOPE OF THE DISTRIBUTION BUSINESS ARR & TRUE-UP

Stakeholders' Submissions

3.8.1 In terms of Clause 3.3 of the Regulation, the ARR determined for the Distribution Business is the basis for the fixation of the wheeling tariff/charges.

So much of the Distribution Business ARR as is relevant to the Retail Supply Business of the licensee is to be considered in the ARR for the Retail Supply Business pursuant to Clause 6.4(b) of the Regulation.

- 3.8.2 In a True-up exercise, such as the one purportedly being undertaken presently, the methodology must necessarily be the same as in the Distribution Tariff Order. There cannot be any variation. It is only the actuals, subject to prudence check, that had to be substituted for the estimates considered in the original Distribution Tariff Order. This is settled law.
- 3.8.3 Clearly the licensees have not projected their true-ups by adopting the settled principle that the true-up is to be carried out on the same methodology as in the tariff order. For each of the control periods the licensees may be directed to furnish the true-ups on the basis of the same methodology as in the tariff order together with the relevant factual data of the actuals.

Petitioners' Replies

- 3.8.4 TSDISCOMs submit that the instant true-up and APR petitions were prepared in conformity with the Regulation 4 of 2005 except from certain variations and has also provided necessary justifications for such variations in the instant petitions and in reply to the additional information requirement sought by the Commission.

Commission's View

- 3.8.5 The Commission has taken note of stakeholders' submission and the petitioners' response.

3.9 USER UN-FRIENDLY FORMATS OF THE PETITIONS

Stakeholders' Submissions

- 3.9.1 The two petitions run into hundreds of pages, most of which are in pdf scan format. TSPDCL petition is 526 pages long and TSNPDCL one is 257 pages long. Out of the total of 783 pages, 80% are utilisation certificates, with no details, but appear after the petition of each control period. Table of contents and summary of the petitions are not available. Quite a few pages have been scanned upside down or in transpose, making it very difficult to read. There is no uniformity in format also. For example, TSPDCL summary Tables for a control period (giving break-up or ARR, Revenue and Gap) have total for each

control period. For TSNPDCL, total is available only for 3rd control period. Since the document is not searchable or amenable to copying, it takes a very long time to analyse the numbers.

- 3.9.2 It is strongly suggested that the petitions should be filed in a uniform format prepared by the Commission and all the important data tables should be made available in spread sheet format. This will improve the quality and quantity of public participation.

Petitioners' Replies

- 3.9.3 TSDISCOMs submit that the instant petitions can also be accessed through the respective websites of TSDISCOMs. The copies of the instant petitions available in websites are individual copies of petitions instead of a combined file.
- 3.9.4 TSDISCOMs make note of the observations made by the stakeholder in the context of uniformity of format and search ability of the petitions.

Commission's View

- 3.9.5 The Commission has taken note of stakeholders' submission and the petitioners' response.

3.10 SAFETY MEASURES

Stakeholders' Submissions

- 3.10.1 All the Tariff orders have allocated special provisions for safety measures. An analysis of the petitions shows that there was under spending in 1st control period, overspending in 2nd control period and very significant under spending in 3rd control period. This is indicated in Table below, which shows the approved and actual expenditure on safety for the whole state, for the three control periods.

Table 3.5: Approved and actual expenditure on safety for three control periods

	<i>Rs.in crore</i>		
Particulars	1st control period	2nd control period	3rd control period
Approved	30	50	493
Actual	22	127	133
% Utilisation	73	255	27

- 3.10.2 As indicated by data from CEA or National Crime Records Bureau, the number of accidents in the state has been increasing. Hence it is important to

understand the efficacy of these investments. Electricity accidents are an unfortunate side effect of electrification and require capital expenses, awareness building and allocation of human resources to reduce their incidence. For optimal utilisation of such special allocation, we suggest that the Commission to take up third party safety audit of TSDISCOMs. The objective could be to short list the causes of accidents and measures to reduce them in a planned fashion of the next 5-10 years. Another important aspect of rural supply is the rate of Distribution Transformer (DTR) failures. As per TSNPDCL petition, the percentage of DTR failures increased from 10% in FY 2010 to 15% in FY 2014 (calculated based on data available on pdf page 34 of TSNPDCL petition). It is surprising that this has happened even though the R&M cost for DTs have significantly increased from Rs.15.66 crore (FY2010) to Rs.41.4 crore (FY2014), which implies a per DTR R&M cost increase from Rs.1046 lakh/DTR (FY2010) to Rs.1979 lakh/DTR (FY2014). This also needs close scrutiny.

Petitioners' Replies

TSSPDCL:

- 3.10.3 TSSPDCL has been taking actions to reduce the electrical accidents subsequent damage caused by such accidents.
- 3.10.4 It is to submit that the following safety measures are being taken up to avoid electrical accidents:
- i) Yearly once, pre-monsoon inspections of lines are conducted with a program and the scheduled maintenance works are being carried out duly publishing in newspapers in advance, every month Second Saturday maintenance works at each substation are carried out.
 - ii) A detailed survey is being conducted for 33 kV, 11 kV and LT lines regularly to identify loose spans, leaned poles, rusted/damaged poles, in adequate clearances and the following rectification works are being carried promptly.
 - a) Insertion of intermediate poles.
 - b) Replacement of damaged poles.
 - c) Replacement of damaged conductors.
 - d) Providing of spacers.
 - e) Restrunging of loose spans.
 - f) Replacement of Discs/Insulators.
 - g) Rectification of stays.
 - h) Replacement of damaged AB switches.

- iii) Survey of Distribution Transformer structures is being conducted regularly and rectification works are being executed on top priority as follows:
 - a) Arresting of leakages and refilling of Transformer oil.
 - b) Rectification of defective AB switches.
 - c) Rectification of earth pipes and earthing.
 - d) Load balancing of DTRs.
 - e) Correction of HG Fuse gaps.
 - f) Replacement of LT bushing rods.
 - g) Rectification of section fuses.
 - h) Providing of fencing at vulnerable places.
 - i) Raising of plinth
- iv) In addition to the above, various rectification works were carried out under Palle Pragathi and Pattana Pragathi Schemes.
- v) Strict instructions were issued to the field officers to adhere to the department standard procedure for earthing of Distribution Transformers.

3.10.5 In addition to the above, TSSPDCL conducts awareness programs among the general public and also taking up diligent technical check-up of lines etc., periodically to curb fatal & Non-fatal accidents due to electrocution and TSDISCOMs are also imparting training to all the field staff on the subject of safety measures. TSSPDCL is conducting safety week in the first week of May every year.

3.10.6 Awareness is being created among the consumers not to utilize the sub-standard materials like house wiring, switches and service wires and electrical appliances.

3.10.7 TSSPDCL has adhered to the guidelines and directions by the Commission and has taken actions to reduce the electrical accidents. The expenditure shown by TSSPDCL in the instant petitions is utilized for improvement of safety measures for reduction of electrical accidents and payment of ex-gratia to Electrical accidents. But the safety measures like erection of intermediate poles for proper clearance, Providing of Earthing, Reconstruction of damaged DTR plinth expenditure was booked in the Capital expenditure. Hence, the incurred expenditure is less than the approved value.

TSNPDCCL:

3.10.8 TSNPDCL has been taking actions to reduce the electrical accidents and subsequent damage caused by such accidents.

3.10.9 It is to submit that the following safety measures are being taken up to avoid electrical accidents:

- i. Yearly once, pre-monsoon inspections of 33 kV, 11 kV and LT lines are conducted with a program and the scheduled maintenance works are being carried out duly publishing in newspapers in advance, every month Second Saturday maintenance works at each substation are carried out.
- ii. A detailed survey is being conducted for 33 kV, 11 kV and LT lines regularly to identify loose spans, leaned poles, rusted/damaged poles, in adequate clearances and the following rectification works are being carried promptly.
 - a) Insertion of intermediate poles.
 - b) Replacement of damaged poles.
 - c) Replacement of damaged conductors.
 - d) Providing of spacers.
 - e) Restringing of loose spans.
 - f) Replacement of Disc's/Insulators.
 - g) Rectification of stays.
 - h) Replacement of damaged AB switches.
- iii. Survey of Distribution Transformer structures is being conducted regularly and rectification works are being executed on top priority as follows:
 - a) Arresting of leakages and refilling of Transformer oil.
 - b) Rectification of defective AB switches.
 - c) Rectification of earth pipes and earthing.
 - d) Load balancing of DTRs.
 - e) Correction of HG Fuse gaps.
 - f) Replacement of LT bushing rods.
 - g) Rectification of section fuses.
 - h) Providing of fencing at vulnerable places.
 - i) Raising of plinth

In addition to the above, various rectification works were carried out under Palle Pragathi and Pattana Pragathi Schemes.
- iv. Strict instructions were issued to the field officers to adhere to the department standard procedure for earthing of Distribution Transformers.

3.10.10 In addition to the above, TSNPDCL conducts the awareness programs among the general public and also taking up diligent technical checkup of lines etc., periodically to curb fatal & Non-fatal accidents due to electrocution and TSNPDCL is also imparting training to all the field staff on the subject of safety measures.

3.10.11 TSNPDCL is conducting safety week in the first week of May every year. Awareness is being created among the consumers not to utilize the sub-standard materials like house wiring, switches and service wires and electrical appliances.

3.10.12 TSNPDCL has adhered to the guidelines and directions by the Commission and has taken actions to reduce the electrical accidents. The expenditure shown by TSNPDCL in the instant petitions is utilized for improvement of safety measures for reduction of electrical accidents and payment of Ex-gratia to Electrical accidents. But the safety measures like erection of intermediate poles for proper clearance, Providing of Earthing, Reconstruction of damaged DTR plinth expenditure was booked in the Capital expenditure. Hence, the incurred expenditure is less than the approved value.

3.10.13 As regards to safety audit, TSNPDCL shall abide by the directions of the Commission.

Commission's View

3.10.14 The Commission has taken note of stakeholders' submission and the petitioners' response.

3.11 CONTROLLABLE & UNCONTROLLABLE ITEMS

Stakeholders' Submissions

3.11.1 Uncontrollable Items: The only uncontrollable item in the Distribution Business is "Taxes on Income". Nothing more needs to be said on this item as the variations stated are marginal and nominal.

3.11.2 Controllable Items: With respect to the Distribution Business, the controllable items as per the Regulation are

- (a) O&M expenses
- (b) RoCE
- (c) Depreciation
- (d) Non-Tariff Income.

3.11.3 In each of the above cases the licensee has to present the actuals for true-up on the same methodology and basis as in the relevant tariff order. Where norms were the basis of the determination in the relevant item, the same norms are to be applied on the actuals of the relevant variables. For example, if the approved

expenditure is on the basis of estimated ckt kms etc, the true-up expenditure must be computed on the basis of the actual ckt kms applying the same norm.

- 3.11.4 It is submitted that the classification of expenses as uncontrollable and controllable must be given a purposive meaning and effect in the consumer interest.
- 3.11.5 “Controllable” means that it is within the control of the licensee and therefore any losses arising on such items cannot be allowed. Only such parts of excess expenditure on such items as are shown by specific and explicit pleadings and evidence to have been due to uncontrollable force majeure factors can be considered. Otherwise, all losses on controllable items are to the account of the licensee alone and cannot be allowed. On the other hand, if there are gains on any controllable items, the same are subject to sharing or passthrough. Share for the licensee in gains ought to be allowed only if the gain has been due to any identifiable efficiency improvement in the working of the utility, and not otherwise. For example, if a gain is the result of not carrying out works which ought to have been carried out, no share ought to be allowed to the licensee on the gains.
- 3.11.6 The Regulation requires the licensee to present a statement of gain/loss against each controllable item after adjusting for any variations on account of uncontrollable factors. The licensees have not complied with the requirements of this Clause.
- 3.11.7 The licensees have not pleaded or demonstrated by details or evidence any force majeure circumstances with respect to any of the losses in any controllable item.

Petitioners’ Replies

- 3.11.8 TSDISCOMs submit that the instant true-up and APR petitions were prepared in conformity with the Regulation 4 of 2005 except from certain variations and has also provided necessary justifications for such variations in the instant petitions and in reply to the additional information requirement sought by the Commission.

Commission's View

3.11.9 The Commission has taken note of stakeholders' submission and the petitioners' response.

3.12 GROSS FIXED ASSETS (GFA)

Stakeholders' Submissions

3.12.1 Chapter-III of the tariff order for 3rd control period deals with the approval of the Investment Plan. In para 38, under Table 3.11, the said order clearly directs that "*The TSDISCOMs shall strictly adhere to the head-wise investment schedule mentioned in Annexure-E while incurring capital investment.*" Annexure-E to the Order specifies the approved investment for each TSDISCOM.

3.12.2 The Commission was mindful of the fact that the investments made by the licensees will have financial consequences on the consumers, and that the investments need to be regulated. Accordingly, the investments were regulated. The Order of the Commission with regard to the investment approved will have to be given effect to; and the licensees will have to themselves bear the brunt of consequences arising out of not complying with the order and direction of the Commission. There is no explanation or details in the petition with regard to the variation from the amounts of investments approved by the Commission.

3.12.3 Consequently, the GFA to be considered for all purposes in true-up (viz., R&M, RRB, depreciation etc) will have to be limited to the approved GFA or the actual GFA whichever is lower.

3.12.4 It is necessary also to ascertain the gross value of the assets no longer in use in each financial year and to remove such value from the GFA.

Petitioners' Replies

3.12.5 TSNPDCL has submitted the work wise details of capitalization and the PCC & FCCs for the works executed in support of capitalization. TSNPDCL requests the Commission to approve the capitalization as claimed in the instant petitions.

3.12.6 TSDISCOMs, with the commitment for providing power supply with quality and reliability has carried out the works as per the standards and in course of the same there were slight variations of the actual expenditure incurred from the

approved expenditure by the Commission. In view of the same, the Commission is requested to approve the claims as made by TSDISCOMs.

Commission's View

3.12.7 The Commission has taken note of stakeholders' submission and the petitioners' response.

3.13 TRUING-UP OF O&M EXPENSES IS NOT ALLOWABLE AS IT IS A CONTROLLABLE EXPENSE

Stakeholders' Submissions

3.13.1 The TSSPDCL and TSNPDCL TSDISCOMs have claimed a true-up of Rs.2,555.61 crore & Rs.1,403.56 crore respectively towards the variation in the O&M Expenses for the Period from FY 2006-07 to FY 2020-21. The TSSPDCL and TSNPDCL have stated the actual O&M expenses to the tune of Rs.20,299.95 crore & Rs.12,037.99 crore respectively against the approved value of Rs.17,744.34 & 10,634.43.

3.13.2 As per clause 10.4 of Regulation No.4 of 2005, the O&M expenses are 'Controllable' expenses and the Commission in its latest Tariff Order dated 29.04.2020 and past orders had allowed the same on normative basis. In view of the provisions of Regulation No.4 of 2005, the variation in respect of 'Controllable' expenses are not allowable.

3.13.3 Clauses 10.5-10.8 of the defined regulation clearly depicts a picture that only force majeure items are allowed for pass through over and above the normative values, subjected to Commission prudence check.

3.13.4 Contrary to this, the petitioners have claimed the entire variation in O&M expenses without appreciating that Reg.10.8 provides that only the gains and losses on account of factors which are beyond the control of the petitioner – force majeure – are to be allowed.

3.13.5 Basically, the Operation and Maintenance Expenses consist of three elements:

- a. Employee Cost Expenses
- b. Repair and Maintenance Expenses
- c. Administrative and General Expenses

3.13.6 As TSDISCOMs are regulated entities, the Commission has set out the allowable norms for these three components in the relevant tariff orders which

are to be strictly adhered. However, both TSDISCOMs have deviated from the approved norms. The major reasons stated in instant petitions against the variation are as below:

- Wage Revision
- Regularization of outsourcing employees
- Actuarial Valuation Report
- Leave Encashment
- DA hike and new recruitment
- Increase in Repairs and Maintenance cost
- Increase in travelling and vehicle hire expenses

3.13.7 For 1st control period the tariff order discusses the issue but allows only a specified increase year by year. The licensee cannot contend that the Commission disregarded the methodology proposed by it at the time of the tariff order and go on to claim true-up on an entirely different basis. The licensee is bound by the tariff order operating as an inviolable budget, and even employee costs are to be controlled by the licensee within the amount approved. The same applies to 2nd control period.

3.13.8 For 3rd control period the tariff order sets out norms irrespective of the actual cost. These norms cannot be varied in a true-up exercise. The employees cost includes all components such as salaries, benefits, pension, leave encashment etc. The norms have to be applied to the actual number of substations, Line ckt.km., DTR, and number of consumers. No details are available in the petition as to these actuals. The licensees may be directed to furnish the necessary information so as to enable the Objector to evaluate the amount allowable in true-up. Further, the increase in the sub-stations, lines, DTRs etc is also to be limited to the approved increase. Clause 9 of the Regulation provides for, inter alia, a capital investment plan to be approved by the Commission and these are to be adopted for the determination of tariff. Para 36 read with Table 5.16 of the said tariff Order deals with the Investment plan approved. The Commission has already considered the increases in the MYT period and determined the EC&AG expenses according to the norms. Therefore, no increase whatsoever over the approved amounts for each year of the control period can be allowed to the licensees.

3.13.9 On the other hand, if there are gains to the licensees by applying the same methodology, the same are to be passed on to the consumers in the next ARR. No share of gains on this account may be allowed to the licensees as the norms are asset based.

3.13.10 It is re-iterated that allowing additional expenditure over and above that computed as per the norms and the approved capital plan is not permissible in a true-up exercise. It is tantamount to modifying the norm itself which is impermissible in a true-up exercise.

3.13.11 It is reiterated that the Commission may direct the petitioners to submit the following details, without which prudence check exercise of Wage Revision, Actuarial Valuation Report, Leave Encashment, Increase in Repairs and Maintenance cost, increase in travelling and vehicle hire expenses, would be hampered.

- All Actuarial Valuation Reports for TSNPDCL and TSSPDCL from FY 2006-07 to FY 2020-21;
- Detailed Report on Wage Revision Impact for TSNPDCL and TSSPDCL from FY 2006-07 to FY 2020-21;
- Detailed explanation with supporting documents for increase in Repair and Maintenance Expenses for TSNPDCL and TSSPDCL from FY 2006-07 to FY 2020-21;
- Detailed explanation with supporting documents for increase in Administrative and General Expenses for TSNPDCL and TSSPDCL from FY 2006-07 to FY 2020-21;

Petitioners' Replies

3.13.12 Licensee submit that they have complied with the provisions of Regulation No.4 of 2005 and have provided the justifications for variations between the approved and actual claimed expenses in the instant petitions. Further Licensee will submit the required information as sought by the Commission during the proceedings.

3.13.13 It is to be noted that Regulation 10.8 states that variation in O&M expenses on account of factors beyond the control of petitioner will be allowed. TSDISCOMs submit that the variations between the approved and actual claimed were due to the factors which are not under the control of TSDISCOMs and they were required to incur such expenditure in order to deliver the service as per terms and conditions agreed while granting license to TSDISCOMs by the

Commission and also as per the tripartite agreement entered by TSDISCOMs during unbundling of State Electricity Board.

3.13.14 For instance, the approved O&M Cost in the control periods are arrived without factoring the wage revision impact, and the major contributor for variation in O&M Cost is due to wage revision which is an uncontrollable factor and beyond the control of the Distribution Licensee as agreed under tripartite agreement entered by TSDISCOMs during unbundling of State Electricity Board.

3.13.15 It is to be noted that Regulation 10.8 states that variation in O&M expenses on account of factors beyond the control of petitioner will be allowed. TSDISCOMs submit that the variations between the approved and actual claimed were due to the factors which are not under the control of TSDISCOMs and they were required to incur such expenditure in order to deliver the service as per terms and conditions agreed while granting license to TSDISCOMs by the Commission and also as per the tripartite agreement entered by TSDISCOMs during unbundling of State Electricity Board.

3.13.16 It is further to be noted that the claimed variation in some of the factors is on account of the fact that such factors were not considered by the Commission while fixing the O&M expenses target for the Distribution Business in the MYT Orders. Since the same have not been considered while arriving the approved norms in the tariff Orders, Licensee requests the Commission to consider the actual expenses incurred against these factors and approve the same.

3.13.17 The information as sought by the Commission has been submitted by the Licensee and are also available in the website. Licensee requests the Commission to consider the responses to the additional information submitted for approving the claims made by the Licensee.

Commission's View

3.13.18 The Commission has taken note of stakeholders' submission and the petitioners' response.

3.14 ENABLING PROVISION FOR O&M EXPENSES COMPUTATION AS PER REGULATION *Stakeholders' Submissions*

3.14.1 Clause 14 of Regulation No.4 of 2005 stipulate the following pertaining to Operation and Maintenance Expenses.

3.14.2 O&M norms defined in the MYT order dt. 27.03.2015 & 29.04.2020:

3.14.3 Notwithstanding the previous points, it is submitted that the Commission vide its Order dt. 27.03.2015 has defined the O&M norms for FY 2015-16 to FY 2018-19 as follows:

- In the same manner, the Commission has also approved the O&M norms for FY 2019-20 and FY 2020-21 as follows vide its Order dt. 29.04.2020:
- The Objector has computed the allowable True-up for TSSPDCL and TSNPDCL in accordance to the above norms defined by the Commission and the actual Substations, Line Length, DTR, Consumer and GFA data as available in the Audited Accounts of the petitioners:
-
- It is prayed that the Commission may limit the O&M expenses to the approved value for the period 2006-2015 and may allow the O&M expenses (based on norms approved by the Commission) as per Objector's Assessment for the period 2016-21.

Petitioners' Replies

3.14.4 Licensee appreciates the intention and efforts put in by the objector behind the analysis undertaken for the computation of O&M expenses. However, Licensee observed computational errors in the computation provided by the objector. The Employee and A&G expenses arrived by objector and Licensee are different i.e., for the period from FY 2015-16 to FY 2020-21 the employee and A&G expenses of TSNPDCL as per objector amounts to Rs.4105.60 crore which is not correct and having clerical error.

3.14.5 The Employee and A&G expenses arrived by objector and TSSPDCL are different. For the period from FY 2017-18 to FY 2019-20, the employee and A&G expenses as per objector amounts to Rs.2955.04 crore which is not correct and have errors in the methodology.

3.14.6 Licensee feels that computations were intended only towards the reduction of the claim of Licensee. Licensee has incurred O&M cost more than the normative norms on account of un- controllable factor i.e., Wage revision which is beyond the control of Licensee.

3.14.7 In view of the above, Licensee requests the Commission to consider the claim of O&M Expenses as claimed in the instant petitions.

3.14.8 Licensee requests the Commission to approve the O&M expenses as claimed in the instant petitions.

- 3.14.9 It is to be noted that Regulation 10.8 states that variation in O&M expenses on account of factors beyond the control of petitioner will be allowed. TSDISCOMs submit that the variations between the approved and actual claimed were due to the factors which are not under the control of TSDISCOMs and they were required to incur such expenditure in order to deliver the service as per terms and conditions agreed while granting license to TSDISCOMs by the Commission and also as per the tripartite agreement entered by TSDISCOMs during unbundling of State Electricity Board.
- 3.14.10 It is further to be noted that the claimed variation in some of the factors is on account of the fact that such factors were not considered by the Commission while fixing the O&M expenses target for the Distribution Business in the MYT Orders. Since the same have not been considered while arriving the approved norms in the tariff Orders, TS TSDISCOM requests the Commission to consider the actual expenses incurred against these factors and approve the same.
- 3.14.11 For instance, the approved O&M Cost in the control periods are arrived without factoring the wage revision impact, and the major contributor for variation in O&M Cost is due to wage revision which is an uncontrollable factor and beyond the control of the Distribution Licensee as agreed under tripartite agreement entered by TSDISCOMs during unbundling of State Electricity Board.
- 3.14.12 R&M expenses are also to be allowed only on normative basis. It is submitted that the GFA itself is not unregulated (please see hereunder under the heading GFA). The GFA to be considered for the purposes of R & M expenses is the approved Opening GFA as per the approved investment plan or the actual opening GFA whichever is less.
- 3.14.13 The O&M expenses, being the aggregate of the Employees Costs, AG Expenses and the R&M expenses will have to be determined in true-up on the basis of the submissions made.

Commission's View

- 3.14.14 The Commission has taken note of stakeholders' submission and the petitioners' response.

3.15 DEPRECIATION

Stakeholders' Submissions

- 3.15.1 It has been observed that the Distribution Licensees have computed depreciation in the instant petition using the depreciation rates notified by Ministry of Power (MoP), GOI and incorporated the same into the RRB and expenditure calculations.
- 3.15.2 As per the enabling provision listed in Regulation No.4 of 2005, depreciation ought to be computed as per the defined CERC rates. This is affirmed by the Commission in clause 15 of Regulation No.4 of 2005.
- 3.15.3 Clause 17 requires the methodology as decided by CERC from time to time. Prima facie, it does not appear that the depreciation has been computed as per the applicable CERC Regulations. MoP guidelines are inapplicable in the teeth of specific provisions in the Regulation. It is also settled law that if the tariff order departs from the Regulation the departure will have to be corrected at the time of true-up in conformity with the Regulation.
- 3.15.4 Clause 17.4 provides that Depreciation shall be allowable only from financial year following the financial year in which the asset was first put to use. It is not clear whether this has been done. It is not clear as to what part of the additions to fixed assets in a financial year was put to use in the same financial year. In the absence of such necessary information, the amount of depreciation cannot be verified or computed.
- 3.15.5 It is reiterated that the depreciation is to be allowed only on the opening GFA (to the extent the assets have been put to use) or the actual opening GFA (also to the extent the assets have been put to use) whichever is lower. Any gains on this account are only to the share of the consumers.
- 3.15.6 By way of caution, it is submitted that the GFA or depreciation claimed in the audited accounts, which may be in terms of the requirements of the Companies Act, is not relevant in the regulatory context. Also, the treatment of consumer contribution in the audited accounts is not relevant if different from that in the regulatory framework. It is the depreciation as per the Regulation 4 of 2005 that is relevant and applicable.

3.15.7 Therefore, it is prayed that the Commission may direct the petitioner to revise its Depreciation claims in accordance to clause 15 of Regulation No.4 of 2005, and subsequently allow Depreciation after due prudence check.

Petitioners' Replies

3.15.8 In the distribution filing of 1st control period, the licensees had claimed depreciation at the rates specified by Central Electricity Regulatory Commission (CERC) plus Advance Against Depreciation (AAD). In the para 252 of Tariff Order dated 23.03.2006, the Commission has decided to allow TSDISCOMs to claim depreciation at the MoP rates and disallow the AAD. Further it is to submit that, the Commission allowed depreciation with MoP rates till 3rd control period and issued MYT Orders accordingly.

3.15.9 In 4th control period even though TSDISCOMs have claimed depreciation as per MoP rates, the Commission has adopted CERC depreciation rates for approving depreciation for 4th control period.

3.15.10 TSNPDCL has followed CERC depreciation rates for computation of the depreciation from FY 2020-21 onwards i.e., 2nd year of 4th control period in its annual reports and claimed the depreciation as per CERC rates in APR petition for FY 2020-21.

3.15.11 TSSPDCL is in the process of adopting the CERC Depreciation rates and requests the Commission to consider the claim as per MoP rates till the time TSSPDCL adopts the CERC depreciation rates.

3.15.12 In view of the above the Commission is earnestly requested to allow true-up claims of depreciation up to FY 2019-20 with MoP depreciation rates.

Commission's View

3.15.13 The Commission has taken note of stakeholders' submission and the petitioners' response.

3.16 RRB & RoCE COMPUTATION METHODOLOGY

Stakeholders' Submissions

3.16.1 The TSSPDCL and TSNPDCL have claimed a true-up of Rs.185.99 crore and Rs.525.01 crore respectively towards the variation in the Return on Capital Employed (RoCE) for the Period FY 2007 to FY 2021. The TSSPDCL and

TSNPDCL has stated that the actual RoCE is to the tune of Rs.5,080.21 crore and Rs.2,524.27 crore respectively.

- 3.16.2 Regulated Rate Base is defined in Clause 2(o) of the Regulation as the value of GFA net of consumer contribution and accumulated depreciation. However, the RRB for the purposes of computing RoCE in terms of Clause 15.1 of the Regulation is different. Keeping that anomaly aside, the working capital is taken as part of the RRB.
- 3.16.3 It is clear from the definition of RRB_i in Clause 15.1 that the RRB for the *i*th year is to be determined on the basis of the approved capital investment plan referred to in Clause 16.1. Therefore, the RRB calculation for RoCE has to be on the basis of the GFA as approved in the investment plan or the actual GFA whichever is lower.
- 3.16.4 The working capital component WC for computation of RoCE is to be computed in true-up on the basis of the allowable O&M expenses as submitted.
- 3.16.5 In line with the Clause 15 of Regulation No.4 of 2005 and the RoCE Computation Methodology adopted as per the MYT Order dated 27.03.2015, the Objector has computed the RoCE allowable to TSSPDCL and TSNPDCL based on the Audited Accounts for the respective control Period.
- 3.16.6 RoCE is to be computed having regard to the submissions made on the GFA, RRB and working capital. However, it is submitted that any loss of RoCE ought not to be allowed as a pass through to the consumer. It should be borne by the licensee alone. On the other hand, if there is a gain in RoCE, the licensee ought to be declined any share of the gain.
- 3.16.7 It is prayed that the Commission may allow the ROCE as per Objector's Assessment for the period 2016-21, subjected to prudence check.

Petitioners' Replies

- 3.16.8 TSDISCOMs submit that they have claimed the RoCE in the instant petitions in line with Regulation 4 of 2005 and in line with the methodology adopted in the MYT Order dated 27.03.2015. Accordingly, TSDISCOMs request the Commission to approve the RoCE claimed by TSDISCOMs.

3.16.9 The claim of RoCE by TSDISCOMs in the instant petitions and the actual RoCE recorded in Annual Reports of the Company for the period from 1st control period till FY 2020-21 is placed in Table below:

Table 3.6: RoCE claims and actuals as per Annual Reports

Rs.in crore

Period	RoCE claimed in petition	Finance Cost as per Annual Reports
TSSPDCL		
1 st control period	377.82	776.80
2 nd control period	1270.00	4158.75
3 rd control period	2232.75	4911.46
FY 2019-20	583.22	1489.51
FY 2020-21	615.99	1905.46
TSNPDCCL		
1 st control period	251	264
2 nd control period	708	1409
3 rd control period	1030	1954
FY 2019-20	267	627
FY 2020-21	268	695

3.16.10 From the above it is evident that the licensee has claimed the ROCE as per methodology approved in the MYT orders.

Commission's View

3.16.11 The Commission has taken note of stakeholders' submission and the petitioners' response.

3.17 NON-TARIFF INCOME

Stakeholders' Submissions

3.17.1 The TSSPDCL and TSNPDCL have claimed the non-tariff income to the tune of Rs.2,649.18 crore and Rs.572.93 crore against the approved amount of Rs.2.714.97 crore and Rs.993.56 crore for the period of 2006-21 pertaining to distribution business.

3.17.2 Non-Tariff income means the income relating to the licensed business other than from tariffs for wheeling and retail sale, excluding any income from Other Business and income on account of Fuel Surcharge.

3.17.3 Adjustment, Cross-subsidy Surcharge and Additional Surcharge.

3.17.4 The Commission in its tariff regulations 2005 defines the Non-Tariff as a controllable factor. It has been observed that the Non-Tariff in the Audited Accounts of the Licensees is booked to the tune of Rs.4,370.15 crore and

Rs.1,280.96 crore for TSSPDCL and TSNPDCL respectively for the period of 2006-21.

- 3.17.5 A simple comparison between the claimed non-tariff income and non-tariff income booked in Audited Accounts indicates that there is an understatement in non-tariff income claim made by Licensees.
- 3.17.6 Non-Tariff Income is defined in Clause 2(l) of the Regulation. It relates to both distribution and retail supply. The petitions do not state as to what part of the non-tariff business relates to distribution business and what part relates to retail supply business. It should not be that the licensee can, or does, claim losses in non-tariff income in the true-up of both. The Commission is requested to allow the Non-Tariff Income as per audited accounts as assessed by the Objector and may reduce the same from the claimed true-up/ARR claim.

Petitioners' Replies

- 3.17.7 It is to submit that the licensee is having two businesses i.e., Distribution Business and Retail Supply Business. In this regard, the Non-Tariff Income (NTI) of the Licensee has to segregate into two businesses based on the nature of element.
- 3.17.8 Further, in the case of TSNPDCL, it is to submit that in 1st control period, no NTI of licensee was considered for the Distribution Business by the Commission while issuing MYT Order. However, in the subsequent control periods, the total NTI of the Licensee was segregated into two businesses.
- 3.17.9 TSSPDCL has claimed to the extent of NTI of Distribution Business only in the present petition, as the instant petitions are in respect of Distribution Business only.
- 3.17.10 TSDISCOMs submit that the non-tariff income as assessed by the objector does not provide for breakup of the individual items which were considered for distribution business out of the total individual items recorded in the respective schedule of annual audited accounts.
- 3.17.11 Whereas, TSDISCOMs has provided the detailed breakup of NTI between Distribution Business and Retail Supply Business in the instant petitions and as part of reply to the additional information requirement sought by the Commission.

3.17.12 TSDISCOMs request the Commission to approve NTI as claimed by TSDISCOMs.

Commission's View

3.17.13 The Commission has taken note of stakeholders' submission and the petitioners' response.

3.18 SPECIAL APPROPRIATIONS - SAFETY MEASURES

Stakeholders' Submissions

3.18.1 Purchase of safety material such as earth discharge rods etc are normally routine and regular purchase items within the O&M expenses.

3.18.2 The object and purpose of the Commission allowing a special appropriation as a one-time measure is to give a quantum leap in safety measures so as to achieve a drastic reduction in electrical accidents and compensations paid for electrical accidents. That objective has not been served as there is continuous increase in electrical accidents and fatalities. The special appropriations was not utilised. Now again the special appropriation allowed is barely utilised and the object is not served.

3.18.3 What the licensees appear to do is to divert routine regular expenditure on safety material from O&M expenses to Special appropriations. That should not be permitted. The amounts stated to have been spent ought to be properly considered as part and parcel of O&M expenses. The entire amount of approved special appropriations ought to be treated as a gain and allowed to be a pass through entirely to the consumers.

Petitioners' Replies

TSSPDCL:

3.18.4 TSSPDCL has adhered to the guidelines and directions by the Commission and has taken actions to reduce the electrical accidents. The expenditure shown by TSSPDCL in the instant petitions is utilized for improvement of safety measures for reduction of electrical accidents

TSNPDCL:

3.18.5 TSNPDCL has adhered to the guidelines and directions by the Commission and has taken actions to reduce the electrical accidents. The expenditure shown by TSNPDCL in the instant petitions is utilized for improvement of safety measures

for reduction of electrical accidents and payment of Ex-gratia to Electrical accidents. But the safety measures like erection of intermediate poles for proper clearance, Providing of Earthing, Reconstruction of damaged DTR plinth expenditure was booked in the Capital expenditure. Hence, the incurred expenditure is less than the approved value.

Commission's View

3.18.6 The Commission has taken note of stakeholders' submission and the petitioners' response.

3.19 OTHER EXPENDITURE

Stakeholders' Submissions

3.19.1 TSSPDCL and TSNPDCL have claimed Other Expenditure to the tune of Rs.124.66 crore and Rs.28.82 crore respectively against approved value of Rs.7.13 crore and 30.56 crore respectively for the period from FY 2006-07 to 2020-21.

3.19.2 From the details submitted by TSSPDCL against other expenditure claim, it has been observed that in the case of TSSPDCL, the Increase in Other Expenditure is mainly due to Compensation provided for Injuries, Death and Damages. While there is no rationale/backing provided in the instant petition for TSNPDCL's other expenditure claim.

3.19.3 There appears to be diversion from other heads to this head, the details of which is not clear. If expenses that are properly part of O&M or A&G expenses have been diverted to this account, it ought to be excluded altogether. A careful examination of this head of account is necessary. In any case, unless expressly shown by pleadings and evidence that they are due to uncontrollable factors, no part of such losses can be allowed.

3.19.4 Moreover, Other Expenditure is neither classified as an uncontrollable item or a controllable item in Clause 10.4, and therefore it is not an item subject to truing up either in terms of Clause 10.5 to 10.7 or 10.8 of the Regulation. The losses are entirely to be disallowed.

3.19.5 In light of the same, the Objector requests that the Commission may outright disallow the true-up claim of TSSPDCL and TSNPDCL towards Other

Expenditure and further direct TSNPDCL to submit the details of its Other Expenditure Claim.

Petitioners' Replies

TSSPDCL:

- 3.19.6 TSSPDCL submit that the other expenditures claimed are necessary to be incurred during the course of functioning. Considering the fact that TSDISCOMs are regulated entities, disallowance of any expenditure incurred contributes to the losses to TSDISCOMs. The TSDISCOMs have always endeavoured to improve their operational and financial efficiencies so as to provide reliable electricity at affordable costs to the consumers of the State.
- 3.19.7 Out of the total other expenditure claimed the major contributor is compensation for Injuries, Death and Damages, in this regard it is to be noted that in most of the cases, it is observed that the damage is incurred due to the negligence of the victim and not department fault. In view of the same, TSSPDCL request the Commission to approve the claims against other expenditure as claimed in the instant petitions.

TSNPDCL:

- 3.19.8 TSNPDCL, as part of reply to the additional information requirement, has provided the information regarding the other expenditure as sought by the Commission and also is placed in the website. The components of other expenditure are as follows:
- a. Compensations.
 - b. Materials/Scrap/Assets Loss, etc.
 - c. Prior Period Expenses.
- 3.19.9 TSNPDCL requests the Commission to approve the claims against other expenditure as claimed in the instant petitions.

Commission's View

- 3.19.10 The Commission has taken note of stakeholders' submission and the petitioners' response.

3.20 ALLOWABLE TRUE-UP AS PER OBJECTOR'S ASSESSMENT

Stakeholders' Submissions

- 3.20.1 Notwithstanding the prayers at Sections Nos.2 to 5 of these Objections, the Allowable True-up of the Distribution Business of TS TSDISCOMs as per Objector's Assessment is as follows:
- 3.20.2 Notwithstanding the prayers at Sections Nos.2 to 5 of these Objections, it is prayed that the Commission may approve a true down of Rs.6515.85 crore for TSSPDCL and Rs.4917.71 crore for TSNPDCL crore as assessed by the Objector against true-up claim of petitioner which is Rs.3259 crore for TSSPDCL and Rs.833.54 crore for TSNPDCL.
- 3.20.3 In view of the above the Commission may
- a. Consider the above Objection Statement filed by the Objector;
 - b. Declare that the instant petitions filed by the petitioners are opposed to and ultra vires the Andhra Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Wheeling and Retail Sale of Electricity) Regulations, 2005 and the Commission Guidelines for Investment Approval (February 2006) and the Commission directives as per the Order dated 29.04.2020, and reject the same in limine;
 - c. Direct the petitioners to furnish the data requested by the Objector as per its Letter attached herewith as Appendix-A, along with comprehensive workable excel model for the same;
 - d. Notwithstanding Prayer B, consider the following Prayers of the Objector
 - e. Ensure that the borrowings made by the state to takeover TSDISCOMs debt during 2016-17 would be transferred to TSDISCOMs as a mix of grant, loan or equity are strictly in accordance with the Terms of the UDAY MoU and that the other commitments of Govt. of Telangana and TSDISCOMs are being strictly complied with; Wherever there is non-compliance of the Terms of the UDAY MoU, it is prayed that the Commission may take note of the same in its Order and disallow any claims made by the petitioners which are in violation of the Terms of the UDAY MoU in the instant petition.
 - f. Limit the O&M expenses to the approved value for the period 2006-2015 and may allow the O&M expenses (based on norms approved by the Commission) as per Objector's Assessment for the period 2016-21.
 - g. Direct the petitioner to revise its Depreciation claims in accordance to the clause 15 of Regulation No.4 of 2005, and subsequently allow Depreciation after due prudence check.
 - h. Allow the ROCE as per Objector's Assessment for the period 2016-21, subjected to prudence check.
 - i. Allow the Non-tariff income as per audited accounts as assessed by the Objector and may reduce the same from the claimed true-up/ARR claim.

- j. Disallow the truing up of other expenses as such claims are extraneous to the Regulation;
- k. Approve a true down of Rs.6515.85 crore for TSSPDCL and Rs.4917.71 crore for TSNPDCL crore as assessed by the Objector;
- l. Pass necessary orders as may be deemed appropriate in the facts and circumstances of the case in the interest of justice

Petitioners' Replies

- 3.20.4 TSNPDCL has responded to the item-wise assessments as proposed by the objector in the abovementioned sections. TSNPDCL would request the Commission to consider the true-up claims as submitted TSDISCOM considering the justifications shared on the same. TSSPDCL submit that the other expenditures claimed are necessary to be incurred during the course of functioning. Considering the fact that TSDISCOMs are regulated entities, disallowance of any expenditure incurred contributes to the losses to TSDISCOMs. The TSDISCOMs have always endeavoured to improve their operational and financial efficiencies so as to provide reliable electricity at affordable costs to the consumers of the State.
- 3.20.5 Out of the total other expenditure claimed the major contributor is compensation for Injuries, Death and Damages, in this regard it is to be noted that in most of the cases, it is observed that the damage is incurred due to the negligence of the victim and not department fault. In view of the same, TSSPDCL request the Commission to approve the claims against other expenditure as claimed in the instant petitions.
- 3.20.6 TSSPDCL submit that the other expenditures claimed are necessary to be incurred during the course of functioning. Considering the fact that TSDISCOMs are regulated entities, disallowance of any expenditure incurred contributes to the losses to TSDISCOMs. The TSDISCOMs have always endeavoured to improve their operational and financial efficiencies so as to provide reliable electricity at affordable costs to the consumers of the State.
- 3.20.7 Out of the total other expenditure claimed the major contributor is compensation for Injuries, Death and Damages, in this regard it is to be noted that in most of the cases, it is observed that the damage is incurred due to the negligence of the victim and not department fault. In view of the same, TSSPDCL request the

Commission to approve the claims against other expenditure as claimed in the instant petitions.

Commission's View

3.20.8 The Commission has taken note of stakeholders' submission and the petitioners' response.

3.21 FRP & UDAY SCHEME

Stakeholders' Submissions

3.21.1 Relating to its annual performance for distribution business for the year 2019-20, TSSPDCL has submitted that, under the Financial Restructuring Package (FRP) 2012, the then State government assumed the liability of TSDISCOM (erstwhile APCPDCL) to the extent of Rs.4026 crore covering the short-term borrowings towards expensive power of TSDISCOM. TSNPDCL has submitted that under FRP, the State government assumed liability of TSDISCOM (erstwhile APNPDCL) to the extent of Rs.1744 crore. The TSDISCOMs have contended that the FRP covered the liability of TSDISCOMs towards borrowing for purchasing expensive power which was not admitted by the Commission in the fuel surcharge adjustment/power purchase true-ups and that the impact of FRP cannot be considered under the true-ups of TSDISCOMs. In this connection, it needs to be submitted and examined whether the liability of Rs.4026 crore and Rs.1744 crore taken over by the State government under FRP cover only FSA/power purchase true-ups claimed by TSDISCOMs but rejected by the Commission.

3.21.2 As per the Terms of the UDAY MoU, the Govt. of Telangana had committed to:

- Takeover 75% of the debt of the Telangana TSDISCOMs as on 30th September, 2015 by 31-03-2017
- The Borrowings made by the state to takeover TSDISCOMs debt during 2016-17 would be transferred to TSDISCOMs as a mix of grant, loan or equity.
- To issue non-SLR bonds to raise funds for providing grant to TSDISCOMs.
- Provide Operational Funding Requirement (OFR) support to TSDISCOMs, till TSDISCOMs achieves turnaround.
- Guarantee repayment of principal and interest payment for the balance debt remaining with TSDISCOMs/bonds issued by TSDISCOMs.

- Guarantee the bonds issued by TSDISCOMs or issue bonds itself to meet current losses after 1st October 2015, if any, within the limit of loss trajectory finalised by MoP.
- 3.21.3 The Commission may ensure that the borrowings made by the state to takeover TSDISCOMs debt during 2016-17 would be transferred to TSDISCOMs as a mix of grant, loan or equity are strictly in accordance with the Terms of the UDAY MoU and that the other commitments of Govt. of Telangana and TSDISCOMs are being strictly complied with.
- 3.21.4 Wherever there is non-compliance of the Terms of the UDAY MoU, it is prayed that the Commission may take note of the same in its Order and disallow any claims made by the petitioners which are in violation of the Terms of the UDAY MoU in the instant petition.
- 3.21.5 The true-up petitions do not show the impact of the UDAY scheme. The licensees may be directed to specifically provide details in respect of each of the control periods.
- 3.21.6 Under UDAY scheme signed in 2017, GoTS took over Rs.5550.21 crore (75% of total outstanding) of TSSPDCL as on 21.23.2017 by infusing equity of Rs.4593.84 crore in 2016-17 and Rs.282.93 crore in 2017-18, TSDISCOM has explained. Similarly, under UDAY scheme signed in 2017, GoTS took over Rs.3373 crore (75% of total outstanding) of TSNPDCL as on 21.23.2017 by infusing equity of Rs.2396 crore in 2016-17 and Rs.450 crore in 2017-18, TSDISCOM has explained. Since this equity infusion is not capital grant, it attracts a return on equity @ 14% as per Regulation 4 of 2015, TSDISCOMs have contended. Furthermore, as per the national tariff policy 2016, equity in excess of the normative level of 25% attracts weighted average rate of interest and as such, "*no benefit has been accrued to TSDISCOM due to UDAY*" TSDISCOMs have submitted. In other words, the implied purport of the submission of TSDISCOMs is that, since it is infusion of equity by GoTS under UDAY, instead of giving a capital grant, that amount cannot be adjusted for reducing the true-up claims of TSDISCOMs. Infusion of equity by GoTS is unrelated to the terms of UDAY scheme and, as such, it is not fulfilling its obligation under UDAY. Therefore, the contention of TSDISCOMs that GoTS infused the said equity under UDAY is untenable. The Commission has to take

into account what has been due to TSDISCOMs from GoTS under UDAY and adjust the same towards true-up claims of TSDISCOMs.

3.21.7 The reason given by the Commission for approving around 50% of the excess amount of cost of power purchase claimed by TSDISCOMs under true-up for the year 2016-17, is that TSDISCOMs had not substantiated savings due to UDAY scheme under which the Government of Telangana had to take over 75% of outstanding debt of TSDISCOMs as on 30.9.2015. The Commission considered the true-up/true-down claims of TSDISCOMs provisionally in the tariff order for 2017-18. In the retail supply tariff order for the year 2018-19, the Commission maintained that "the Government of India, Government of Telangana State and the Licensees have entered into a Tripartite MoU (UDAY MoU) dated 04.01.2017 in order to improve the operational and financial efficiency of the Licensees to enable their financial turnaround. Under the said scheme, the Government of Telangana State is to take over 75% of the outstanding debt of the Licensees as on 30.09.2015 by the end of FY 2016-17. The Commission directed the Licensees to submit the savings on their distribution businesses upon implementation of UDAY. In reply, the Licensees submitted that the savings due to UDAY Scheme may be considered at the end of the control period. The Commission does not find merit in the submissions of TSDISCOMs particularly when the savings have been indicated and considered by the Commission in the Tariff Order for FY 2017-18. Hence, the Commission has considered the savings as Rs.743.88 crore and Rs.372.54 crore for SPDCL and NPDCL respectively, the same as considered in the Tariff Order for FY 2017-18" (page 85 of Tariff Order for 2018-19). The Commission should take the same stand on the obligation of the GoTS to take over liabilities of TSDISCOMs under UDAY and adjust the same to reduce their true-up claims for distribution business. Infusion of equity by GoTS, instead of taking over their liabilities under UDAY, does not contribute to enable the financial turnaround of TSDISCOMs and reduction of the burden of true-up on the consumers. Since infusion of equity took place, supposedly under UDAY, in the years 2016-17 and 2017-18, it is obvious that TSDISCOMs had deliberately avoided to show the same in their submissions then by contending that the savings due to UDAY scheme may be considered at the end of the

control period, despite the direction of the Commission to the licensees to submit the savings on their distribution businesses upon implementation of UDAY. It was because infusion of equity under UDAY was untenable and it cannot be treated as taking over of liabilities of TSDISCOMs as per the terms of the said scheme. TSSPDCL has submitted that it had incurred a loss of Rs.4940.24 crore loss for the year 2019-20. Similarly, TSNPDCL has shown a loss of Rs.1116.29 crore for the year 2019-20. The Commission has to examine the latest accumulated loss of both TSDISCOMs and make it public.

3.21.8 While the then government assumed liabilities of TSDISCOMs under FRP which covered the liability of TSDISCOMs towards borrowing expensive power which was not admitted by the Commission in the fuel surcharge adjustment/power purchase true-ups and as such, as rightly claimed by TSDISCOMs, the impact of FRP cannot be considered under the true-ups of TSDISCOMs. In other words, assuming of liabilities of TSDISCOMs by the State government under FRP benefited TSDISCOMs and their consumers, in the form of reduction of liabilities of TSDISCOMs, on the one hand, and reduction of the burden of true-up claims on the consumers, on the other. The TRS government did not assume liabilities of TSDISCOMs under UDAY which it should have as per the terms of the scheme. Infusing equity, instead of assuming liabilities, i.e., sanctioning a grant to redeem liabilities, means doing business and expecting return thereon, i.e., earning profit. Such an arrangement cannot benefit TSDISCOMs in the form of reduction of their liabilities and the consumers in the form of reducing the burdens of true-up claims. That is not the intended objective under UDAY. Irrespective of any scheme like FRP or UDAY, it is always open to the State government to sanction funds for meeting requirements of equity of its power utilities. Projecting or treating infusion of equity by the State government in TSDISCOMs as taking over liabilities of the latter under a scheme like UDAY would be a blatant distortion and legally untenable and defeat the very purpose of the scheme to which the State government has been a willing signatory. The TSDISCOMs themselves have admitted that "*no benefit has been accrued to TSDISCOM due to UDAY as infusion by the GoTS attracts return on equity of 14% which is higher than the cost of debt that would have incurred in the*

absence of UDAY scheme." Moreover, it is to be ascertained whether the amount intended for infusion of equity by GoTS was actually spent for that purpose or for redeeming the liabilities of TSDISCOMs. If that amount was used for equity to create assets and capitalise them for distribution business of TSDISCOMs and earn return thereon, it won't come under UDAY. If that amount was used for redeeming the liabilities of TSDISCOMs, those liabilities cannot be allowed as components of true-up claims. Therefore, the Commission has to direct TSDISCOMs to get what is due to them from the State government under UDAY and adjust that amount for reducing their true-up claims to the extent the Commission considers them uncontrollable and permissible for their distribution business.

3.21.9 An important component of true-up is related to UDAY adjustment. TSDISCOM petitions mention that state contribution has been in the form of equity infusion and hence they have claimed 12% RoE. They also suggest that the UDAY related savings that were adjusted in tariff orders of FY2018 and FY2019 need to be compensated.

3.21.10 UDAY scheme was intended to help TSDISCOMs out of the high debt burden, which was resulting in high interest burden, which would affect the consumer tariff. State take-over of the debt burden was to make TSDISCOMs debt free and thus help in tariff benefits to the consumers. Table below is taken from Section 1.2(b) of the tri-partite UDAY agreement that was signed between the Ministry of Power (GoI), Government of Telangana and TSDISCOMs on 4/1/2017.

Table 3.7: Section 1.2(b) of the tri-partite UDAY agreement

Year	Total Debt taken over	Transfer to the DISCOMs in the form of Grants	Transfer to the DISCOMs in the form of Loan	Transfer to the DISCOMs in the form of Equity	Outstanding State Loan of the DISCOMs
As on 31.03.2017	75% of the total debt Rs.11897.33 crore i.e., Rs.8923 crore	50% of Rs.8923 crore – Rs.4462 crore to be taken over in 2016-17	25% of Rs.8923 crore – Rs.2230 crore	25% of Rs.8923 crore – Rs.2231 crore will be issued in 2016-17	Rs.2230 crore

3.21.11 It is clear from the Table that only 25% of the debt was to be transferred to TSDISCOMs in the form of equity. But the petitions mention that 75% of the debt is equity infusion. The process of UDAY adjustment by TSDISCOMs requires a closer scrutiny.

Petitioners' Replies

TSSPDCL

3.21.12 As per the UDAY Scheme the total debts of TSSPDCL to be taken over by Government of Telangana was Rs.5,500.21 crore (being 75% of total outstanding loans as on 30th September 2015 of TSSPDCL) in the form of 50% as Grant, 25% in the form of Equity and Bonds 25%. The Government of Telangana has taken over Rs.5,500.21 crore debt of TSSPDCL under UDAY Scheme by infusion of Equity amounting Rs.4593.84 crore in 2016-17 and Rs.282.93 crore in 2017-18. The amount was released as Equity as per orders of State Government. Therefore, the same shall be treated as equity infusion by the State Government.

3.21.13 As regards to treatment of 25% of debt remaining as on 30th September 2015, due to non-availability of Government Guarantee the same was retained by TSSPDCL.

3.21.14 Government of Telangana, as per the Tripartite MoU signed under UDAY scheme, has taken over 5% losses incurred in FY 2016-17 in FY 2017-18. Further the Government of Telangana has issued the GO No.15, Dated. 18.06.2022 towards the takeover of Losses of 2017-18 to 2020-21 as per the clauses under the UDAY scheme for an amount of Rs.8,925.00 crore for TSDISCOMs, out of which TSSPDCL share is of Rs.6,228 crore (i.e., 392 crore towards 10% loss of 2017-18, Rs.1242 crore towards 25% loss of 2018-19, Rs.2,470 crore towards 50% loss of 2019-20 and Rs.2,124 crore towards 50% loss of 2020-21). The same is recognized during FY 2021-22 under Revenue from Operations as the funds received from GoTS in the FY 2022-23 before closure of Financials for 2021-22. TSSPDCL and Government of Telangana have fully complied with all terms and conditions of the UDAY scheme. Even after loss takeover TSSPDCL has accumulated losses which are not covered under UDAY. TSSPDCL further submits that majority of the losses incurred by TSSPDCL are on account of power purchase expenses and in view of the

same, takeover of losses by GoTS shall have no impact on the distribution business and accordingly on the instant petitions.

TSNPDCL

- 3.21.15 As per the UDAY Scheme the total debts of TSNPDCL to be taken over by Government of Telangana was Rs.3,379.08 crore (being 75% of total outstanding loans as on 30th September 2015 of TSNPDCL) in the form of 50% as Grant, 25% in the form of Equity and Bonds 25%. The Government of Telangana has taken over Rs.3,379.08 crore debt of TSNPDCL under UDAY Scheme by infusion of Equity amounting Rs.2396.17 crore in 2016-17, Rs.450 crore in 2017-18 and Rs.532.91 crore in 2018-19. Entire amount of Rs.3379.08 crore was released as Equity as per orders of State Government. Therefore, the same shall be treated as equity infusion by the State Government.
- 3.21.16 As regards to treatment of 25% of debt remaining as on 30th September 2015, due to non-availability of Government Guarantee the same was retained by TSDISCOMs.
- 3.21.17 Government of Telangana, as per the Tripartite MoU signed under UDAY scheme, has taken over 5% losses incurred in FY 2016-17 in FY 2017-18. Further the Government of Telangana has issued the G.O.Ms.No.15, dated. 18.06.2022 towards the takeover of Losses of 2017-18 to 2020-21 as per the clauses under the UDAY scheme for an amount of Rs.8,925.00 crore for TSDISCOMs, out of which TSNPDCL share is of Rs.2,697 crore (i.e., Rs.156.00 crore towards 10% loss of 2017-18, Rs.763 crore towards 25% loss of 2018-19, Rs.558 crore towards 50% loss of 2019-20 and Rs.1,220 crore towards 50% loss of 2020-21). The same is recognized during FY 2021-22 under Revenue from Operations as the funds received from GoTS in the FY 2022-23 before closure of Financials for FY 2021-22. TSNPDCL and Government of Telangana have fully complied with all terms and conditions of the UDAY scheme. Even after loss takeover TSNPDCL has accumulated losses which are not covered under UDAY.

- 3.21.18 In line with the directive of the Commission in the Distribution MYT Order dated 29.04.2020, TSNPDCL has submitted the information related to UDAY scheme and its impact in the APR petitions for FY 2019-20.
- 3.21.19 TSDISCOMs submit that Government of India formulated and approved the scheme for Financial Restructuring Package (FRP) of State Distribution Companies vide office memorandum No.20/11/2012-APDRP, Govt. of India, Ministry of Power, New Delhi dated 05.10.2012 to enable the turnaround of the State TSDISCOMs and ensure their long-term variability. The scheme contains measures to be taken by the State TSDISCOMs and State Government for achieving financial turnaround by restructuring their debt with support through a Transitional Finance Mechanism by Central Government.
- 3.21.20 Aligning the State Government commitment towards the past short-term liabilities with the FRP of Govt. of India, the State Government assumed the liability of Rs.1744 crore of TSNPDCL vide G.O.Ms.No.62 dated 14.11.2013. Therefore, the liability of Rs.1744 crore assumed by the State Government under FRP pertains to short term loans to enable the turnaround of TSNPDCL and ensure its long-term variability.
- 3.21.21 FRP covered the liability of TSDISCOM towards borrowing for purchasing expensive power. Even after takeover of liabilities under FRP, TSNPDCL is incurring losses. Hence, True-up claim submitted by TSNPDCL may be considered by the Commission.

Commission's View

- 3.21.22 Government of India, GoTS, and TSDISCOMs have entered into a Tripartite MoU (UDAY MoU) dated 04.01.2017 in order to improve the operational and financial efficiency of TSDISCOMs to enable their financial turnaround. Under the said scheme, GoTS is to take over 75% of the outstanding debt of TSDISCOMs as on 30.09.2015 by the end of FY 2016-17. The loans taken over by GoTS was to be transferred to TSDISCOMs in the form of grants (50%), loans (25%) and equity (25%). The TSDISCOMs submitted that no benefit has accrued to TSDISCOMs due to UDAY scheme as the entire loans taken over by GoTS have been converted into equity. The Commission in its ARR and Wheeling Tariffs for Distribution Business for 4th control period (FY 2019-20 to

FY 2023-24) dated 29.04.2020 directed TSDISCOMs to make a detailed submission regarding this differential treatment of GoTS and likely consequences of the same in the petitions to be filed for APR for FY 2019-20.



Chapter-4

Analysis and Conclusion on True-Up for 1st control period

4.1 AGGREGATE REVENUE REQUIREMENT (ARR)

4.1.1 The Aggregate Revenue Requirement (ARR) of Distribution Licensee for wheeling business contains the following:

i. Operation & Maintenance (O&M) costs, which includes employee-related costs, Repair & Maintenance (R&M) costs and Administration & General (A&G) costs.

ii. Return on Capital Employed (RoCE) for the Regulated Rate Base (RRB) and shall be computed by using formula given below:

$$\text{RoCE} = \text{WACC} \times \text{RRB}$$

Where,

WACC is Weighted Average Cost of Capital as fixed by the Commission for the control period and expressed in terms of percentage; and

RRB is the asset base approved by the Commission for each year of the control period on which the distribution licensee shall be entitled to earn return based on the Commission approved WACC;

iii. Depreciation, which is computed for each year of the control period on the amount of Original Cost of Fixed Assets (OCFA) included in the RRB at the beginning of each year of the control period generally based on the methodology, rates and other terms as decided by CERC from time to time. Depreciation shall be charged from 1st April of the following year from the date the asset is put to use.

iv. Taxes on Income actually payable and paid

v. Corrections for “uncontrollable” items and “controllable” items; and

vi. Any other relevant expenditure;

4.2 The Commission has observed certain errors in the True up filings with reference to the approved figures in the MYT orders. The Commission has considered the approved figures as per the MYT orders while determining the True-ups/APRs.

4.3 TRUE-UP FOR 1ST CONTROL PERIOD

4.3.1 The Petitioners’ Submissions and the Commission’s analysis on each item of ARR is detailed below:

4.4 OPERATION AND MAINTENANCE (O&M) EXPENSES FOR 1ST CONTROL PERIOD

4.4.1 In the Wheeling Tariffs MYT order dated 23.03.2006 for FY 2006-07 to FY 2008-09 (1st control period) the Commission has disregarded the

TSDISCOMs projections and allowed O&M cost based on the following methodology:

- a) Employee cost & A&G cost escalated by inflation i.e., @ 5% per annum;
- b) R&M Cost would be at –
 - i) 2.5% of old assets (Gross block as on 31.03.2002) plus
 - ii) 1.25% to 2% of new asset (Additions to the Gross Block during 2002-03 onwards upto the year under consideration) for the respective year of the control period.

4.4.2 The O&M expenses at actuals as claimed by TSDISCOMs for 1st control period is as shown in the Table below:

Table 4.1: O&M expenses claimed for 1st control period

Rs. in crore

Sl. No.	Particulars	FY 2006-07			FY 2007-08			FY 2008-09		
		Approved in MYT order dated 23.03.2006	Actuals as Claimed	Claimed Variation	Approved in MYT order dated 23.03.2006	Actuals as Claimed	Claimed Variation	Approved in MYT order dated 23.03.2006	Actuals as Claimed	Claimed Variation
TSSPDCL w.r.t. APCPDCL										
1	Employee Cost		333.32			430.22			397.08	
2	A&G Expenses		68.94			60.67			71.75	
3	R&M Expenses		79.89			102.74			116.29	
4	O&M Expenses (Gross)	398.77	482.15	83.38	419.61	593.63	174.02	437.64	585.12	147.48
56	Less: O&M Expenses Capitalized	27.50	25.68	-1.82	29.77	41.52	11.75	30.74	39.15	8.41
	O&M Expenses (Net)	371.27	456.47	85.20	389.84	552.10	162.26	406.90	545.97	139.07
TSNPDCL w.r.t. APNPDCL										
1	Employee Cost		200.31			186.18			230.67	
2	A&G Expenses		31.73			31.62			36.49	
3	R&M Expenses		29.31			33.59			36.83	
4	O&M Expenses (Gross)	215.82	261.36	45.54	220.15	251.39	31.24	229.98	303.99	74.01
5	Less: O&M Expenses Capitalized	19.11	18.19	-0.92	19.22	23.38	4.16	19.20	22.34	3.14
6	O&M Expenses (Net)	196.71	243.17	46.46	200.93	228.01	27.08	210.78	281.66	70.88

4.4.3 The variations in O&M expenses were due to the following reasons which were not considered while fixing the O&M cost target in MYT wheeling tariffs order dated 23.03.2006 for 1st control period:

- a) Wage revision w.e.f. 01.04.2006: During FY 2006-07, pay revision of the employees has taken place w.e.f. 01.04.2006 due to which pay was increased. Major element-wise impact of pay revision viz., employee cost details a year before pay revision and a year consequent to the pay revision are placed in table below:

Table 4.2: Wage revision impact on Employee cost for 1st control period

Rs. in crore

Employee Cost	Base Year 2005-06	2006-07	Growth Rate % 2006-07 on 2005-06
TSSPDCL			
Basic Pay	159.98	218.27	36.4%
DA	22.05	7.30	-66.9%

Employee Cost	Base Year 2005-06	2006-07	Growth Rate % 2006-07 on 2005-06
Other Allowances	22.58	30.49	35.0%
EL Encashment	15.67	13.01	-16.9%
Terminal benefits	20.94	47.04	124.8%
Total	241.22	316.11	31.0%
TSNPDCCL			
Basic Pay	86.55	114.84	32.7%
DA	11.86	4.24	-64.2%
Other Allowances	11.47	15.53	35.5%
EL Encashment	8.89	31.32	252.2%
Terminal benefits	12.98	29.15	124.6%
Others	5.13	5.23	1.9%
Total	136.88	200.31	46.3%

- b) DA hike and new recruitment: During FY 2008-09 due to DA hike based on the cost inflation Index and new recruitment of contract staff, etc has resulted in increase in employee cost.
- c) Actuarial Valuation Report: TSDISCOMs have made the actuarial valuation towards pension and gratuity provision and EL encashment provisions in respect of employees retired/to be retired. This has resulted in increase in provision for terminal benefit.
- d) Increase in R&M expenses: Increase in DTR repairs cost due to unforeseen increase in material and labour cost and maintenance cost of Lines and Cables & Metering equipment, during 1st control period resulted in increase in R&M expenditure.
- e) Increase in A&G expenses: Increase in travelling expenditure and vehicle hire charges due to rigorous inspection of field units and unforeseen increase in fuel cost, etc., has resulted in increase in A&G expenses.

Commission's View

- 4.4.4 The Commission on prudence check and based on the audited books of accounts allowed the True-up of O&M expenses for 1st control period.

Table 4.3: O&M Expenses approved for 1st control period

Rs. in crore

Financial Year	Approved in Tariff Order dated 23.03.2006		Approved in True-up		Approved Variation	
	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL
2006-07	371.27	196.71	456.47	243.17	85.20	46.46
2007-08	389.84	200.93	552.10	228.01	162.26	27.08
2008-09	406.90	210.78	528.82	281.66	121.92	70.88

4.5 RETURN ON CAPITAL EMPLOYED (RoCE) FOR 1ST CONTROL PERIOD

Petitioners' Submission

- 4.5.1 RoCE claimed by TSDISCOMs for 1st control period is shown in the table below:

Table 4.4: RoCE claimed for 1st control period*Rs. in crore*

Financial Year	Approved in Tariff Order dated 23.03.2006		Claimed in True-up		Claimed Variation	
	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL
2006-07	132.55	77.51	113.18	80.49	-19.37	2.98
2007-08	146.21	87.01	118.97	76.66	-27.24	-10.35
2008-09	159.88	93.65	145.67	93.95	-14.23	0.29

4.5.2 TSDISCOMs have stated that RoCE is computed based on the actual RRB as per the procedure prescribed in Regulation No.4 of 2005. They have further stated that the loss in RoCE is due to the following:

4.5.3 Less Regulated Rate Base than approved by the Commission as given in table below:

Table 4.5: Regulated Rate Base claimed for 1st control period*Rs. in crore*

Financial Year	Approved in Tariff Order dated 23.03.2006		Claimed in True-up		Claimed Variation	
	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL
2006-07	1293.16	756.21	978.86	758.29	-314.31	2.08
2007-08	1426.47	848.83	1028.97	747.26	-397.50	-101.57
2008-09	1559.85	913.71	1259.83	874.72	-300.02	-38.98

4.5.4 Less capitalisation during the first year of 1st control period as given in table below:

Table 4.6: Capitalization of Assets claimed for 1st control period*Rs. in crore*

Financial Year	Approved in Tariff Order dated 23.03.2006		Claimed in True-up		Claimed Variation	
	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL
2006-07	419.44	238.55	150.84	232.97	-268.60	15.06
2007-08	368.81	243.21	636.76	227.07	267.95	-20.81
2008-09	318.72	220.32	626.17	297.62	307.45	100.20

4.5.5 Higher weighted average cost of capital than ERC approved during the control period on account of increased bank rates.

Commission's View

4.5.6 The Commission has examined the procedure adopted by TSDISCOMs for computation of RoCE and all the parameters used in the computation. The procedure adopted by TSDISCOMs is found to be in accordance with terms of

Regulation No.4 of 2005 and the parameters were verified with the books of accounts.

4.5.7 The variation in RoCE from that claimed by TSDISCOMs is due to change in cost of debt as verified with the books of accounts.

4.5.8 The RoCE approved by the Commission is as shown in the table below:

Table 4.7: RoCE approved for 1st control period

Rs. in crore

Financial Year	Approved in Tariff Order dated 23.03.2006		Approved in True-up		Approved Variation	
	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL
2006-07	132.55	77.51	105.84	84.60	-26.71	7.09
2007-08	146.21	87.01	118.94	85.07	-27.27	-1.94
2008-09	159.88	93.65	153.17	107.99	-6.72	14.33

4.6 DEPRECIATION FOR 1ST CONTROL PERIOD

Petitioners' Submission

4.6.1 TSDISCOMs have claimed the expenditure towards depreciation after netting off the depreciation on consumer contribution portion of Gross Fixed Assets in 1st control period. Depreciation claimed for 1st control period is shown in the table below:

Table 4.8: Depreciation claimed for 1st control period

Rs. in crore

Financial Year	Approved in Tariff Order dated 23.03.2006		Claimed in True-up		Claimed Variation	
	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL
2006-07	130.90	82.38	138.50	89.63	7.60	7.25
2007-08	152.47	90.27	146.39	102.46	-6.08	12.19
2008-09	171.85	98.10	153.32	115.28	-18.53	17.18

4.6.2 The main reasons for variations are:

- Due to calculating depreciation from the date of capitalisation unlike past practice of calculating depreciation only on opening balance of Fixed Assets.
- Due to withdrawal of depreciation on Consumer Contributed Assets.

Commission's View

4.6.3 The depreciation enables a licensee to meet its obligation for repayment of loans availed for creation of long-term assets. The clause 15 of Regulation No.4 of 2005 stipulates that the depreciation shall be calculated on the amount of original cost of fixed assets included in RRB at the beginning of each year of

the control period based on the methodology, rates and other terms and decided by CERC from time to time.

4.6.4 The TSDISCOMs had claimed the depreciation for 1st control period considering the rates specified by CERC plus advance against depreciation (AAD). However, the erstwhile Commission had approved depreciation considering MoP rates and disallowed AAD claims of TSDISCOMs as the Tariff Policy does not favour the AAD.

4.6.5 On prudence check the Commission has considered the opening balance of Fixed Assets of 2006-07 and additions during each year of the control period. Depreciation is arrived at by netting off the deductions and assets funded from the consumer contributions during each year of the control period

4.6.6 The depreciation approved by the Commission for 1st control period is as shown in the Table below:

Table 4.9: Depreciation approved for 1st control period

Rs. in crore

Financial Year	Approved in Tariff Order dated 23.03.2006		Approved in True-up		Approved Variation	
	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL
2006-07	130.90	82.38	74.30	48.14	-56.60	-34.24
2007-08	152.47	90.27	75.73	56.67	-76.74	-33.60
2008-09	171.85	98.10	85.26	61.24	-86.59	-36.86

4.7 TAXES ON INCOME

Petitioners' Submission

4.7.1 The taxes on income at actuals as claimed for 1st control period is shown in the table below:

Table 4.10: Taxes on Income claimed for 1st control period

Rs. in crore

Financial Year	Approved in Tariff Order dated 23.03.2006		Claimed in True-up		Claimed Variation	
	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL
2006-07	0.00	0.00	0.82	1.38	0.82	1.38
2007-08	0.00	0.00	1.28	1.46	1.28	1.46
2008-09	0.00	0.00	1.04	1.67	1.04	1.67

Commission's View

4.7.2 The Commission has computed the tax on income for 1st control period in accordance with Regulation No.4 of 2005:

- i. RoE has been considered as equivalent to 14% of equity component of RRB.
- ii. The tax rate from book of accounts has been considered for computing tax on RoE.

4.7.3 The Commission has approved lower of the computed tax on income and actual tax paid by the Licensees and the tax on income claimed by the Petitioner and approved by the Commission for 1st control period is as shown in the Table below:

Table 4.11: Tax on income approved for 1st control period

Rs. in crore

Financial Year	Approved in Tariff Order dated 23.03.2006		Approved in True-up		Approved Variation	
	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL
2006-07	0.00	0.00	0.82	0.80	0.82	0.80
2007-08	0.00	0.00	1.28	0.89	1.28	0.89
2008-09	0.00	0.00	1.04	0.92	1.04	0.92

4.8 SPECIAL APPROPRIATIONS FOR 1ST CONTROL PERIOD

Petitioners' Submission

4.8.1 Special Appropriations claimed for 1st control period is shown in the table below:

Table 4.12: Special Appropriations claimed for 1st control period

Rs. in crore

Financial Year	Approved in Tariff Order dated 23.03.2006		Claimed in True-up		Claimed Variation	
	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL
2006-07	5.00	5.00	0.00	0.00	-5.00	-5.00
2007-08	5.00	5.00	0.00	0.00	-5.00	-5.00
2008-09	5.00	5.00	0.00	22.33	-5.00	17.33

4.8.2 Under this head the Commission has directed to spend an amount of Rs.5 crore for each year of the control period towards safety measures in the distribution system of licensee. TSSPDCL has not claimed any amount towards special appropriations submitting that the licensee has spent an amount of Rs.17.15 crore towards provision of safety equipment like gloves, helmets, leather shoes, raincoats, etc., to employees and is included under R&M expenses. The expenses claimed by TSNPDCL for an amount of Rs.22.33 crore in FY 2008-09 was towards provision of safety equipment to the employees, erection of intermediate poles for proper clearance, providing earthing, fencing, SMC distribution boxes, etc.

Commission's View

- 4.8.3 During consumer interactions the Commission has observed that electrical accidents are increasing and is a cause of concern. The TSDISCOMs shall ensure that all measures and safety precautions are taken to avoid accidents. The TSDISCOMs while investing in safety of employees should also invest on safety measures in the network to address the issue of electrical accidents.
- 4.8.4 Therefore, the special appropriations approved by the Commission for 1st control period for each TSDISCOM is as follows.

Table 4.13: Special appropriations approved or 1st control period

Rs. in crore

Financial Year	Approved in Tariff Order dated 23.03.2006		Approved in True-up		Approved Variation	
	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL
2006-07	5.00	5.00	0.00	0.00	-5.00	-5.00
2007-08	5.00	5.00	0.00	0.00	-5.00	-5.00
2008-09	5.00	5.00	0.00	5.00	-5.00	0.00

4.9 OTHER EXPENDITURE FOR 1ST CONTROL PERIOD

Petitioners' Submission

- 4.9.1 Other Expenditure claimed by TSDISCOMs is given below.

Table 4.14: Other Expenditure claimed for 1st control period

Rs. in crore

Financial Year	Approved in Tariff Order dated 23.03.2006		Claimed in True-up		Claimed Variation	
	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL
2006-07	4.47	3.45	1.69	0.00	-2.78	-3.45
2007-08	0.00	0.00	6.61	0.55	6.61	0.55
2008-09	0.00	0.00	13.78	0.64	13.78	0.64

- 4.9.2 The reasons given by TSSPDCL for variation in other expenditure are as below:
- Compensation for injuries, death & damages Rs.0.87 crore, Rs.1.16 crore and Rs.1.85 crore during FY 2006-07, FY 2007-0-8 and FY 2008-09 respectively.
 - Loss on sale of scrap of Rs.5.31 crore during FY 2007-08.
 - Price variation Rs.0.82 crore, Rs.0.14 crore and Rs.1.44 crore for FY 2006-07, FY 2007-0-8 and FY 2008-09 respectively.
 - Provision for obsolete stock of Rs.10.48 crore during FY 2008-09.
- 4.9.3 The other expenditure of TSNPDCL is lower than the approved amount by Rs.2.26 crore

Commission's View

- 4.9.4 The Other Expenditure approved by the Commission for 1st control period for each TSDISCOM is as follows.

Table 4.15: Other Expenditure approved for 1st control period

Rs. in crore

Financial Year	Approved in Tariff Order dated 23.03.2006		Approved in True-up		Approved Variation	
	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL
2006-07	4.47	3.45	1.69	0.00	-2.78	-3.45
2007-08	0.00	0.00	0.00	0.00	0.00	0.00
2008-09	0.00	0.00	0.00	0.00	0.00	0.00

4.10 REVENUE FROM OPEN ACCESS CONSUMERS FOR 1ST CONTROL PERIOD

Petitioners' Submission

- 4.10.1 Revenue from Open Access consumers claimed by TSDISCOMs is given below.

Table 4.16: Revenue from Open Access Consumers claimed for 1st control period

Rs. in crore

Financial Year	Approved in Tariff Order dated 23.03.2006		Claimed in True-up		Claimed Variation	
	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL
2006-07	6.27	0.00	11.87	0.00	5.60	0.00
2007-08	6.35	0.00	2.94	0.00	-3.41	0.00
2008-09	6.32	0.00	0.01	0.00	-6.31	0.00

- 4.10.2 TSSPDCL could raise wheeling revenue of Rs.14.82 crore only for 1st control period as against the Commission approval of Rs.18.94 crore due to the pending cases in the Hon'ble Supreme Court.

Commission's View

- 4.10.3 The Revenue from Open Access Consumers approved by the Commission for 1st control period for each TSDISCOM is as follows.

Table 4.17: Revenue from Open Access Consumers approved for 1st control period

Rs. in crore

Financial Year	Approved in Tariff Order dated 23.03.2006		Approved in True-up		Approved Variation	
	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL
2006-07	6.27	0.00	6.27	0.00	0.00	0.00
2007-08	6.35	0.00	6.35	0.00	0.00	0.00
2008-09	6.32	0.00	6.32	0.00	0.00	0.00

4.11 NON-TARIFF INCOME FOR 1ST CONTROL PERIOD

Petitioners' Submission

4.11.1 Non-Tariff Income claimed for 1st control period for distribution business is shown in the table below:

Table 4.18: Non-Tariff Income claimed for 1st control period

Rs. in crore

Financial Year	Approved in Tariff Order dated 23.03.2006		Claimed in True-up		Claimed Variation	
	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL
2006-07	0.00	0.00	30.96	0.00	30.96	0.00
2007-08	0.00	0.00	24.24	0.00	24.24	0.00
2008-09	0.00	0.00	23.39	0.00	23.39	0.00

Commission's View

4.11.2 The Commission has observed from the book of accounts that there is no separate classification of Non-Tariff Income for Distribution Business and Retail Supply Business. Hence based on the additional information and the information filed on actual basis, the Commission approves the Non-Tariff Income as given below:

Table 4.19: Non-Tariff Income approved for 1st control period

Rs. in crore

Financial Year	Approved in Tariff Order dated 23.03.2006		Approved in True-up		Approved Variation	
	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL
2006-07	0.00	0.00	30.96	7.01	30.96	7.01
2007-08	0.00	0.00	24.24	18.68	24.24	18.68
2008-09	0.00	0.00	23.39	10.34	23.39	10.34

4.12 AGGREGATE REVENUE REQUIREMENT (ARR) OF TSSPDCL FOR 1ST CONTROL PERIOD

4.12.1 The ARR and True-up for 1st control period claimed by TSSPDCL and approved by the Commission based on the above analysis is as shown in the Table below:

Table 4.20: Summary of TSSPDCL ARR and True-up claimed and approved for 1st control period

Rs. in crore

Particulars	Approved in TO dated 23.03.2006	Claimed in True-up		Approved in True-up	
		Actuals Claimed	Claimed Variation	Approved True-up	Approved Variation
FY 2006-07					
O&M expenses Gross	398.77	482.15	83.38	482.15	83.38
O&M expenses capitalized	27.50	25.68	-1.82	25.68	-1.82

Particulars	Approved in TO dated 23.03.2006	Claimed in True-up		Approved in True-up	
		Actuals Claimed	Claimed Variation	Approved True-up	Approved Variation
O&M expenses net	371.27	456.47	85.20	456.47	85.20
Return on Capital Employed	132.55	113.18	-19.37	105.84	-26.71
Depreciation	130.90	138.50	7.60	74.30	-56.60
Taxes on Income	0.00	0.82	0.82	0.82	0.82
Special appropriations	5.00	0.00	-5.00	0.00	-5.00
Other expenses	4.47	1.69	-2.78	1.69	-2.78
Gross ARR	644.18	710.67	66.48	639.12	-5.07
Less: Revenue from OA	6.27	11.87	5.60	6.27	0.00
Less: Non-Tariff Income	0.00	30.96	30.96	30.96	30.96
Net ARR	637.91	667.84	29.92	601.89	-36.03
FY 2007-08					
<i>O&M expenses Gross</i>	<i>419.61</i>	<i>593.63</i>	<i>174.02</i>	<i>593.63</i>	<i>174.02</i>
<i>O&M expenses capitalized</i>	<i>29.77</i>	<i>41.52</i>	<i>11.75</i>	<i>41.52</i>	<i>11.75</i>
O&M expenses Net	389.84	552.10	162.26	552.10	162.26
Return on Capital Employed	146.21	118.97	-27.24	118.94	-27.27
Depreciation	152.47	146.39	-6.08	75.73	-76.74
Taxes on Income	0.00	1.28	1.28	1.28	1.28
Special appropriations	5.00	0.00	-5.00	0.00	-5.00
Other expenses	0.00	6.61	6.61	0.00	0.00
Gross ARR	693.52	825.36	131.84	748.05	54.53
Less: Revenue from OA	6.35	2.94	-3.41	6.35	0.00
Less: Non-Tariff Income	0.00	24.24	24.24	24.24	24.24
Net ARR	687.17	798.18	111.00	717.46	30.29
FY 2008-09					
<i>O&M expenses Gross</i>	<i>437.64</i>	<i>585.12</i>	<i>147.48</i>	<i>567.97</i>	<i>130.33</i>
<i>O&M expenses capitalized</i>	<i>30.74</i>	<i>39.15</i>	<i>8.41</i>	<i>39.15</i>	<i>8.41</i>
O&M expenses Net	406.90	545.97	139.07	528.82	121.92
Return on Capital Employed	159.88	145.67	-14.23	153.17	-6.72
Depreciation	171.85	153.32	-18.53	85.26	-86.59
Taxes on Income	0.00	1.04	1.04	1.04	1.04
Special appropriations	5.00	0.00	-5.00	0.00	-5.00
Other expenses	0.00	13.78	13.78	0.00	0.00
Gross ARR	743.63	859.78	116.13	768.29	24.66
Less: Revenue from OA	6.32	0.01	-6.31	6.32	0.00
Less: Non-Tariff Income	0.00	23.39	23.39	23.39	23.39
Net ARR	737.31	836.38	99.07	738.58	1.27

4.12.2 The ARR and True-up for 1st control period claimed by TSNPDCL and approved by the Commission based on the above analysis is as shown in the Table below:

Table 4.21: Summary of TSNPDCL ARR and True-up claimed and approved for 1st control period

Rs. in crore

Particulars	Approved in TO dated 23.03.2006	Claimed in True-up		Approved in True-up	
		Actuals Claimed	Claimed Variation	Approved True-up	Approved Variation
FY 2006-07					
O&M expenses Gross	215.82	261.36	45.54	261.36	45.54
O&M expenses capitalized	19.11	18.19	-0.92	18.19	-0.92
O&M expenses Net	196.71	243.17	46.46	243.17	46.46
Return on Capital Employed	77.51	80.49	2.98	84.60	7.09
Depreciation	82.38	89.63	7.25	48.14	-34.24
Taxes on Income	0.00	1.38	1.38	0.80	0.80
Special appropriations	5.00	0.00	-5.00	0.00	-5.00
Other expenses	3.45	0.00	-3.45	0.00	-3.45
Gross ARR	365.06	414.67	49.62	376.71	11.66
Less: Revenue from OA	0.00	0.00	0.00	0.00	0.00
Less: Non-Tariff Income	0.00	0.00	0.00	7.01	7.01
Net ARR	365.06	414.67	49.62	369.69	4.64
FY 2007-08					
O&M expenses Gross	220.15	251.39	31.24	251.39	31.24
O&M expenses capitalized	19.22	23.38	4.16	23.38	4.16
O&M expenses Net	200.93	228.01	27.08	228.01	27.08
Return on Capital Employed	87.01	76.66	-10.35	85.07	-1.94
Depreciation	90.27	102.46	12.19	56.67	-33.60
Taxes on Income	0.00	1.46	1.46	0.89	0.89
Special appropriations	5.00	0.00	-5.00	0.00	-5.00
Other expenses	0.00	0.55	0.55	0.00	0.00
Gross ARR	383.21	409.14	25.93	370.63	-12.57
Less: Revenue from OA	0.00	0.00	0.00	0.00	0.00
Less: Non-Tariff Income	0.00	0.00	0.00	18.68	18.68
Net ARR	383.21	409.14	25.93	351.95	-31.26
FY 2008-09					
O&M expenses Gross	229.98	303.99	74.01	303.99	74.01

Particulars	Approved in TO dated 23.03.2006	Claimed in True-up		Approved in True-up	
		Actuals Claimed	Claimed Variation	Approved True-up	Approved Variation
O&M expenses capitalized	19.20	22.34	3.14	22.34	3.14
O&M expenses Net	210.78	281.66	70.88	281.66	70.88
Return on Capital Employed	93.66	93.95	0.29	107.99	14.33
Depreciation	98.10	115.28	17.18	61.24	-36.86
Taxes on Income	0.00	1.67	1.67	0.92	0.92
Special appropriations	5.00	22.33	17.33	5.00	0.00
Other expenses	0.00	0.64	0.64	0.00	0.00
Gross ARR	407.53	515.52	107.99	456.81	49.27
Less: Revenue from OA	0.00	0.00	0.00	0.00	0.00
Less: Non-Tariff Income	0.00	0.00	0.00	10.34	10.34
Net ARR	407.53	515.52	107.99	446.47	38.94

4.13 AGGREGATE GAINS/LOSSES OF TRUE-UP CLAIMED AND APPROVED FOR 1ST CONTROL PERIOD

Commission's View

4.13.1 The aggregate Gains/Losses of True-up for 1st control period claimed by TSDISCOMs and approved by the Commission is as shown in the Table below:

Table 4.22: Aggregate Gains/Losses of True-up claimed and approved for 1st control period

Rs. in crore

Financial Year	True-up Claimed		True-up Approved	
	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL
2006-07	29.92	49.62	-36.03	4.64
2007-08	111.00	25.93	30.29	-31.26
2008-09	99.07	107.99	1.27	38.94
Total	239.99	183.53	-4.47	12.32
True-up for 1st control period	198.11	183.22	-3.69	12.30

True-up claim for TSSPDCL is taken as 82.55% of the total claim for erstwhile APCPDCL and the true-up claim for TSNPDCL has been considered as 99.83% of the total claim for erstwhile APNPDCCL in line with the A.P. Reorganisation Act, 2014 and in line with G.O.Ms.No.24 dated 29.05.2014 and G.O.Ms.No.20 dated 08.05.2014

4.14 TRUE-UP FOR 2ND CONTROL PERIOD

4.14.1 The Petitioners' Submissions and the Commission's analysis on each item of ARR is detailed below:

4.15 OPERATION AND MAINTENANCE (O&M) EXPENSES FOR 2ND CONTROL PERIOD

4.15.1 The O&M expenses claimed by TSDISCOMs for 2nd control period is as shown in the Table below:

Table 4.23: O&M expenses claimed for 2nd control period

Rs. in crore

Sl. No.	Particulars	FY 2009-10			FY 2010-11			FY 2011-12		
		Approved in MYT order dated 20.03.2009	Actuals as Claimed	Claimed Variation	Approved in MYT order dated 20.03.2009	Actuals as Claimed	Claimed Variation	Approved in MYT order dated 20.03.2009	Actuals as Claimed	Claimed Variation
TSSPDCL w.r.t. APCPDCL										
1	Employee Cost		418.02			683.13			889.25	
2	A&G Expenses		71.18			86.93			113.37	
3	R&M Expenses		151.34			137.80			162.07	
4	O&M Expenses (Gross)	715.26	640.54	-74.72	785.56	907.86	122.30	863.59	1164.70	301.11
5	Less: O&M Expenses Capitalized	70.54	37.96	-32.58	69.23	57.95	-11.28	78.94	58.73	-20.21
6	O&M Expenses (Net)	644.72	602.58	-42.14	716.33	849.91	133.58	784.65	1105.96	321.31
TSSPDCL w.r.t. APCPDCL										
1	Employee Cost		234.88			419.21			365.98	
2	A&G Expenses		38.53			45.10			44.07	
3	R&M Expenses		42.57			45.14			57.86	
4	O&M Expenses (Gross)	296.01	315.98	19.97	324.92	509.46	184.54	357.00	467.91	110.91
5	Less: O&M Expenses Capitalized	44.58	29.01	-15.57	40.29	20.09	-20.20	39.77	24.40	-15.37
6	O&M Expenses (Net)	251.43	286.96	35.53	284.63	489.37	204.74	317.23	443.51	126.28

Rs. in crore

Sl. No.	Particulars	FY 2012-13			FY 2013-14		
		Approved in MYT order dated 20.03.2009	Actuals as Claimed	Claimed Variation	Approved in MYT order dated 20.03.2009	Actuals as Claimed	Claimed Variation
TSSPDCL w.r.t. APCPDCL							
1	Employee Cost		835.20			938.46	
2	A&G Expenses		119.82			101.18	
3	R&M Expenses		220.44			268.06	
4	O&M Expenses (Gross)	950.21	1175.46	225.25	1046.39	1307.70	
5	Less: O&M Expenses Capitalized	81.04	69.05	-11.99	92.05	85.74	
6	O&M Expenses (Net)	869.17	1106.41	237.24	954.34	1221.96	
TSNPDCCL w.r.t. APNPDCCL							
1	Employee Cost		458.23			509.96	
2	A&G Expenses		53.07			57.15	
3	R&M Expenses		78.59			101.00	
4	O&M Expenses (Gross)	392.60	589.90	197.30	432.11	668.11	
5	Less: O&M Expenses Capitalized	24.58	29.81	5.23	24.20	21.76	
6	O&M Expenses (Net)	368.02	560.09	192.07	407.91	646.35	

4.15.2 The variations in O&M expenses were due to the following reasons:

- Inflation:** The employee expenses and A&G expenses are increased owing to inflation. Increase in CPI and WPI during 2nd control period are as depicted in the table below:

Table 4.24: Wage revision impact on Employee cost for 2nd control period

Particulars	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
CPI	163	180	195	215	236
% increase in CPI	13%	10%	8%	10%	10%
WPI	131	143	156	168	178
% increase in WPI	4%	9%	9%	8%	6%

- b) Wage revision w.e.f. 01.04.2010: During FY 2010-11, pay revision of the employees took place w.e.f. 01.04.2010 due to which pay was increased over the years from FY 2010-11 onwards. Major element-wise impact of pay revision viz., employee cost details a year before pay revision and a year consequent to the pay revision are placed in table below:

Table 4.25: Employee cost a year before pay revision and a year consequent to the pay revision

Rs. in crore

Employee Cost	2009-10 (before revision)	2010-11 (after revision)	Growth Rate % 2009-10 on 2010-11
TSSPDCL			
Basic Pay	213	377	77.00%
DA	57	26	-54.39%
Other Allowances	38	81	113.16%
EL Encashment	10	18	80.00%
Total	318	502	57.86%
TSNPDCCL			
Basic Pay	116.49	203.47	74.67%
DA	30.07	14.57	-51.55%
Other Allowances	16.64	31.11	86.96%
EL Encashment	17.03	19.82	16.38%
Others	8.73	17.09	95.76%
Total	234.88	419.21	78.48%

- c) Leave Encashment: TSSPDCL have made provision towards leave encashment as per actuarial valuation report.
- d) Terminal Benefits as per Actuarial Valuation Report: TSDISCOMs have made the actuarial valuation towards pension and gratuity provision and final EL encashment provisions in respect of employees retired/to be retired. This has resulted in increase in provision for terminal benefit.
- e) Increase in R&M expenses: R&M expenses are linked to Gross Fixed Assets (GFA) which depends on capital expenditure. Increase in DTR repairs cost, increase in per substation maintenance cost and increase in number of 33/11 kV substations as well as maintenance cost of lines and cables & metering equipment due to unforeseen increase in material and labour rates have increased R&M expenditure.
- f) Increase in A&G expenses: Increase in travelling expenditure and vehicle hire charges due to rigorous inspection of field units and unforeseen increase in fuel cost, etc., has resulted in increase in A&G expenses.

Commission's View

4.15.3 The Commission on prudence check and based on the audited books of accounts allowed the True-up of O&M expenses as claimed by TSDISCOMs for 2nd control period.

4.16 RETURN ON CAPITAL EMPLOYED (RoCE) FOR 2ND CONTROL PERIOD

Petitioners' Submission

4.16.1 RoCE line items at actuals as claimed for 2nd control period is shown in the table below:

Table 4.26: RoCE claimed for 2nd control period

Rs. in crore

Sl. No.	Particulars	FY 2009-10			FY 2010-11			FY 2011-12		
		Approved in MYT order dated 20.03.2009	Actuals as Claimed	Claimed Variation	Approved in MYT order dated 20.03.2009	Actuals as Claimed	Claimed Variation	Approved in MYT order dated 20.03.2009	Actuals as Claimed	Claimed Variation
TSSPDCL w.r.t. APCPDCL										
1	WACC	11.00%	11.56%	0.56	11.00%	11.56%	0.56	11.00%	12.50%	1.50
2	Cost of Debt	10.00%	10.75%	0.75	10.00%	10.75%	0.75	10.00%	12.00%	2.00
3	RoE	14.00%	14.00%	-	14.00%	14.00%	-	14.00%	14.00%	-
4	RRB	1679	1497	-182	1901	1737	-164	2070	2037	-33
5	RoCE	184.66	173.11	-11.55	209.08	200.86	-8.22	227.60	254.59	26.99
TSNPDCL w.r.t. APNPDCL										
1	WACC	11.00%	10.95%	-0.05	11.00%	11.41%	0.41	11.00%	11.62%	0.62
2	Cost of Debt	10.00%	9.93%	-0.07	10.00%	10.55%	0.55	10.00%	10.83%	0.83
3	RoE	14.00%	14.00%	-	14.00%	14.00%	-	14.00%	14.00%	-
4	RRB	1034	1069	36	1190	1155	-36	1347	1204	-143
5	RoCE	113.70	117.06	3.36	130.93	131.74	0.81	148.12	139.91	-8.21

Rs. in crore

Sl. No.	Particulars	FY 2012-13			FY 2013-14		
		Approved in MYT order dated 20.03.2009	Actuals as Claimed	Claimed Variation	Approved in MYT order dated 20.03.2009	Actuals as Claimed	Claimed Variation
TSSPDCL w.r.t. APCPDCL							
1	WACC	11.00%	12.50%	1.50	11.00%	13.05%	2.05
2	Cost of Debt	10.00%	12.00%	2.00	10.00%	12.74%	2.74
3	RoE	14.00%	14.00%	-	14.00%	14.00%	-
4	RRB	2218	2345	128	2338	2668	330
5	RoCE	243.92	293.17	49.25	257.10	348.27	91.17
TSNPDCL w.r.t. APNPDCL							
1	WACC	11.00%	11.76%	0.76	11.00%	12.19%	1.19
2	Cost of Debt	10.00%	11.02%	1.02	10.00%	11.59%	1.59
3	RoE	14.00%	14.00%	-	14.00%	14.00%	-
4	RRB	1425	1309	-116	1447	1500	53
5	RoCE	156.79	153.97	-2.82	159.13	164.96	5.83

4.16.2 The variation in RoCE is mainly due to higher cost of debt during the control period. They have further stated that variation in RoCE is due to the following:

4.16.3 Variations in Regulated Rate Base due to variations in actual additions to consumer contribution as well as variations in fixed asset additions as compared to the approved by the Commission is as given in table below:

Table 4.27: Regulated Rate Base claimed for 2nd control period

Rs. in crore

Sl. No.	Particulars	FY 2009-10			FY 2010-11			FY 2011-12		
		Approved in MYT order dated 20.03.2009	Actuals as Claimed	Claimed Variation	Approved in MYT order dated 20.03.2009	Actuals as Claimed	Claimed Variation	Approved in MYT order dated 20.03.2009	Actuals as Claimed	Claimed Variation
TSSPDCL w.r.t. APCPDCL										
1	RRB	1679	1497	-182	1901	1737	-164	2070	2037	-33
2	Additions to OCFA	803	690	-113	795	659	-136	829	922	94
3	Additions to Consumer Contributions	329	304	-25	311	261	-50	307	362	55
4	Working Capital	60	53	-6	65	76	10	72	97	25
TSNPDCL w.r.t. APNPDCL										
1	RRB	1034	1069	36	1190	1155	-36	1347	1204	-143
2	Additions to OCFA	381	372	-9	450	235	-215	476	353	-123
3	Additions to Consumer Contributions	96	94	-2	93	84	-9	109	91	-18
4	Working Capital	25	26	2	27	42	15	30	39	9

Rs. in crore

Sl. No.	Particulars	FY 2012-13			FY 2013-14		
		Approved in MYT order dated 20.03.2009	Actuals as Claimed	Claimed Variation	Approved in MYT order dated 20.03.2009	Actuals as Claimed	Claimed Variation
TSSPDCL w.r.t. APCPDCL							
1	RRB	2218	2345	128	2338	2668	330
2	Additions to OCFA	903	937	34	970	1010	40
3	Additions to Consumer Contributions	319	401	82	373	385	12
4	Working Capital	79	96	19	87	109	22
TSNPDCL w.r.t. APNPDCL							
1	RRB	1425	1309	-116	1447	1500	53
2	Additions to OCFA	414	381	-33	380	293	-87
3	Additions to Consumer Contributions	120	118	-2	43	121	78
4	Working Capital	33	49	16	36	56	20

4.16.4 The Physical Completion Certificates (PCCs) & Financial Completion Certificates (FCCs) of the capitalised works submitted in compliance to the Directive No.3 of the Distribution business Tariff order dated 29.04.2020.

4.16.5 Working capital requirement for the year as per the norms of the Regulation No.4 of 2005 is 1/12th of the O&M expenses for the year.

4.16.6 Variations in capitalisation during 2nd control period as given in table below:

Table 4.28: Capitalization of Assets claimed for 2nd control period

Rs. in crore

Sl. No.	Particulars	FY 2009-10			FY 2010-11			FY 2011-12		
		Approved in MYT order dated 20.03.2009	Actuals as Claimed	Claimed Variation	Approved in MYT order dated 20.03.2009	Actuals as Claimed	Claimed Variation	Approved in MYT order dated 20.03.2009	Actuals as Claimed	Claimed Variation
TSSPDCL w.r.t. APCPDCL										
1	Capital Expenditure	800	661	-139	789	748	-42	902	964	61
TSNPDCL w.r.t. APNPDCL										
1	Capital Expenditure	527	308	-218	481	223	-258	474	314	-160

Rs. in crore

Sl. No.	Particulars	FY 2012-13			FY 2013-14		
		Approved in MYT order dated 20.03.2009	Actuals as Claimed	Claimed Variation	Approved in MYT order dated 20.03.2009	Actuals as Claimed	Claimed Variation
TSSPDCL w.r.t. APCPDCL							
1	Capital Expenditure	928	979	51	1055	1095	40
TSNPDCL w.r.t. APNPDCL							
1	Capital Expenditure	299	384	85	288	313	25

Commission's View

- 4.16.7 The Commission has examined the procedure adopted by TSDISCOMs for computation of RoCE and all the parameters used in the computation. The procedure adopted by TSDISCOMs is found to be in accordance with Regulation 4 of 2005 and the parameters were verified with the books of accounts.
- 4.16.8 There will be a change in RoCE from that claimed by TSDISCOMs due to change in cost of debt as verified with the books of accounts.
- 4.16.9 The RoCE approved by the Commission is as shown in the table below:

Table 4.29: RoCE approved for 2nd control period

Rs. in crore

Financial Year	Approved in Tariff Order dated 20.03.2009		Approved in True-up		Approved Variation	
	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL
2009-10	184.66	113.70	186.80	135.77	2.14	22.07
2010-11	209.08	130.93	218.34	154.54	9.26	23.61
2011-12	227.60	148.12	279.69	166.14	52.09	18.02
2012-13	243.92	156.79	325.17	183.84	81.25	27.05
2013-14	257.10	159.13	387.96	199.22	130.86	40.09

4.17 DEPRECIATION FOR 2ND CONTROL PERIOD

Petitioners' Submission

- 4.17.1 TSDISCOMs have claimed the expenditure towards depreciation after netting off the depreciation on consumer contribution portion of Gross Fixed Assets in 2nd control period. The reasons for variations in depreciation claimed are as given below:
- Due to depreciation methodology of calculating depreciation from the date of capitalization unlike the past practice of arriving depreciation only on opening balance of fixed assets.

- Due to variations in asset additions compared to approved asset additions in MYT tariff order.

4.17.2 Depreciation claimed for 2nd control period is shown in the table below:

Table 4.30: Depreciation claimed for 2nd control period

Rs. in crore

Financial Year	Approved in Tariff Order dated 20.03.2009		Claimed in True-up		Claimed Variation	
	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL
2009-10	224.82	149.72	166.57	142.76	-58.25	-6.96
2010-11	301.67	183.80	182.27	147.11	-119.40	-36.69
2011-12	380.94	232.45	220.13	160.77	-160.81	-71.68
2012-13	443.94	275.60	254.56	174.23	-189.38	-101.37
2013-14	514.17	319.20	284.00	186.49	-230.17	-132.71

Commission's View

4.17.3 On prudence check the Commission has considered the opening balance of Fixed Assets of 2006-07 and additions during the each year of the control period. Depreciation is arrived at by netting off the deductions and assets funded from the consumer contributions during each year of the control period.

4.17.4 The depreciation claimed by TSDISCOMs and approved by the Commission for 2nd control period is as shown in the Table below:

Table 4.31: Depreciation approved for 2nd control period

Rs. in crore

Financial Year	Approved in Tariff Order dated 20.03.2009		Approved in True-up		Approved Variation	
	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL
2009-10	224.82	149.72	130.63	105.84	-94.19	-43.88
2010-11	301.67	183.80	149.32	114.04	-152.35	-69.76
2011-12	380.94	232.45	170.94	125.31	-210.00	-107.14
2012-13	443.94	275.60	198.67	136.27	-245.27	-139.33
2013-14	514.17	319.20	223.89	150.88	-290.28	-168.32

4.18 TAXES ON INCOME

Petitioners' Submission

4.18.1 Taxes on Income claimed for 2nd control period is shown in the table below:

Table 4.32: Taxes on Income claimed for 2nd control period

Rs. in crore

Financial Year	Approved in Tariff Order dated 20.03.2009		Claimed in True-up		Claimed Variation	
	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL
2009-10	1.50	1.25	3.34	1.68	1.84	0.43

Financial Year	Approved in Tariff Order dated 20.03.2009		Claimed in True-up		Claimed Variation	
	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL
2010-11	1.50	1.25	2.44	1.93	0.94	0.68
2011-12	1.50	1.50	1.28	0.87	-0.22	-0.63
2012-13	1.50	1.50	0.00	0.00	-1.50	-1.50
2013-14	1.50	1.50	0.00	0.00	-1.50	-1.50

Commission's View

4.18.2 The Commission has computed the Taxes on income for 2nd control period in accordance with Regulation No.4 of 2005:

- i. RoE has been considered as equivalent to 14% of equity component of RRB.
- ii. The tax rate from book of accounts has been considered for computing tax on RoE.

4.18.3 The Commission has approved lower of the computed tax on income and actual tax paid by the Licensees and the tax on income claimed by the Petitioner and approved by the Commission for 2nd control period is as shown in the Table below:

Table 4.33: Taxes on Income approved for 2nd control period

Rs. in crore

Financial Year	Approved in Tariff Order dated 20.03.2009		Approved in True-up		Approved Variation	
	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL
2009-10	1.50	1.25	0.55	1.58	-0.95	0.33
2010-11	1.50	1.25	2.14	1.93	0.64	0.68
2011-12	1.50	1.50	1.59	0.87	0.09	-0.63
2012-13	1.50	1.50	0.00	0.00	-1.50	-1.50
2013-14	1.50	1.50	0.00	0.00	-1.50	-1.50

4.19 SPECIAL APPROPRIATIONS FOR 2ND CONTROL PERIOD

Petitioners' Submission

4.19.1 Special Appropriations claimed for 2nd control period is shown in the table below:

Table 4.34: Special Appropriations claimed for 2nd control period

Rs. in crore

Financial Year	Approved in Tariff Order dated 20.03.2009		Claimed in True-up		Claimed Variation	
	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL
2009-10	5.00	5.00	0.00	30.88	-5.00	25.88
2010-11	5.00	5.00	0.00	17.92	-5.00	12.92
2011-12	5.00	5.00	0.00	1.16	-5.00	-3.84

Financial Year	Approved in Tariff Order dated 20.03.2009		Claimed in True-up		Claimed Variation	
	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL
2012-13	5.00	5.00	0.00	0.56	-5.00	-4.44
2013-14	5.00	5.00	0.00	0.24	-5.00	-4.76

4.19.2 TSSPDCL has not claimed any amount towards special appropriations as the same has been considered in asset base under capital expenditure. The expenses claimed by TSNPDCL for an amount of Rs.26 crore in 2nd control period was towards provision of safety equipment to the employees, erection of intermediate poles for proper clearance, providing earthing, fencing, SMC Distribution boxes etc.

Commission's View

4.19.3 During consumer interactions the Commission has observed that electrical accidents are increasing and is a cause of concern. The TSDISCOMs shall ensure that measures are taken to avoid accidents. The TSDISCOMs while investing in safety of Employees should also invest on safety measures in the network to address the issue of electrical accidents.

4.19.4 Therefore, the special appropriations approved by the Commission for 2nd control period for each TSDISCOM is as follows.

Table 4.35: Special appropriations approved or 2nd control period

Rs. in crore

Financial Year	Approved in Tariff Order dated 20.03.2009		Approved in True-up		Approved Variation	
	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL
2009-10	5.00	5.00	0.00	5.00	-5.00	0.00
2010-11	5.00	5.00	0.00	5.00	-5.00	0.00
2011-12	5.00	5.00	0.00	1.16	-5.00	-3.84
2012-13	5.00	5.00	0.00	0.56	-5.00	-4.44
2013-14	5.00	5.00	0.00	0.24	-5.00	-4.76

4.20 OTHER EXPENDITURE FOR 2ND CONTROL PERIOD

4.20.1 Submissions of TSDISCOMs on Other Expenditure and Commission's View is as given below.

Petitioners' Submission

4.20.2 Other Expenditure claimed by TSDISCOMs is given below.

Table 4.36: Other Expenditure claimed for 2nd control period*Rs. in crore*

Financial Year	Approved in Tariff Order dated 20.03.2009		Claimed in True-up		Claimed Variation	
	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL
2009-10	0.00	3.90	0.00	1.01	0.00	-2.89
2010-11	0.00	3.97	0.56	0.59	0.56	-3.38
2011-12	0.00	4.03	1.99	1.21	1.99	-2.82
2012-13	0.00	4.11	16.41	0.86	16.41	-3.25
2013-14	0.00	4.19	0.00	1.19	0.00	-3.00

- 4.20.3 The reasons given by TSSPDCL for variation in other expenditure are compensation for injuries/death/damages, price variation and provision for obsolete stock.

Commission's View

- 4.20.4 The Other Expenditure approved by the Commission for 2nd control period for each TSDISCOM is as follows.

Table 4.37: Other Expenditure approved for 2nd control period*Rs. in crore*

Financial Year	Approved in Tariff Order dated 20.03.2009		Approved in True-up		Approved Variation	
	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL
2009-10	0.00	3.90	0.00	1.01	0.00	-2.89
2010-11	0.00	3.97	0.00	0.59	0.00	-3.38
2011-12	0.00	4.03	0.00	1.21	0.00	-2.82
2012-13	0.00	4.11	0.00	0.86	0.00	-3.25
2013-14	0.00	4.19	0.00	1.19	0.00	-3.00

4.21 REVENUE FROM OPEN ACCESS CONSUMERS FOR 2ND CONTROL PERIOD

- 4.21.1 Submissions of TSDISCOMs on Revenue from Open Access Consumers and Commission's View is as given below.

Petitioners' Submission

- 4.21.2 Revenue from Open Access Consumers claimed by TSDISCOMs is given below.

Table 4.38: Revenue from Open Access Consumers claimed for 2nd control period*Rs. in crore*

Financial Year	Approved in Tariff Order dated 20.03.2009		Claimed in True-up		Claimed Variation	
	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL
2009-10	6.32	0.00	0.06	0.00	-6.27	0.00
2010-11	0.00	0.00	0.01	0.00	0.01	0.00

Financial Year	Approved in Tariff Order dated 20.03.2009		Claimed in True-up		Claimed Variation	
	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL
2011-12	0.00	0.00	0.00	0.00	0.00	0.00
2012-13	0.00	0.00	0.00	0.00	0.00	0.00
2013-14	0.00	0.00	0.00	0.00	0.00	0.00

Commission's View

4.21.3 The Revenue from Open Access Consumers approved by the Commission for 2nd control period for each TSDISCOM is as follows.

Table 4.39: Revenue from Open Access Consumers approved for 2nd control period

Rs. in crore

Financial Year	Approved in Tariff Order dated 20.03.2009		Approved in True-up		Approved Variation	
	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL
2009-10	6.32	0.00	6.32	0.00	0.00	0.00
2010-11	0.00	0.00	0.00	0.00	0.00	0.00
2011-12	0.00	0.00	0.00	0.00	0.00	0.00
2012-13	0.00	0.00	0.00	0.00	0.00	0.00
2013-14	0.00	0.00	0.00	0.00	0.00	0.00

4.22 NON-TARIFF INCOME FOR 2ND CONTROL PERIOD

Petitioners' Submission

4.22.1 Non-Tariff Income at actuals as claimed for 2nd control period is shown in the table below:

Table 4.40: Non-Tariff Income claimed for 2nd control period

Rs. in crore

Financial Year	Approved in Tariff Order dated 20.03.2009		Claimed in True-up		Claimed Variation	
	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL
2009-10	32.10	5.86	40.36	15.87	8.26	10.01
2010-11	32.17	5.91	43.35	15.59	11.18	9.68
2011-12	32.25	5.95	47.41	17.61	15.16	11.66
2012-13	32.32	6.00	51.10	21.44	18.78	15.44
2013-14	32.42	6.05	50.13	26.63	17.71	20.58

Commission's View

4.22.2 The Commission has observed from the book of accounts that there is no separate classification of Non-Tariff Income for Distribution Business and Retail Supply Business. Hence based on the additional information and the information filed on actual basis, the Commission approves the Non-Tariff Income as given below:

Table 4.41: Non-tariff income approved for 2nd control period

Rs. in crore

Financial Year	Approved in Tariff Order dated 20.03.2009		Approved in True-up		Approved Variation	
	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL
2009-10	32.10	5.86	40.36	16.06	8.26	10.20
2010-11	32.17	5.91	43.35	15.79	11.18	9.88
2011-12	32.25	5.95	47.41	17.63	15.16	11.68
2012-13	32.32	6.00	51.10	21.47	18.78	15.47
2013-14	32.42	6.05	50.13	26.67	17.71	20.62

4.23 AGGREGATE REVENUE REQUIREMENT (ARR) OF TSSPDCL FOR 2ND CONTROL PERIOD

4.23.1 The ARR and True-up for 2nd control period claimed by TSSPDCL and approved by the Commission based on the above analysis is as shown in the Table below:

Table 4.42: Summary of TSSPDCL ARR and True-up claimed and approved for 2nd control period

Rs. in crore

Particulars	Approved in TO dated 20.03.2009	Claimed in True-up		Approved in True-up	
		Actuals Claimed	Claimed Variation	Approved True-up	Approved Variation
FY 2009-10					
O&M expenses Gross	715.26	640.54	-74.72	640.54	-74.72
O&M expenses capitalized	70.54	37.96	-32.58	37.96	-32.58
O&M expenses Net	644.72	602.58	-42.14	602.58	-42.14
Return on Capital Employed	184.66	173.11	-11.55	186.80	2.14
Depreciation	224.82	166.57	-58.25	130.63	-94.19
Taxes on Income	1.50	3.34	1.84	0.55	-0.95
Special appropriations	5.00	0.00	-5.00	0.00	-5.00
Other expenses	0.00	0.00	0.00	0.00	0.00
Gross ARR	1060.69	945.60	-115.10	920.56	-140.14
Less: Revenue from OA	6.32	0.06	-6.27	6.32	0.00
Less: Non-Tariff Income	32.10	40.36	8.26	40.36	8.26
Net ARR	1022.29	905.18	-117.11	873.88	-148.42
FY 2010-11					
O&M expenses Gross	785.56	907.86	122.30	907.86	122.30
O&M expenses capitalized	69.23	57.95	-11.28	57.95	-11.28
O&M expenses Net	716.33	849.91	133.58	849.91	133.58
Return on Capital Employed	209.08	200.86	-8.22	218.34	9.26
Depreciation	301.67	182.27	-119.40	149.32	-152.35
Taxes on Income	1.50	2.44	0.94	2.14	0.64

Particulars	Approved in TO dated 20.03.2009	Claimed in True-up		Approved in True-up	
		Actuals Claimed	Claimed Variation	Approved True-up	Approved Variation
Special appropriations	5.00	0.00	-5.00	0.00	-5.00
Other expenses	0.00	0.56	0.56	0.00	0.00
Gross ARR	1233.58	1236.05	2.47	1219.71	-13.87
Less: Revenue from OA	0.00	0.00	0.00	0.00	0.00
Less: Non-Tariff Income	32.17	43.35	11.18	43.35	11.18
Net ARR	1201.41	1192.69	-8.72	1176.36	-25.05
FY 2011-12					
<i>O&M expenses Gross</i>	863.59	1164.70	301.11	1164.70	301.11
<i>O&M expenses capitalized</i>	78.94	58.73	-20.21	58.73	-20.21
O&M expenses Net	784.65	1105.96	321.31	1105.96	321.31
Return on Capital Employed	227.60	254.59	26.99	279.69	52.09
Depreciation	380.94	220.13	-160.81	170.94	-210.00
Taxes on Income	1.50	1.28	-0.22	1.59	0.09
Special appropriations	5.00	0.00	-5.00	0.00	-5.00
Other expenses	0.00	1.99	1.99	0.00	0.00
Gross ARR	1399.69	1583.95	184.26	1558.18	158.48
Less: Revenue from OA	0.00	0.00	0.00	0.00	0.00
Less: Non-Tariff Income	32.25	47.41	15.16	47.41	15.16
Net ARR	1367.44	1536.54	169.10	1510.77	143.32
FY 2012-13					
<i>O&M expenses Gross</i>	950.21	1175.46	225.25	1175.46	225.25
<i>O&M expenses capitalized</i>	81.04	69.05	-11.99	69.05	-11.99
O&M expenses Net	869.17	1106.41	237.24	1106.41	237.24
Return on Capital Employed	243.92	293.17	49.25	325.17	81.25
Depreciation	443.94	254.56	-189.38	198.67	-245.27
Taxes on Income	1.50	0.00	-1.50	0.00	-1.50
Special appropriations	5.00	0.00	-5.00	0.00	-5.00
Other expenses	0.00	16.41	16.41	0.00	0.00
Gross ARR	1563.53	1670.55	107.03	1630.25	66.72
Less: Revenue from OA	0.00	0.00	0.00	0.00	0.00
Less: Non-Tariff Income	32.32	51.10	18.78	51.10	18.78
Net ARR	1531.21	1619.45	88.25	1579.15	47.94
FY 2013-14					
<i>O&M expenses Gross</i>	1046.39	1307.70	261.31	1307.70	261.31
<i>O&M expenses capitalized</i>	92.05	85.74	-6.31	85.74	-6.31
O&M expenses Net	954.34	1221.96	267.62	1221.96	267.62
Return on Capital Employed	257.10	348.27	91.17	387.96	130.86

Particulars	Approved in TO dated 20.03.2009	Claimed in True-up		Approved in True-up	
		Actuals Claimed	Claimed Variation	Approved True-up	Approved Variation
Depreciation	514.17	284.00	-230.17	223.89	-290.28
Taxes on Income	1.50	0.00	-1.50	0.00	-1.50
Special appropriations	5.00	0.00	-5.00	0.00	-5.00
Other expenses	0.00	0.00	0.00	0.00	0.00
Gross ARR	1732.11	1854.23	122.11	1833.81	101.70
Less: Revenue from OA	0.00	0.00	0.00	0.00	0.00
Less: Non-Tariff Income	32.42	50.13	17.71	50.13	17.71
Net ARR	1699.70	1804.10	104.39	1783.68	83.98

4.23.2 The ARR and True-up for 2nd control period claimed by TSNPDCL and approved by the Commission based on the above analysis is as shown in the Table below:

Table 4.43: Summary of TSNPDCL ARR and True-up claimed and approved for 2nd control period

Rs. in crore

Particulars	Approved in TO dated 20.03.2009	Claimed in True-up		Approved in True-up	
		Actuals Claimed	Claimed Variation	Approved True-up	Approved Variation
FY 2009-10					
O&M expenses Gross	296.01	315.98	19.97	315.98	19.97
O&M expenses capitalized	44.58	29.01	-15.57	29.01	-15.57
O&M expenses Net	251.43	286.96	35.53	286.96	35.53
Return on Capital Employed	113.70	117.06	3.36	135.77	22.07
Depreciation	149.72	142.76	-6.96	105.84	-43.88
Taxes on Income	1.25	1.68	0.43	1.58	0.33
Special appropriations	5.00	30.88	25.88	5.00	0.00
Other expenses	3.90	1.01	-2.89	1.01	-2.89
Gross ARR	525.01	580.35	55.34	536.16	11.16
Less: Revenue from OA	0.00	0.00	0.00	0.00	0.00
Less: Non-Tariff Income	5.86	15.87	10.01	16.06	10.20
Net ARR	519.15	564.48	45.32	520.10	0.94
FY 2010-11					
O&M expenses Gross	324.92	509.46	184.54	509.46	184.54
O&M expenses capitalized	40.29	20.09	-20.20	20.09	-20.20
O&M expenses Net	284.63	489.37	204.74	489.37	204.74
Return on Capital Employed	130.93	131.74	0.80	154.54	23.61
Depreciation	183.80	147.11	-36.69	114.040	-69.76
Taxes on Income	1.25	1.93	0.68	1.93	0.68

Particulars	Approved in TO dated 20.03.2009	Claimed in True-up		Approved in True-up	
		Actuals Claimed	Claimed Variation	Approved True-up	Approved Variation
Special appropriations	5.00	17.92	12.92	5.00	0.00
Other expenses	3.97	0.59	-3.38	0.59	-3.38
Gross ARR	609.58	788.66	179.07	765.48	155.89
Less: Revenue from OA	0.00	0.00	0.00	0.00	0.00
Less: Non-Tariff Income	5.91	15.59	9.68	15.79	9.88
Net ARR	603.67	773.07	169.39	749.68	146.01
FY 2011-12					
<i>O&M expenses Gross</i>	357.00	467.91	110.91	467.91	110.91
<i>O&M expenses capitalized</i>	39.77	24.40	-15.37	24.40	-15.37
O&M expenses Net	317.23	443.51	126.28	443.51	126.28
Return on Capital Employed	148.12	139.91	-8.21	166.14	18.02
Depreciation	232.45	160.77	-71.68	125.31	-107.14
Taxes on Income	1.50	0.87	-0.63	0.87	-0.63
Special appropriations	5.00	1.16	-3.84	1.16	-3.84
Other expenses	4.03	1.21	-2.82	1.21	-2.82
Gross ARR	708.33	747.43	39.10	738.20	29.87
Less: Revenue from OA	0.00	0.00	0.00	0.00	0.00
Less: Non-Tariff Income	5.95	17.61	11.66	17.63	11.68
Net ARR	702.38	729.81	27.44	720.57	18.19
FY 2012-13					
<i>O&M expenses Gross</i>	392.60	589.90	197.30	589.90	197.30
<i>O&M expenses capitalized</i>	24.58	29.81	5.23	29.81	5.23
O&M expenses Net	368.02	560.09	192.07	560.09	192.07
Return on Capital Employed	156.79	153.97	-2.83	183.84	27.05
Depreciation	275.60	174.23	-101.37	136.27	-139.33
Taxes on Income	1.50	0.00	-1.50	0.00	-1.50
Special appropriations	5.00	0.56	-4.44	0.56	-4.44
Other expenses	4.11	0.86	-3.25	0.86	-3.25
Gross ARR	811.02	889.69	78.67	881.62	70.60
Less: Revenue from OA	0.00	0.00	0.00	0.00	0.00
Less: Non-Tariff Income	6.00	21.44	15.44	21.47	15.47
Net ARR	805.03	868.27	63.22	860.16	55.12
FY 2013-14					
<i>O&M expenses Gross</i>	432.11	668.11	236.00	668.11	236.00
<i>O&M expenses capitalized</i>	24.20	21.76	-2.44	21.76	-2.44
O&M expensed Net	407.91	646.35	238.44	646.35	238.44
Return on Capital Employed	159.13	164.96	5.83	199.22	40.09

Particulars	Approved in TO dated 20.03.2009	Claimed in True-up		Approved in True-up	
		Actuals Claimed	Claimed Variation	Approved True-up	Approved Variation
Depreciation	319.20	186.49	-132.71	150.88	-168.32
Taxes on Income	1.50	0.00	-1.50	0.00	-1.50
Special appropriations	5.00	0.24	-4.76	0.24	-4.76
Other expenses	4.19	1.19	-3.00	1.19	-3.00
Gross ARR	896.93	999.23	102.30	997.88	100.95
Less: Revenue from OA	0.00	0.00	0.00	0.00	0.00
Less: Non-Tariff Income	6.05	26.63	20.58	26.67	20.62
Net ARR	890.89	972.60	81.70	971.21	80.31

4.24 AGGREGATE GAINS/LOSSES OF TRUE-UP CLAIMED AND APPROVED FOR 2ND CONTROL PERIOD

Commission's View

4.24.1 The aggregate Gains/Losses of True-up for 2nd control period claimed by TSDISCOMs and approved by the Commission is as shown in the Table below:

Table 4.44: Aggregate Gains/Losses of True-up claimed and approved for 2nd control period

Rs. in crore

Financial Year	True-up Claimed		True-up Approved	
	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL
2009-10	-117.11	45.32	-148.42	0.94
2010-11	-8.72	169.39	-25.05	146.01
2011-12	169.10	27.44	143.32	18.19
2012-13	88.25	63.22	47.94	55.12
2013-14	104.39	81.70	83.98	80.31
Total	235.91	387.08	101.78	300.57
True-up for 2nd control period	194.74	386.42	84.02	300.06

True-up claim for TSSPDCL is taken as 82.55% of the total claim for erstwhile APCPDCL and the true-up claim for TSNPDCL has been considered as 99.83% of the total claim for erstwhile APNPDCDCL in line with the A.P. Reorganisation Act, 2014 and in line with G.O.Ms.No.24 dated 29.05.2014 and G.O.Ms.No.20 dated 08.05.2014

4.25 TRUE-UP FOR 3RD CONTROL PERIOD

4.25.1 The Petitioners' Submissions and the Commission's analysis on each item of ARR is detailed below:

4.26 OPERATION AND MAINTENANCE (O&M) EXPENSES FOR 3RD CONTROL PERIOD

Petitioners' Submission

4.26.1 The O&M expenses claimed by TSDISCOMs for 3rd control period is as shown in the Table below:

Table 4.45: O&M expenses claimed for 3rd control period

Rs. in crore

Sl. No.	Particulars	FY 2014-15			FY 2015-16			FY 2016-17		
		Approved in MYT order dated 27.03.2015	Actuals as Claimed	Claimed Variation	Approved in MYT order dated 27.03.2015	Actuals as Claimed	Claimed Variation	Approved in MYT order dated 27.03.2015	Actuals as Claimed	Claimed Variation
TSSPDCL										
1	Employee Cost	819.61	1065.59	245.98	877.96	823.34	-54.62	1042.91	1490.63	447.72
2	A&G Expenses	248.11	88.52	-159.59	231.26	101.11	-130.15	274.06	333.79	59.73
3	R&M Expenses	82.55	250.34	167.79	161.21	278.12	116.91	188.81	138.85	-49.96
4	O&M Expenses (Gross)	1150.27	1404.45	254.18	1270.43	1202.57	-67.86	1505.78	1963.27	457.49
5	Less: O&M Expenses Capitalized	94.53	88.76	-5.77	106.23	121.75	15.52	107.98	121.95	13.97
6	O&M Expenses	1055.74	1315.69	259.95	1164.20	1080.81	-83.38	1397.80	1841.32	443.52
TSNPDCCL										
1	Employee Cost	509.87	751.30	241.44	595.97	736.42	140.45	693.76	763.65	69.88
2	A&G Expenses	118.97	56.99	-61.97	138.98	65.32	-73.66	161.18	81.26	-79.92
3	R&M Expenses	55.99	113.68	57.70	83.98	123.20	39.22	100.11	149.60	49.49
4	O&M Expenses (Gross)	684.82	921.98	237.16	818.93	924.93	106.66	955.05	994.50	39.45
5	Less: O&M Expenses Capitalized	56.74	30.72	-26.02	78.67	51.43	-27.24	72.41	81.58	9.17
6	O&M Expenses (Net)	628.08	891.26	263.18	740.26	873.50	133.24	882.64	912.92	30.28

Rs. in crore

Sl. No.	Particulars	FY 2017-18			FY 2018-19		
		Approved in MYT order dated 27.03.2015	Actuals as Claimed	Claimed Variation	Approved in MYT order dated 27.03.2015	Actuals as Claimed	Claimed Variation
TSSPDCL							
1	Employee Cost	1209.93	1896.94	687.02	1398.53	2249.04	850.51
2	A&G Expenses	317.54	212.89	-104.66	366.69	162.57	-204.12
3	R&M Expenses	218.58	108.66	-109.92	249.19	126.66	-122.54
4	O&M Expenses (Gross)	1746.05	2218.49	472.44	2014.41	2538.26	523.86
5	Less: O&M Expenses Capitalized	112.25	109.49	-2.76	113.10	134.25	21.15
6	O&M Expenses	1633.80	2109.00	475.20	1901.31	2404.02	502.71
TSNPDCCL							
1	Employee Cost	799.00	722.37	-76.63	924.28	1681.84	757.56
2	A&G Expenses	186.00	83.40	-102.60	215.07	87.07	-127.99
3	R&M Expenses	119.00	87.20	-31.80	138.04	71.98	-66.06
4	O&M Expenses (Gross)	1104.00	892.97	-211.03	1277.39	1840.90	563.59
5	Less: O&M Expenses Capitalized	77.72	68.27	-9.45	82.94	67.06	-15.88
6	O&M Expenses (Net)	1026.28	824.71	-201.57	1194.45	1773.84	579.39

4.26.2 The variations in O&M expenses were due to the following reasons:

- a) Inflation: The employee expenses and A&G expenses are increased owing to inflation. Increase in CPI and WPI during 3rd control period are as depicted in the table below:

Table 4.46: Wage revision impact on Employee cost for 2nd control period

Particulars	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
CPI	250.83	265.00	275.42	284.425	299.99

% increase in CPI	6.29%	5.65%	4.12%	3.08%	5.45%
WPI	113.88	109.72	111.62	114.88	119.80
% increase in WPI	1.26%	-3.65%	1.73%	2.92%	4.26%

- b) Wage revision in 2014 and 2018: During FY 2014-15 and FY 2018-19, pay revision of the employees took place due to which pay was increased over the years from FY 2014-15 onwards and in FY 2018-19. Major element-wise impact of pay revision viz., employee cost details consequent to the pay revision are placed in table below:

Table 4.47: Employee cost details consequent to the pay revision

Rs. in crore

Employee Cost	2014-15	2015-16	2016-17	2017-18	2018-19	Growth Rate %
Basic Pay	385.88	407.12	408.32	409.03	690.58	14.64%
DA	26.29	36.69	62.26	78.89	21.36	
Other Allowances	71.70	81.22	79.80	83.35	118.96	13.50%
EL Encashment	49.52	49.04	61.87	43.66	187.68	39.52%
Total	318	502	57.86%	318	502	57.86%
Basic Pay	116.49	203.47	74.67%	116.49	203.47	74.67%
DA	30.07	14.57	-51.55%	30.07	14.57	-51.55%
Other Allowances	16.64	31.11	86.96%	16.64	31.11	86.96%
EL Encashment	17.03	19.82	16.38%	17.03	19.82	16.38%
Others	8.73	17.09	95.76%	8.73	17.09	95.76%
Total	234.88	419.21	78.48%	234.88	419.21	78.48%

- c) Regularisation of outsourcing employees in 2017: the charges pertain to contract labour are majorly grouped under R&M head of the O&M cost till FY 2017-18. However, in FY 2017-18 on 29.07.2017, based on the order of Hon'ble High Court, the contract labour have been designated as Artisans by regularising their service. Hence the salaries paid to artisans which were grouped earlier under R&M expenses are brought under employee expenses of the O&M cost from middle of FY 2017-18 onwards.
- d) Terminal Benefits as per Actuarial Valuation Report: TSDISCOMs have made the actuarial valuation towards pension and gratuity provision and final EL encashment provisions in respect of employees retired/to be retired. This has resulted in increase in provision for terminal benefit.
- e) Increase in R&M expenses: R&M expenses are linked to Gross Fixed Assets (GFA) which depends on capital expenditure. Increase in R&M expenses is mainly due to the reason that the charges pertaining to contract labour are majority grouped under R&M head of the O&M cost till middle of FY 2017-18 and from FY 2017-18 onwards these charges are merged in employee cost after regularising the services of contract labour as Artisans. DTR repairs cost, variation in per substation maintenance cost and increase in number of 33/11 kV substations as well as maintenance cost of lines and cables & metering equipment due to unforeseen increase in material and labour rates have increased R&M expenditure.

- f) Increase in A&G expenses: Increase in travelling expenditure and vehicle hire charges due to rigorous inspection of field units and unforeseen increase in fuel cost, etc., has resulted in increase in A&G expenses.

Commission's View

Employee and A&G Expenses

- 4.26.3 Clause 14.3 of the Regulation No.4 of 2005 stipulates that the O&M expenses for each year of the control period shall be determined by using pre-determined norms or formulae based on the Distribution Licensees submissions, previous years actual expenses and any other factors considered relevant by the Commission.
- 4.26.4 In the MYT Order dated 27.03.2015 for 3rd control period, the Commission has specified the methodology of determining the norms of O&M expenses and fixed the norms for Employee expenses, A&G expenses and R&M expenses.
- 4.26.5 The Commission has computed the Employee Expenses and A&G Expenses based on the above approved norms using the actual number of substations, line lengths, number of DTRs and number of consumers furnished by TSDISCOMs in their additional information and on prudence check with the audited books of accounts.
- 4.26.6 Comparison of TSDISCOM wise Employee Expenses and A&G Expenses is as shown in the tables below:

Table 4.48: Employee Expenses approved for 3rd control period

Rs. in crore

Financial Year	Approved in MYT Order	Claimed in True-up	Approved in True-up
TSSPDCL			
2014-15	819.61	1065.59	1065.59
2015-16	877.96	823.34	823.34
2016-17	1042.91	1490.63	1490.63
2017-18	1209.93	1896.94	1775.43
2018-19	1398.53	2249.04	2058.97
TSNPDCL			
2014-15	509.87	751.30	751.30
2015-16	595.87	736.42	736.42
2016-17	693.76	763.65	763.65
2017-18	799.00	722.37	722.37
2018-19	924.28	1681.84	1441.71

Table 4.49: A& G Expenses approved for 3rd control period*Rs. in crore*

Financial Year	Approved in MYT Order	Claimed in True-up	Approved in True-up
TSSPDCL			
2014-15	248.11	88.52	88.52
2015-16	231.26	101.11	101.11
2016-17	274.06	333.79	127.08
2017-18	317.54	212.89	147.49
2018-19	366.69	162.57	162.57
TSNPDCL			
2014-15	118.97	56.99	56.99
2015-16	138.98	65.32	65.32
2016-17	161.18	81.26	80.69
2017-18	186.00	83.40	83.40
2018-19	215.07	87.07	87.07

4.26.7 The R&M expenses approved are given in the table below:

Table 4.50: R&M Expenses approved for 3rd control period*Rs. in crore*

Financial Year	Approved in MYT Order	Claimed in True-up	Approved in True-up
TSSPDCL			
2014-15	82.55	250.34	250.34
2015-16	161.10	278.12	225.15
2016-17	188.81	138.85	138.85
2017-18	218.58	108.66	108.66
2018-19	249.19	126.66	126.66
TSNPDCL			
2014-15	55.99	113.68	113.68
2015-16	83.98	123.20	123.20
2016-17	100.11	149.60	139.10
2017-18	119.00	87.20	87.20
2018-19	138.04	71.98	71.98

Table 4.51: O&M Expenses approved for 3rd control period*Rs. in crore*

O&M Expenses	2014-15	2015-16	2016-17	2017-18	2018-19	Total
TSSPDCL						
Approved in MYT Order						
Gross Expenses	1150.27	1270.43	1505.78	1746.05	2014.41	7686.93
Capitalisation	94.53	106.23	107.98	112.25	113.10	534.09
Net Expenses	1055.74	1164.20	1397.80	1633.80	1901.31	7152.84
Claimed in True-up						
Gross Expenses	1404.45	1202.57	1963.27	2218.49	2538.26	9327.04
Capitalisation	88.76	121.75	121.95	109.49	134.25	576.20
Net Expenses	1315.69	1080.81	1841.32	2109.00	2404.02	8750.84
Approved in True-up						
Gross Expenses	1404.45	1149.60	1756.56	2031.58	2348.20	8690.38
Capitalisation	88.76	116.39	109.11	100.27	124.19	538.72
Net Expenses	1315.69	1033.29	1647.45	1931.31	2224.01	8151.66

O&M Expenses	2014-15	2015-16	2016-17	2017-18	2018-19	Total
TSSPDCL						
TSNPDCL						
Approved in MYT Order						
Gross Expenses	684.82	818.93	955.05	1104.00	1277.39	4840.19
Capitalisation	56.74	78.67	72.41	77.72	82.94	368.48
Net Expenses	628.08	740.26	882.64	1026.28	1194.45	4471.71
Claimed in True-up						
Gross Expenses	921.98	924.93	994.50	892.97	1840.90	5575.28
Capitalisation	30.72	51.43	81.58	68.27	67.06	299.05
Net Expenses	891.26	873.50	912.92	824.71	1773.84	5276.23
Approved in True-up						
Gross Expenses	921.98	924.93	983.44	892.97	1608.76	5332.08
Capitalisation	30.72	51.43	80.67	68.27	58.60	289.68
Net Expenses	891.26	873.50	902.76	824.71	1550.16	5042.40

4.27 RETURN ON CAPITAL EMPLOYED (RoCE) FOR 3RD CONTROL PERIOD

Petitioners' Submission

4.27.1 The TSDISCOMs have stated that RoCE is computed based on the actual RRB as per the procedure prescribed in Regulation 4 of 2005. They have further stated that the loss in RoCE is due to the following:

- Less Regulated Rate Base than approved by the Commission
- Less capitalisation during the first year of 1st control period.
- Weighted average cost of capital taken as 11.56% as against 10.25% considered in the Tariff Order which was mainly due to increase in cost of debt to 10.75% p.a. as against approved rate of 9% p.a. in the Tariff Order.

4.27.2 RoCE claimed for 3rd control period is shown in the table below:

Table 4.52: RoCE claimed for 3rd control period

Rs. in crore

Financial Year	Approved in MYT Order dated 27.03.2015		Claimed in True-up Filings		Claimed Variation	
	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL
2014-15	277.95	188.52	233.75	151.16	-44.20	-37.36
2015-16	376.00	224.68	332.55	159.89	-43.45	-64.79
2016-17	490.17	267.65	558.86	247.28	68.69	-20.38
2017-18	610.10	328.59	565.30	213.08	-44.80	-115.51
2018-19	729.99	404.02	542.28	258.51	-187.71	-145.51

Commission's View

4.27.3 The Commission has examined the procedure adopted by TSDISCOMs for computation of RoCE and all the parameters used in the computation. The procedure adopted by TSDISCOMs is found to be in accordance with

Regulation No.4 of 2005 and the parameters were verified with the books of accounts.

- 4.27.4 There will be a change in RoCE from that claimed by TSDISCOMs due to change in cost of debt as verified with the books of accounts.
- 4.27.5 Section 53 of the Reorganisation Act provides that the operational units of the undertaking (company) shall be apportioned between the two successor states on location basis and headquarters of such undertaking (company) shall be apportioned between two successor states on the basis of population ratio. Upon apportionment of the assets and liabilities, such assets and liabilities shall be transferred in physical form on mutual agreement or by making payment or adjustment through any other mode as may be agreed to by the successor state.
- 4.27.6 Government has issued guidelines in the G.O.Ms.No.24 dated 29.05.2014 to facilitate apportionment of assets and liabilities between APCPDCL now (TSSPDCL) and APSPDCL on account of transfer of two districts of Anantapur and Kurnool from APCPDCL to APSPDCL.
- 4.27.7 Guidelines issued in the G.O.Ms.No.24 dated 29.05.2014 were adopted for apportionment of assets and liabilities between TSNPDCL and APEPDCL on account of transfer of distribution network of 7 Mandals from TSNPDCL to APEPDCL. As per the approval of Government, Energy Department, Telangana vide letter dated 29.05.2014.
- 4.27.8 Based on the approval of the Demerger proposals of TSDISCOMs by the Expert Committee and on examination of the books of accounts based on the certified demerger scheme for apportionment of assets and liabilities from TSSPDCL to APSPDCL and TSNPDCL to APEPDCL as on 02.06.2014, the RoCE approved by the Commission is as shown in the table below:

Table 4.53: RoCE approved for 3rd control period

Rs. in crore

Financial Year	Approved in MYT Order dated 27.03.2015		Approved in True-up		Approved Variation	
	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL
2014-15	277.95	188.52	319.37	175.28	41.41	-13.24
2015-16	376.00	224.68	429.84	189.66	53.84	-35.02
2016-17	490.17	267.65	571.48	225.93	81.31	-41.72

Financial Year	Approved in MYT Order dated 27.03.2015		Approved in True-up		Approved Variation	
	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL
2017-18	610.10	328.59	607.90	200.50	-2.20	-128.09
2018-19	729.99	404.02	610.76	251.97	-119.22	-152.05

4.28 DEPRECIATION FOR 3RD CONTROL PERIOD

Petitioners' Submission

4.28.1 TSDISCOMs have claimed the expenditure towards depreciation after netting off the depreciation on consumer contribution portion of Gross Fixed Assets in 3rd control period. The reasons given by them for variations are:

- Due to calculating depreciation from the date of capitalisation unlike past practice of calculating depreciation only on opening Balance of Fixed Assets.
- Due to withdrawal of depreciation on Consumer Contributed Assets.

4.28.2 Depreciation claimed for 1st control period is shown in the table below:

Table 4.54: Depreciation claimed for 3rd control period

Rs. in crore

Financial Year	Approved in MYT Order dated 27.03.2015		Claimed in True-up Filings		Claimed Variation	
	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL
2014-15	497.25	235.27	457.14	225.97	-40.11	-9.30
2015-16	561.63	258.20	544.52	365.30	-17.11	107.10
2016-17	634.64	311.59	673.28	227.50	38.64	-84.09
2017-18	704.56	372.40	772.14	332.26	67.58	-40.14
2018-19	774.49	427.63	855.81	378.35	81.32	-49.28

Commission's View

4.28.3 Clause 15 of Regulation No.4 of 2005 stipulates that the depreciation shall be calculated on the amount of original cost of fixed assets included in RRB at the beginning of each year of the control period.

4.28.4 On prudence check the Commission has considered the closing balance of Fixed Assets of 2013-14 pertaining to TSDISCOMs and asset transfers to APDISCOMs as per demerger scheme approved by Expert Committee.

4.28.5 The depreciation claimed by TSDISCOMs and approved by the Commission for 3rd control period is as shown in the Table below:

Table 4.55: Depreciation approved for 3rd control period*Rs. in crore*

Financial Year	Approved in MYT Order dated 27.03.2015		Approved in True-up		Approved Variation	
	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL
2014-15	497.25	235.27	376.91	209.81	-120.34	-25.46
2015-16	561.63	258.20	414.79	228.49	-146.84	-29.71
2016-17	634.64	311.59	518.85	256.45	-115.79	-55.14
2017-18	704.56	372.40	600.34	289.41	-104.22	-82.99
2018-19	774.49	427.63	667.57	321.98	-106.92	-105.65

4.29 TAXES ON INCOME***Petitioners' Submission***

4.29.1 Taxes on Income claimed for 3rd control period is shown in the table below:

Table 4.56: Taxes on Income claimed for 3rd control period*Rs. in crore*

Financial Year	Approved in MYT Order dated 27.03.2015		Claimed in True-up Filings		Claimed Variation	
	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL
2014-15	14.40	8.48	0.00	0.00	-14.40	-8.48
2015-16	19.48	9.09	0.00	0.00	-19.48	-9.09
2016-17	25.39	9.36	0.00	0.00	-25.39	-9.36
2017-18	31.60	9.56	0.00	0.00	-31.60	-9.56
2018-19	37.81	10.58	0.00	0.00	-37.81	-10.58

Commission's View

4.29.2 TSDISCOMs have not claimed any amount towards taxes on income for 3rd control period. Hence the Commission has not approved any taxes on income for 3rd control period.

Table 4.57: Taxes on income approved for 3rd control period*Rs. in crore*

Financial Year	Approved in MYT Order dated 27.03.2015		Approved in True-up		Approved Variation	
	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL
2014-15	14.40	8.48	0.00	0.00	-14.40	-8.48
2015-16	19.48	9.09	0.00	0.00	-19.48	-9.09
2016-17	25.39	9.36	0.00	0.00	-25.39	-9.36
2017-18	31.60	9.56	0.00	0.00	-31.60	-9.56
2018-19	37.81	10.58	0.00	0.00	-37.81	-10.58

4.30 SPECIAL APPROPRIATIONS FOR 3RD CONTROL PERIOD

4.30.1 TSDISCOMs claims on special appropriations for 3rd control period and Commission's View is given below.

Petitioners' Submission

4.30.2 Special Appropriations claimed for 3rd control period is shown in the table below:

Table 4.58: Special Appropriations claimed for 3rd control period

Rs. in crore

Financial Year	Approved in MYT Order dated 27.03.2015		Claimed in True-up Filings		Claimed Variation	
	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL
2014-15	30.00	25.89	0.00	2.01	-30.00	-23.88
2015-16	35.00	61.86	0.00	2.47	-35.00	-59.39
2016-17	40.00	65.12	0.00	5.15	-40.00	-59.97
2017-18	45.00	68.41	0.00	18.58	-45.00	-49.83
2018-19	50.00	71.42	0.00	23.64	-50.00	-47.78

4.30.3 TSSPDCL has not claimed any amount towards special appropriations. The expenses claimed by TSNPDCL for an amount of Rs.22.33 crore in FY 2008-09 was towards provision of safety equipment to the Employees, erection of intermediate poles for proper clearance, providing earthing, fencing, SMC Distribution boxes etc.

Commission's View

4.30.4 During consumer interactions the Commission has observed that electrical accidents are increasing and is a cause of concern. The TSDISCOMs shall ensure that measures are taken to avoid accidents. The TSDISCOMs while investing in safety of Employees should also invest on safety measures in the network to address the issue of electrical accidents.

4.30.5 TSSPDCL has claimed that the expenditure for safety measure is considered in capital expenditure and has not reflected under this head. TSNPDCL has not reflected the expenditure under this head in book of accounts. Therefore, the special appropriations approved by the Commission for 3rd control period for each TSDISCOM is as follows.

Table 4.59: Special appropriations approved or 3rd control period

Rs. in crore

Financial Year	Approved in MYT Order dated 27.03.2015		Approved in True-up		Approved Variation	
	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL
2014-15	30.00	25.89	0.00	0.00	-30.00	-25.89
2015-16	35.00	61.86	0.00	0.00	-35.00	-61.86
2016-17	40.00	65.12	0.00	0.00	-40.00	-65.12
2017-18	45.00	68.41	0.00	0.00	-45.00	-68.41
2018-19	50.00	71.42	0.00	0.00	-50.00	-71.42

4.31 OTHER EXPENDITURE FOR 3RD CONTROL PERIOD

4.31.1 Submissions of TSDISCOMs on Other Expenditure and Commission's View is as given below.

Petitioners' Submission

4.31.2 Other Expenditure claimed by TSDISCOMs is given below.

Table 4.60: Other Expenditure claimed for 3rd control period

Rs. in crore

Financial Year	Approved in MYT Order dated 27.03.2015		Claimed in True-up Filings		Claimed Variation	
	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL
2014-15	0.48	1.25	1.01	6.80	0.53	5.55
2015-16	0.50	1.31	5.66	0.12	5.16	-1.19
2016-17	0.53	1.38	9.61	0.04	9.08	-1.34
2017-18	0.56	1.45	16.20	0.00	15.64	-1.45
2018-19	0.59	1.52	21.69	0.00	21.10	-1.52

4.31.3 The reasons given by TSSPDCL for variation in other expenditure are Compensation for Injuries, Death & Damages.

Commission's View

4.31.4 The Other Expenditure approved by the Commission for 3rd control period for each TSDISCOM is as follows.

Table 4.61: Other Expenditure approved for 3rd control period

Rs. in crore

Financial Year	Approved in MYT Order dated 27.03.2015		Approved in True-up		Approved Variation	
	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL
2014-15	0.48	1.25	0.48	1.25	0.00	0.00
2015-16	0.50	1.31	0.50	0.12	0.00	-1.19
2016-17	0.53	1.38	0.53	0.04	0.00	-1.34
2017-18	0.56	1.45	0.56	0.00	0.00	-1.45
2018-19	0.59	1.52	0.59	0.00	0.00	-1.52

4.32 NON-TARIFF INCOME AND REVENUE FROM OPEN ACCESS CONSUMERS FOR 3RD CONTROL PERIOD

4.32.1 TSDISCOMs claims on Non-Tariff Income and revenue from open access consumers and Commission's View is given below.

Petitioners' Submission

4.32.2 Non-Tariff Income and revenue from open access consumers claimed for 3rd control period is shown in the table below:

Table 4.62: Non-Tariff Income including revenue from open access consumers claimed for 3rd control period

Rs. in crore

Financial Year	Approved in MYT Order dated 27.03.2015		Claimed in True-up Filings		Claimed Variation	
	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL
2014-15	241.30	68.15	264.21	47.71	22.91	-20.44
2015-16	326.16	92.25	292.04	257.55	-34.12	165.30
2016-17	320.55	147.57	323.43	39.30	2.88	-108.27
2017-18	362.72	173.76	228.69	128.03	-134.03	-45.73
2018-19	395.46	189.15	436.84	172.86	41.38	-16.29

Commission's View

4.32.3 The Commission has observed from the book of accounts that there is no separate classification of Non-Tariff Income for Distribution Business and Retail Supply Business.

4.32.4 The Commission approves the Non-Tariff Income including Revenue from open access consumers and amortisation of depreciation on consumer contributed assets. Hence based on the additional information and the information filed on actual basis, the Commission approves the Non-Tariff Income as given below:

Table 4.63: Non-Tariff Income including revenue from open access consumers approved for 3rd control period

Rs. in crore

Financial Year	Approved in MYT Order dated 27.03.2015		Approved in True-up		Approved Variation	
	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL
2014-15	241.30	68.15	264.19	47.89	22.89	-20.26
2015-16	326.16	92.25	292.04	257.67	-34.12	165.42
2016-17	320.55	147.57	323.24	39.48	2.69	-108.09
2017-18	362.72	173.76	228.71	130.53	-134.01	-43.23
2018-19	395.46	189.15	436.85	172.86	41.39	-16.29

4.33 IMPACT OF FRP & UDAY

Petitioners' Submission

4.33.1 TSDISCOMs were covered under the Financial Restructuring Package 2012 of Government of India in 2012. In accordance to the package, the then State Government has assumed the liability of TSDISCOM (APCPDCL), TSDISCOM (erstwhile APNPDCCL), to the extent of Rs.4026 crore and Rs.1744 crore respectively which covers the short-term borrowings of the company towards expensive power. Thus, the FRP covers the liability of TSDISCOMs towards borrowings for expensive power which was not admitted by the Hon'ble

Commission in the Fuel Surcharge Adjustments/Power purchase True-ups. Hence the impact of FRP cannot be considered under the True-ups of TSDISCOMs.

- 4.33.2 Subsequently in 2017, Telangana TSDISCOMs entered in to UDAY scheme and as per the agreement, total outstanding debt balance of TSSPDCL of Rs.5550.21 crore (75% of total outstanding) as on 21.02.2017, TSNPDCL of Rs.3373.00 crore (75% of total outstanding) as on 30.09.2015 has been taken over by Government of Telangana. The GoTS has released Rs.4593.84 crore to TSSPDCL, Rs.2396 crore to TSNPDCL in 2016-17 and Rs.282.93 crore to TSSPDCL, Rs.450 crore to TSNPDCL in 2017-18 in the form of Equity. The outstanding loans of TSDISCOMs which includes long-term and short-term borrowings has been taken over by the GoTS in the form of Equity infusion in TSDISCOMs. Therefore, as per the Regulation mandate, though TSDISCOM has savings through interest & principal repayment portion of loans but since the same has been taken as equity infusion by GoTS but not as a capital grant it attracts Return on Equity @ 14% p.a as per Regulation 4 of 2005.
- 4.33.3 The Commission in the MYT Tariff Order for 3rd control period has approved debt-equity norm of 75:25 where 25% of equity attract 14% of Return on Capital employed (@ 2% of supply margin) and 75% of debt shall assume cost of finance of 12%.
- 4.33.4 As per Clause 5.11(b) of National Tariff Policy, 2016, "For financing of future capital cost of projects, a Debt: Equity ratio of 70:30 should be adopted. Promoters would be free to have higher quantum of equity investments. The equity in excess of this norm should be treated as loans advanced at the weighted average rate of interest."
- 4.33.5 Thus, the equity in excess of 25% shall be treated as normative loan and weighted average rate of interest has to be allowed, thus debt-equity mix of 75:25 has to be maintained for FY 2016-17 as per the norms approved and guidelines of Tariff Policy, 2016.
- 4.33.6 Therefore, no benefit has been accrued to TSDISCOM due to UDAY as the equity infusion by the GoTS attracts return on equity of 14% which is higher than the cost of debt that would have incurred in the absence of UDAY scheme.

4.33.7 Further, it is noteworthy to mention that the loans taken under UDAY also comprises FRP loans taken to meet the power purchase payments and these costs of finance are not allowed as a pass through under Distribution or Retail Supply Business.

4.33.8 The GoTS has taken over Rs.5550.00 crore of loans of TSSPDCL and Rs.3373.00 crore of loans of TSNPDCL under UDAY agreement. The Breakup of capital expenditure loans and Working capital loans taken over by GoTS under UDAY is tabulated below:

Table 4.64: Details of capex and working capital loans taken over under UDAY scheme

Details	Rs. in crore	
	TSSPDCL	TSNPDCL
Total Loans taken over under UDAY Scheme	5550.00	3373.00
CAPEX Loans	1851.40	940.00
Working Capital Loans	3698.60	2433.00
Total Loans taken over under UDAY Scheme	5550.00	3373.00

4.33.9 The Commission has not considered any interest Pass-through of working capital loans for power purchase in the Retail Supply ARR. Only loans to meet capital expenditure have been considered in the Distribution Business ARR.

4.33.10 But, the Hon'ble Commission has computed the savings as Rs.743.88 crore, Rs.372.54 crore for TSNPDCL for each year of FY 2017-18 and FY 2018-19 in respective Retail Supply Tariff Orders which includes savings towards capital expenditure loans and working capital loans for each year. These savings were already considered as pass through in the Retail Tariffs for FY 2017-18 and FY 2018-19. Therefore, TSDISCOMs pray the Commission to consider the loans taken under UDAY by GoTS as equity infusion.

- Consider no savings on loans under UDAY scheme for TSDISCOM and the computed savings of Rs.1487.76 crore (for two years) for TSSPDCL and Rs.745.08 crore (for two years) for TSNPDCL which was already passed through the tariffs in retail supply Tariff Order FY 2017-18 and FY 2018-19, may be added back to the True-ups of third control period i.e., FY 2014-15 to FY 2018-19.

COMMISSION'S VIEW

4.33.11 The Commission has taken note of the submissions of TSDISCOMs on FRP 2012.

- 4.33.12 TSDISCOMs have claimed Reversal of UDAY savings (RST order 2017-18 & 2018-19) claimed in Distribution True-up for an amount of Rs.1487.76 and Rs.745.08 for TSSPDCL and TSNPDCL respectively. The Commission is of the view that the reversal of these savings will be considered in the Power Purchase True-ups.
- 4.33.13 After prudence check, the Commission has considered the eligible benefits under UDAY Scheme for Distribution Business as per the UDAY MoU in the Distribution True-ups.
- 4.33.14 The Commission has considered total outstanding loan of DISCOMs as on 30.09.2015 to the extent of Capex loans only as per UDAY MoU for arriving the depreciation and RoCE for the period FY 2016-17 onwards.
- 4.33.15 In view of the commitment received from Government of Telangana the Commission is not passing on the Distribution True-up burden for the period FY 2006-07 to FY 2018-19 on the consumers and the Distribution True-ups finalized by the Commission were communicated to GoTS vide letter No.TSERC/Secy/F.No.ARR-2023-24/D.No.62/23, Dt.21.03.2023.

4.34 AGGREGATE REVENUE REQUIREMENT (ARR) OF TSSPDCL FOR 3RD CONTROL PERIOD

Commission's View

4.34.1 The ARR and True-up for 3rd control period claimed by TSSPDCL and approved by the Commission based on the above analysis is as shown in the Table below:

Table 4.65: Summary of TSSPDCL ARR and True-up claimed and approved for 3rd control period

Rs. in crore

Particulars	Approved in TO dated 27.03.2015	Claimed in True-up		Approved in True-up	
		Actuals Claimed	Claimed Variation	Approved True-up	Approved Variation
FY 2014-15					
O&M expenses Gross	1150.27	1404.45	254.18	1404.45	254.18
O&M expenses capitalized	94.53	88.76	-5.77	88.76	-5.77
O&M expenses Net	1055.74	1315.69	259.95	1315.69	259.95
Return on Capital Employed	277.95	233.75	-44.20	319.37	41.41
Depreciation	497.25	457.14	-40.11	376.91	-120.34
Taxes on Income	14.40	0.00	-14.40	0.00	-14.40
Special appropriations	30.00	0.00	-30.00	0.00	-30.00
Other expenses	0.48	1.01	0.53	0.48	0.00
Gross ARR	1875.83	2007.59	131.76	2012.45	136.62
Less: : Revenue from OA and Non-Tariff Income	241.30	264.21	22.91	264.19	22.89
Net ARR	1634.53	1743.37	108.84	1748.25	113.72
FY 2015-16					
O&M expenses Gross	1270.43	1202.57	-67.86	1202.57	-67.86
O&M expenses capitalized	106.23	121.75	15.52	121.75	15.52
O&M expenses Net	1164.20	1080.81	-83.38	1033.21	-130.98
Return on Capital Employed	376.00	332.55	-43.45	429.84	53.84
Depreciation	561.63	544.52	-17.11	414.79	-146.84
Taxes on Income	19.48	0.00	-19.48	0.00	-19.48
Special appropriations	35.00	0.00	-35.00	0.00	-35.00
Other expenses	0.50	5.66	5.16	0.50	0.00
Gross ARR	2156.80	1963.55	-193.25	1878.35	-278.46
Less: Revenue from OA and Non-Tariff Income	326.16	292.04	-34.12	292.04	-34.12
Net ARR	1830.64	1671.51	-159.13	1586.30	-244.34
FY 2016-17					
O&M expenses Gross	1505.78	1963.27	457.49	1963.27	457.49

Particulars	Approved in TO dated 27.03.2015	Claimed in True-up		Approved in True-up	
		Actuals Claimed	Claimed Variation	Approved True-up	Approved Variation
<i>O&M expenses capitalized</i>	107.98	121.95	13.97	121.95	13.97
O&M expenses Net	1397.80	1841.32	443.52	1647.45	249.65
Return on Capital Employed	490.17	558.86	68.70	571.48	81.31
Depreciation	634.64	673.28	38.64	518.85	-115.79
Taxes on Income	25.39	0.00	-25.39	0.00	-25.39
Special appropriations	40.00	0.00	-40.00	0.00	-40.00
Other expenses	0.53	9.61	9.08	0.53	0.00
Gross ARR	2588.54	3083.07	494.55	2738.31	149.79
Less: Revenue from OA and Non-Tariff Income	320.55	323.43	2.88	323.24	2.69
Net ARR	2267.98	2759.65	491.67	2415.08	147.10
FY 2017-18					
<i>O&M expenses Gross</i>	1746.05	2218.49	472.44	2218.49	472.44
<i>O&M expenses capitalized</i>	112.25	109.49	-2.76	109.49	-2.76
O&M expenses Net	1633.80	2109.00	475.20	1931.31	297.51
Return on Capital Employed	610.10	565.30	-44.80	607.90	-2.20
Depreciation	704.56	772.14	67.58	600.34	-104.22
Taxes on Income	31.60	0.00	-31.60	0.00	-31.60
Special appropriations	45.00	0.00	-45.00	0.00	-45.00
Other expenses	0.56	16.20	15.64	0.56	0.00
Gross ARR	3025.62	3462.64	437.02	3140.11	114.49
Less: Revenue from OA and Non-Tariff Income	362.72	228.69	-134.03	228.71	-134.01
Net ARR	2662.91	3233.95	571.03	2911.40	248.49
FY 2018-19					
<i>O&M expenses Gross</i>	2014.41	2538.26	523.86	2538.26	523.86
<i>O&M expenses capitalized</i>	113.10	134.25	21.15	134.25	21.15
O&M expenses Net	1901.31	2404.02	502.71	2224.01	322.70
Return on Capital Employed	729.99	542.28	-187.71	610.76	-119.22
Depreciation	774.49	855.81	81.32	667.57	-106.92
Taxes on Income	37.81	0.00	-37.81	0.00	-37.81
Special appropriations	50.00	0.00	-50.00	0.00	-50.00
Other expenses	0.59	21.69	21.10	0.59	0.00
Gross ARR	3494.18	3823.80	329.62	3502.93	8.75
Less: Revenue from OA and Non-Tariff Income	395.46	436.84	41.38	436.85	41.39
Net ARR	3098.72	3386.96	288.23	3066.08	-32.64

4.34.2 The ARR and True-up for 3rd control period claimed by TSNPDCL and approved by the Commission based on the above analysis is as shown in the Table below:

Table 4.66: Summary of TSNPDCL ARR and True-up claimed and approved for 3rd control period

Rs. in crore

Particulars	Approved in TO dated 27.03.2015	Claimed in True-up		Approved in True-up	
		Actuals Claimed	Claimed Variation	Approved True-up	Approved Variation
FY 2014-15					
O&M expenses Gross	684.82	921.98	237.16	921.98	237.16
O&M expenses capitalized	56.74	30.72	-26.02	30.72	-26.02
O&M expenses Net	628.08	891.26	263.18	891.26	263.18
Return on Capital Employed	188.52	151.16	-37.36	175.28	-13.24
Depreciation	235.27	225.97	-9.30	209.81	-25.46
Taxes on Income	8.48	0.00	-8.48	0.00	-8.48
Special appropriations	25.89	2.01	-23.88	0.00	-25.89
Other expenses	1.25	6.80	5.55	1.25	0.00
Gross ARR	1087.49	1277.20	189.70	1277.61	190.12
Less: Revenue from OA and Non-Tariff Income	68.15	47.71	-20.44	47.89	-20.26
Net ARR	1019.34	1229.48	210.14	1229.72	210.38
FY 2015-16					
O&M expenses Gross	818.93	924.93	106.66	924.93	106.66
O&M expenses capitalized	78.67	51.43	-27.24	51.43	-27.24
O&M expenses Net	740.26	873.50	133.24	873.50	133.24
Return on Capital Employed	224.68	159.89	-64.79	189.66	-35.02
Depreciation	258.20	365.30	107.10	228.49	-29.71
Taxes on Income	9.09	0.00	-9.09	0.00	-9.09
Special appropriations	61.86	2.47	-59.39	0.00	-61.86
Other expenses	1.31	0.12	-1.19	0.12	-1.19
Gross ARR	1295.40	1401.28	105.89	1291.77	-3.63
Less: Revenue from OA and Non-Tariff Income	92.25	257.55	165.30	257.67	165.42
Net ARR	1203.15	1143.73	-59.42	1034.10	-169.05
FY 2016-17					
O&M expenses Gross	955.05	994.50	39.45	994.50	39.45
O&M expenses capitalized	72.41	81.58	9.17	81.58	9.17
O&M expenses Net	882.64	912.92	30.28	902.76	20.12
Return on Capital Employed	267.65	247.28	-20.37	225.93	-41.72
Depreciation	311.59	227.50	-84.09	256.45	-55.14
Taxes on Income	9.36	0.00	-9.36	0.00	-9.36

Particulars	Approved in TO dated 27.03.2015	Claimed in True-up		Approved in True-up	
		Actuals Claimed	Claimed Variation	Approved True-up	Approved Variation
Special appropriations	65.12	5.15	-59.97	0.00	-65.12
Other expenses	1.38	0.04	-1.34	0.04	-1.34
Gross ARR	1537.75	1392.88	-144.86	1385.19	-152.56
Less: Revenue from OA and Non-Tariff Income	147.57	39.30	-108.27	39.48	-108.09
Net ARR	1390.17	1353.58	-36.58	1345.70	-44.46
FY 2017-18					
<i>O&M expenses Gross</i>	<i>1104.00</i>	<i>892.97</i>	<i>-211.03</i>	<i>892.97</i>	<i>-211.03</i>
<i>O&M expenses capitalized</i>	<i>77.72</i>	<i>68.27</i>	<i>-9.45</i>	<i>68.27</i>	<i>-9.45</i>
O&M expenses Net	1026.28	824.71	-201.57	824.71	-201.57
Return on Capital Employed	328.59	213.08	-115.51	200.50	-128.09
Depreciation	372.40	332.26	-40.14	289.41	-82.99
Taxes on Income	9.56	0.00	-9.56	0.00	-9.56
Special appropriations	68.41	18.58	-49.83	0.00	-68.41
Other expenses	1.45	0.00	-1.45	0.00	-1.45
Gross ARR	1806.69	1388.63	-418.06	1314.61	-492.07
Less: Revenue from OA and Non-Tariff Income	173.76	128.03	-45.73	130.53	-43.23
Net ARR	1632.93	1260.60	-372.33	1184.09	-448.84
FY 2018-19					
<i>O&M expenses Gross</i>	<i>1277.39</i>	<i>1840.90</i>	<i>563.59</i>	<i>1840.90</i>	<i>563.59</i>
<i>O&M expenses capitalized</i>	<i>82.94</i>	<i>67.06</i>	<i>-15.88</i>	<i>67.06</i>	<i>-15.88</i>
O&M expenses Net	1194.45	1773.84	579.39	1550.16	355.71
Return on Capital Employed	404.02	258.51	-145.51	251.97	-152.05
Depreciation	427.63	378.35	-49.28	321.98	-105.65
Taxes on Income	10.58	0.00	-10.58	0.00	-10.58
Special appropriations	71.42	23.64	-47.78	0.00	-71.42
Other expenses	1.52	0.00	-1.52	0.00	-1.52
Gross ARR	2109.62	2434.34	324.72	2124.11	14.49
Less: Revenue from OA and Non-Tariff Income	189.15	172.86	-16.29	172.86	-16.29
Net ARR	1920.47	2261.48	341.01	1951.26	30.79

4.35 AGGREGATE GAINS/LOSSES OF TRUE-UP CLAIMED AND APPROVED FOR 3RD CONTROL PERIOD

Commission's View

- 4.35.1 The aggregate Gains/Losses of True-up for 3rd control period claimed by TSDISCOMs and approved by the Commission is as shown in the Table below:

Table 4.67: Aggregate Gains/Losses of True-up claimed and approved for 3rd control period

Rs. in crore

Financial Year	True-up Claimed		True-up Approved	
	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL
2014-15	108.85	210.14	113.72	210.38
2015-16	-159.12	-59.42	-244.34	-169.05
2016-17	491.67	-36.59	147.10	-44.46
2017-18	571.03	-372.34	248.49	-448.84
2018-19	288.23	341.00	-32.64	30.79
True-up for 3rd control period	1300.68	82.81	200.13	-428.87

4.36 MANNER OF TREATMENT OF TRUE UP

- 4.36.1 The TSDISCOMs in their additional information have proposed recovery mechanism of claimed gap by referring to clause 10.7 and 10.8 of Regulation No.4 of 2005 and submitted that gains or losses of 1st, 2nd and 3rd control periods as a whole claimed by the licensee be passed on to the consumers equally in the balance period of 4th control period by adjusting in ARR of the licensees' for the distribution business approved in the ARR and Wheeling Tariffs for Distribution Business for 4th control period (FY 2019-20 to FY 2023-24) order dated 29.04.2020. Further, submitted that the aggregate gains or losses of APRs of 1st, 2nd and 3rd year of 4th control period be considered at the end of 4th control period as a whole while determination of ARR for 5th control period (FY 2024-29).
- 4.36.2 Further, TSDISCOMs in their True-up petitions for Retail Supply business for the period from FY 2016017 to FY 2022-23 proposed to recover the gap from the consumers in the form of additional ARR in the ensuing tariff order, whereas in the ARR and FPT petitions for Retail Supply business requested to retain tariffs as per Tariff Order for FY 2022-23 for the ensuing FY 2023-24.
- 4.36.3 As such, TSDISCOMs were directed to file their revised ARR and FPT petitions in consonance of true-up petitions.
- 4.36.4 In response to the direction of the Commission, the TSDISCOMs have replied in their letters dated 21.01.2023 to the Commission that, *"In the prevailing situation in the State, it is felt not proper to burden the consumers. And further requested the Commission to address the Government for Government support or otherwise."*

Commitment of GoTS

4.36.5 In view of the communication of TSDISCOMs vide letters dated 21.01.2023, the Commission vide letter No.TSERC/Secy/RST-ARR-2023-24/D.No.59/23 Dt.31.01.2023 desired the view of the Government of Telangana on the submission of TSDISCOMs i.e., specifically in the matter of Government Support to TSDISCOMs.

4.36.6 In response the GoTS has communicated its commitment vide letter dated 16.03.2023 which is reproduced below:

“... .. the Government is committed to provide necessary financial support to the State Power Utilities towards wheeling true-ups and power purchase true-ups for the Distribution Business and Retail Supply Business respectively as finalised by the TSERC on the filings made by the State Power Utilities with the Commission.

The Government of Telangana is committed to support the DISCOMS without burdening the consumers over a period of 5 years.

This Commitment is in addition to the State Government commitment of necessary financial assistance to power sector and subsidy to the utilities already given during the public hearing held on 24.02.2023 at Hyderabad.”

Commission’s View

4.36.7 In view of the PP True up filings made by the TSDISCOMs, analysis made by the Commission on the True-up filings and the commitment of the GoTS, the summary of findings on the True-up filings is as given below:

Financial Year	As finalized by the Commission		
	TSSPDCL	TSNPDCL	TSDISCOMs
2006-07	-29.74	4.63	-25.11
2007-08	25.00	-31.21	-6.20
2008-09	1.05	38.87	39.92
1st control period	-3.69	12.30	8.61
2009-10	-122.52	0.94	-121.58
2010-11	-20.68	145.76	125.08
2011-12	118.31	18.16	136.47
2012-13	39.57	55.03	94.60
2013-14	69.33	80.17	149.50
2nd control period	84.01	300.06	384.07
2014-15	113.72	210.38	324.10
2015-16	-244.34	-169.05	-413.39
2016-17	147.10	-44.46	102.64
2017-18	248.49	-448.84	-200.35
2018-19	-32.64	30.79	-1.85

Add: Savings already considered in the RST Order FY 2017-18 & FY 2018-19 (refer para 4.35.8)	0.00	0.00	0.00
3rd control period	232.34	-421.17	-188.85
Grand Total	312.65	-108.82	203.83

- 4.36.8 TSDISCOMs have claimed Reversal of UDAY savings (RST order FY 2017-18 & FY 2018-19) claimed in Distribution True-up for an amount of Rs.1487.76 crore and Rs.745.08 crore for TSSPDCL and TSNPDCL respectively, which were already considered as pass through in the Retail Supply Tariffs for FY 2017-18 and FY 2018-19. However, the Commission has decided to consider the said savings due to UDAY scheme in the Power Purchase True-ups and has thus not considered the claim of TSDISCOMs to add back the UDAY savings in the Distribution True-ups.
- 4.36.9 After prudence check, the Commission has considered the eligible benefits under UDAY Scheme for Distribution Business and Retail Supply Business as per the UDAY MOU in the Distribution True-ups and Power Purchase True-ups respectively.
- 4.36.10 The Commission has considered total outstanding loan of TSDISCOMs as on 30.09.2015 to the extent of Capex loans only as per UDAY MoU as grants for arriving the depreciation and RoCE for the FY 2016-17 onwards.
- 4.36.11 In view of the commitment received from Government of Telangana (GoTS) the Commission is not passing on the True-up burden on the consumers.
- 4.36.12 The Power Purchase True-ups finalized by the Commission were communicated to GoTS vide letter No.TSERC/Secy/F.No.ARR-2023-24/D.No.62/23, Dt.21.03.2023.

Chapter-5 Analysis and Conclusion on APR for 4th Control Period

5.1 ANNUAL PERFORMANCE REVIEW FOR FY 2019-20, FY 2020-21 AND FY 2021-22 OF 4TH CONTROL PERIOD

5.1.1 In accordance with the Commission's directive issued in its order dated 29.04.2020 on ARR& Wheeling Tariffs for Distribution Business for MYT 4th control period, TSDISCOMs have filed their petitions for the Annual Performance Review for FY 2019-20, FY 2020-21 and FY 2021-22 of 4th control period.

5.1.2 The Petitioners' Submissions and the Commission's analysis on each item of ARR is detailed below:

5.2 OPERATION AND MAINTENANCE (O&M) EXPENSES FOR 4TH CONTROL PERIOD

Petitioners' Submission

5.2.1 The O&M expenses at actuals as claimed by TSDISCOMs for 4th control period is as shown in the Table below:

Table 5.1: O&M expenses claimed for 4th control period

Rs. in crore

Sl. No.	Particulars	FY 2019-20			FY 2020-21			FY 2021-22		
		Approved in MYT order dated 29.04.2020	Actuals as Claimed	Claimed Variation	Approved in MYT order dated 29.04.2020	Actuals as Claimed	Claimed Variation	Approved in MYT order dated 29.04.2020	Actuals as Claimed	Claimed Variation
TSSPDCL										
1	Employee Cost	2411.14	2403.95	-7.19	2601.48	2310.65	-290.83	2827.40	2081.41	-745.99
2	A&G Expenses	174.29	162.53	-11.76	188.06	153.38	-34.68	204.40	171.53	-32.87
3	R&M Expenses	143.67	114.89	-28.77	160.94	147.37	-13.57	177.52	156.44	-21.08
4	O&M Expenses (Gross)	2729.10	2681.38	-47.72	2950.48	2611.40	-339.08	3209.32	2409.38	-799.94
56	Less: O&M Expenses Capitalized	100.15	105.26	5.10	127.58	82.15	-45.43	173.08	101.65	-71.43
	O&M Expenses (Net)	2628.95	2576.12	-52.82	2822.90	2529.25	-293.65	3036.24	2307.73	-728.51
TSNPDCCL										
1	Employee Cost	1803.40	1479.29	-324.11	1992.56	1846.61	-145.95	2204.37	1790.14	-414.23
2	A&G Expenses	93.42	94.22	0.80	102.94	118.37	15.43	114.25	137.86	23.61
3	R&M Expenses	83.66	68.89	-14.77	95.03	80.32	-14.70	110.25	103.16	-7.09
4	O&M Expenses (Gross)	1980.48	1642.41	-338.07	2190.52	2045.30	-145.22	2428.86	2031.17	-397.69
5	Less: O&M Expenses Capitalized	105.57	58.40	-47.17	139.65	45.31	-94.34	138.66	47.30	-91.36
6	O&M Expenses (Net)	1874.91	1584.01	-290.90	2050.87	1999.99	-50.88	2290.20	1983.87	-306.33

5.2.2 The variations in O&M expenses were due to the following reasons which were not considered while fixing the O&M cost target in MYT wheeling tariffs order dated 29.04.2020 for 4th control period:

a) Variations in the O&M expenses of TSSPDCL for FY 2019-20 are due to the following reasons:

- Settlement of Andhra Pradesh Employees: Some senior employees from Telangana were allotted to APDISCOM, due to which there is small reduction in employee cost expense.
 - In addition to it, discounted rate in actuarial valuation of Earned leaves encashment, Gratuity and pension benefit was assumed to be 7.65% while projecting employee cost for year 2019-20, however the actual discount rate is 6.85% due to which there is major difference in employee cost.
- b) For FY 2020-21, variations are due to the following reasons:
- There was significant reduction in actual employee cost for FY 2020-21 from the previous year 2019-20 due to increase in provision for pension liabilities because of increase of the retirement age from 58 years to 61 years.
 - Further it was submitted in the ARR filings for FY 2019-20 before the Commission on 01.09.2021, that the Employee cost was reduced in 2019-20 due to allotment of senior employees from Telangana to APDISCOM. As the Commission has determined O&M expenses on norm based with an escalation by 5.42% for every year of the control period, the change in employee turnover has not accounted for in the Norm for FY 2019-20 and subsequently for FY 2020-21 which had resulted in the significant variation in Employee cost for FY 2020-21.
- c) For FY 2021-22, variations are due to the following reasons:
- These was a significant reduction in actual Employee cost for FY 2021-22 from the previous year viz., FY 2020-21 due to decrease in provisions for pension liabilities because of increase of the retirement age from 58 years to 61 years. The breakup of employee cost of the FY 2020-21 and FY 2021-22 is shown below:

Table 5.2: Break-up of employee cost for 4th control period
Rs. in crore

Breakup of Employee Cost	2021-22	2020-21	Variation
Salaries and Incentives	1460.53	1347.98	112.55
Artisans remuneration	322.46	302.92	19.54
Contributions to provident fund	79.18	68.57	10.61
Artisans EPF and ESI contributions	20.90	20.00	0.90
Pension benefits	-67.18	542.68	-609.86
Director's remuneration allowances	3.21	2.61	0.60
Director's sitting fee	0.00	0.01	-0.01
Staff welfare expenses (majority medical expenses)	262.31	25.87	236.44
Total	2081.41	2310.65	-229.24

- For FY 2019-20, TSNPDCL submits that O&M expenses of the succeeding year of the wage revision year is decreased when compared to wage revision happened year due to an account of

provisions terminal benefits & EL encashment. This have observed from the following table.

Table 5.3: Break-up of employee cost for 4th control period

Rs. in crore

Actual Net O&M Cost	2006-07 wage revision year	2007-08 wage revision next year	+/- (w.r.t. wage revision year)	2010-11 wage revision year	2011-12 wage revision next year	+/- (w.r.t. wage revision year)
Employee Expenses	182.12	166.30	-15.82	402.14	345.24	-56.90
A&G Expenses	31.73	28.11	-3.62	42.09	40.41	-1.68
R&M Expenses	29.31	33.59	4.28	45.14	57.86	12.71
Total Net O&M Cost	243.17	228.01	-15.16	489.37	443.51	-45.86
Actual Net O&M Cost						
Employee Expenses	725.19	692.70	-32.49	1624.84	1429.65	-195.19
A&G Expenses	52.39	57.60	5.21	77.02	85.46	8.45
R&M Expenses	113.68	123.20	9.51	71.98	68.89	-3.09

- The employee's wage revision was taken place in the FY 2018-19 and the subsequent year of FY 2019-20, the O&M expenses are decreased when compared to previous year of FY 2018-19. It is to submit that the above trend will not continue for the further remaining period of the control period.
- Terminal benefits (Contribution to Pension fund) Actuarial Valuation Report: The licensee has made the Actual valuation towards pension and Gratuity Provision and Final Earned leave encashment provisions in respect of Employees retired/to be retired. Accordingly, pension contribution has been proved based on the Actual Valuation report. This is resulted in decrease in provision for terminal benefit in FY 2019-20 Rs.355 crore compared to FY 2018-19.

Commission's View

Employee and A&G Expenses

- 5.2.3 Clause 14.3 of the Regulation No.4 of 2005 stipulates that the O&M expenses for each year of the control period shall be determined by using pre-determined norms or formulae based on the Distribution Licensees submissions, previous years actual expenses and any other factors considered relevant by the Commission.
- 5.2.4 In the MYT Order dated 27.03.2015 for 3rd control period, the Commission has specified the methodology of determining the norms of O&M expenses and fixed the norms for Employee expenses, A&G expenses and R&M expenses.
- 5.2.5 The Commission has computed the Employee Expenses and A&G Expenses based on the above approved norms using the actual number of substations, line lengths, number of DTRs and number of consumers furnished by TSDISCOMs in their additional information and on prudence check with the audited books of accounts.

5.2.6 Comparison of TSDISCOM wise Employee Expenses and A&G Expenses is as shown in the tables below:

Table 5.4: Employee Expenses claimed and approved for 4th control period

Rs. in crore

Financial Year	Claimed in APR	As determined	Approved in APR
TSSPDCL			
2019-20	2403.95	2446.46	2403.95
2020-21	2310.65	2716.09	2310.65
2021-22	2081.41	2931.08	2081.41
TSNPDCL			
2019-20	1479.29	1814.51	1479.29
2020-21	1846.61	1943.96	1846.61
2021-22	1790.14	2075.26	1790.14

Table 5.5: A&G Expenses claimed and approved for 4th control period

Rs. in crore

Financial Year	Claimed in APR	As determined	Approved in APR
TSSPDCL			
2019-20	162.53	176.84	162.53
2020-21	153.38	196.33	153.38
2021-22	171.53	211.87	171.53
TSNPDCL			
2019-20	94.22	93.94	93.94
2020-21	118.37	100.64	100.64
2021-22	137.86	107.44	107.44

5.2.7 The approved R&M expenses are given in the table below:

Table 5.6: R&M Expenses claimed and approved for 4th control period

Rs. in crore

Financial Year	Claimed in APR	As determined	Approved in APR
TSSPDCL			
2019-20	114.89	143.55	114.89
2020-21	147.37	166.10	147.37
2021-22	156.44	177.93	156.44
TSNPDCL			
2019-20	68.89	83.96	68.89
2020-21	80.32	94.20	80.32
2021-22	103.16	102.79	102.79

Table 5.7: O&M Expenses approved for 4th control period

Rs. in crore

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	Total
TSSPDCL				
Claimed in APR				
Gross Expenses	2681.38	2611.40	2409.38	7702.16
Capitalisation	105.26	82.15	101.65	289.06
Net Expenses	2576.12	2529.25	2307.73	7413.10
Approved in APR				
Gross Expenses	2681.38	2611.40	2409.38	7702.16
Capitalisation	105.26	82.15	101.65	289.06
Net Expenses	2576.12	2529.25	2307.73	7413.10

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	Total
TSNPDCL				
Claimed in APR				
Gross Expenses	1642.41	2045.30	2031.17	5718.87
Capitalisation	58.40	45.31	47.30	151.01
Net Expenses	1584.01	1999.99	1983.87	5567.86
Approved in APR				
Gross Expenses	1642.13	2027.57	2000.37	5670.07
Capitalisation	58.39	44.92	46.58	149.89
Net Expenses	1583.74	1982.65	1953.78	5520.18

5.3 RETURN ON CAPITAL EMPLOYED (RoCE) FOR 4TH CONTROL PERIOD

Petitioners' Submission

- 5.3.1 The RoCE approved by the Commission vis-à-vis actuals incurred along with the variations for respective heads is given in the table below:

Table 5.8: RoCE claimed for 4th control period

Rs. in crore

Financial Year	Approved in MYT Order dated 29.04.2020		Claimed in APR		Claimed Variation	
	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL
2019-20	573.77	297.62	583.22	267.08	9.44	-30.54
2020-21	647.43	371.35	615.99	268.19	-31.45	-103.16
2021-22	724.62	465.16	568.14	367.50	-156.48	-97.66

Commission's View

- 5.3.2 The Commission has examined the procedure adopted by TSDISCOMs for computation of RoCE and all the parameters used in the computation. The procedure adopted by TSDISCOMs is found to be in accordance with Regulation No.4 of 2005 and the parameters were verified with the books of accounts.
- 5.3.3 There will be a change in RoCE from that claimed by TSDISCOMs due to change in cost of debt as verified with the books of accounts.
- 5.3.4 Section 53 of the Reorganisation Act provides that the operational units of the undertaking (company) shall be apportioned between the two successor states on location basis and headquarters of such undertaking (company) shall be apportioned between two successor states on the basis of population ratio. Upon apportionment of the assets and liabilities, such assets and liabilities shall be transferred in physical form on mutual agreement or by making payment or adjustment through any other mode as may be agreed to by the successor state.

- 5.3.5 Government has issued guidelines in the G.O.Ms.No.24 dated 29.05.2014 to facilitate apportionment of assets and liabilities between APCPDCL now (TSSPDCL) and APSPDCL on account of transfer of two districts of Anantapur and Kurnool from APCPDCL to APSPDCL.
- 5.3.6 Guidelines issued in the G.O.Ms.No.24 dated 29.05.2014 were adopted for apportionment of assets and liabilities between TSNPDCL and APEPDCL on account of transfer of distribution network of 7 Mandals from TSNPDCL to APEPDCL. As per the approval of Government, Energy Department, Telangana vide letter dated 29.05.2014.
- 5.3.7 Based on the approval of the Demerger proposals of TSDISCOMs by the Expert Committee and on examination of the books of accounts based on the certified demerger scheme for apportionment of assets and liabilities from TSSPDCL to APSPDCL and TSNPDCL to APEPDCL as on 02.06.2014, the RoCE approved by the Commission is as shown in the table below:

Table 5.9: RoCE approved for 4th control period

Rs. in crore

Financial Year	Approved in MYT Order dated 29.04.2020		Approved in APR		Approved Variation	
	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL
2019-20	573.77	297.62	659.57	266.02	85.79	-31.60
2020-21	647.43	371.35	679.83	263.28	32.39	-108.07
2021-22	724.62	465.16	624.91	347.50	-99.71	-117.66

5.4 DEPRECIATION FOR 4TH CONTROL PERIOD

Petitioners' Submission

- 5.4.1 TSDISCOMs have claimed the expenditure towards depreciation after netting off the depreciation on consumer contribution portion of Gross Fixed Assets in 3rd control period. The reasons given by them for variations are:
- Due to calculating depreciation from the date of capitalisation unlike past practice of calculating depreciation only on opening Balance of Fixed Assets.
 - Due to withdrawal of depreciation on Consumer Contributed Assets.
- 5.4.2 Depreciation claimed for 4th control period is shown in the table below:

Table 5.10: Depreciation claimed for 4th control period*Rs. in crore*

Financial Year	Approved in MYT Order dated 29.04.2020		Claimed in APR		Claimed Variation	
	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL
2019-20	759.54	374.39	986.56	444.87	227.02	70.48
2020-21	850.02	424.81	1066.58	322.62	216.56	-102.19
2021-22	937.33	492.35	1126.23	328.65	188.90	-163.70

Commission's View

- 5.4.3 Clause 15 of Regulation No.4 of 2005 stipulates that the depreciation shall be calculated on the amount of original cost of fixed assets included in RRB at the beginning of each year of the control period.
- 5.4.4 On prudence check the Commission has considered the closing balance of Fixed Assets of 2013-14 pertaining to TSDISCOMs and asset transfers to APDISCOMs as per demerger scheme approved by Expert Committee.
- 5.4.5 The depreciation claimed by TSDISCOMs and approved by the Commission for 4th control period is as shown in the Table below:

Table 5.11: Depreciation approved for 4th control period*Rs. in crore*

Financial Year	Approved in MYT Order dated 29.04.2020		Approved in APR		Approved Variation	
	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL
2019-20	759.54	374.39	757.01	374.39	-2.53	0.00
2020-21	850.02	424.81	874.37	297.24	24.35	-127.57
2021-22	937.33	492.35	713.40	323.69	-223.93	-168.66

5.5 TAXES ON INCOME**Petitioners' Submission**

- 5.5.1 Taxes on Income claimed for 4th control period is shown in the table below:

Table 5.12: Taxes on Income claimed for 4th control period*Rs. in crore*

Financial Year	Approved in MYT Order dated 29.04.2020		Claimed in APR		Claimed Variation	
	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL
2019-20	39.05	20.26	0.00	0.00	-39.05	-20.26
2020-21	44.06	25.27	0.00	0.00	-44.06	-25.27
2021-22	49.32	31.66	0.00	0.00	-49.32	-31.66

Commission's View

- 5.5.2 TSDISCOMs have not claimed any amount towards taxes on income for 4th control period. Hence the Commission has not approved any taxes on income for 4th control period.

Table 5.13: Taxes on income approved for 4th control period

Rs. in crore

Financial Year	Approved in MYT Order dated 29.04.2020		Approved in APR		Approved Variation	
	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL
2019-20	39.05	20.26	0.00	0.00	-39.05	-20.26
2020-21	44.06	25.27	0.00	0.00	-44.06	-25.27
2021-22	49.32	31.66	0.00	0.00	-49.32	-31.66

5.6 SPECIAL APPROPRIATIONS FOR 4TH CONTROL PERIOD

- 5.6.1 TSDISCOMs claims on special appropriations for 4th control period and Commission's View is given below.

Petitioners' Submission

- 5.6.2 Special Appropriations claimed for 4th control period is shown in the table below:

Table 5.14: Special Appropriations claimed for 4th control period

Rs. in crore

Financial Year	Approved in MYT Order dated 29.04.2020		Claimed in APR		Claimed Variation	
	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL
2019-20	20.00	20.00	0.00	20.34	-20.00	0.34
2020-21	20.00	20.00	0.00	19.85	-20.00	-0.15
2021-22	20.00	20.00	0.00	21.66	-20.00	1.66

- 5.6.3 TSSPDCL has not claimed any amount towards special appropriations. The expenses claimed by TSNPDCL for an amount of Rs.22.33 crore in FY 2008-09 was towards provision of safety equipment to the Employees, erection of intermediate poles for proper clearance, providing earthing, fencing, SMC Distribution boxes etc.

Commission's View

- 5.6.4 During consumer interactions the Commission has observed that electrical accidents are increasing and is a cause of concern. The TSDISCOMs shall ensure that measures are taken to avoid accidents. The TSDISCOMs while investing in safety of Employees should also invest on safety measures in the network to address the issue of electrical accidents.

- 5.6.5 TSSPDCL has claimed that the expenditure for safety measure is considered in capital expenditure and has not reflected under this head. TSNPDCL has not reflected the expenditure under this head in book of accounts. Therefore, the special appropriations approved by the Commission for 4th control period for each TSDISCOM is as follows.

Table 5.15: Special appropriations approved or 4th control period

Rs. in crore

Financial Year	Approved in MYT Order dated 29.04.2020		Approved in APR		Approved Variation	
	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL
2019-20	20.00	20.00	0.00	0.00	-20.00	-20.00
2020-21	20.00	20.00	0.00	0.00	-20.00	-20.00
2021-22	20.00	20.00	0.00	0.00	-20.00	-20.00

5.7 OTHER EXPENDITURE FOR 4TH CONTROL PERIOD

- 5.7.1 Submissions of TSDISCOMs on Other Expenditure and Commission's View is as given below.

Petitioners' Submission

- 5.7.2 Other Expenditure claimed by TSDISCOMs is given below.

Table 5.16: Other Expenditure claimed for 4th control period

Rs. in crore

Financial Year	Approved in MYT Order dated 29.04.2020		Claimed in APR		Claimed Variation	
	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL
2019-20	0.00	0.00	19.79	14.85	19.79	14.85
2020-21	0.00	0.00	9.67	0.00	9.67	0.00
2021-22	0.00	0.00	35.84	0.00	35.84	0.00

- 5.7.3 The reasons given by TSSPDCL for variation in other expenditure are Compensation for Injuries, Death & Damages.

Commission's View

- 5.7.4 The Other Expenditure approved by the Commission for 4th control period for each TSDISCOM is as follows.

Table 5.17: Other Expenditure approved for 4th control period

Rs. in crore

Financial Year	Approved in MYT Order dated 29.04.2020		Approved in APR		Approved Variation	
	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL
2019-20	0.00	0.00	0.00	0.00	0.00	0.00
2020-21	0.00	0.00	0.00	0.00	0.00	0.00

Financial Year	Approved in MYT Order dated 29.04.2020		Approved in APR		Approved Variation	
	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL
2021-22	0.00	0.00	0.00	0.00	0.00	0.00

5.8 NON-TARIFF INCOME AND REVENUE FROM OPEN ACCESS CONSUMERS FOR 4TH CONTROL PERIOD

5.8.1 TSDISCOMs claims on Non-Tariff Income and revenue from open access consumers and Commission's View is given below.

Petitioners' Submission

5.8.2 Non-Tariff Income and revenue from open access consumers claimed for 4th control period is shown in the table below:

Table 5.18: Non-Tariff Income including revenue from open access consumers claimed for 4th control period

Rs. in crore

Financial Year	Approved in MYT Order dated 29.04.2020		Claimed in APR		Claimed Variation	
	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL
2019-20	475.49	140.99	426.33	162.73	-49.16	21.74
2020-21	501.49	151.92	453.58	156.83	-47.91	4.91
2021-22	542.62	160.85	536.13	120.48	-6.49	-40.37

Commission's View

5.8.3 The Commission has observed from the book of accounts that there is no separate classification of Non-Tariff Income for Distribution Business and Retail Supply Business.

5.8.4 The Commission approves the Non-tariff income including Revenue from open access consumers and amortisation of depreciation on consumer contributed assets. Hence based on the additional information and the information filed on actual basis, the Commission approves the Non-Tariff Income as given below:

Table 5.19: Non-Tariff Income and revenue from open access consumers approved for 4th control period

Rs. in crore

Financial Year	Approved in MYT Order dated 29.04.2020		Approved in APR		Approved Variation	
	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL	TSSPDCL	TSNPDCCL
2019-20	475.49	140.99	426.33	162.72	-49.16	21.73
2020-21	501.49	151.92	453.58	156.81	-47.91	4.89
2021-22	542.62	160.85	535.81	120.48	-6.81	-40.37

5.9 AGGREGATE REVENUE REQUIREMENT (ARR) OF TSSPDCL FOR 4TH CONTROL PERIOD

5.9.1 The ARR and APR for FY 2019-20, FY 2020-21 and FY 2021-22 of 4th control period claimed by TSSPDCL and approved by the Commission based on the above analysis is as shown in the Table below:

Table 5.20: Summary of TSSPDCL ARR and APR claimed and approved for FY 2019-20, FY 2020-21 and FY 2021-22 of 4th control period

Rs. in crore

Particulars	Approved in TO dated 29.04.2020	Claimed in True-up		Approved in True-up	
		Actuals Claimed	Claimed Variation	Approved True-up	Approved Variation
FY 2019-20					
O&M expenses Gross	2729.10	2681.38	-47.72	2681.38	
O&M expenses capitalized	100.15	105.25	5.10	105.26	
O&M expenses Net	2628.95	2576.12	-52.83	2576.12	-52.83
Return on Capital Employed	573.77	583.22	9.45	659.57	85.79
Depreciation	759.54	986.56	227.02	757.01	-2.53
Taxes on Income	39.05	0.00	-39.05	0.00	-39.05
Special appropriations	20.00	0.00	-20.00	0.00	-20.00
Other expenses	0.00	19.79	19.79	0.00	0.00
Gross ARR	4021.32	4165.69	144.37	3992.69	-28.62
Less: Revenue from OA and Non-Tariff Income	475.49	426.33	-49.16	426.33	-49.16
Net ARR	3545.82	3739.36	193.53	3566.36	20.54
FY 2020-21					
O&M expenses Gross	2950.48	2611.40	-339.08	2611.40	
O&M expenses capitalized	127.58	82.15	-45.43	82.15	
O&M expenses Net	2822.90	2529.25	-293.65	2529.25	-293.65
Return on Capital Employed	647.43	615.99	-31.45	679.83	32.39
Depreciation	850.02	1066.58	216.56	874.37	24.35
Taxes on Income	44.06	0.00	-44.06	0.00	-44.06
Special appropriations	20.00	0.00	-20.00	0.00	-20.00
Other expenses	0.00	9.67	9.67	0.00	0.00
Gross ARR	4384.41	4221.49	-162.92	4083.45	-300.96
Less: Revenue from OA and Non-Tariff Income	501.49	453.58	-47.91	453.58	-47.91
Net ARR	3882.92	3767.91	-115.01	3629.87	-253.05
FY 2021-22					
O&M expenses Gross	3209.32	2409.38	-799.94	2409.38	

Particulars	Approved in TO dated 29.04.2020	Claimed in True-up		Approved in True-up	
		Actuals Claimed	Claimed Variation	Approved True-up	Approved Variation
O&M expenses capitalized	173.08	101.65	-71.43	101.65	
O&M expenses Net	3036.24	2307.73	-728.51	2307.73	-728.51
Return on Capital Employed	724.62	568.14	-156.48	624.91	-99.71
Depreciation	937.33	1126.23	188.90	713.40	-223.93
Taxes on Income	49.32	0.00	-49.32	0.00	-49.32
Special appropriations	20.00	0.00	-20.00	0.00	-20.00
Other expenses	0.00	35.84	35.84	0.00	0.00
Gross ARR	4767.51	4037.94	-729.57	3646.04	-1121.47
Less: Revenue from OA and Non-Tariff Income	542.62	536.13	-6.49	535.81	-6.81
Net ARR	4224.89	3501.81	-723.08	3110.23	-1114.66

5.9.2 The ARR and APR for FY 2019-20, FY 2020-21 and FY 2021-22 of 4th control period claimed by TSNPDCL and approved by the Commission based on the above analysis is as shown in the Table below:

Table 5.21: Summary of TSNPDCL ARR and APR claimed and approved for FY 2019-20, FY 2020-21 and FY 2021-22 of 4th control period

Rs. in crore

Particulars	Approved in TO dated 29.04.2020	Claimed in APR		Approved in APR	
		Actuals Claimed	Claimed Variation	Approved True-up	Approved Variation
FY 2019-20					
O&M expenses Gross	1980.48	1642.41	-338.07	1642.13	
O&M expenses capitalized	105.57	58.40	-47.17	58.39	
O&M expenses Net	1874.91	1584.01	-290.90	1583.74	-291.17
Return on Capital Employed	297.62	267.08	-30.54	266.02	-31.60
Depreciation	374.39	444.87	70.48	374.39	0.00
Taxes on Income	20.26	0.00	-20.26	0.00	-20.26
Special appropriations	20.00	20.34	0.34	0.00	-20.00
Other expenses	0.00	14.85	14.85	0.00	0.00
Gross ARR	2587.18	2331.15	-256.04	2224.15	-363.04
Less: Revenue from OA and Non-Tariff Income	140.99	162.73	21.74	162.72	21.73
Net ARR	2446.19	2168.42	-277.78	2061.43	-384.76
FY 2020-21					
O&M expenses Gross	2190.52	2045.30	-145.22	2027.57	
O&M expenses capitalized	139.65	45.31	-94.34	44.92	
O&M expenses Net	2050.87	1999.99	-50.88	1982.65	-68.22

Particulars	Approved in TO dated 29.04.2020	Claimed in APR		Approved in APR	
		Actuals Claimed	Claimed Variation	Approved True-up	Approved Variation
Return on Capital Employed	371.35	268.19	-103.16	263.28	-108.07
Depreciation	424.81	322.62	-102.19	297.24	-127.57
Taxes on Income	25.27	0.00	-25.27	0.00	-25.27
Special appropriations	20.00	19.85	-0.15	0.00	-20.00
Other expenses	0.00	0.00	0.00	0.00	0.00
Gross ARR	2892.30	2610.65	-281.66	2543.18	-349.13
Less: Revenue from OA and Non-Tariff Income	151.92	156.83	4.91	156.81	4.89
Net ARR	2740.38	2453.82	-286.56	2386.37	-354.02
FY 2021-22					
O&M expenses Gross	2428.87	2031.16	-397.69	2000.37	
O&M expenses capitalized	138.66	47.30	-91.36	46.58	
O&M expenses Net	2290.20	1983.87	-306.33	1953.78	-336.42
Return on Capital Employed	465.16	367.50	-97.66	347.50	-117.66
Depreciation	492.35	328.65	-163.70	323.69	-168.66
Taxes on Income	31.66	0.00	-31.66	0.00	-31.66
Special appropriations	20.00	21.66	1.66	0.00	-20.00
Other expenses	0.00	0.00	0.00	0.00	0.00
Gross ARR	3299.37	2701.68	-597.69	2624.97	-674.40
Less: Revenue from OA and Non-Tariff Income	160.85	120.48	-40.37	120.48	-40.37
Net ARR	3138.52	2581.19	-557.32	2504.49	-634.03

5.10 AGGREGATE GAINS OR LOSSES OF APR CLAIMED AND APPROVED FOR FY 2019-20, FY 2020-21 AND FY 2021-22 OF 4TH CONTROL PERIOD

Commission's View

5.10.1 The aggregate gains or losses of APR for FY 2019-20, FY 2020-21 and FY 2021-22 of 4th control period claimed by TSDISCOMs and approved by the Commission is as shown in the Table below:

Table 5.22: Aggregate gains or losses of APR for FY 2019-20, FY 2020-21 and FY 2021-22 of 4th control period

Rs. in crore

Financial Year	Claimed		Approved	
	TSSPDCL	TSNPDCL	TSSPDCL	TSNPDCL
2019-20	193.54	-277.78	20.54	-384.76
2020-21	-115.00	-286.56	-253.05	-354.02
2021-22	-723.08	-557.32	-1114.66	-634.03
Total	-644.54	-1121.66	-1347.17	-1372.80

5.11 RECOVERY OF APRS' REVENUE GAP/(SURPLUS)

5.11.1 As proposed by the TSDISCOMs and as per clause 10.7 of Regulation No.4 of 2005, the distribution licensees shall include the aggregate gains or losses of APRs of 1st, 2nd and 3rd years of 4th control period at the end of 4th control period as a whole while determination of MYT ARR and Wheeling Tariffs for Distribution Business in supply areas of TSDISCOMs for 5th control period (FY 2024-29).

The Petitions are disposed of in the above terms.

This Order is corrected and signed on this the 23rd day of March, 2023.

Sd/-
(BANDARU KRISHNAIAH)
MEMBER

Sd/-
(M.D.MANO HAR RAJU)
MEMBER

Sd/-
(T.SRIRANGA RAO)
CHAIRMAN

// CERTIFIED COPY //

Paper Clippings appeared in THE NEW INDIAN EXPRESS, THE HANS INDIA and ETEMAAD (Urdu) on 18.08.2022

BEFORE THE HONOURABLE
TELANGANA STATE ELECTRICITY REGULATORY COMMISSION
 D.No. 11-4-660, 5th Floor, Singareni Bhavan, Red Hills, Hyderabad - 500 004.

SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED (TSSPDCL)	NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED (TSNPDCL)																																																																																																																																																																																																																																																																																																																																																																																																																																																								
<p align="center">PUBLIC NOTICE</p> <p>1. Notice is hereby given to all that the Distribution Company viz. SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED (TSSPDCL) holding Distribution and Retail Supply License No.13(2000), as on 29-12-2000, filed before the Telangana State Electricity Regulatory Commission (TSERC) the true-up of Distribution Business for the period from FY 2006-07 to FY 2020-21. These filings have been taken on record by the Hon'ble Commission in O.P.Nos. 39,40,41,42 of 2021 along with I.A.Nos 12,13,14, 15 of 2021 and O.P.No. 22 of 2022.</p> <p>2. Copies of the filings referred are available in the office of Chief General Manager (RAC), TSSPDCL, Corporate Office, First floor, 'A' block, Mint Compound, Hyderabad-500063 and the Superintending Engineer, Operation circles of the Distribution Company at Banjara Hills, Hyderabad (South), Hyderabad(Central), Medchal, Cybercity, Habisguda, Secunderabad, Rajendranagar Saranagar, Vikarabad, Mahabubnagar, Gadwal, Nagarkurnool, Wanaparthy, Medak, Siddipet, Sangareddy, Nalgonda, Yadadri and Suryapet. Interested persons may inspect/reuse the said filings and take note thereof during office hours at any of the said offices free of cost. These proposals are also available on www.tsspdcl.in and the same may be accessed at www.tserc.gov.in. A copy of these filings can be obtained from the above offices from 18.08.2022 onwards on payment of photocopying charges.</p> <p>3. Objections/suggestions, if any, on the true-up filings, together with supporting material may be sent to the Chief General Manager (RAC), TSSPDCL, Corporate Office, First floor, 'A' block, Mint Compound, Hyderabad-500063 in person or through Registered Post so as to reach on or before 08.09.2022 by 5 PM. A copy of the same must also be filed with the Secretary, TSERC, at the address mentioned above. The objections/suggestions should be duly signed and should carry full name, postal address, email id and contact number of the person(s) sending the objections/suggestions. If the objections/suggestions are filed on behalf of any organization or any category of consumers, it should be clearly mentioned. If the objector also wants to be heard in person it may also be specifically mentioned. The objection/suggestion should accompany the following statement:</p> <table border="1" style="width: 100%; border-collapse: collapse; font-size: small;"> <thead> <tr> <th>Name & full address of the Objector along with e-mail id and contact number</th> <th>Brief details of Objections/ Suggestions</th> <th>Objections against DB True-up and APR Proposals of TSSPDCL</th> <th>Whether copy of objection & proof of delivery at Licensee's office enclosed (Yes/No)</th> <th>Whether Objector wants to be heard in person (Yes/No)</th> </tr> </thead> <tbody> <tr> <td style="height: 30px;"></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>4. The gist of the True-up proposals of the Discom for the period from FY 2006-07 to FY 2020-21 are indicated in the Schedule below.</p> <p>5. Telangana State Electricity Regulatory Commission intends to conduct Public Hearing (physical) in Court Hall of TSERC, 5th Floor, Singareni Bhavan, Red Hills, Hyderabad on 26.09.2022 (Monday) from 11:00 hrs onwards.</p> <p align="right">Chairman & Managing Director Southern Power Distribution Company of Telangana Ltd. 18-08-2022</p>	Name & full address of the Objector along with e-mail id and contact number	Brief details of Objections/ Suggestions	Objections against DB True-up and APR Proposals of TSSPDCL	Whether copy of objection & proof of delivery at Licensee's office enclosed (Yes/No)	Whether Objector wants to be heard in person (Yes/No)						<p align="center">PUBLIC NOTICE</p> <p>1. Notice is hereby given to all that the Distribution Company viz., NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED (TSNPDCL) holding Distribution and Retail Supply License No.14(2000), as on 26-12-2000, filed before the Telangana State Electricity Regulatory Commission (TSERC) the True-up of Distribution Business for the period from FY 2006-07 to FY 2020-21. These filings have been taken on record by the Hon'ble Commission in O.P. Nos.43, 44, 45, 46 of 2021 along with I.A. Nos. 16, 17, 18, 19 of 2021 and O.P.No.20 of 2022.</p> <p>2. Copies of the filings referred are available in the office of Chief General Manager (IPC&RAC), TSNPDCL, H.No.2-5-312, Vidyuth Bhavan, Hanamkonda - 506001 and the Superintending Engineer, Operation circles of the Distribution Company at Hanamkonda, Warangal, Mahubabad, Jaya Shankar (Bhupalpalay), Jangaon, Karimnagar, Jagtial, Peddapally, Nizamabad, Kamareddy, Khammam, Bhadradi Kothagudem, Adilabad, Nirmal, Mancherial and Komaram-Bheem (Asifabad). Interested persons may inspect/reuse the said filings and take note thereof during office hours at any of the said offices free of cost. These proposals are also available on www.tsnpdcl.in and the same may be accessed at www.tserc.gov.in. A copy of these filings can be obtained from the above offices from 18.08.2022 onwards on payment of photocopying charges.</p> <p>3. Objections/suggestions, if any, on the True-up filings, together with supporting material may be sent to the Chief General Manager (IPC&RAC), TSNPDCL, H.No.2-5-312, Vidyuth Bhavan, Hanamkonda - 506001 in person or through Registered Post so as to reach on or before 08.09.2022 by 5 PM. A copy of the same must also be filed with the Secretary, TSERC, at the address mentioned above. The objections/suggestions should be duly signed and should carry full name, postal address, email id and contact number of the person(s) sending the objections/suggestions. 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for safety Measures</td> <td>5</td> <td>0</td> <td>5</td> <td>0</td> <td>5</td> <td>0</td> <td>5</td> <td>0</td> <td>5</td> <td>0</td> <td>5</td> <td>0</td> <td>5</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Other Expenditure</td> <td>4</td> <td>2</td> <td>7</td> <td>0</td> <td>14</td> <td>0</td> <td>1</td> <td>1</td> <td>2</td> <td>1</td> <td>16</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Gross ARR</td> <td>644</td> <td>711</td> <td>694</td> <td>825</td> <td>744</td> <td>860</td> <td>1061</td> <td>946</td> <td>1234</td> <td>1236</td> <td>1490</td> <td>1594</td> <td>1564</td> <td>1671</td> <td>1732</td> <td>1854</td> </tr> <tr> <td>Less</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Non Tariff Income</td> <td>0</td> <td>31</td> <td>0</td> <td>24</td> <td>0</td> <td>23</td> <td>32</td> <td>40</td> <td>32</td> 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TRUE-UP OF DISTRIBUTION BUSINESS FOR THE PERIOD FROM FY 2006-07 TO FY 2020-21</p> <p align="center">(Rs. Crores)</p> <table border="1" style="width: 100%; border-collapse: collapse; font-size: x-small;"> <thead> <tr> <th rowspan="2">Particulars</th> <th colspan="2">FY 2006-07</th> <th colspan="2">FY 2007-08</th> <th colspan="2">FY 2008-09</th> <th colspan="2">FY 2009-10</th> <th colspan="2">FY 2010-11</th> <th colspan="2">FY 2011-12</th> <th colspan="2">FY 2012-13</th> <th colspan="2">FY 2013-14</th> </tr> <tr> <th>Approved by the Commission</th> <th>Claimed by the Discom</th> <th>Approved by the Commission</th> <th>Claimed by the Discom</th> <th>Approved by the Commission</th> <th>Claimed by the Discom</th> <th>Approved by the Commission</th> <th>Claimed by the Discom</th> <th>Approved by the Commission</th> <th>Claimed by the Discom</th> <th>Approved by the Commission</th> <th>Claimed by the Discom</th> <th>Approved by the Commission</th> <th>Claimed by the Discom</th> <th>Approved by the Commission</th> <th>Claimed by the Discom</th> </tr> </thead> <tbody> <tr> <td>Operation & maintenance Expenses (O&M)</td> <td>197</td> <td>243</td> <td>201</td> <td>228</td> <td>211</td> <td>282</td> <td>251</td> <td>287</td> <td>285</td> <td>488</td> <td>317</td> <td>444</td> <td>368</td> <td>560</td> <td>408</td> <td>646</td> </tr> <tr> <td>Return on Capital Employed</td> <td>78</td> <td>80</td> <td>87</td> <td>77</td> <td>94</td> <td>94</td> <td>114</td> <td>117</td> <td>131</td> <td>132</td> <td>148</td> <td>140</td> <td>157</td> <td>154</td> <td>159</td> <td>165</td> </tr> <tr> <td>Depreciation During the year</td> <td>82</td> <td>90</td> <td>90</td> <td>102</td> <td>98</td> <td>115</td> <td>150</td> <td>143</td> <td>184</td> <td>147</td> <td>232</td> <td>161</td> <td>276</td> <td>174</td> <td>319</td> <td>186</td> </tr> <tr> <td>Taxes on Income</td> <td>0</td> <td>1</td> <td>0</td> <td>1</td> <td>0</td> <td>2</td> <td>1</td> <td>2</td> <td>1</td> <td>2</td> <td>1</td> <td>2</td> <td>1</td> <td>2</td> <td>0</td> <td>0</td> </tr> <tr> <td>Special Appropriation for safety Measures</td> <td>5</td> <td>0</td> <td>5</td> <td>0</td> <td>5</td> <td>22</td> <td>5</td> <td>31</td> <td>5</td> <td>18</td> <td>5</td> <td>1</td> <td>5</td> <td>1</td> <td>5</td> <td>0</td> </tr> <tr> <td>Other Expenditure</td> <td>3</td> <td>0</td> <td>0</td> <td>1</td> <td>0</td> <td>1</td> <td>4</td> <td>1</td> <td>4</td> <td>1</td> <td>4</td> <td>1</td> <td>4</td> <td>1</td> <td>4</td> <td>1</td> </tr> <tr> <td>Gross ARR</td> <td>365</td> <td>415</td> <td>383</td> <td>409</td> <td>408</td> <td>516</td> <td>525</td> <td>580</td> <td>610</td> <td>789</td> <td>708</td> <td>747</td> <td>811</td> <td>860</td> <td>897</td> <td>989</td> </tr> <tr> <td>Less</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Non Tariff Income</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>6</td> <td>16</td> <td>6</td> <td>16</td> <td>6</td> <td>18</td> <td>6</td> <td>21</td> <td>6</td> <td>27</td> </tr> <tr> <td>Revenue from Wheeling Charges/Open access</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Net ARR</td> <td>365</td> <td>415</td> <td>383</td> <td>409</td> <td>408</td> <td>516</td> <td>519</td> <td>596</td> <td>604</td> <td>773</td> <td>702</td> <td>729</td> <td>805</td> <td>869</td> <td>891</td> <td>972</td> </tr> </tbody> </table>	Particulars	FY 2006-07		FY 2007-08		FY 2008-09		FY 2009-10		FY 2010-11		FY 2011-12		FY 2012-13		FY 2013-14		Approved by the Commission	Claimed by the Discom	Approved by the Commission	Claimed by the Discom	Approved by the Commission	Claimed by the Discom	Approved by the Commission	Claimed by the Discom	Approved by the Commission	Claimed by the Discom	Approved by the Commission	Claimed by the Discom	Approved by the Commission	Claimed by the Discom	Approved by the Commission	Claimed by the Discom	Operation & maintenance Expenses (O&M)	197	243	201	228	211	282	251	287	285	488	317	444	368	560	408	646	Return on Capital Employed	78	80	87	77	94	94	114	117	131	132	148	140	157	154	159	165	Depreciation During the year	82	90	90	102	98	115	150	143	184	147	232	161	276	174	319	186	Taxes on Income	0	1	0	1	0	2	1	2	1	2	1	2	1	2	0	0	Special Appropriation for safety Measures	5	0	5	0	5	22	5	31	5	18	5	1	5	1	5	0	Other Expenditure	3	0	0	1	0	1	4	1	4	1	4	1	4	1	4	1	Gross ARR	365	415	383	409	408	516	525	580	610	789	708	747	811	860	897	989	Less																	Non Tariff Income	0	0	0	0	0	0	6	16	6	16	6	18	6	21	6	27	Revenue from Wheeling Charges/Open access	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Net ARR	365	415	383	409	408	516	519	596	604	773	702	729	805	869	891	972
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<p>దక్షిణ తెలంగాణ విద్యుత్ పంపిణీ సంస్థ (TSSPDCL)</p>	<p>ఉత్తర తెలంగాణ విద్యుత్ పంపిణీ సంస్థ (TSNPDCL)</p>
<p>బహిరంగ ప్రకటన</p>	<p>బహిరంగ ప్రకటన</p>
<p>ఇందు మూలంగా TSSPDCL పరిధిలోని యావన్మందికి తెలియజేయునది ఏమనగా ప్రభుత్వ యాజమాన్యంలోని డిస్ట్రిబ్యూషన్ మరియు రిటైల్ సప్లయ్ లైసెన్స్ (నం.13/2000) తేదీ: 29-12-2000 కలిగి ఉన్న దక్షిణ తెలంగాణ విద్యుత్ పంపిణీ సంస్థ (TSSPDCL), తెలంగాణ రాష్ట్ర విద్యుత్ నియంత్రణ మండలి (TSERC) ముందు 2008-07 నుండి 2020-21 ఆర్థిక సంవత్సరం వరకు పంపిణీ వ్యాపారం యొక్క ట్రూ-అప్ ను దాఖలు చేసింది. ఈ దాఖలాలను 2021లో O.P నం.39/2021 & I.A. నం.12/2021, O.P నం.40/2021 & I.A. నం.13/2021, O.P నం.41/2021 & I.A. నం.14/2021, O.P నం. 42/2021 & I.A. నం.15/2021 మరియు O.P నం. 22/2022 లతో గౌరవనీయులైన కమిషన్ వారిచే నమోదు చేయబడినది. వాటాదారుల నుండి స్వీకరించబడిన అభ్యర్థనలను దృష్టిలో ఉంచుకుని, పంపిణీ ట్రూ-అప్ ఫైలింగ్ల పై అభ్యంతరాలు/సూచనలు సమర్పణకు చివరి తేదీ 30-09-2022 (శుక్రవారం) వరకు పొడిగించబడింది. అభ్యంతరదారులకు ప్రతిస్పందనలను ఏర్పాటు చేయడానికి చివరి తేదీ: 14-10-2022 (శుక్రవారం) వరకు పొడిగించబడింది. తెలంగాణ రాష్ట్ర విద్యుత్ నియంత్రణ మండలి వారు తేదీ: 21-10-2022 (శుక్రవారం) 11.00 గంటల నుండి కోర్ట్ హాల్, TSERC, 5వ అంతస్తు, సింగరేణి భవన్, రెడ్ హిల్స్, హైదరాబాద్ లో పబ్లిక్ హియరింగ్ ను ప్రత్యక్షంగా నిర్వహించాలని భావిస్తోంది.</p> <p>స్థలం: హైదరాబాద్ సం/- చైర్మన్ మరియు మేనేజింగ్ డైరెక్టర్ తేదీ: 08-09-2022 డి.ఎస్.ఎస్.పి.డి.సి.ఎల్. (హైదరాబాద్) DIPR RO No. 6455-PP/CL/Adv/1/2022-23, Dt. 05-09-2022</p>	<p>ఇందు మూలంగా TSNPDCL పరిధిలోని యావన్మందికి తెలియజేయునది ఏమనగా ప్రభుత్వ యాజమాన్యంలోని డిస్ట్రిబ్యూషన్ మరియు రిటైల్ సప్లయ్ లైసెన్స్ (నం.14/2000) తేదీ: 29-12-2000 కలిగి ఉన్న ఉత్తర తెలంగాణ విద్యుత్ పంపిణీ సంస్థ (TSNPDCL) తెలంగాణ రాష్ట్ర విద్యుత్ నియంత్రణ మండలి (TSERC) ముందు 2008-07 నుండి 2020-21 ఆర్థిక సంవత్సరం వరకు పంపిణీ వ్యాపారం యొక్క ట్రూ-అప్ ను దాఖలు చేసింది. ఈ దాఖలాలను 2021లో O.P నం. 43/2021 & I.A. నం.16/2021, O.P నం. 44/2021 & I.A. నం. 17/2021, O.P నం. 45/2021 & I.A. నం.18/2021, O.P నం. 46/2021 & I.A. నం.19/2021 మరియు O.P నం. 20/2022 లతో గౌరవనీయులైన కమిషన్ వారిచే నమోదు చేయబడినది. వాటాదారుల నుండి స్వీకరించబడిన అభ్యర్థనలను దృష్టిలో ఉంచుకుని, పంపిణీ ట్రూ-అప్ ఫైలింగ్ల పై అభ్యంతరాలు/సూచనలు సమర్పణకు చివరి తేదీ 30-09-2022 (శుక్రవారం) వరకు పొడిగించబడింది. అభ్యంతరదారులకు ప్రతిస్పందనలను ఏర్పాటు చేయడానికి చివరి తేదీ: 14-10-2022 (శుక్రవారం) వరకు పొడిగించబడింది. తెలంగాణ రాష్ట్ర విద్యుత్ నియంత్రణ మండలి వారు తేదీ: 21-10-2022 (శుక్రవారం) 11.00 గంటల నుండి కోర్ట్ హాల్, TSERC, 5వ అంతస్తు, సింగరేణి భవన్, రెడ్ హిల్స్, హైదరాబాద్ లో పబ్లిక్ హియరింగ్ ను ప్రత్యక్షంగా నిర్వహించాలని భావిస్తోంది.</p> <p>స్థలం: హనుమకొండ సం/- చైర్మన్ మరియు మేనేజింగ్ డైరెక్టర్ తేదీ: 08-09-2022 డి.ఎస్.ఎస్.పి.డి.సి.ఎల్. వరంగల్</p>

<p>BEFORE THE HONOURABLE TELANGANA STATE ELECTRICITY REGULATORY COMMISSION D.No. 11-4-660, 5th Floor, Singareni Bhavan, Red Hills, Hyderabad - 500 004.</p>	
<p>SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED (TSSPDCL)</p>	<p>NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED (TSNPDCL)</p>
<p>PUBLIC NOTICE</p>	<p>PUBLIC NOTICE</p>
<p>Notice is hereby given to all that the Distribution Company viz., SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED (TSSPDCL) holding Distribution and Retail Supply License No.(13/2000), as on 29.12.2000, filed before the Telangana State Electricity Regulatory Commission (TSERC) the True-up of Distribution Business for the period from FY 2008-07 to FY 2020-21. These filings have been taken on record by the Hon'ble Commission in O.P. Nos 39,40,41,42 of 2021 along with I.A. Nos 12,13,14,15 of 2021 and OP.No.22 of 2022.</p> <p>In view of the request received from stake holders the last date for submission of comments/ suggestions/objections on Distribution True-up filings is extended up to 30.09.2022 (Friday), last date for arranging responses to the objectors is extended up to 14.10.2022 (Friday). Telangana State Electricity Regulatory Commission Intends to conduct Public Hearing (physical) in Court Hall of TSERC, 5th Floor, Singareni Bhavan, Red Hills, Hyderabad on 21.10.2022 (Friday) from 11:00 hrs onwards.</p> <p>Place : Hyderabad Date : 08-09-2022</p> <p style="text-align: right;">Sd/- CHAIRMAN & MANAGING DIRECTOR Southern Power Distribution Company of Telangana Ltd., Hyderabad</p>	<p>Notice is hereby given to all that the Distribution Company viz., NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED (TSNPDCL) holding Distribution and Retail Supply License No.(14/2000), as on 29.12.2000, filed before the Telangana State Electricity Regulatory Commission (TSERC) the True-up of Distribution Business for the period from FY 2008-07 to FY 2020-21. These filings have been taken on record by the Hon'ble Commission in O.P. Nos.43, 44, 45, 46 of 2021 along with I.A. Nos. 16, 17, 18 & 19 of 2021 and O.P No.20/2022.</p> <p>In view of the request received from stake holders the last date for submission of comments/ suggestions/objections on Distribution True-up filings is extended up to 30.09.2022 (Friday), last date for arranging responses to the objectors is extended up to 14.10.2022 (Friday). Telangana State Electricity Regulatory Commission Intends to conduct Public Hearing (physical) in Court Hall of TSERC, 5th Floor, Singareni Bhavan, Red Hills, Hyderabad on 21.10.2022 (Friday) from 11:00 hrs onwards.</p> <p>Place : Hanumakonda. Date : 06.09.2022</p> <p style="text-align: right;">Sd/- CHAIRMAN & MANAGING DIRECTOR Northern Power Distribution Company of Telangana Ltd., Warangal</p>

Published and appeared in MANA TELANGANA and NAMASTHE TELANGANA
on 20.10.2022

గౌరవనీయమైన తెలంగాణ రాష్ట్ర విద్యుత్ నియంత్రణ మండలి వారి సమక్షంలో

ఇంటి నం.11-4-660, 5వ అంతస్తు, సింగరేణి భవన్, రెడ్ హిల్స్, లక్ష్మీ-కా-పూల్, హైదరాబాద్-500 004

 దక్షిణ తెలంగాణ విద్యుత్ సంస్థ (TSSPDCL)	 ఉత్తర తెలంగాణ విద్యుత్ సంస్థ (TSNPDCL)
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బహిరంగ ప్రకటన

తెలంగాణ డిస్కమ్స్ ఆర్థిక సంవత్సరం 2006-07 నుండి ఆర్థిక సంవత్సరం 2020-21 వరకు పంపిణీ వ్యాపారం యొక్క ట్రూ-ఆప్ ను దాఖలు చేసాయి. ఈ విషయంలో తెలంగాణ రాష్ట్ర విద్యుత్ నియంత్రణ మండలి వారు బహిరంగ విచారణను 21-10-2022 (శుక్రవారం) ఉ: 11.00 గంటలకు నిర్వహించబడునని 06-09-2022న ప్రచురించబడింది. కానీ అభ్యంతరదారుల అభ్యర్థన మేరకు మార్పు చేసి 15-11-2022 (మంగళవారం) ఉ: 10.30 గంటలకు కోర్ట్ హాల్, TSERC, 5వ అంతస్తు, సింగరేణి భవన్, రెడ్ హిల్స్, హైదరాబాద్ లో నిర్వహించబడునని తెలియజేయడమైనది.

సం/- చైర్మన్ మరియు మేనేజింగ్ డైరెక్టర్
టిఎస్ఎస్పీడిసిఎల్ (హైదరాబాద్)

సం/- చైర్మన్ మరియు మేనేజింగ్ డైరెక్టర్
టిఎస్ఎన్పీడిసిఎల్ (హనుమకొండ)

DIPR RO.No. 7982-PP/CL/ADVT/1/2022-23, Dt:19-10-2022

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ETEMAAD (Urdu) daily newspapers on 20.10.2022

**BEFORE THE HONOURABLE
TELANGANA STATE ELECTRICITY REGULATORY COMMISSION
D.No.11-4-660, 5th Floor, Singareni Bhavan, Red Hills, Hyderabad-500 004**

 SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED (TSSPDCL)	 NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED (TSNPDCL)
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PUBLIC NOTICE

As per the request of Stakeholders, the Public Hearing on Distribution Business True-ups from FY2006-07 to FY2020-21 of TS DISCOMs by TSERC scheduled on 21.10.2022 (Friday) from 11.00 hrs which was published on 06.09.2022, is postponed to 15.11.2022 (Tuesday) from 10:30 hrs onwards at Court Hall of TSERC, 5th Floor, Singareni Bhavan, Red Hills, Hyderabad.

<p>Sd/- CHAIRMAN & MANAGING DIRECTOR Southern Power Distribution Company of Telangana Ltd. (HYDERABAD)</p>	<p>Sd/- CHAIRMAN & MANAGING DIRECTOR Northern Power Distribution Company of Telangana Ltd. (HANUMAKONDA)</p>
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DIPR RO No. : 825-PP/CL-AGENCY/ADVT/1/2022-23

Published and appeared in Mana Telangana and Namasthe Telangana
on 26.11.2022

గౌరవనీయమైన తెలంగాణ రాష్ట్ర విద్యుత్ నియంత్రణ మండలి వారి సమక్షంలో
ఇంటి నెం. 11-4-660, 5వ అంతస్తు, సింగరేణి భవన్, రెడ్ హిల్స్, లక్ష్మి-కా-పూల్, హైదరాబాద్-500 004

 దక్షిణ తెలంగాణ విద్యుత్ పంపిణీ సంస్థ (TSSPDCL)  ఉత్తర తెలంగాణ విద్యుత్ పంపిణీ సంస్థ (TSNPDCL)

బహిరంగ ప్రకటన

తెలంగాణ విద్యుత్ పంపిణీ సంస్థలు ఆర్థిక సంవత్సరం 2006-07 నుండి ఆర్థిక సంవత్సరం 2020-21 వరకు పంపిణీ వ్యాపారం యొక్క ట్రూ-అప్ ను దాఖలు చేసాయి. ఈ విషయంలో తెలంగాణ రాష్ట్ర విద్యుత్ నియంత్రణ మండలి వారు బహిరంగ విచారణను 15-11-2022 (మంగళవారం) ఉ. 10.30 గంటలకు నిర్వహించబడునని 20-10-2022న ప్రచురించబడింది. కానీ విద్యుత్ పంపిణీ సంస్థల అభ్యర్థన మేరకు 18-01-2023 (బుధవారం) ఉ.10.30 గంటలకు కోర్టు హాల్, TSERC, 5వ అంతస్తు, సింగరేణి భవన్, రెడ్ హిల్స్, హైదరాబాద్ లో బహిరంగ విచారణ నిర్వహించబడునని తెలియజేయడమైనది.

తేదీ: 26-11-2022

సం/- చైర్మన్ మరియు మేనేజింగ్ డైరెక్టర్
టిఎస్ఎస్పిడిసిఎల్, (హైదరాబాద్)

సం/- చైర్మన్ మరియు మేనేజింగ్ డైరెక్టర్
టిఎస్ఎన్పిడిసిఎల్, (హనుమకొండ)

DIPR RO. No.9408-PP/CL/AdvT/1/2022-23, Dt: 25-11-2022

Published and appeared in the New Indian Express, The Hans India and
Etemaad (Urdu) daily newspapers on 26.11.2022

**BEFORE THE HONOURABLE
TELANGANA STATE ELECTRICITY REGULATORY COMMISSION
D.No.11-4-660, 5th Floor, Singareni Bhavan, Red Hills, Hyderabad-500 004**

 SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED (TSSPDCL)  NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED (TSNPDCL)

PUBLIC NOTICE

As per the request of the Telangana State DISCOMs, the Public Hearing on the Distribution Business True-ups from FY 2006-07 to FY 2020-21 of TS DISCOMs by TSERC scheduled on 15.11.2022 (Tuesday) from 10:30 hrs, which was published on 20.10.2022 is now re-scheduled to 18.01.2023 (Wednesday) from 10:30 hrs onwards at Court Hall of TSERC, 5th Floor, Singareni Bhavan, Red Hills, Hyderabad.

Date : 26.11.2022

Sd/-
CHAIRMAN & MANAGING DIRECTOR
Southern Power Distribution Company of Telangana Ltd.
(HYDERABAD)

Sd/-
CHAIRMAN & MANAGING DIRECTOR
Northern Power Distribution Company of Telangana Ltd.
(HANUMAKONDA)

DIPR R.O. No. : 972-PP/CL-AGENCY/ADV/T/1/2022-23

Paper Clippings appeared in the New Indian Express, the Hans India and the Siasat Daily on 07.01.2023

**BEFORE THE HONOURABLE
TELANGANA STATE ELECTRICITY REGULATORY COMMISSION
D.No.11-4-660, 5th Floor, Singareni Bhavan, Red Hills, Hyderabad 500 004.**



SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED (TSSPDCL)

PUBLIC NOTICE

1. Notice is hereby given to all that the Distribution Company viz., (SOUTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED (TSSPDCL)) holding Distribution and Retail Supply License No.13/2000, as on 29.12.2000, filed before the Telangana State Electricity Regulatory Commission (TSERC) the Annual Performance Review (APR) for FY 2021-22. These filings have been taken on record by the Hon'ble Commission in O.P. No.4 of 2023.
2. Copies of the filings referred are available in the office of Chief General Manager (RAC), TSSPDCL, #6-1-50, Corporate Office, 'A' Block First floor, Mint Compound, Hyderabad 500063 and the Superintending Engineer, Operation circles of the Distribution Company at Banjarahills, Hyderabad(South), Hyderabad(Central), Medchal, Cybercity, Habsiguda, Secunderabad, Rajendranagar, Saroornagar, Vikarabad, Mahabubnagar, Gadwal, Nagarkurnool, Wanaparthy, Medak, Siddipet, Sangareddy, Nalgonda, Yadadri, Suryapet and Narayanpet. Interested persons may inspect/peruse the said filings and take note thereof during office hours at any of the said offices at free of cost. These proposals are also available on www.tssouthernpower.com and the same may be accessed at www.tserc.gov.in. A copy of these filings can be obtained from the above offices from 07.01.2023 onwards on payment of photocopying charges.
3. Objections/suggestions, if any, on the True-up filings, together with supporting material may be sent to the Chief General Manager (RAC), TSSPDCL, #6-1-50, Corporate Office, 'A' Block First floor, Mint Compound, Hyderabad 500063, in person or through Registered Post so as to reach on or before 10.02.2023 by 5 pm. A copy of the same must also be filed with the Secretary, TSERC, at the address mentioned above. The objections/suggestions should be duly signed and should carry full name, postal address, e-mail id and contact number of the person(s) sending the objections/suggestions. If the objections/suggestions are filed on behalf of any organization or any category of consumers, it should be clearly mentioned. If the objector also wants to be heard in person it may also be specifically mentioned. The objection/suggestion should accompany the following statement.

Name & full address of the Objector along with e-mail id and contact number	Brief details of Objections(s)/ Suggestion(s)	Objections against Annual performance Review of TSSPDCL	Whether copy of objection & proof of delivery at Licensee's office enclosed (Yes/No)	Whether Objector wants to be heard in person (Yes/No)

4. The gist of the Annual Performance Review of the DISCOM for the period for FY 2021-22 is indicated in the Schedule below.
5. Telangana State Electricity Regulatory Commission intends to conduct Public Hearing in the Court Hall of TSERC on 28.02.2023 (Tuesday) from 11:00 hrs onwards. The stakeholders desiring to be heard in person shall inform to Secretary, TSERC before the date of Public Hearing.

Sd/-
CHAIRMAN & MANAGING DIRECTOR

Place: Hyderabad
Date: 07-01-2023
Southern Power Distribution Company of Telangana Ltd.



NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED (TSPDCL)

PUBLIC NOTICE

1. Notice is hereby given to all that the Distribution Company viz. (NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED (TSPDCL)) holding Distribution and Retail Supply License No.14/2000, as on 29.12.2000, filed before the Telangana State Electricity Regulatory Commission (TSERC) the Annual Performance Review (APR) for FY 2021-22. These filings have been taken on record by the Hon'ble Commission in O.P. No.5 of 2023.
2. Copies of the filings referred are available in the office of Chief General Manager (IPC&RAC), TSPDCL, H.No.2-5-31/2, Vidyuth Bhavan, Nakkalagutta, Hanumakonda – 506001 and the Superintending Engineer, Operation circles of the Distribution Company at Hanumakonda, Warangal, Mahabubabad, Jaya Shankar (Bhupalpally), Jangaon, Karimnagar, Jagtial, Peddapally, Khammam, Bhadradi Kothagudem, Nizamabad, Kamareddy, Adilabad, Nirmal, Mancheril and Komarambheem (Asifabad). Interested persons may inspect/peruse the said filings and take note thereof during office hours at any of the said offices at free of cost. These proposals are also available on www.tspndcl.in and the same may be accessed at www.tserc.gov.in. A copy of these filings can be obtained from the above offices from 07.01.2023 onwards on payment of photocopying charges.
3. Objections/suggestions, if any, on the True-up filings, together with supporting material may be sent to the Chief General Manager (IPC&RAC), TSPDCL, H.No.2-5-31/2, Vidyuth Bhavan, Nakkalagutta, Hanumakonda – 506001 in person or through Registered Post so as to reach on or before 10.02.2023 by 5 pm. A copy of the same must also be filed with the Secretary, TSERC, at the address mentioned above. The objections/suggestions should be duly signed and should carry full name, postal address, e-mail id and contact number of the person(s) sending the objections/suggestions. If the objections/suggestions are filed on behalf of any organization or any category of consumers, it should be clearly mentioned. If the objector also wants to be heard in person it may also be specifically mentioned. The objection/suggestion should accompany the following statement.

Name & full address of the Objector along with e-mail id and contact number	Brief details of Objections(s)/ Suggestion(s)	Objections against Annual performance Review of TSPDCL	Whether copy of objection & proof of delivery at Licensee's office enclosed (Yes/No)	Whether Objector wants to be heard in person (Yes/No)

4. The gist of the Annual Performance Review of the Discom for the period for FY 2021-22 are indicated in the Schedule below.
5. Telangana State Electricity Regulatory Commission intends to conduct Public Hearing in the Court Hall of TSERC on 28.02.2023 (Tuesday) from 11:00 hrs onwards. The stakeholders desiring to be heard in person shall inform to Secretary, TSERC before the date of Public Hearing.

Sd/-
CHAIRMAN & MANAGING DIRECTOR

Place: Hanumakonda
Date: 07-01-2023
Northern Power Distribution Company of Telangana Ltd.

SCHEDULE

AGGREGATE REVENUE REQUIREMENT APPROVED BY THE COMMISSION AND THAT CLAIMED IN THE APR OF DISTRIBUTION BUSINESS FOR THE PERIOD FOR FY 2021-22

Particulars	TSSPDCL (Rs. Crores)		
	Approved by the Commission in Distribution MYT Order	Claimed in APR	Revenue Gap/ (Surplus)
Operation & Maintenance (O&M) Expenses	3036.24	2307.73	(728.51)
Return on Capital Employed	724.62	568.14	(156.48)
Depreciation	937.33	1126.23	188.90
Taxes on Income	49.32	0.00	(49.32)
Special appropriation for Safety Measures	20.00	0.00	(20.00)
Other expenditure	0.00	35.84	35.84
Gross ARR	4737.51	4037.94	(729.57)
Less:			
Non-Tariff Income	495.82	514.43	18.61
Revenue from Wheeling Charges/Open Access	46.80	21.70	(25.10)
Net ARR	4224.89	3501.81	(723.08)

Particulars	TSPDCL (Rs. Crores)		
	Approved by the Commission in Distribution MYT Order	Claimed in APR	Revenue Gap/ (Surplus)
Operation & Maintenance (O&M) Expenses	2290.20	1983.87	(306.33)
Return on Capital Employed	465.16	367.50	(97.66)
Depreciation	492.35	328.65	(163.70)
Taxes on Income	31.66	0.00	(31.66)
Special appropriation for Safety Measures	20.00	21.66	1.66
Other expenditure	-	-	-
Gross ARR	3299.36	2701.68	(597.69)
Less:			
Non-Tariff Income	160.85	120.48	40.37
Revenue from Wheeling Charges/Open Access	0.00	0.00	0.00
Net ARR	3138.51	2581.19	(557.32)

DIPR No. : 1136-PP/CL-Agency/Adv/1/2022-23

SAVE ENERGY

Annexure-III
List of Stakeholders who submitted written Objections/Suggestions on Filings

Sl. No.	Name and Address of the Stakeholder
1	Sri M.Venugopala Rao, Senior Journalist & Convenor, Centre for Power Studies, H.No.1-100/MP/101, Monarch Prestige, Journalists' Colony, Gopanpally, Serlingampally Mandal, Hyderabad – 500 032
2	The Federation of Telangana Chambers of Commerce and Industry (FTCCI), Federation House, 11-6-841, Red Hills, Hyderabad 500 004.
3	Sri Sreekumar Nhalur, Prayas (Energy Group), Unit III, Devgiri, Joshi Museum Lane, Kothrud Industrial Area, Kothrud, Pune 411 038.
4	Telangana Spinning & Textiles Mills Association, Surya Towers, 1 st Floor, Sardar Patel Road, Secunderabad 500 003.
5	South Indian Cement Manufacturers' Association (SICMA), 3 rd Floor, 36 th Square, Plot No.481, Road No.36, Jubilee Hills, Hyderabad 500 034.
6	Telangana Iron & Steel Manufactures Association (TISMA), Flat No.101, 1 st Floor, Satya Sarovar Apartments, Ghansi Bazar, Near High Court, Hyderabad 500 002.
7	Telangana and Andhra Plastics Manufactures' Association (TAAPMA), 914, 9 th Floor, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad 500 001.
8	Sri M.Thimma Reddy, Convenor, People's Monitoring Group on Electricity Regulation, 139, Kakatiyanagar, Hyderabad - 500 008

Annexure-IV

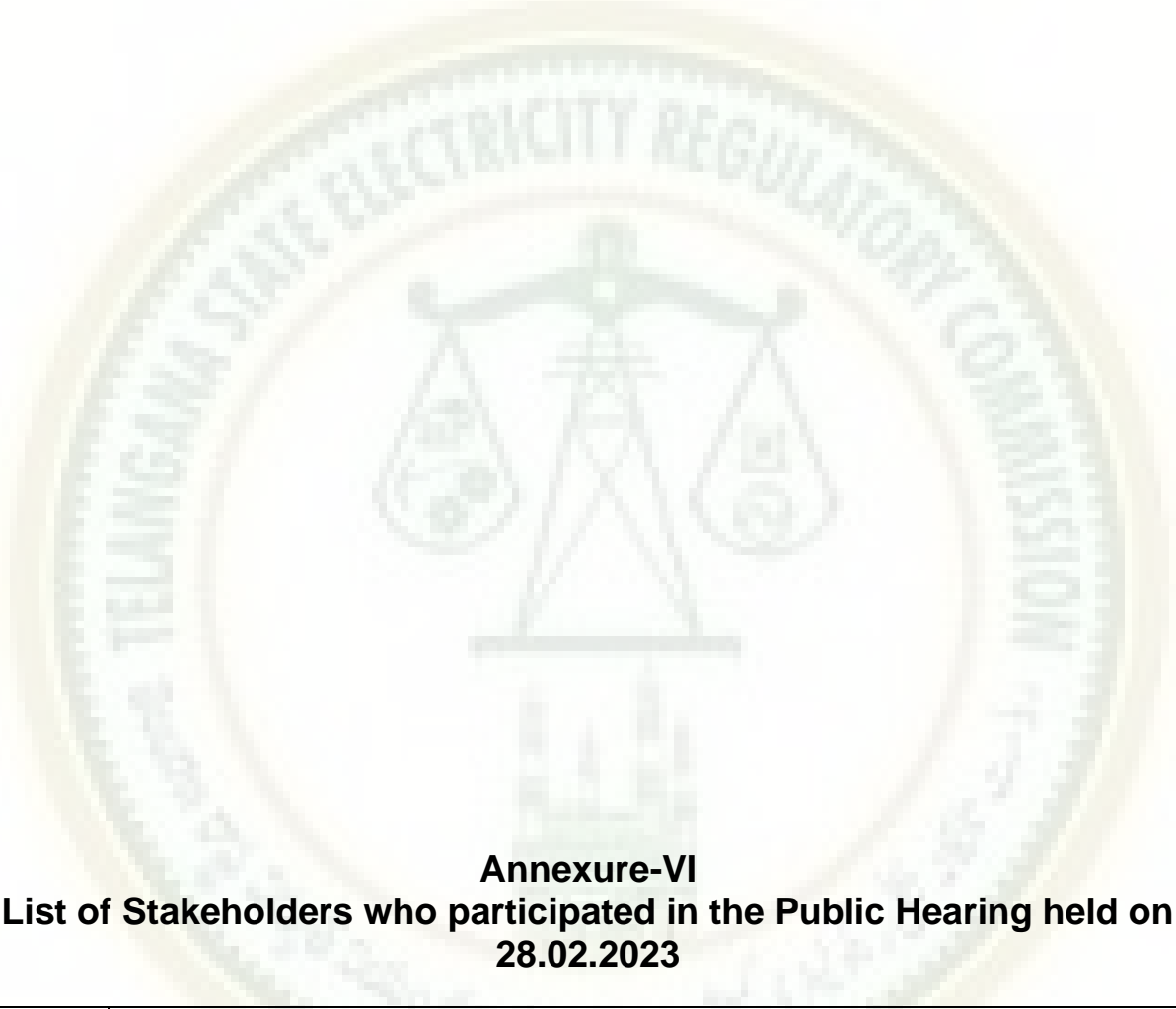
List of Stakeholders who participated in the Public Hearing held on 18.01.2023

Sl. No.	Name and Address of the Stakeholder
1	Sri M.Venugopala Rao, Senior Journalist & Convenor, Centre for Power Studies, H.No.1-100/MP/101, Monarch Prestige, Journalists' Colony, Gopanpally, Serlingampally Mandal, Hyderabad – 500 032
2	The Federation of Telangana Chambers of Commerce and Industry (FTCCI), Federation House, 11-6-841, Red Hills, Hyderabad 500 004.
3	Telangana Iron & Steel Manufactures Association (TISMA), Flat No.101, 1 st Floor, Satya Sarovar Apartments, Ghansi Bazar, Near High Court, Hyderabad 500 002.
4	Telangana and Andhra Plastics Manufactures' Association (TAAPMA), 914, 9 th Floor, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad 500 001.

Annexure-V

List of Stakeholders who submitted written Objections/Suggestions on Filings of APR for FY 2021-22 of 4th control period

Sl. No.	Name and Address of the Stakeholder
1	Sri M.Venugopala Rao, Senior Journalist & Convenor, Centre for Power Studies, H.No.1-100/MP/101, Monarch Prestige, Journalists' Colony, Gopanpally, Serlingampally Mandal, Hyderabad – 500 032



Annexure-VI

List of Stakeholders who participated in the Public Hearing held on 28.02.2023

Sl. No.	Name and Address of the Stakeholder
1	Sri M.Venugopala Rao, Senior Journalist & Convenor, Centre for Power Studies, H.No.1-100/MP/101, Monarch Prestige, Journalists' Colony, Gopanpally, Serlingampally Mandal, Hyderabad – 500 032