

**2.7.29** Accordingly, the Commission has considered the baseline value for A&G expenses as Rs. 25.78 Crore (Rs. 24.97 Crore of actual A&G expenses in FY 2019-20 and Rs. 0.81 Crore of interest on lease assets).

**2.7.30** Further, the Commission has calculated the INDEX as 3.16% as given in para 2.7.18.

**2.7.31** Accordingly, the Commission has calculated the Normative A&G expenses as under:

**Table 27: Calculation for Normative A&G expenses for FY 2020-21**

(Rs. Crore)				
Sr. No.	Particulars	Transmission	SLDC	PSTCL
1.	A&G expenses for FY 2019-20	25.78	0.78	26.56
2.	Escalation Factor (CPI:WPI::50:50)	3.16%	3.16%	3.16%
3.	<b>Normative A&amp;G expenses for FY 2020-21</b>	<b>26.60</b>	<b>0.80</b>	<b>27.40</b>

**2.7.32** Note 7 of Regulation 26.1 of PSERC MYT Regulations 2019 states as under:

“ ...

*Note 7: Any expenditure on account of license fee, initial or renewal, fee for determination of tariff and audit fee shall be allowed on actual basis, over and above the A&G expenses approved by the Commission.”*

**2.7.33** Accordingly, the Commission approves the A&G expenses for the FY 2020-21 as under:

**Table 28: Normative A&G expenses as approved by the Commission for FY 2020-21**

(Rs. Crore)				
Sr. No.	Particulars	Transmission	SLDC	PSTCL
1.	Normative A&G expenses for FY 2020-21	26.60	0.80	27.40
2.	Add: Audit fee	0.06	-	0.06
3.	Add: License fee	0.41	-	0.41
8.	<b>Total A&amp;G Expenses</b>	<b>27.07</b>	<b>0.80</b>	<b>27.87</b>

**2.7.34** Thus, the Commission approves A&G expenses as Rs. 27.07 Crore for Transmission Business and Rs. 0.80 Crore for SLDC Business i.e. Rs. 27.87 Crore for PSTCL for FY 2020-21.

### **C. Repair & Maintenance (R&M) Expenses**

**2.7.35** In the ARR Petition for FY 2020-21, PSTCL projected R&M Expenses of Rs. 36.45 Crore for its Transmission Business and Rs. 0.53 Crore for its SLDC Business for FY 2020-21. The Commission approved Rs. 38.33 Crore and Rs. 0.56 Crore as

R&M expenses for Transmission Business and SLDC Business of PSTCL respectively.

**2.7.36** In the ARR Petition for FY 2021-22, PSTCL projected R&M Expenses of Rs. 34.97 Crore for its Transmission Business and Rs. 0.64 Crore for its SLDC Business for FY 2020-21. The Commission approved Rs. 31.11 Crore and Rs. 0.63 Crore as R&M expenses for Transmission Business and SLDC Business of PSTCL respectively.

**PSTCL's Submission:**

**2.7.37** PSTCL has computed the K-factor by dividing actual R&M Expense as baseline value of R&M Expense with average GFA of FY 2020-21 for Transmission Business and SLDC Business for computing the normative R&M Expenses of FY 2020-21. The details of K-factor calculation as submitted by PSTCL are as follows:

**Table 29: Computation of K-factor for FY 2020-21 as submitted by PSTCL**

(Rs. Crore)			
Sr. No.	Particulars	Transmission	SLDC
1	Opening GFA	10104.44	23.77
2	Additions to GFA	197.65	4.86
3	Retirements to GFA	14.49	0.00
4	Closing GFA	10287.61	28.63
5	Average GFA	10196.02	26.20
6	Actual and baseline value of R&M Expense of FY 2020-21	31.50	0.37
7	<b>K- factor</b>	<b>0.309%</b>	<b>1.420%</b>

**2.7.38** PSTCL has further submitted that it has considered the impact of assets worth Rs. 0.98 Crore funded through Contributory Works and Rs. 6.04 Crore of assets funded through Government Grant under PSDF Scheme. PSTCL has added the same in Fixed Assets of FY 2020-21 for the purpose of computing normative R&M expenses.

**2.7.39** Accordingly, PSTCL has computed the Normative R&M expenses for Transmission and SLDC Business as under:

**Table 30: Normative R&M Expenses for FY 2020-21 as claimed by PSTCL****(Rs. Crore)**

Sr. No.	Particulars	Transmission	SLDC	PSTCL
1	Average GFA	10196.02	26.20	10222.22
2	Escalation Factor ( <i>Increase in WPI Index</i> )	1.29%	1.29%	1.29%
3	K-factor	0.309%	1.420%	0.312%
4	<b>R&amp;M Expenses</b>	<b>31.91</b>	<b>0.38</b>	<b>32.28</b>

**Commission's Analysis:**

**2.7.40** The R&M expenses are to be determined as per Regulation 26.1 of PSERC MYT Regulations, 2019. Relevant sections of Regulation 26.1 of MYT Regulations, 2019 are reproduced below for reference:

*"26.1. The O&M expenses for the nth year of the Control Period shall be approved based on the formula shown below:*

$$O\&M_n = (R\&M_n + EMP_n + A\&G_n) \times (1 - X_n)$$

Where,

- *R&M<sub>n</sub> – Repair and Maintenance Costs of the Applicant for the nth year;*
- *EMP<sub>n</sub> – Employee Cost of the Applicant for the nth year;*
- *A&G<sub>n</sub> – Administrative and General Costs of the Applicant for the nth year;*

*It should be ensured that all such expenses capitalized should not form a part of the O&M expenses being specified here. The above components shall be computed in the manner specified below:*

**(i)  $R\&M_n = K \times GFA \times WPI_n / WPI_{n-1}$**

Where,

- *'K' is a constant (expressed in %) governing the relationship between R&M costs and Gross Fixed Assets (GFA) for the nth year. The value of 'K' will be specified by the Commission in the MYT order.*
- *'GFA' is the average value of the gross fixed assets of the nth year.*
- *WPI<sub>n</sub> means the average rate (on monthly basis) of Wholesale Price Index (all commodities) over the year for the nth year."*

**2.7.41** The value of "K" is recalculated based on the GFA of FY 2019-20 as approved in order dated 10.12.2021 in Review Petition No. 3 of 2021 and considered as 0.303% for Transmission business & 2.323% for SLDC business as under:

**Table 31: K factor determined by the Commission for FY 2020-21**

(Rs. Crore)			
Sr. No.	Particulars	Transmission	SLDC
1.	Opening GFA of FY 2019-20 for the purpose of R&M expenses	9777.77	18.36
2.	Net Addition during FY 2019-20	325.61	6.33
3.	Closing GFA of FY 2019-20 for the purpose of R&M expenses	10103.34	24.69
4.	Average GFA for the purpose of R&M expenses	9940.56	21.53
5.	Actual R&M expenses	30.14	0.50
6.	K factor (5/4)	0.303%	2.323%

**2.7.42** The Commission agrees that R&M expenses for the assets funded through Contributory Works and assets funded through Government Grant under PSDF Scheme shall be borne by PSTCL since these assets are operated and maintained by the Petitioner.

**2.7.43** The Opening GFA for Transmission Business for the purpose of calculating R&M expenses is considered as Rs 10104.44 Crore as per the reconciliation submitted by PSTCL vide email dated 21.12.2021.

**2.7.44** The addition of GFA during the year is considered based on the addition of GFA as mentioned in Table 14.

**2.7.45** The increase in WPI Index is considered as 1.29% as per Table 23.

**2.7.46** Accordingly, the R&M expenses for FY 2020-21 are determined by the Commission as under:

**Table 32: R&M expenses determined by the Commission for FY 2020-21**

(Rs. Crore)				
Sr. No.	Particulars	Transmission	SLDC	PSTCL
1.	Opening GFA for the purpose of R&M expenses	10104.44	23.77	10128.21
2.	Addition during the year	197.65	4.86	202.51
3.	(-) Net transfer from Asset not in use	14.49	-	14.49
4.	Closing GFA for the purpose of R&M expenses	10287.60	28.63	10316.23
5.	Average GFA for the purpose of R&M expenses	10196.02	26.20	10222.22
6.	K factor	0.303%	2.323%	
7.	Escalation Factor ( <i>Increase in WPI Index</i> )	1.29%	1.29%	
8.	<b>R&amp;M Expenses</b>	<b>31.31</b>	<b>0.62</b>	<b>31.93</b>

**2.7.47 Thus, the Commission approves Rs. 31.93 Crore (Rs. 31.31 Crore for Transmission Business + Rs. 0.62 Crore for SLDC Business) of R&M expense for FY 2020-21.**

**2.7.48** The O&M expenses as approved by the Commission for FY 2020-21 are as under:

**Table 33: O&M Expenses for FY 2020-21 as approved by the Commission**

(Rs. Crore)				
Sr. No.	Particulars	Transmission	SLDC	PSTCL
1	Total Employee Cost	520.49	9.21	529.70
2	Total A&G Expenses	27.07	0.80	27.87
3	Total R&M Expenses	31.31	0.62	31.93
4	<b>Total O&amp;M Expenses</b>	<b>578.87</b>	<b>10.63</b>	<b>589.50</b>

## **2.8 Depreciation Charges**

**2.8.1** In the ARR Petition of FY 2020-21, PSTCL had claimed depreciation charges of Rs. 308.28 Crore for Transmission Business and Rs. 0.56 Crore for SLDC Business against which the Commission had approved depreciation charges of Rs. 300 Crore for Spillover Schemes and Rs. 0.29 Crore for New Schemes of Transmission Business and Rs.0.56 Crore for Spillover scheme of SLDC Business for FY 2020-21. No depreciation was approved for new schemes of SLDC Business as there was no addition of GFA during the year.

**2.8.2** In the ARR Petition of FY 2021-22, PSTCL had claimed revised estimates of depreciation charges of Rs. 299.57 Crore for Transmission Business and Rs. 1.80 Crore for SLDC Business against which the Commission had approved depreciation charges of Rs. 296.77 Crore for Spillover Schemes and Rs. 0.15 Crore for New Schemes of Transmission Business and Rs.1.65 Crore for Spillover scheme of SLDC Business for FY 2020-21. No depreciation was approved for new schemes of SLDC Business as there was no addition of GFA during the year.

### **PSTCL's Submission:**

**2.8.3** PSTCL has been charging depreciation in audited accounts of FY 2020-21 in line with the methodology specified in Regulation 21 of the PSERC MYT Regulations, 2019, as amended from time to time. PSTCL has not considered depreciation on the amount of Rs. 7.02 Crore on asset capitalized during FY 2020-21, as these assets were funded through Contributory Work and works under PSDF scheme. PSTCL has also excluded impairment loss reflected in Audited Accounts of FY 2020-21.

**2.8.4** PSTCL has revised opening GFA for FY 2020-21 after excluding GFA due to Contributory Works and PSDF grants in FY 2017-18, FY 2018-19 and FY 2019-20 as under:

**Table 34: Revised Opening GFA for FY 2020-21 as considered by PSTCL**

(Rs. Crore)				
Sr. No.	Particulars	Transmission	SLDC	PSTCL
1	Opening GFA (net of land and land rights including Intangible Assets) (According to Audited Accounts)	7,164.84	19.02	7,183.86
2	Less: GFA due to Contributory Works and PSDF grants (90%) in FY 2017-18	45.55	-	45.55
3	Less: GFA due to Contributory Works and PSDF grants (90%) in FY 2018-19	23.64	-	23.64
4	Less: GFA due to Contributory Works and PSDF grants (90%) in FY 2019-20	6.54	-	6.54
5	Revised Opening GFA (net of land and land rights including Intangible Assets) (excluding Contributory and PSDF Grant Assets (90%))	7,089.11	19.02	7,108.13

**2.8.5** PSTCL has claimed Depreciation for Spill over Schemes for FY 2020-21 considering addition to GFA of Rs. 188.07 Crore, retirement of GFA Rs. 14.49 Crore and lessened the GFA towards Contributory Works and PSDF Grants which translates closing and average GFA to Rs. 7,274.69 Crore and 7,191.41 Crore, respectively.

**2.8.6** PSTCL has further claimed that the GFA for New Works has increased by Rs. 14.45 Crore and there has been no asset created out of Contributory and PSDF Funds on New Works in FY 2020-21. Thus, the closing GFA and average GFA on New Works has been claimed as Rs. 14.45 Crore and Rs. 7.22 Crore, respectively. Thus, PSTCL has considered Rs. 299.64 Crore and Rs. 1.26 Crore as Depreciation for Spill over Works and New Works, respectively. The total Depreciation of PSTCL has been computed as shown below:

**Table 35: Depreciation for Total Assets for FY 2020-21 as claimed by PSTCL****(Rs. Crore)**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Transmission</b>	<b>SLDC</b>	<b>PSTCL</b>
1	Revised Opening GFA (net of land and land rights) (excluding Contributory and PSDF Grant Assets)	7,089.11	19.02	7,108.13
2	Addition of GFA	197.65	4.86	202.52
3	Retirement of GFA	14.49	-	14.49
4	Less: GFA due to Contributory Works and PSDF grants	7.02	-	7.02
5	Closing GFA	7,265.25	23.88	7,289.13
<b>6</b>	<b>Depreciation</b>	<b>299.94</b>	<b>1.26</b>	<b>301.21</b>
7	Depreciation as percentage of Opening and Closing GFA	4.18%	5.88%	4.18%

**Table 36: Depreciation for Spillover Assets for FY 2020-21 as claimed by PSTCL****(Rs. Crore)**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Transmission</b>	<b>SLDC</b>	<b>PSTCL</b>
1	Revised Opening GFA (net of land and land rights) (excluding Contributory and PSDF Grant Assets)	7,089.11	19.02	7,108.13
2	Addition of GFA	183.25	4.82	188.07
3	Retirement of GFA	14.49	-	14.49
4	Less: GFA due to Contributory Works and PSDF grants	7.02	-	7.02
5	Closing GFA	7,250.85	23.84	7,274.69
<b>6</b>	<b>Depreciation</b>	<b>299.64</b>	<b>1.26</b>	<b>300.90</b>
7	Depreciation as percentage of Opening and Closing GFA	4.18%	5.88%	4.18%

**Table 37: Depreciation for New Assets for FY 2020-21 as claimed by PSTCL****(Rs. Crore)**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Transmission</b>	<b>SLDC</b>	<b>PSTCL</b>
1	Revised Opening GFA (net of land and land rights) (excluding Contributory and PSDF Grant Assets)	-	-	-
2	Addition of GFA	14.40	0.04	14.45
3	Retirement of GFA	-	-	-
4	Less: GFA due to Contributory Works and PSDF grants	-	-	-
5	Closing GFA	14.40	0.04	14.45
6	<b>Depreciation</b>	<b>0.30</b>	<b>0.001</b>	<b>0.30</b>
7	Depreciation as percentage of Opening and Closing GFA	4.18%	5.88%	4.18%

**2.8.7** Thus, PSTCL has requested the Commission to approve the Depreciation of Rs. 299.94 Crore for Transmission Business and Rs. 1.26 Crore for SLDC, based on the Audited Accounts of FY 2020-21.

#### **Commission's Analysis:**

**2.8.8** The Depreciation Charges are determined as per Regulation 21 of PSERC MYT Regulations, 2019. Regulation 21 of the PSERC MYT Regulations, 2019 specifies as under:

*"21.1. The value base for the purpose of depreciation shall be the capital cost of the assets admitted by the Commission:*

*Provided that the depreciation shall be allowed after reducing the approved original cost of the retired or replaced or decapitalized assets:*

*Provided that the land, other than the land held under lease and 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 assets:*

*Provided further that Government. grants and consumer contribution shall also be recognized as defined under Indian Accounting Standard 20 (IND AS 20) notified by the Ministry of Corporate Affairs.*

*21.2. The residual/salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of historical capital cost of the asset:*

*Provided that I.T. Equipment and Software shall be depreciated 100% with zero salvage value.*

*21.3. The Cost of the asset shall include additional capitalization.*

*21.4. The Generating Company, Transmission and Distribution Licensee shall provide the list of assets added during each Year of the Control Period and the list*



of assets completing 90% of depreciation in the Year along with Petition for Annual Performance Review, true-up and tariff determination for ensuing Year.

21.5. Depreciation for Distribution, generation and transmission assets shall be calculated annually as per straight line method over the useful life of the asset at the rate of depreciation specified by the Central Electricity Regulatory Commission from time to time:

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/ put in use of the asset shall be spread over the balance useful life of the assets:

Provided further that in case of hydro generating stations, the salvage value shall be as provided in the agreement signed by the developers with the State Government for creation of the asset.

21.6. Depreciation shall be chargeable from the first year of commercial operation/asset is put in use. In case of commercial operation of the asset/put in use of asset for part of the year, depreciation shall be charged on pro rata basis."

**2.8.9** The Commission determines the depreciation for FY 2020-21 as per the Regulation 21 stated above. The Opening GFA for the Spillover schemes is considered as per the reconciliation of GFA submitted by the Petitioner vide email dated 21.12.2021 and the same is net of land and land rights and consumer contribution and grants.

**2.8.10** The Commission has considered the addition of GFA as approved by the Commission and has not considered the addition of assets funded through Contributory Work and works under PSDF scheme as given in Table 11.

**2.8.11** The Commission has considered the Fixed Asset Register submitted by PSTCL and further determined weighted average rate of depreciation based on Fixed Asset Register of FY 2020-21 as under:

**Table 38: Computation of weighted average rate of depreciation for FY 2020-21 as considered by the Commission**

(Rs. Crore)			
Sr. No.	Particulars	Transmission	SLDC
1	Opening GFA (net of land and land rights and consumer contribution and grant)	7089.11	19.02
2	Add: Additions during the year ((net of land and land rights and consumer contribution and grant))	190.63	4.86
3	Less: Net transfer from Asset not in use	(14.49)	-
4	Closing GFA (net of land and land rights)	7265.25	23.88
5	Average Gross Fixed Assets	7177.18	21.45
6	Depreciation	299.94	1.26
7	<b>Average rate of depreciation</b>	<b>4.18%</b>	<b>5.88%</b>

**2.8.12** Accordingly, the depreciation approved by the Commission for Spillover and New Schemes for Transmission and SLDC Business is as under:

**Table 39: Depreciation approved by the Commission for FY 2020-21 for Transmission Business**  
(Rs. Crore)

Particulars		FY 2020-21
<b>(I)</b>	<b>Spillover Schemes</b>	
1.	Opening GFA (excluding land and land rights)	7089.11
2.	Add: Additions to GFA during the year	183.25
3.	Less: Retirement of GFA	14.49
4.	Less: GFA due to Contributory Works and PSDF grants	7.02
5.	Closing GFA	7250.85
6.	Average GFA	7169.98
7.	<b>Depreciation @4.18% of average GFA</b>	<b>299.63</b>
<b>(II)</b>	<b>New Schemes</b>	
6.	Opening GFA (excluding land and land rights)	0.00
7.	Add: Additions to GFA during the year	14.40
8.	Closing GFA	14.40
9.	Average GFA	7.20
10.	<b>Depreciation @4.18% of average GFA</b>	<b>0.30</b>
11.	<b>Total Depreciation</b>	<b>299.93</b>

**Table 40: Depreciation approved by the Commission for FY 2020-21 for SLDC Business**  
(Rs. Crore)

Particulars		FY 2020-21
<b>(I)</b>	<b>Spillover Schemes</b>	
1.	Opening GFA (excluding land and land rights)	19.02
2.	Add: Additions to GFA during the year	4.82
3.	Closing GFA	23.84
4.	Average GFA	21.43
5.	<b>Depreciation @5.88% of average GFA</b>	<b>1.26</b>
<b>(II)</b>	<b>New Schemes</b>	
6.	Opening GFA (excluding land and land rights)	-
7.	Add: Additions to GFA during the year	-
8.	Closing GFA	-
9.	Average GFA	-
10.	<b>Depreciation @5.88% of average GFA</b>	<b>-</b>
11.	<b>Total Depreciation</b>	<b>1.26</b>

**Table 41: Depreciation approved by the Commission for FY 2020-21 for PSTCL****(Rs. Crore)**

<b>Particulars</b>		<b>FY 2020-21</b>
<b>(I)</b>	<b>Transmission</b>	
1.	Opening GFA (excluding land and land rights)	7089.11
2.	Add: Additions to GFA during the year	197.65
3.	Less: Retirement of GFA	14.49
4.	Less: GFA due to Contributory Works and PSDF grants	7.02
5.	Closing GFA	7265.25
6.	Average GFA	7177.18
<b>7.</b>	<b>Depreciation @4.18% of average GFA</b>	<b>299.93</b>
<b>(II)</b>	<b>SLDC</b>	
1.	Opening GFA (excluding land and land rights)	19.02
2.	Add: Additions to GFA during the year	4.86
3.	Closing GFA	23.88
4.	Average GFA	21.45
<b>5.</b>	<b>Depreciation @5.88% of average GFA</b>	<b>1.26</b>
<b>6.</b>	<b>Total Depreciation</b>	<b>301.19</b>

**2.8.13 The Commission approves depreciation of Rs. 299.93 Crore for Transmission Business and Rs. 1.26 Crore for SLDC Business for FY 2020-21.**

## **2.9 Interest and Finance Charges**

2.9.1 In the ARR Petition of FY 2020-21, PSTCL had claimed Interest and Finance charges of Rs. 363.01 Crore (net of capitalization of Rs. 33.89 Crore of interest charges) for its Transmission Business and Rs.1.69 Crore for SLDC Business for FY 2020-21. The Commission approved interest charges of Rs. 332.58 Crore for Transmission Business (including Spillover and new schemes) and Rs. 1.53 Crore for SLDC Business for FY 2020-21.

2.9.2 In the ARR Petition of FY 2021-22, PSTCL had claimed revised estimates of Interest and Finance charges of Rs. 329.33 Crore (net of capitalization of Rs. 34.32 Crore of interest charges) for its Transmission Business and Rs. 1.27 Crore for SLDC Business for FY 2020-21. The Commission approved interest charges of Rs. 320.04 Crore for Transmission Business (including Spillover and new schemes) and Rs. 1.23 Crore for SLDC Business for FY 2020-21.

### **PSTCL's Submission:**

2.9.3 PSTCL has submitted that the Commission has been disallowing loans with respect to approved Capital Expenditure since True-up of FY 2014-15. PSTCL has submitted that the opening loan as on 1.4.2020 stands at Rs. 3,488.64 Crore as approved in APR of

FY 2020-21 for Transmission Business and at Rs. 12.28 Crore for SLDC Business.

2.9.4 PSTCL, in view of the pending appeal before the APTEL, has claimed Opening balance of Loans for FY 2020-21 in line with the Closing balance of loans approved by the Commission in True-up of FY 2019-20. However, for the purpose of True-up for FY 2020-21, PSTCL has increased the opening balance by Rs. 22.78 Crore as claimed in its Review Petition No. 3 of 2021, without prejudice to the outcome of appeals filed before the APTEL.

2.9.5 Further, the source-wise actual long-term loans outstanding, and interest charges borne by Transmission Business and SLDC Business for FY 2020-21 are shown as under:

**Table 42: Actual Loan and Interest of Transmission Business for FY 2020-21**

(Rs. Crore)

Sr. No.	Name of Source	Opening Balance as on April 1, 2020	Loan Received	Loan Repaid	Closing Balance as on March 31, 2021	Interest Charges
1	REC	2531.33	31.07	258.58	2,303.82	250.65
2	State Bank of India	165.13	-	21.66	143.47	13.18
3	NABARD	187.93	-	14.11	173.82	18.07
4	PSPCL	7.59	-	1.90	5.69	-
5	PFC-2	495.57	-		495.57	49.15
6	Total	3387.55	31.07	296.25	3,122.37	331.05
<b>Weighted Average Interest Rate</b>						<b>10.17%</b>

**Table 43: Actual Loan and Interest of SLDC Business for FY 2020-21**

(Rs. Crore)

Sr. No.	Name of Source	Opening Balance as on April 1, 2020	Loan Received	Loan Repaid	Closing Balance as on March 31, 2021	Interest Charges
1	REC	7.27	0.00	0.69	6.58	0.73
<b>Weighted Average Interest Rate</b>						<b>10.54%</b>

2.9.6 Further, PSTCL has considered addition of loans of Rs. 95.14 Crore. The whole Rs. 95.14 Crore addition is on account of Spill over Schemes. PSTCL has considered capitalisation of interest charges of Rs. 12.06 Crore, only for the Spill over capital expenditure up to FY 2020-21, instead of 12.73 Crore.

2.9.7 In addition to the loans for Transmission Business, PSTCL has considered GPF liability outstanding during FY 2020-21. The interest amount considered on GPF is the actual interest paid during the year.

2.9.8 Accordingly, the computation of Normative Interest and Finance Charges for FY 2020-21 as claimed by PSTCL is as under:

**Table 44: Interest on Loan for all Schemes of PSTCL for FY 2020-21**

(Rs. Crore)

Sr. No.	Particulars	Transmission	SLDC	GPF	PSTCL
1	Opening Loan balance for the year	3511.43	12.28	73.18	3596.89
2	Addition of loan during year	94.14	0.99	-	95.14
3	Repayment of loan during year	270.98	1.26	29.27	301.21
4	Closing loan balance for year	3334.90	12.01	43.91	3390.82
5	Average Loan Balance for year	3423.16	12.15	58.55	3493.85
6	Interest Charges	348.16	1.25	4.36	353.78
7	Less: Interest charges capitalised	12.06	0.00	0.00	12.06
8	Add: Guarantee Fee	3.30	0.00	0.00	3.30
9	Add: Miscellaneous Interest and Finance Charges	0.03	0.01	0.00	0.04
<b>10</b>	<b>Interest and Finance Charges</b>	<b>339.43</b>	<b>1.26</b>	<b>4.36</b>	<b>345.06</b>

2.9.9 Thus, the Petitioner has prayed to the Commission to approve the Interest Charges of Rs. 343.80 Crore for Transmission Business including interest amount considered on GPF and Rs. 1.27 Crore for SLDC for True-up of FY 2020-21.

#### **Commission's Analysis:**

##### **A. Interest and Finance Charges for Transmission**

2.9.10 The Commission determines the Interest on loan capital as per Regulation 24 of the PSERC MYT Regulations, 2019. Relevant sections are reproduced as under:

*"24.1. For existing loan capital, interest and finance charges on loan capital shall be computed on the outstanding loans, duly taking into account the actual rate of interest and the schedule of repayment as per the terms and conditions of relevant agreements. The rate of interest shall be the actual rate of interest paid/payable (other than working capital loans) on loans by the Licensee.*

*24.2. Interest and finance charges on the future loan capital for new investments shall be computed on the loans, based on one (1) year State Bank of India (SBI) MCLR/ any replacement thereof as notified by RBI as may be applicable as on 1<sup>st</sup> April of the relevant year, plus a margin determined on the basis of current actual rate of interest of the capital expenditure loan taken by the Generating Company, Licensee or SLDC and prevailing SBIMCLR.*

*24.3. The repayment for each year of the tariff period shall be deemed to be equal to the depreciation allowed for the corresponding year. In case of*

*de-capitalisation of assets, the repayment shall be adjusted by taking into account cumulative depreciation made to the extent of de-capitalisation.*

*24.4. The Commission shall allow obligatory taxes on interest, finance charges (including guarantee fee payable to the Government) and any exchange rate difference arising from foreign currency borrowings, as finance cost.*

*24.5. The interest on excess equity treated as loan shall be serviced at the weighted average interest rate of actual loan taken from the lenders.*

*Provided also 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 for the actual loan shall be considered.”*

2.9.11 The Commission vide order dated 10.12.2021 in Review Petition No. 3 of 2021 has approved as under:

“...

***After considering the revised submission of PSTCL, the Commission re-determines opening balance of loans for Transmission Business as Rs. 3739.97 Crore (by adding Rs.22.78 Crore earlier reduced from the opening balance of long-term loans in true up of FY 2017-18) on 01.04.2017 instead of Rs. 3717.19 Crore. The Commission in Para 4 of this order has already allowed addition of Rs.0.04 Crore in Gross Fixed Assets (GFA) during FY 2019-20. However, the impact of Rs. 22.78 Crore along with carrying cost will be considered in the subsequent Tariff Order.”***

2.9.12 Accordingly, the Commission has considered the opening balance of loans for Spillover schemes of Transmission Business for FY 2020-21 as Rs. 3739.93 Crore while the opening of loan for new schemes is considered as zero.

2.9.13 The Commission has considered the approved addition of loan as explained in Table 18.

2.9.14 As per regulation 24.3 of PSERC MYT Regulation 2019, the repayment of loan is considered equal to depreciation allowed for the corresponding year.

2.9.15 The Commission has considered the following as long-term loans as submitted by PSTCL vide reply dated 12.02.2022 for determination of interest rate for Transmission business and calculated the rate of interest on loan capital as per Regulation 24.1 as under:

**Table 45: Loans for Transmission Business for FY 2020-21****(Rs. Crore)**

Sr. No.	Name of Source	Opening Balance as on April 1, 2020	Loan Repaid	Loan Received	Closing Balance as on March 31, 2021	Interest Charges
1	REC	2531.33	258.58	31.07	2303.82	250.65
2	PFC (new)	0.00	0.00	10.24	10.24	0.84
3	SBI	165.13	21.66	0.00	143.47	13.18
4	NABARD	187.93	14.11	0.00	173.82	18.07
5	PFC-2	495.57	0.00	0.00	495.57	49.15
6	PSPCL	7.59	1.90	0.00	5.69	0.00
7	<b>Total loan for Transmission Business</b>	3387.55	296.25	41.31	3132.61	331.89
<b>Weighted Average Interest Rate (Transmission)</b>						<b>10.18%</b>

2.9.16 Accordingly, the Commission has calculated the interest on loan for Transmission Business for FY 2020-21 as under:

**Table 46: Interest on loan for Spill over schemes of Transmission Business as approved by the Commission****(Rs. Crore)**

Sr. No.	Particulars	FY 2020-21
1.	Opening balance of loan	3511.42
2.	Add: Receipt of loan during the year	82.35
3.	Less: Repayment of loan during the year	299.63
4.	Closing balance of loan	3294.14
5.	Average Loan	3402.78
6.	<b>Interest Charges @ 10.18%</b>	<b>346.42</b>

**Table 47: Interest on loan for New schemes of Transmission Business as approved by the Commission****(Rs. Crore)**

Sr. No.	Particulars	FY 2020-21
1.	Opening balance of loan	0.00
2.	Add: Receipt of loan during the year	10.08
3.	Less: Repayment of loan during the year	0.30
4.	Closing balance of loan	9.78
5.	Average Loan	4.89
6.	<b>Interest Charges @ 10.18%</b>	<b>0.50</b>

**Interest on GP Fund**

2.9.17 PSTCL has claimed an interest on GP fund of Rs. 4.36 Crore during FY 2020-21.

2.9.18 **The Commission approves interest of Rs. 4.36 Crore on GP Fund as per the**

**Audited Accounts, being statutory payment, submitted by PSTCL for FY 2020-21.**

**Capitalization of Interest Charges**

2.9.19 In the True up Petition for FY 2020-21, PSTCL has considered capitalisation of interest charges of Rs. 12.06 Crore, only for the Spill over capital expenditure up to FY 2020-21, instead of Rs. 12.73 Crore as given in the Audited Accounts.

2.9.20 **The Commission, as per past practice, approves capitalization of interest of Rs. 12.06 Crore for FY 2020-21 for capital expenditure due to spillover schemes.**

**Finance Charges and Guarantee Charges**

2.9.21 PSTCL has claimed Miscellaneous Interest and Finance charges of Rs. 0.03 Crore and Guarantee charges of Rs. 3.30 Crore for Transmission Business based on Audited Annual Accounts for FY 2020-21.

2.9.22 The Commission approves the Finance charges of Rs. 0.03 Crore and Guarantee charges of Rs. 3.30 Crore for Transmission Business as per Regulation 24.4 of PSERC MYT Regulations 2019.

2.9.23 The Commission approves interest and finance charges for Transmission Business of PSTCL for FY 2020-21 as under:

**Table 48: Interest & Finance Charges for Transmission Business for FY 2020-21 as approved by the Commission**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Allowed by the Commission</b>
1.	Interest on Loans due to Spillover schemes	346.42
2.	Interest on Loans due to New schemes	0.50
3.	Interest on GP Fund	4.36
4.	Finance Charges	0.03
5.	Guarantee Charges	3.30
6.	<b>Gross Interest on Long Term Loans (1+2+3+4+5)</b>	<b>354.61</b>
7.	Less: Capitalization	12.06
8.	<b>Net Interest and finance Charges on Long Term Loans (6-7)</b>	<b>342.55</b>

2.9.24 **Thus, the Commission approves Net Interest and Finance Charges of Rs. 342.55 Crore for Transmission Business for FY 2020-21.**

**B. Interest and Finance charges for SLDC Business**

2.9.25 The Commission has considered the closing balance of loans for SLDC Business of Rs. 12.28 Crore for FY 2019-20 as the opening balance of loans for Spillover schemes of SLDC Business for FY 2020-21, while the opening of loan for new schemes is



considered as zero.

2.9.26 The Commission has considered the approved addition of loan as explained in Table 18.

2.9.27 As per Regulation 24.3 of PSERC MYT Regulation 2019, the repayment of loan is considered equal to depreciation allowed for the corresponding year.

2.9.28 PSTCL vide reply dated 12.2.2022 has revised the submission of actual loans for SLDC Business and PSTCL's claim for Interest on Loan for FY 2020-21.

2.9.29 The Commission has considered the following as long-term loans as submitted by PSTCL vide reply dated 12.02.2022 for determination of interest rate for SLDC business and calculated the rate of interest on loan capital as per Regulation 24.1 as under:

**Table 49: Loans for SLDC Business for FY 2020-21**

(Rs. Crore)

Sr. No.	Name of Source	Opening Balance as on April 1, 2020	Loan Repaid	Loan Received	Closing Balance as on March 31, 2021	Interest Charges
1	REC (SLDC)	7.34	0.69	0	6.65	0.73
<b>Weighted Average Interest Rate (SLDC)</b>						<b>10.44%</b>

2.9.30 The Commission has calculated the interest on loan for SLDC Business for FY 2020-21 as under:

**Table 50: Interest on loan for Spill over schemes of SLDC Business**

(Rs. Crore)

Sr. No.	Particulars	FY 2020-21
1.	Opening balance of loan	12.28
2.	Add: Receipt of loan during the year	0.95
3.	Less: Repayment of loan during the year	1.26
4.	Closing balance of loan	11.97
5.	Average Loan	12.13
6.	<b>Interest Charges @ 10.44%</b>	<b>1.27</b>

**Table 51: Interest on loan for New schemes of SLDC Business**

(Rs. Crore)		
Sr. No.	Particulars	FY 2020-21
1.	Opening balance of loan	0.00
2.	Add: Receipt of loan during the year	0.04
3.	Less: Repayment of loan during the year	0.00
4.	Closing balance of loan	0.04
5.	Average Loan	0.02
6.	<b>Interest Charges @ 10.44%</b>	<b>0.002</b>

**Miscellaneous Interest and Finance Charges and Guarantee Charges**

2.9.31 PSTCL has claimed Finance Charges of Rs. 0.01 for SLDC Business based on Audited Annual Accounts for FY 2020-21.

2.9.32 As per Regulation 24.4 of PSERC MYT Regulations 2019, the Commission approves the Finance Charges of Rs. 0.01 Crore for SLDC Business as given in the trial balance of SLDC.

2.9.33 The Commission approves interest and finance charges for SLDC Business of PSTCL for FY 2020-21 as under:

**Table 52: Interest & Finance Charges for SLDC Business for FY 2020-21 as approved by the Commission**

(Rs. Crore)		
Sr. No.	Particulars	Allowed by the Commission
1.	Interest on Loans due to Spillover schemes	1.27
2.	Interest on Loans due to New schemes	0.002
3.	Finance Charges	0.01
4.	<b>Gross Interest on Long Term Loans (1+2+3)</b>	<b>1.28</b>

2.9.34 Thus, the Commission approves Net Interest and Finance Charges of Rs. 1.28 Crore for SLDC Business for FY 2020-21.

2.9.35 Total Interest on loan approved by the Commission for PSTCL for FY 2020-21 is as under:

**Table 53: Interest on loan approved by the Commission for PSTCL for FY 2020-21**

(Rs. Crore)				
Sr. No.	Particulars	Transmission	SLDC	PSTCL
1.	Interest on loan	342.55	1.28	343.83

**2.10 Interest on Working Capital for Transmission Business**

**2.10.1** In the ARR Petition for FY 2020-21, PSTCL had claimed interest on working capital for Transmission Business of Rs. 41.67 Crore for FY 2020-21, on a total

working capital of Rs. 387.29 Crore against which the Commission approved interest on working Capital of Rs.35.44 Crore for FY 2021-22 on total working capital of Rs. 355.91 Crore.

**2.10.2** In the ARR Petition for FY 2021-22, PSTCL had claimed revised estimated of interest on working capital of Rs. 36.39 Crore on the total working capital of Rs. 357.28 Crore for Transmission Business against which the Commission approved interest on working Capital of Rs. 35.66 Crore for FY 2021-22 on total working capital of Rs. 353.25 Crore.

#### **PSTCL's Submission:**

**2.10.3** As per Regulation 25.1 of the PSERC MYT Regulations, 2019, the Petitioner has considered the actual weighted average rate of interest for Working Capital loans for Transmission Business, as the actual interest rate is lower than the one-year MCLR rate of State Bank of India plus 350 basis points, as on 1st April of the year. The computation of Interest on Working Capital as submitted by PSTCL for FY 2020-21 is as under:

**Table 54: Interest on Working Capital for Transmission as submitted by PSTCL for FY 2020-21**

		(Rs. Crore)
Sr. No.	Particulars	Amount
1.	Receivables equivalent to two months of fixed cost	225.87
2.	Maintenance spares @ 15% of O&M expenses	87.33
3.	Operation and Maintenance expenses for one month	48.52
4.	<b>Total Working Capital (Normative)</b>	<b>361.72</b>
5.	Rate of Interest applied	9.69%
6.	<b>Interest on Working Capital</b>	<b>35.03</b>

#### **Commission's Analysis:**

**2.10.4** The Commission has computed the interest on working capital as per Regulation 51 of the PSERC MYT Regulations, 2019 specifies as under:

##### *"51.1. Components of Working Capital*

*The Working Capital shall cover the following:*

*(a) O&M Expenses for 1month;*

*(b) Maintenance spares @ 15% of the O&M expenses;*

*(c) Receivables equivalent to two (2) months of fixed cost calculated on normative target availability.*

##### *51.2. Rate of Interest*

*The rate of interest on working capital shall be as per Regulation 25.1.”*

**2.10.5** The Commission has considered the following short-term loans as submitted by PSTCL vide reply dated 12.02.2022 for determination of interest rate for Transmission business and calculated the rate of interest on loan capital as per Regulation 24.1 as under:

**Table 55: Rate of interest for Working Capital Loans for Transmission Business for FY 2020-21 as determined by the Commission**

(Rs. Crore)

Sr. No.	Name of Source	Opening Balance as on April 1, 2020	Loan Repaid	Loan Received	Closing Balance as on March 31, 2021	Interest Charges
1	SBI - 1	128.26	16.82	0.00	111.44	10.24
2	SBI - 2 CC Limit	77.70	42.91	0.00	34.79	5.34
3	SBI -3	0.00	5.56	20.00	14.44	1.22
4	SBI -4	0.00	0.00	47.17	47.17	1.88
5	SBI	0.00	0.00	52.83	52.83	2.10
6	BOI	228.09	120.43	0.00	107.66	20.42
7	PFC	485.71	64.29	0.00	421.42	45.83
8	IOB	65.00	65.00	0.00	0.00	4.93
9	REC	185.71	185.71	0.00	0.00	24.62
10	UCO-1	29.15	29.15	0.00	0.00	1.08
11	UCO-2	0.00	0.00	165.00	165.00	0.50
12	IREDA	0.00	0.00	300.00	300.00	0.24
13	<b>Total working capital loan for Transmission Business</b>	<b>1199.62</b>	<b>529.87</b>	<b>585.00</b>	<b>1254.74</b>	<b>118.40</b>
<b>Weighted Average Interest Rate (Transmission)</b>						<b>9.65%</b>

**2.10.6** Accordingly, the Commission considers the interest at the weighted average rate of approved loans which works out to 9.65% for Transmission Business and approves the Interest on Working Capital as under:

**Table 56: Interest on Working Capital for Transmission Business of PSTCL for FY 2020-21 approved by the Commission**

(Rs. Crore)		
Sr. No.	Particulars	Amount
1.	Receivables equivalent to two months i.e. $2 \times (\text{ARR}/12)$	223.09
2.	Maintenance spares @ 15% of Operation and Maintenance expenses	86.83
3.	Operation and Maintenance expenses for one month as approved by the Commission	48.24
4.	Working Capital requirement	358.16
5.	<b>Interest on Working Capital (@9.65% for FY 2020-21)</b>	<b>34.56</b>

**2.10.7 The Commission approves working capital requirements of Rs. 358.16 Crore and interest thereon of Rs. 34.56 Crore for Transmission Business of PSTCL for FY 2020-21.**

## **2.11 Interest on Working Capital for SLDC Business**

2.11.1 In the ARR Petition for FY 2020-21, PSTCL had claimed interest on working capital of Rs. 0.59 Crore on the total working capital of Rs. 5.51 Crore for SLDC Business. The Commission approved the interest on working capital of Rs. 0.49 Crore on total working capital of Rs. 4.76 Crore for FY 2020-21.

2.11.2 In the ARR Petition for FY 2021-22, PSTCL had claimed interest on working capital of Rs. 0.56 Crore on the total working capital of Rs. 5.50 Crore for SLDC Business. The Commission approved the interest on working capital of Rs. 0.59 Crore on total working capital Rs. 5.73 Crore for FY 2020-21.

### **PSTCL's Submission:**

2.11.3 As per Regulation 25.1 of the PSERC MYT Regulations, 2019, the Petitioner has considered the actual weighted average rate of interest for Working Capital loans for SLDC Business, as the actual interest rate is lower than the one-year MCLR rate of State Bank of India plus 350 basis points, as on 1st April of the year. The computation of Interest on Working Capital as submitted by PSTCL for FY 2020-21 is as under:

**Table 57: Interest on Working Capital for SLDC as submitted by PSTCL for FY 2020-21**

(Rs. Crore)		
Sr. No.	Particulars	Amount
1.	Receivables equivalent to two months of fixed cost	3.30
2.	Maintenance spares @ 15% of O&M expenses	1.14
3.	Operation and Maintenance expenses for one month	0.64
4.	<b>Total Working Capital (Normative)</b>	<b>5.08</b>
5.	Rate of Interest applied	9.69%
6.	<b>Interest on Working Capital</b>	<b>0.49</b>

**Commission's Analysis:**

2.11.4 As PSPCL has submitted that there are no short-term loans for SLDC Business, the Commission considers the interest at the weighted average rate of Transmission Business at 9.65% for SLDC Business and approves the Interest on Working Capital as under:

**Table 58: Interest on Working Capital for SLDC Business of PSTCL for FY 2020-21 approved by the Commission**

(Rs. Crore)		
Sr. No.	Particulars	Amount
1.	Receivables equivalent to two months i.e. 2 x (ARR/12)	3.90
2.	Maintenance spares @ 15% of Operation and Maintenance expenses	1.59
3.	Operation and Maintenance expenses for one month as approved by the Commission	0.89
4.	Working Capital requirement	6.38
5.	<b>Interest on Working Capital (@9.65% for FY 2020-21)</b>	<b>0.62</b>

2.11.5 The Commission approves working capital requirements of Rs. 6.38 Crore and interest thereon of Rs. 0.62 Crore for SLDC Business of PSTCL for FY 2020-21.

2.11.6 The Total Interest on Working Capital approved by the Commission for PSTCL for FY 2020-21 is as under:

**Table 59: Interest on Working Capital approved by the Commission for PSTCL for FY 2020-21**

(Rs. Crore)				
Sr. No.	Particulars	Transmission	SLDC	PSTCL
1.	Interest on Working Capital	34.56	0.62	35.18

2.11.7 The Commission approves total Interest on Working Capital as Rs. 35.18 Crore for PSTCL for FY 2020-21.

## 2.12 Return on Equity

**2.12.1** In the ARR Petition for FY 2020-21, PSTCL had claimed Return on equity of Rs. 154.40 Crore on opening equity of Rs. 887.35 Crore and on addition of Rs. 218.85 Crore during FY 2020-21. The Commission had approved Return on equity of Rs. 108.93 Crore on opening equity of Rs. 702.80 Crore and no addition during the year.

**2.12.2** In the ARR Petition for FY 2021-22, PSTCL had claimed Return on equity of Rs. 109.27 Crore on opening equity of Rs. 704.97 Crore and no addition during FY 2021-22. The Commission had approved Return on equity of Rs. 109.38 Crore on opening equity of Rs. 705.70 Crore and no addition during the year.

### **PSTCL's Submission:**

**2.12.3** In the True up Petition for FY 2020-21, PSTCL has considered the opening balance of Equity of FY 2020-21 equal to the closing balance of Equity of FY 2019-20 as approved in Truing-up of FY 2019-20.

**2.12.4** PSTCL has reinvested its profit of Rs. 20.66 Crore into the Transmission Business. PSTCL submits that it has considered the funding of Capital Expenditure through equity of Rs. 20.66 Crore in Transmission Business. PSTCL has further submitted that the approach adopted by PSTCL for consideration of opening equity and addition of equity in FY 2020-21 is without prejudice to the appeal pending before the APTEL.

**2.12.5** For the purpose of calculating Return on Equity for FY 2020-21 on normative basis, PSTCL has considered the ROE at the rate of 15.50% in accordance with the PSERC MYT Regulations, 2019, as under:

**Table 60: Return on Equity for FY 2020-21 as claimed by PSTCL**

<b>(Rs. Crore)</b>		
<b>Sr. No.</b>	<b>Particulars</b>	<b>Amount</b>
1.	Opening Balance of Equity	705.71
2.	Addition of equity during the year	20.66
3.	Closing Balance of Equity	726.38
4.	Rate of Return (%)	15.50%
5.	<b>Return on Equity</b>	<b>110.99</b>

**2.12.6** Therefore, PSTCL has prayed to the Commission to approve the RoE of Rs. 110.99 Crore for FY 2020-21.

### Commission's Analysis:

**2.12.7** The Commission determines the Return on Equity for FY 2020-21 in accordance with Regulation 20 of PSERC MYT Regulations, 2019 which is reproduced as under:

***“20. Return on equity***

*Return on equity shall be computed at the base rate of 15.5% for thermal generating stations, Transmission Licensee, SLDC and run of the river hydro generating stations and at the base rate of 16.5% for the storage type hydro generating stations and run of river generating stations with pondage and 16% for Distribution Licensee on the paid up equity capital determined in accordance with Regulation 19:*

*Provided that Equity invested in foreign currency shall be converted to rupee currency based on the exchange rate prevailing on the date(s) it is subscribed:*

*Provided further that assets funded by consumer contributions, capital subsidies/Government. grants shall not form part of the capital base for the purpose of calculation of Return on Equity.”*

**2.12.8** The Commission has considered the opening of equity for FY 2020-21 from the closing of equity approved in the True-Up of FY 2019-20.

**2.12.9** As explained in para 2.6.7, since PSTCL has booked profit of Rs. 20.66 Crore, the Commission has considered addition of equity of Rs. 20.66 Crore.

**2.12.10** In response to Commission's query regarding the allocation of addition of equity of Rs. 20.66 Crore between Transmission Business and SLDC Business, the Petitioner responded that the same shall be done when SLDC Business is segregated from Transmission Business. Currently, the Petitioner has considered the total addition of equity for Transmission Business.

**2.12.11** The Commission determines Return on Equity @15.50% on the average equity for the year and is calculated as under:

**Table 61: Return on Equity for FY 2020-21 for Transmission as allowed by the Commission**

(Rs. Crore)		
Sr. No.	Particulars	FY 2020-21
1.	Opening Equity	705.70
2.	Addition of equity during the year	20.66
3.	Closing Equity	726.36
4.	Average Equity	716.03
5.	Rate of Return on Equity (%)	15.50%
6.	<b>Return on Equity</b>	<b>110.98</b>



**2.12.12 Thus, the Commission approves ROE of Rs.110.98 Crore to PSTCL for FY 2020-21 as under:**

**Table 62: Return on Equity approved by the Commission for FY 2020-21**

(Rs. Crore)				
Sr. No.	Particulars	Transmission	SLDC	PSTCL
1.	Return on Equity	110.98	-	110.98

## **2.13 Unified Load Dispatch & Communication (ULDC) Charges**

**2.13.1** In the ARR Petition for FY 2020-21, PSTCL had claimed ULDC Charges of Rs. 9.67 Crore each for FY 2020-21 for its SLDC Business and the Commission approved Rs. 7.68 Crore each based on Audited Annual Accounts of FY 2018-19.

**2.13.2** In the ARR Petition for FY 2021-22, PSTCL has claimed revised estimates for ULDC Charges of Rs. 9.53 Crore as per Audited Annual Accounts of FY 2019-20 for its SLDC Business and the Commission has approved the same.

**2.13.3** In the True up Petition for FY 2020-21, PSTCL has claimed ULDC of Rs.9.80 Crore for FY 2020-21 as per Audited Annual Accounts for its SLDC Business and the details are as under:

**Table 63: ULDC Charges submitted by PSTCL for FY 2020-21**

(Rs. Crore)				
Sr. No.	Particulars	Transmission	SLDC	PSTCL
1.	ULDC Charges - SLDC own share	-	6.18	6.18
2.	ULDC Charges - BBMB share	-	1.36	1.36
3.	ULDC Charges - Central Sector share	-	0.00	0.00
4.	NRLDC fees and Charges	-	2.26	2.26
5.	<b>Total</b>	-	9.80	9.80

**2.13.4 Accordingly, the Commission approves ULDC charges of Rs. 9.80 Crore for the SLDC Business of PSTCL for FY 2020-21.**

## **2.14 Non-Tariff Income**

**2.14.1** In the ARR Petition for FY 2020-21, PSTCL had projected Rs. 17.75 Crore of Non-Tariff Income for its Transmission Business and Rs. 0.76 Crore for SLDC Business against which the Commission approved the Non-Tariff Income of Rs. 23.59 Crore for Transmission Business and Rs. 1.67 Crore for its SLDC Business based on Audited Annual Accounts of FY 2018-19.

2.14.2 In the ARR Petition for FY 2021-22, PSTCL had projected revised estimates of Rs. 39.81 Crore of Non-Tariff Income for its Transmission Business and Rs. 0.78 Crore for SLDC Business for FY 2020-21 against which the Commission approved the Non-Tariff Income of Rs. 25.94 Crore for Transmission Business and Rs. 0.58 Crore for its SLDC Business for FY 2020-21 based on Audited Annual Accounts of FY 2019-20.

**PSTCL's Submission:**

2.14.3 In the True-up Petition for FY 2020-21, PSTCL has claimed Rs. 26.46 Crore (Rs.25.94 Crore for Transmission Business and Rs.0.52 Crore for SLDC Business) on account of Non-Tariff Income based on Audited Annual Accounts for FY 2020-21.

2.14.4 PSTCL has submitted that it has considered the Non-Tariff income as indicated in Note 30 of the audited accounts. PSTCL has not considered the income towards certain heads wherein expenses were not allowed by the Commission in previous Tariff Orders as under:

- (a) Income of Rs. 0.79 Crore towards interest received on refund of Income Tax has not been considered because the Commission neither allowed expenses under the head of Income Tax nor interest on amount deducted as TDS.
- (b) Income of Rs. 0.80 Crore towards reversal of excess provision of impairment loss has not been considered, as impairment loss was not allowed in previous year.
- (c) PSTCL has considered Late payment Surcharge of Rs. 2.52 Crore for Transmission Business and Rs. 0.02 Crore for SLDC Business. PSTCL also considered the adjustment of financing cost on Late Payment Surcharge of Rs. 2.22 Crore for Transmission Business and Rs. 0.02 Crore for SLDC from the DPS of FY 2020-21. Thus, Net income from Late payment Surcharge is Rs. 0.32 Crore from Transmission Business and nil for SLDC.
- (d) PSTCL has not considered the amount of Rs. 0.01 Crore for SLDC Business because the cost of financing is more than the Interest earned on Fixed Deposits reflected in the Audited Accounts under Non-Tariff Income. PSTCL would like to submit that the income from Fixed Deposits are not actually earnings made on surplus amounts available with PSTCL, whereas these are Fixed Deposits made so as to issue Letter of Credit for availing Cash Credit facility and the cost of funds is more than the interest earned.

2.14.5 In view of the above, the Petitioner has submitted Non-Tariff Income for FY 2020-21 as shown in the following table:

**Table 64: Non-Tariff Income claimed by PSTCL for FY 2020-21****(Rs. Crore)**

<b>Sr. No</b>	<b>Particulars</b>	<b>FY 2020-21</b>		
		<b>Transmission</b>	<b>SLDC</b>	<b>Total</b>
1	Gain on Sale of Fixed Assets	1.26	-	1.26
2	Income/Fee/Collection against Staff Welfare Activities	0.01	-	0.01
3	Rental for staff quarters	0.28	0.05	0.32
4	NOC charges from open access customers	0.07	0.07	0.14
5	Credit balance written back:			
a	- Sundry creditors	0.06	-	0.06
b	- Other sundry credit balance	4.96	0.02	4.98
c	- Security Deposits/EMD	0.15	-	0.15
6	Rebate on early payment to NRLDC	-	0.12	0.12
7	Income from O&M of bays of PGCIL	7.51	-	7.51
8	Miscellaneous income	13.75	-	13.75
9	Delayed Payment Charges from Consumers	0.32	-	0.32
10	Penalty imposed on suppliers/contractors	5.52	0.16	5.68
11	Income from Other Business - Sale of Scrap	1.64	-	1.64
	<b>Total</b>	<b>35.52</b>	<b>0.41</b>	<b>35.93</b>

2.14.6 Accordingly, the Petitioner has prayed to the Commission to approve the Non-Tariff Income of Rs. 35.52 Crore for Transmission Business and Rs. 0.41 Crore for SLDC in FY 2020-21 for True-up.

**Commission's Analysis:**

2.14.7 The Commission determines the Non-Tariff Income for FY 2020-21 in accordance with Regulation 28 of PSERC MYT Regulations, 2019 which is reproduced as under:

*" 28.1 The following components of income shall be treated as non-tariff income for the generation, transmission, SLDC and distribution businesses, as applicable:*

- (a) Meter/metering equipment rentals;*
- (b) Serviceline charges;*
- (c) Net revenue from late payment surcharge (late payment surcharge less financing cost of late payment surcharge);*
- (d) Interest on advances to suppliers/ contractors;*
- (e) Interest on staff loans and advances;*
- (f) Income from trading;*
- (g) Income from staff welfare activities;*
- (h) Excess found on physical verification;*

- (i) Interest on investments, fixed and call deposits and bank balances;
- (j) Net recovery from penalty on coal liaison agents;
- (k) Prior period income;
- (l) Income from open access charges i.e. application fee, cross subsidy surcharge, additional surcharge, transmission and/or wheeling charges, scheduling charges etc.;
- (m) Rebate on timely payment of power purchase including transmission bills:  
*Provided that only 50% of the 'rebate for timely payment of power purchase and transmission charges' received by the Licensee shall be considered as non-tariff income;*
- (n) Miscellaneous receipts and any other income not included above;  
*The Applicant shall submit full details of its forecast of non-tariff income to the Commission as a part of ARR filing. The amount received by the Applicant on account of non-tariff Income shall be deducted from the aggregate revenue requirement for calculating the net revenue requirement of Applicant's business."*

2.14.8 In response to Commission's query regarding the mismatch of Non-Tariff Income as submitted by PSTCL and as given in the Audited Accounts, the Petitioner vide reply dated 12.02.2022 submitted the revised Non-Tariff Income as under:

**Table 65: Revised Non-Tariff Income claimed by PSTCL for FY 2020-21**

(Rs. Crore)

Sr. No.	Particulars	FY 2020-21		
		Transmission	SLDC	Total
1	Gain on Sale of Fixed Assets	2.07	-	2.07
2	Income/Fee/Collection against Staff Welfare Activities	0.01	-	0.01
3	Rental for staff quarters	0.28	0.05	0.32
4	NOC charges from open access customers	0.07	0.07	0.14
5	Credit balance written back:			
a	- Sundry creditors	0.06	-	0.06
b	- Other sundry credit balance	4.96	0.02	4.98
c	- Security Deposits/EMD	0.15	-	0.15
6	Rebate on early payment to NRLDC	-	0.12	0.12
7	Income from O&M of bays of PGCIL	7.51	-	7.51
8	Miscellaneous income	13.75	-	13.75
9	Transmission Charges from Open Access Consumers	3.73	0.27	4.00
10	Operating Charges from Open Access Consumers	-	0.28	0.28

(Rs. Crore)

Sr. No.	Particulars	FY 2020-21		
		Transmission	SLDC	Total
11	Delayed Payment Charges from Consumers	2.52	0.02	2.54
12	Penalty imposed on suppliers/contractors	5.52	0.16	5.68
13	Income from Other Business - Sale of Scrap	1.64	-	1.64
14	Less Financing Cost of Late Payment Surcharge (Applicable on Principal Amount of Delayed Payment)	2.20	0.02	2.22

2.14.9 The Commission determines the Non-Tariff Income in accordance with Regulation 28 of PSERC MYT Regulations, 2019 and as per the Audited Accounts as under:

**Table 66: Non-Tariff Income for FY 2020-21 approved by the Commission**

(Rs. Crore)

Sr. No.	Particulars	FY 2020-21		
		Transmission	SLDC	Total
1	Gain on Sale of Fixed Assets	1.26	-	1.26
2	Income/Fee/Collection against Staff Welfare Activities	0.01	-	0.01
3	Rental for staff quarters	0.28	0.05	0.32
4	NOC charges from open access customers	0.07	0.07	0.14
5	Credit balance written back:			
a	- Sundry creditors	0.06	-	0.06
b	- Other sundry credit balance	4.96	0.02	4.98
c	- Security Deposits/EMD	0.15	-	0.15
6	Rebate on early payment to NRLDC	-	0.12	0.12
7	Income from O&M of bays of PGCIL	7.51	-	7.51
8	Miscellaneous income	13.75	-	13.75
9	Delayed Payment Charges from Consumers	2.52	0.02	2.54
10	Penalty imposed on suppliers/contractors	5.52	0.16	5.68
11	Income from Other Business - Sale of Scrap	1.64	-	1.64
12	Less Financing Cost of Late Payment Surcharge (Applicable on Principal Amount of Delayed Payment)	2.20	0.02	2.22
13	<b>Total</b>	<b>35.58</b>	<b>0.35</b>	<b>35.93</b>

2.14.10 Accordingly, the Commission approves Rs. 35.58 Crore for Transmission Business and Rs. 0.35 Crore for SLDC Business as Non-Tariff Income for FY 2020-21.

## 2.15 Other Expenses

### PSTCL's Submission:

2.15.1 PSTCL has claimed the bad and doubtful debts in line with the methodology specified in Regulation 47.1 of PSERC MYT Regulation, 2019. Accordingly, PSTCL has also claimed infructuous capital expenditure written off worth Rs. 1.64 Crore under the head other debits as reflecting in Audited Accounts of FY 2020-21. PSTCL has also considered the following in the bad and doubtful debts:

- (i) PSTCL has written off Rs. 0.1970 Crore and Rs. 0.0244 Crore related to theft incidence occurred at P&M Sahnewal store on 3.10.2017, 6.7.2018 and 7.7.2018. Further, amount of Rs. 6.45 Crore has been written off related to destruction of material due to fire accident on 3.4.2017 at Grid Store, Jalandhar which was decided by the Board of Directors in meeting dated 18.01.2021. Therefore, PSTCL has claimed Rs. 6.68 Crore (Rs. 6.45 Crore + Rs. 0.1970 Crore + Rs. 0.0244 Crore) in the true up of FY 2020-21.
- (ii) During FY 2020-21, PSTCL has written off Rs. 0.30 Crore outstanding balance of sundry debtors as on 16.4.2010. In view of the above methodology adopted by the Commission, PSTCL has requested the Commission to allow the above said amount during True-up of FY 2020-21.
- (iii) Net Delayed Payment Surcharge of Rs. 4.27 Crore (Rs. 4.25 Crore for Transmission Business and 0.02 Crore for SLDC Business) was considered as non-tariff income in FY 2019-20, in the Tariff Order of FY 2021-22. This DPS of Rs. 4.27 Crore has been reversed and has been written off in FY 2020-21 in view of the meeting held on 16.4.2021 between PSTCL and PSPCL. PSTCL has considered the same as part of its Bad and doubtful debts.

**Table 67: Other Expenses as claimed by PSTCL for FY 2020-21**

Sr. No.	Particulars	(Rs. Crore)		
		FY 2020-21		
		Transmission	SLDC	Total
1	Written off assets due to theft	6.68	-	6.68
2	Sundry Creditors written off	0.30	-	0.30
3	Infructuous capital expenditure written off	1.64	-	1.64
4	Delayed Payment Charges income written off	4.25	0.02	4.27
5	<b>Total</b>	<b>12.86</b>	<b>0.02</b>	<b>12.88</b>