

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 186/2010

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

Date of Hearing: 23.12. 2010

Date of Order: 15 .2.2011

In the matter of:

Approval under Regulation 86 of Central Electrical Regulatory Commission (Conduct of Business) Regulations, 1999 for determination of Transmission Tariff for LILO of Kolaghat – Rengali, 400 kV S/C line at Baripada in Eastern Region from the period from 1.4.2009 to 31.3.2014

In the matter of:

Power Grid Corporation of India Ltd., Gurgaon

.....**Petitioner**

Vs

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

... **Respondents**

The following were present:

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

ORDER

This petition has been filed seeking approval of transmission tariff in respect of LILO of Kolaghat – Rengali, 400 kV S/C line at Baripada in Eastern Region (hereinafter called “the transmission line”) for tariff block 2009-14 period based on the Central Electricity Regulatory Commission (Terms and



Conditions of Tariff) Regulations, 2009, (hereinafter referred to as “the 2009 regulations”). The petitioner has also sought the following reliefs:

(a) Invoke the provisions of Regulation 44(Power to Relax) of the 2009 regulations, for relaxation of clause (3) of regulation 15 thereof so that grossing up the base rate of Return on Equity (ROE) may be allowed considering the revised rate of MAT, surcharge, any other cess, charges, levies etc. as per the relevant Finance Acts and accordingly allow consequential impact of tariff on account of truing up, to be billed and settled directly with the beneficiaries every year in the tariff block.

(b) Approve the reimbursement, of expenditure, by the beneficiaries towards petition filing fee, and publishing of notices in newspapers in terms of Regulation 42 of the 2009 regulations, and other expenditure (if any) in relation to the filing of petition.

(c) Allow the petitioner to bill and adjust impact on Interest on Loan due to change in interest rate on account of floating rate of interest applicable during 2009-14 period, if any, from the respondents.

(d) Allow the petitioner to bill and recover Service Tax on Transmission charges separately from the respondents, if petitioner is subjected to such service tax.

(e) Allow the petitioner to bill and recover licence fee separately from the respondents

(f) Pass such other relief as the Commission deems fit and appropriate under the circumstances of the case and in the interest of justice.

2. The investment approval for the transmission line was accorded by Board of Directors of the petitioner company vide letter dated 5.12.2001 at an estimated cost of ₹ 6624.00 lakh which included IDC of ₹ 544.00 lakh, The transmission line was commissioned on 1.7.2005.

3. Transmission charges for the transmission line for the period from the date of commercial operation upto 31.3.2009 were determined by the Commission vide order dated 15.10.2007 in Petition No. 1/2007 after taking into account the additional capital expenditure for the year 2005-06. The transmission charges were further revised by Commission vide order dated 19.3.2009 in petition no: 142/2008 based on capital cost of ₹ 5333.04 lakh taking into account additional capitalisation up to 2007-08. There is no additional capital expenditure during 2008-09.

4. The petitioner has claimed the following transmission charges:

(₹ in lakh)

	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	263.28	265.13	266.98	266.98	266.98
Interest on Loan	214.81	197.59	180.09	160.63	141.18
Return on equity	274.97	276.81	278.64	278.64	278.64
Interest on Working Capital	31.75	32.38	33.07	33.69	34.37
O & M Expenses	320.91	339.29	358.69	379.21	400.89
Total	1105.72	1111.20	1117.47	1119.15	1122.06

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

(₹ in lakh)

	2009-10	2010-11	2011-12	2012-13	2013-14
Maintenance Spares	48.14	50.89	53.80	56.88	60.13
O & M expenses	26.74	28.27	29.89	31.60	33.41
Receivables	184.29	185.20	186.25	186.53	187.01
Total	259.17	264.36	269.94	275.01	280.55
Interest	31.75	32.38	33.07	33.69	34.37
Rate of Interest	12.25%	12.25%	12.25%	12.25%	12.25%

6. Bihar State Electricity Board, respondent No.1 alone has filed reply to the petition. No comments have been received from the general public in response to the public notice under Section 64 of the Electricity Act, 2003 (the Act). The respondent No. 1, in its reply, has raised the following issues:

- (a) The petitioner's prayer for projected additional capital expenditure of ₹ 70 lakhs during 2010-11 on account of balance and retention payment is not permitted under Regulation 9(2) of 2009 regulations as it has been incurred after the cut-off date.
- (b) The petitioner is engaged in the development of infrastructure facility in the transmission of power and is accordingly entitled for Tax Holiday under Section 80 I A of the Income Tax Act, 1961. The benefits of Tax Holiday should be availed by the petitioner and pass on the same to the beneficiaries.
- (c) The application filing fees and expenses connected with publication of notices for approval of tariff should be denied to the petitioner for the same reasoning given by the Commission in the order dated 11.9.2008 in Petition No. 129/2005 while declining the same for the 2004-09 period.

(d) There is no provision in the 2009 regulations for recovering the licence fees from the respondents enhance it should be denied.

(e) Increase in employee cost in account of wage revision must be taken care by improvement in their productivity levels by the petitioner company so that the beneficiaries are not on daily burden.

7. The petitioner in its rejoinder filed by the affidavit dated 6.1.2011 has submitted that the additional capital expenditure of account of balance and retention payment within the original scope of work has become necessary for successful and efficient operation of the transmission system under Regulation 9(2)(v) of 2009 regulations alternatively, since the expenditure beyond the cut-off date could not be incurred due to reasons like final reconciliation with contractors, compliance with the terms of payment of the contract etc. the expenditure may be allowed by relaxing the provisions of the 2009 regulations. As regards the Tax Holiday, the petitioner has submitted that it has filed the income tax return upto the financial year 2008-09 but has not been able to exercise the option of Tax Holiday as per Section 80 I A of the Income Tax Act, 1961 as there was no taxable profit as per the Income Tax Act. The petitioner has been paying the Minimum Alternate Tax (MAT) as per the provisions of Section 115 JB of the Income Tax Act, 1961. In the income tax return for 2009-10, the benefit of Tax Holiday has been claimed by the petitioner which was informed to the respondent vide letter dated 15.10.2010. The benefit of Tax Holiday under Section 80 I A would be eligible to be passed on to the beneficiaries only when actual reimbursement of Income Tax under the post tax system of ROE as was applicable during the

tariff block 2004-09 is allowed by the Commission. The petitioner has further submitted that payments towards filing fees, publication of notices in newspapers, licence fees is not represented in the actual O&M expenses and, therefore, extra cost on the petitioner which needs to be reimbursement. As regards the reimbursement of increase in employee cost the petitioner has submitted that the Commission while framing the 2009 regulations has considered about 50% in wage hike in the O&M norms which will not cater to the impact of the entire cost on account of pay revision. The petitioner will approach for additional man power cost on account of wage revision during the 2009-14 period.

8. We have considered the objections of Respondent No. 1 and the submission of the petitioner. The issue of Tax Holiday is separately being considered by the Commission and the decision as and when taken will be applicable to this petition. As regards the other points the same have been discussed in the relevant paras of this order.

CAPITAL COST

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

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

10. Capital Cost of the transmission assets as on 1.4.2009 is ₹ 5333.04 lakh as per the order dated 19.3.2009 in Petition no: 142/2008 which has

been considered for the purpose of tariff calculation during the period 2009-14.

ADDITIONAL CAPITAL EXPENDITURE

11. Regulation 9 of the 2009 regulations dealing with additional capital expenditure as under:

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

(i) Undischarged liabilities;

(ii) Works deferred for execution;

(iii) Procurement of initial capital spares within the original scope of work, subject to the provisions of regulation 8;

(iv) Liabilities to meet award of arbitration or for compliance of the order or decree of a court; and

(v) Change in law:

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

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

(i) Liabilities to meet award of arbitration or for compliance of the order or decree of a court;

(ii) Change in law;

(iii) Deferred works relating to ash pond or ash handling system in the original scope of work;

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

(v) In case of transmission system any additional expenditure on items such as relays, control and instrumentation, computer system, power line carrier communication, DC batteries, replacement of switchyard equipment due to increase of fault level, emergency restoration system, insulators cleaning infrastructure, replacement of damaged equipment not covered by insurance and any other expenditure which has become necessary for successful and efficient operation of transmission system:

Provided that in respect sub-clauses (iv) and (v) above, any expenditure on acquiring the minor items or the assets like tools and tackles, furniture, air-conditioners, voltage stabilizers, refrigerators, coolers, fans, washing machines, heat convectors, mattresses, carpets etc. brought after the cut-off date shall not be considered for additional capitalization for determination of tariff w.e.f. 1.4.2009”.

12. The petitioner has claimed projected additional capital expenditure amounting to ₹ 70.00 lakh for the year 2010-11. It has been submitted that due to the contractual exigencies and other reasons beyond the control of the petitioner, provisions have been made for release of balance/retention payment beyond 2008-09. The petitioner has prayed for invoking the power to relax under Regulation 44 of the 2009 regulations to allow the expenditure under Regulation 9(2) of the 2009 regulations. In view of our decision in our order dated 8.2.2010 in Petition No. 176 of 2010, we allow the projected expenditure of ₹ 70.00 lakhs to be capitalized during 2010-11 by relaxing the provisions of Regulation 9(2) of the 2009 regulations. .

DEBT- EQUITY RATIO

13 Clause (2) of Regulation 12 of the 2009 regulations *inter alia* provides that:

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

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

(₹ in lakhs)

Particulars	Approved		As admitted as on 31.3.2009	
	Amount	%	Amount	%
Debt	4636.80	70.00%	3760.07	70.51%
Equity	1987.20	30.00%	1572.97	29.49%
Total	6624.00	100.00%	5333.04	100.00%

15. Additional capital expenditure allowed during 2010-11 has been segregated in the ratio of 70:30. Accordingly, ₹ 49.00 lakh will be normative debt during the year 2010-11 and the normative equity will be ₹ 21.00 lakh. Consequently, the equity of the transmission assets for determination of tariff during 2009-14 is as under:

(₹ in lakh)

Description	Equity on 1.4.2009	Total equity considered for tariff calculations for the period 2009-10*	Notional equity due to Additional capital expenditure in 2010-11	Total equity considered for tariff calculations for the period 2010-11*	Total equity considered for tariff calculations for the period 2011-14*
LILO of Kolaghat-Rengali 400 kV S/C Line at Baripada and S/S at Baripada 400/220/132 kV Sub-Station at Baripada	1572.97	1572.97	21.00	1583.47	1593.97

* Average equity corresponding to ACE has been considered for working out the ROE during the period.

RETURN ON EQUITY

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

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

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

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

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

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

Provided that return on equity with respect to the actual tax rate applicable to the generating company or the transmission licensee, as the case may be, in line with the

provisions of the relevant Finance Acts of the respective year during the tariff period shall be trued up separately for each year of the tariff period along with the tariff petition filed for the next tariff period.

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

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

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

17. Petitioner's prayer to invoke the provisions of Regulation 44 of the 2009 regulations for relaxation of Regulation 15(3) thereof so that grossing up the base rate of ROE may be allowed considering the tax rates viz., MAT, surcharge, any other cess, charges, levies etc., as per the relevant Finance Acts, has already been taken cognizance of in the Commission's order dated 3.8.2010 in Petition No. 17/2010 wherein a decision has been taken to address the issue raised by the petitioner. Relevant portion of the said order is extracted as under:

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

18. Pending decision on revision of MAT rate, ROE has been computed as per Regulation 15 of the 2009 regulations, and pre-tax ROE of 17.481% has been considered. The Return on Equity has been worked out in the table given overleaf.

(₹ in lakh)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Opening Equity	1572.97	1572.97	1593.97	1593.97	1593.97
Addition due to ACE	0.00	21.00	0.00	0.00	0.00
Closing Equity	1572.97	1593.97	1593.97	1593.97	1593.97
Average Equity	1572.97	1583.47	1593.97	1593.97	1593.97
Return on Equity (base rate)	15.50%	15.50%	15.50%	15.50%	15.50%
Tax for the year 2008-09	11.330%	11.330%	11.330%	11.330%	11.330%
Rate of Return on Equity (pre tax)	17.481%	17.481%	17.481%	17.481%	17.481%
Return on Equity	274.97	276.81	278.64	278.64	278.64

INTEREST ON LOAN

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

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

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

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

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

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

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

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

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

(7) The generating company or the transmission licensee, as the case may be, shall make every effort to re-finance the loan as long as it results in net savings on interest



and in that event the costs associated with such re-financing shall be borne by the beneficiaries and the net savings shall be shared between the beneficiaries and the generating company or the transmission licensee, as the case may be, in the ratio of 2:1.

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

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

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

20. Interest on loan has been worked out as detailed below:

(a) Gross amount of loan, repayment of instalments and rate of interest and weighted average rate of interest on actual average loan have been considered as per the petition.

(b) The repayment for the tariff period 2009-14 shall be deemed to be equal to the depreciation allowed for that period.

(c) Moratorium period availed by the transmission licensee, the repayment of the loan shall be considered from the first year of commercial operation of the project and shall be equal to the annual depreciation allowed.

(d) Weighted average rate of interest on actual average loan worked out as per (a) above is applied on the notional average loan during the year to arrive at the interest on loan.

(e) The methodology followed for the calculation of weighted average rate of interest in case of floating interest loans in Petition 132/2010, the same has been adopted in the instant petition. Accordingly, the interest on Loan has been calculated on the basis of rate prevailing as on 01.04.2009. Any change in rate of Interest subsequent to 1.4.2009 will be considered at the time of truing up.

21. Details of calculation of Weighted Average Rate of Interest on loan is enclosed as **Annexure** to this order. Interest on Loan has been computed as under:

(₹ in lakh)

		2009-10	2010-11	2011-12	2012-13	2013-14
Gross Notional Loan	3760.07					
Addition due to Additional Capitalisation	0.00					
Gross Normative Loan	3760.07	3760.07	3760.07	3809.07	3809.07	3809.07
Cumulative Repayment upto Previous Year		697.25	960.53	1225.66	1492.64	1759.62
Net Loan-Opening		3062.83	2799.54	2583.41	2316.44	2049.46
Addition due to Additional Capitalisation		0.00	49.00	0.00	0.00	0.00
Repayment during the year		263.28	265.13	266.98	266.98	266.98
Net Loan-Closing		2799.54	2583.41	2316.44	2049.46	1782.48
Average Loan		2931.19	2691.48	2449.92	2182.95	1915.97
Weighted Average Rate of Interest on Loan		7.3286%	7.3415%	7.3507%	7.3583%	7.3688%
Interest		214.81	197.59	180.09	160.63	141.18

DEPRECIATION

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

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

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

Provided that.....

Provided further that.....



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

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

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

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

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

23. The transmission line was put on commercial operation on 1.7.2005. Accordingly will complete 12 years beyond 2013-14 and thus depreciation has been calculated annually based on Straight Line Method and at rates specified in Appendix-III

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

(₹ in lakh)

Particulars		2009-10	2010-11	2011-12	2012-13	2013-14
Rate of Depreciation		4.9368%	4.9391%	4.9413%	4.9413%	4.9413%
Depreciable Value	90%	4618.49	4649.99	4681.49	4681.49	4681.49
Remaining Depreciable Value		3921.25	3689.46	3455.83	3188.86	2921.88
Depreciation		263.28	265.13	266.98	266.98	266.98

OPERATION & MAINTENANCE EXPENSES

25. Clause (g) of Regulation 19 the 2009 regulations prescribes the norms for operation and maintenance expenses based on the type of sub-station and

line. The petitioner has calculated the operation and maintenance expenses in accordance with the above norms. As per the O&M norms in the 2009 regulations, O&M expenses for the transmission assets have been worked out as under:

(₹ in lakh)					
Elements	2009-10	2010-11	2011-12	2012-13	2013-14
400 kV D/C twin conductor TL (18.744 km)	11.75	12.43	13.14	13.89	14.68
3 x 400 kV bays	157.2	166.2	175.71	185.76	196.38
2 x 220 kV bays	73.36	77.56	82	86.68	91.64
3x132 kV bays	78.6	83.1	87.84	92.88	98.19
Total	320.91	339.29	358.69	379.21	400.89

26. The petitioner has submitted that only 50 per cent on account of wage revision of employees of public sector undertaking was considered while deciding the O & M norms in 2009 regulations. The petitioner intends to approach the commission for suitable revision in the norms in case the impact is more than 50 per cent. Respondent No. 1 has opposed the prayer of the petitioner. It is clarified that if the petitioner files such an application, the same will be dealt with in accordance with law.

INTEREST ON WORKING CAPITAL

27. As per the 2009 regulations, the components of the working capital and the interest thereon are discussed hereunder:

(i) Receivables: As per Regulation 18(1)(c)(i) of the 2009 regulations, receivables will be equivalent to two months' average billing calculated on target availability level. The petitioner has claimed the receivables on the basis of 2 months' transmission charges claimed

in the petition. In the tariff being allowed, receivables have been worked out on the basis of 2 months' transmission charges.

(ii) Maintenance spares: Regulation 18(1)(c)(ii) of the 2009 regulations provides for maintenance spares @ 15% per annum of the O & M expenses from 1.4.2009. The value of maintenance spares has accordingly been worked out.

(iii) O & M expenses: Regulation 18(1) (c) (iii) of the 2009 regulations provides for operation and maintenance expenses for one month as a component of working capital. The petitioner has claimed O&M expenses for 1 month of the respective year as claimed in the petition. This has been considered in the working capital.

(iv) Rate of interest on working capital: As per Regulation 18(3) of the 2009 regulations, rate of interest on working capital shall be on normative basis and shall be equal to the short-term Prime Lending Rate of State Bank of India as on 1.4.2009 or on 1st April of the year in which the project or part thereof (as the case may be) is declared under commercial operation, whichever is later. The interest on working capital is payable on normative basis notwithstanding that the transmission licensee has not taken working capital loan from any outside agency. The petitioner has claimed interest on working capital @ 12.25% based on SBI PLR as on 1.4.2009, which is in accordance with the 2009 regulations and has been allowed.

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

(₹ in lakh)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Maintenance Spares	48.14	50.89	53.80	56.88	60.13
O & M expenses	26.74	28.27	29.89	31.60	33.41
Receivables	184.29	185.20	186.24	186.52	187.01
Total	259.17	264.37	269.94	275.01	280.55
Rate of Interest	12.25%	12.25%	12.25%	12.25%	12.25%
Interest	31.75	32.39	33.07	33.69	34.37

TRANSMISSION CHARGES

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

(₹ in lakh)

	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	263.28	265.13	266.98	266.98	266.98
Interest on Loan	214.81	197.59	180.09	160.63	141.18
Return on equity	274.97	276.81	278.64	278.64	278.64
Interest on Working Capital	31.75	32.39	33.07	33.69	34.37
O & M Expenses	320.91	339.29	358.69	379.21	400.89
Total	1105.72	1111.21	1117.46	1119.15	1122.06

APPLICATION FEE AND THE PUBLICATION EXPENSES

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

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

SERVICE TAX

32. The petitioner has made a specific prayer to be allowed to bill and recover the Service tax on Transmission charges separately from the respondents.

33. Presently, service tax on transmission service has been exempted by Government of India vide its notification No. 20/2010 dated 27.2.2010 read with notification No. 45/2010 dated 20.7.2010. Therefore, the prayer made by the petitioner in this regard has become infructuous.

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

36. The petitioner has also prayed for reimbursement of license fee. A view in this regard is yet to be taken. The same as and when evolved will apply to this petition as well. Similarly, the Commission is separately addressing the issue of applicability of Tax holiday and the decision taken will apply to this case also.

37. This order disposes of Petition No. 186/2010.

Sd/-
(M.Deena Dayalan)
Member

Sd/-
(V.S.Verma)
Member

Sd/-
(S.Jayaraman)
Member



Annexure

CALCULATION OF WEIGHTED AVERAGE RATE OF INTEREST ON LOAN						
						(Rs. in Lacs)
	Details of Loan	2009-10	2010-11	2011-12	2012-13	2013-14
1	Bond XIII Option-I					
	Gross loan opening	450.00	450.00	450.00	450.00	450.00
	Cumulative Repayment upto DOCO/previous year	112.50	150.00	187.50	225.00	262.50
	Net Loan-Opening	337.50	300.00	262.50	225.00	187.50
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	37.50	37.50	37.50	37.50	37.50
	Net Loan-Closing	300.00	262.50	225.00	187.50	150.00
	Average Loan	318.75	281.25	243.75	206.25	168.75
	Rate of Interest	8.63%	8.63%	8.63%	8.63%	8.63%
	Interest	27.51	24.27	21.04	17.80	14.56
	Rep Schedule	12 Annual installments w.e.f.31-07-2006				
2	Bond XV					
	Gross loan opening	1300.00	1300.00	1300.00	1300.00	1300.00
	Cumulative Repayment upto DOCO/previous year	216.67	325.00	433.33	541.67	650.00
	Net Loan-Opening	1083.33	975.00	866.67	758.33	650.00
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	108.33	108.33	108.33	108.33	108.33
	Net Loan-Closing	975.00	866.67	758.33	650.00	541.67
	Average Loan	1029.17	920.83	812.50	704.17	595.83
	Rate of Interest	6.68%	6.68%	6.68%	6.68%	6.68%
	Interest	68.75	61.51	54.28	47.04	39.80
	Rep Schedule	12 Annual installments w.e.f.23-02-2008				
3	Bond XVI					
	Gross loan opening	1300.00	1300.00	1300.00	1300.00	1300.00
	Cumulative Repayment upto DOCO/previous year	130.00	260.00	390.00	520.00	650.00
	Net Loan-Opening	1170.00	1040.00	910.00	780.00	650.00
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	130.00	130.00	130.00	130.00	130.00
	Net Loan-Closing	1040.00	910.00	780.00	650.00	520.00
	Average Loan	1105.00	975.00	845.00	715.00	585.00
	Rate of Interest	7.10%	7.10%	7.10%	7.10%	7.10%
	Interest	78.46	69.23	60.00	50.77	41.54
	Rep Schedule	10 Annual installments w.e.f.18-02-2009				
4	Bond XVII					
	Gross loan opening	300.00	300.00	300.00	300.00	300.00
	Cumulative Repayment upto DOCO/previous year	0.00	30.00	60.00	90.00	120.00
	Net Loan-Opening	300.00	270.00	240.00	210.00	180.00
	Additions during the year	0.00	0.00	0.00	0.00	0.00



	Repayment during the year	30.00	30.00	30.00	30.00	30.00
	Net Loan-Closing	270.00	240.00	210.00	180.00	150.00
	Average Loan	285.00	255.00	225.00	195.00	165.00
	Rate of Interest	7.39%	7.39%	7.39%	7.39%	7.39%
	Interest	21.06	18.84	16.63	14.41	12.19
	Rep Schedule	10 Annual installments w.e.f.22-09-2009				
5	Bond XVIII					
	Gross loan opening	85.00	85.00	85.00	85.00	85.00
	Cumulative Repayment upto DOCO/previous year	0.00	7.08	14.17	21.25	28.33
	Net Loan-Opening	85.00	77.92	70.83	63.75	56.67
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	7.08	7.08	7.08	7.08	7.08
	Net Loan-Closing	77.92	70.83	63.75	56.67	49.58
	Average Loan	81.46	74.38	67.29	60.21	53.13
	Rate of Interest	8.15%	8.15%	8.15%	8.15%	8.15%
	Interest	6.64	6.06	5.48	4.91	4.33
	Rep Schedule	12 Annual installments w.e.f.09-03-2010				
6	Bond XIX					
	Gross loan opening	45.00	45.00	45.00	45.00	45.00
	Cumulative Repayment upto DOCO/previous year	0.00	0.00	3.75	7.50	11.25
	Net Loan-Opening	45.00	45.00	41.25	37.50	33.75
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	0.00	3.75	3.75	3.75	3.75
	Net Loan-Closing	45.00	41.25	37.50	33.75	30.00
	Average Loan	45.00	43.13	39.38	35.63	31.88
	Rate of Interest	9.25%	9.25%	9.25%	9.25%	9.25%
	Interest	4.16	3.99	3.64	3.30	2.95
	Rep Schedule	12 Annual installments w.e.f. 24.07.2010				
7	Bond XXII					
	Gross loan opening	81.00	81.00	81.00	81.00	81.00
	Cumulative Repayment upto DOCO/previous year	0.00	0.00	6.75	13.50	20.25
	Net Loan-Opening	81.00	81.00	74.25	67.50	60.75
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	0.00	6.75	6.75	6.75	6.75
	Net Loan-Closing	81.00	74.25	67.50	60.75	54.00
	Average Loan	81.00	77.63	70.88	64.13	57.38
	Rate of Interest	8.68%	8.68%	8.68%	8.68%	8.68%
	Interest	7.03	6.74	6.15	5.57	4.98
	Rep Schedule	12 Annual installments w.e.f. 7.12.2010				
8	Bond XXVII					
	Gross loan opening	105.00	105.00	105.00	105.00	105.00
	Cumulative Repayment upto DOCO/previous year	0.00	0.00	0.00	8.75	17.50
	Net Loan-Opening	105.00	105.00	105.00	96.25	87.50
	Additions during the year	0.00	0.00	0.00	0.00	0.00
	Repayment during the year	0.00	0.00	8.75	8.75	8.75

Net Loan-Closing	105.00	105.00	96.25	87.50	78.75
Average Loan	105.00	105.00	100.63	91.88	83.13
Rate of Interest	9.47%	9.47%	9.47%	9.47%	9.47%
Interest	9.94	9.94	9.53	8.70	7.87
Rep Schedule	12 Annual installments w.e.f. 31.03.2012				
Total Loan					
Gross loan opening	3666.00	3666.00	3666.00	3666.00	3666.00
Cumulative Repayment upto DOCO/previous year	459.17	772.08	1095.50	1427.67	1759.83
Net Loan-Opening	3206.83	2893.92	2570.50	2238.33	1906.17
Additions during the year	0.00	0.00	0.00	0.00	0.00
Repayment during the year	312.92	323.42	332.17	332.17	332.17
Net Loan-Closing	2893.92	2570.50	2238.33	1906.17	1574.00
Average Loan	3050.38	2732.21	2404.42	2072.25	1740.08
Rate of Interest	7.3286%	7.3415%	7.3507%	7.3583%	7.3688%
Interest	223.55	200.59	176.74	152.48	128.22

