Before the Odisha Electricity Regulatory Commission
Plot No-4, Chunokoli, Shailashree Vihar, Bhubaneswar-751021

Case No: 82 of 2022

File No TPSODL/Regulatory /2023/2/238

In the Matter of	Revised Application for Aggregate Revenue Requirement (ARR) ,Wheeling Tariff , Retail Supply Tariff and Open Access Charges for the Financial Year 2023-24 under the Electricity Act 2003, OERC (Terms and Conditions for Determination of Wheeling and Retail Supply Tariff) Regulations 2022 , OERC (Conduct of Business Regulations) 2004 , OERC (Terms and condition of Intra-State Open Access) Regulations 2020, Vesting Order dated 28.12.20, Carved out Balance Sheet as on 01.01.2021 and its Order dated 26.11.2021 and Other Tariff related matters.
	And
In the Matter of	TP Southern Odisha Distribution Ltd. (Formerly Southco Utility), Corporate Office, represented by its Chief –Regulatory Affairs Regd./Corp Office: Kamapally, Courtpeta, Berhampur, Ganjam, Odisha- 760004
	...Petitioner
	And
In the Matter of	All Stake Holders
	…Respondents

In line with Regulation 6 of the Odisha Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014 "Tariff Regulations of 2014 ", Section 62 of the Electricity Act 2003 and Regulation 53 of OERC (Conduct of business) Regulations, 2004, TP Southern Odisha Distribution Ltd (TPSODL) had filed an application on 30th November 2022, before the Hon'ble Commission for approval of Annual Revenue Requirement and Tariff proposal for the Financial Year 2023-24 .

Thereafter, the Hon'ble Commission through its notification dated 30th November 2022 had directed TPSODL to file the revised ARR in line with the new Odisha Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2022 ("New Tariff Regulations"). The extracts of the notification are as under

> Whereas, OERC is contemplating to bring out a new Regulation called the OERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2022 by the end of the month of December, 2022 by repealing old Regulation of 2014 on the subject, in exercise of power vested under Regulation 53 of the OERC (Conduct of Business) Regulations, 2004 liberty is hereby given to the applicant DISCOMs to file their revised ARR and Tariff application as per the new Regulation, 2022 referred to above within 15 days of its Gazette notification.

The Gazette notification for the "New Regulations" or "Tariff Regulations 2022" is dated 20th December 2022 and the same was informed to TPSODL on 26th December 2022. On the basis of the New Tariff Regulations, TPSODL has revised its submissions and the same are enclosed. The following is prayed by TPSODL

A. Prayers

TPSODL prays that the Hon'ble Commission may kindly be pleased to;

1. Approve the Aggregate Revenue Requirement (ARR) Aggregate Revenue Requirement (ARR) for Wheeling business and Retail business of the Utility for the Financial Year 2023-24 as proposed by the TPSODL.
2. Approve the proposal for revised Meter Rent for Smart Meters for Single Phase as worked out in **Chapter 4 Meter Rent Proposal for Smart Meters** of this petition
3. Permit making additional submission required in this matter
4. Grant any other relief as deemed fit & proper in the facts and circumstances of the case.

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1. Introduction and Basis of filing of present petition

1.1. Business of TPSODL

1. Tata Power South Odisha Distribution Limited (TPSODL) is incorporated as a joint venture of The Tata Power Company (51%) and Odisha Government (49%) on the Public-Private Partnership (PPP) model. TPSODL which was formed after the successful completion of competitive bidding process was given the license to distribute electricity in the southern part of Odisha comprising districts of Ganjam, Gajapati, Boudh, Kandhamal, Rayagarda, Koraput, Nabarangapur and Malkanagiri, which was earlier served by erstwhile Southco Utility. The map of Odisha and the area served by TPSODL is depicted in the map below

Figure 1 : Area of Distribution in the State of Odisha

2. The core business activities of TPSODL are summarized as follows:

- Operation and maintenance of distribution network
- Expansion of distribution network
- Electricity supply and after sales services
- Connection of new customers to the distribution network
- Meter reading, billing and revenue collection
- Customer complaint resolution
- Restoration of power after interruptions
- General customer care including provision of information on services
- Customer sensitization on energy efficiency, energy losses and safety

1.2. Formation of TPSODL

3. Prior to commencement of distribution of electricity by TPSODL, the same was carried out by Southern Electricity Supply Company of Odisha Limited (the "Southco") which was in turn incorporated on 19th November 1997 under the Companies Act, 1956. Pursuant to the Odisha Electricity Reforms Act 1995 and Odisha Electricity Reforms Rules 1998, all the assets of GRIDCO pertaining to the distribution business in the Southern Zone of GRIDCO were transferred to Southco.

4. On 1st April 1999, 51% (fifty one percent) shares of GRIDCO in Southco were transferred to BSES Limited selected through competitive bidding process. SOUTHCO was continued to be managed by BSES Limited and later by its successor R-Infra Limited.

5. Under Section 19 of the Electricity Act, 2003 (the "Act"), the Hon'ble OERC or Hon'ble Commission revoked the license of Southco with effect from Mar 2015 and appointed CMD, GRIDCO as the administrator under Section 20(d) of Act and vested the management and control of Southco Utility along with their assets, interests and rights with the CMD, GRIDCO Limited. This decision was upheld by the Hon'ble Appellate Tribunal for Electricity (ATE) and Hon'ble Supreme Court .

6. Thereafter, in terms of Section 20 of Electricity Act 2003, the Hon'ble Commission initiated a transparent and competitive bidding process for selection of an investor for sale of utility of Southco and had issued the Request for Proposal on 14.08.2020. In response to the said RFP, two bids were received by the bid due date. After detailed evaluation by independent bid evaluation committee setup by Hon'ble Commission, The Tata Power Company Limited (the "TPCL") was recommended as the successful bidder and the Hon'ble Commission accepted the same under Section 20(1)(a) of the Act.

7. Thereafter, the Hon'ble Commission vide its order dated 28th December 2020 in Case No 83 of 2020 ("Vesting Order") vested the utility of Southco to TPSODL in terms of Section 21 of the Electricity Act 2003. TPSODL commenced its operation on 1st January 2021

8. Hence the business of TPSODL utility is governed by the provisions of license issued by Hon'ble Commission for distribution and retail supply of electricity in Southern Odisha. The Hon'ble Commission under the Electricity Act 2003, regulates the working of the entire power sector of Odisha state, including determination of tariff chargeable to end consumers

1.3. Operation of TPSODL and its Asset Base

9. TPSODL's licensed area is spread over a geographical area of 48751 sq. Km. and it serves a registered consumer base of around 24 lakhs. TPSODL procures power from GRIDCO through Odisha Power Transmission Corporation Limited (OPTCL)'s 220/132/33 kV grid substations at sub transmission voltage level of 33 kV and then distributes the power at 33 kV/11 kV/440 V/230 V depending on the demands of the consumers.

10. In this process, TPSODL operations include several electrical equipment such as Power Sub Stations (PSS), 33 KV Lines, 11 KV lines , 415 V network and all the associated apparatus. The summary of the various electrical equipment operated by TPSODL is provided in the table below:

Table 1-1 : TPSODL Equipment Statistics (as on 31st October 2022)

Sl.No	Description	Units	Circles Names						TPSODL Total
			Berhampur City Circle	Berhampur Circle	*Aska Circle*	*Bhanjanagar Circle*	*Rayagada Circle*	*Jeypore Circle*	
1	No of 33 KV/11 KV PSS	No	20	31	22	45	53	75	246
A	**Transformes at PSS**								
2	No.of 33/11KV PowerTrans. Capacity	MVA	47	73	58	97	101	159	535
B	**Distribution Transformers**								
3	No.of 33/.4 kv Distribution Transformer	No	16	27	16	13	22	65	159
4	No.of 11/.4 kv Dist.Transformers	No	2194	4582	3432	7510	5527	15898	39143
5	No. of 11/0.23Kv Dist. Transformer Capacity	No	312	709	696	6058	3377	6970	18122
	Total Distribution Transformers	No	2522	5318	4144	13581	8926	22933	57424
C	**HV Lines**								
7	33 KV Lines and Cable	Ckt Km	147	383	244	885	814	1409	3882
8	11 KV Lines	Ckt Km	1241	3500	2746	10274	8252	17233	43247
D	**LV Lines**								
9	LT Lines	Ckt Km	556	1088	706	1511	2738	2559	9158
10	LT Cables (ABC)	Ckt Km	1025	3454	2014	7126	3923	13503	31046
	Total LT	**Ckt Km**	**1581**	**4542**	**2720**	**8637**	**6662**	**16062**	**40204**

11. TPSODL serves a population of 94.4 Lakhs with a customer base of about 24 Lakhs. The area of operation of TPSODL is spread over an area of 48751 Square Km

1.4. Opening Balance Sheet of TPSODL

12. As mentioned earlier, the utility of Southco was vested in TPSODL from 1st January 2021. As per Section 21(a) of the Electricity Act 2003, it is stipulated that "*the utility shall vest in the purchaser or the intending purchaser, as the case may be, free from any debt, mortgage or similar obligation of the licensee or attaching to the utility*". Accordingly, the Balance Sheet of TPSODL as on 1st January 2021 (i.e on the date of commencement of operation) was "carved out" of the Balance Sheet of South Utility by the Hon'ble Commission vide its order dated 26th November 2021.

13. In terms of carving out, only certain assets and liabilities were passed on to TPSODL while the balance was retained with the erstwhile utility. Based on this order, the Opening Balance Sheet of TPSODL carved out was as follows:

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Table 1-2 : Opening Balance Sheet of TPSODL as on 1st January 2021 (Rs Cr)

Sr No	Particulars	Balance Sheet of Southco Utility	Balance Sheet carved out for TPSODL as on 1st January 2021	Remaining with erstwhile Utility
I	**Equity and Liabilities**			
A	**Capital Fund**			
1	Equity	37.66	200	37.66
2	Contingencies Reserves	35.86		35.86
3	Capital Subsidy	401.35	148.05	253.3
4	Balance Loss Carried over	-2866		-2866
B	**Loan Fund**			
5	Long Term Borrowings	625.35		625.35
6	Short Term Loans	158.9	158.9	0
C	**Other Funds**			
7	Consumer Secutity Deposit	269.54	269.54	0
8	Capital Contribution from Consumers	228.73	228.73	0
D	Current Liabilities and Provisions			
9	Sundry Creditors/Trade Payables- Power Purchase	1444.95	98.87	1146.13
10	Sundry Creditors/Trade Payables- Goods and Services	28.83	28.83	0
11	Deposites and Retention from Suppliers/Contractors	102.06	102.06	0
12	Advance Payment/Deposit from consumers	153.82	153.82	0
13	Creditors on capital accounts	29.83	29.83	0
14	Interest accrued and due to SBI	0.66	0.66	0
15	Payable to NESCO	16.08	16.08	0
16	Interest accrued and due	11.83		11.83
17	Interest Accrued but not due	143.86		143.86
18	Electricity Duty Payable (subject to realisation from Consumers)	65.96		65.96
19	Electricity Duty Payable (collected)	2.28	2.28	0
20	Payable to REC Limited	0.1	0.1	0
21	Other Liabilities	69.59	69.59	0
22	Provisions	1267.15		1267.15
	Total Liabilities	2228	1507	721
II	**Assets**			
A	**Fixed Assets**			
1	Gross Block	1001.94	999.88	2.06
2	Less Accuumlated Deprecation	355	355	0
3	*Net Block*	*646.94*	*644.88*	*2.06*
4	Capital Work in Progress	73.66	73.66	0
B	**Current Assets, Loans and advances**			
6	Sundry Debtors/Trade Receivables	440.65	266.63	174.02
7	Inventories	7.23	7.23	0
8	Cash and Bank Balances			
9	Cash on Hand	6.16	6.16	0
10	Stamps in hind	0	0	0
11	Balances with Scheduled Bank- Current Account	127.82	127.82	0
12	Balances with scheduled bank - Fixed Deposits	304.16	304.16	0
13	Remittances in Transit	0.26	0.26	0
14	Loans and Advances			
15	Loans and advances to employees	5.73	5.73	0
16	Receivables from Wesco	5.46	5.46	0
17	Advance recoverable in cash or in kind or for value to be received	0.29	0.29	0
18	Capital Subsidy/Grant Receivable	46	46	0
19	Regulatory Assets	545		545
20	Other Deposits (Considered Good)	9.14	9.14	0
21	Other Deposits	5.48	5.48	0
22	Interest accrued on Fixed Deposits	4.45	4.45	0
	Total Assets	**2228**	**1507**	**721.08**

1.5. Basis for filing of the present petition

14. TPSODL has filed several petitions for approval of a) ARR for FY 2022-23, b) Capex approval of FY 2021-22 c) Annual Business Plan (i.e Opex) for FY 2021-22 and d) Capex approval of FY 2022-23. The Hon'ble Commission after following the due regulatory process has approved certain expenditure in these petitions.

15. The Various orders passed by the Hon'ble Commission as applicable to TPSODL are as follows:

Table 1-3 : Various Orders of the Hon'ble Commission for TPSODL

Sr No	Case No	Date of Order	Subject Matter
1	83 of 2020	28th December 2020	Vesting of Southco Utility in TPSODL
2	08 of 2021	18th September 2021	Capex Plan for FY 2021-22
3	39 of 2021	29th October 2021	Annual Business Plan for FY 2021-22
4	108 of 2021	24th March 2022	Tariff Order for FY 2022-23
5	13 of 2022	14th July 2022	Capex Plan for FY 2022-23

16. Further, as regards the employee expenditure, TPSODL has sought approval of recruitment of employees from time to time and also sought the approval of arrears that are payable under the 7th Pay Commission. The Hon'ble Commission, based on our submission has approved certain number of employees to be recruited and also approved the payment of arrears.

17. In addition, the OERC (Terms and Conditions for determination of Wheeling Tariff and Retail Supply Tariff) Regulations 2014 ("Tariff Regulations 2014") have been made applicable for determination of the Annual Revenue Requirement (ARR) since the time of commencement of business by TPSODL on 1st January 2021. The Hon'ble Commission has thereafter published the OERC (Terms and Conditions of Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2022 ("New Tariff Regulations or Tariff Regulations 2022"). Such new regulations would be applicable from the period starting 1st April 2023 to 31st March 2028, extended thereafter from time to time by the Hon'ble Commission. Based on the various approvals of the Hon'ble Commission in different orders, applicable Tariff Regulations, TPSODL is filing

the present petition providing the estimation for FY 2023-24 and also the providing the projections for FY 2023-24covering the following:

Table 1-4 : Basis of filing of the ARR

Sr No	Filings	Applicable Tariff Regulations
1	Provisional True up of FY 2022-23	Tariff Regulations 2014
2	ARR for FY 2023-24	Tariff Regulations 2022

2. Estimations for FY 2022-23 and ARR for FY 2023-24

18. The projections for FY 2023-24 are largely based on the expenditure incurred for FY 2022-23 and hence there is a need to present the provisional performance for FY 2023-24. In the present chapter, TPSODL is presenting the estimated projections for FY 2022-23. At present, the data for H1 FY 2022-23 is available with TPSODL. Based on the same, the Projections for H2 FY 2022-23 has been made and accordingly, the estimates for FY 2022-23 have been made.

19. For FY 2023-24, based on the estimates for FY 2022-23 and on the basis of the present situation, the projections for FY 2023-24 have been made. Further, for FY 2023-24, TPSODL has considered the applicability of New Tariff Regulations

2.1. Sales and Revenue for FY 2022-23

20. There was considerable increase in the Sales in FY 2022-23 as compared to FY 2021-22 post recovery from slowdown due to Covid 19. In addition, due to the special tariff (Rs 4.30 per KVAH) for consumers with Captive Generation Plant, the EHT load of some of the consumers had increased considerably. Further there was an increasing trend shown even for HT and LT Category of sales

21. Based on the past trend for H2 over H1 in a particular year, expected continuation availing supply under the special Tariff, the projected sales for FY 2022-23 have been worked out.

22. Similarly considering the applicable tariff to various tariff categories, the revenue for the entire year has been made. Further, based on the Prompt Payment Discount available in the Tariff Order for FY 2022-23, we have estimated the prompt payment discount that would be availed for the FY 2022-23

23. The estimated sales and expected revenue for FY 2022-23 would be as follows:

Table 2-1 : Estimation of Sales for FY 2022-23

Sr No	Category	Sales - H1		Sales -H2 (Projections)		Total FY 2022-23	
		Mus	Rs Cr	Mus	Rs Cr	Mus	Rs Cr
1	EHT	336	222	283	187	619	408
2	HT	216	156	151	109	367	266
3	LT	1175	589	1210	607	2385	1196
5	**Total**	**1727**	**967**	**1644**	**902.34**	**3372**	**1869**
6	Less Discount						-18.7
7	Net Revenue						1850.7

2.2. Sales for FY 2023-24

24. The projection of sales for FY 2023-24 have been based on the estimated sales for FY 2022-23 and the projection of Revenues have been made on the basis of these estimated sale and the average tariff achieved for individual category. Accordingly, the projections for FY 2023-24 are as follows:

Table 2-2 : Estimation of Sales and Revenue for FY 2023-24

Sr No	Category	Avg Tariff considered for Projections	Projections of Sales	Estimated Revenue
		Rs/Kwh	Mus	Rs Cr
1	EHT	6.59	642	423
2	HT	7.23	391	283
3	LT	5.01	2553	1280
4	**Total**	**5.54**	**3586**	**1986**
5	Less Projected Prompt Payment Discount			-19.86
6	**Net Revenue**			**1965.85**

2.3. Power Purchase Requirement

25. As per the Vesting Order, the Hon'ble Commission has specified the trajectory for AT&C losses for 10 years commencing FY 2021-22. Not withstanding the actual loss, the tariff and ARR computations would be based on such trajectory only. The trajectory specified in the Vesting Order is providing in the following extracts

Extracts 2-1 : Trajectory for Tariff Determination

Table 4: 10-year AT&C Loss Trajectory for Tariff Determination

AT&C Loss Trajectory for Tariff Determination (%)									
FY22	**FY23**	**FY24**	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**	**FY31**
25.75	25.75	25.75	25.35	25.00	22.57	20.38	18.40	16.61	15.00

26. The Power Purchase expenses for FY 2022-23 for the purpose of computation of ARR has been worked out on the basis of the AT&C Loss trajectory provided in the Vesting order and presented in this petition in ***Extracts 2-1 : Trajectory for Tariff Determination***. Considering the applicable AT&C loss for FY 2022-23 and collection efficiency of 99 % , the power purchase expenses required are as follows for the two years FY 2022-23 and FY 2023-24

Table 2-3 : Estimation of Power Purchase Expenses for FY 2022-23

Sr No	Particulars	Units	Value
A	**Estimation of Distribution (or Billing) Loss for True Up**		
1	AT&C Loss for Tariff	%	25.75%
2	Collection Efficiency	%	99%
3= (100% -1)/ 2	Billing Efficiency	%	75.00%
4= 100% -3	Distribution Loss	%	25.00%
B	**Computation of Normative Power Purchase Quantum**		
5	Sales	Mus	3372
6= 5/3	Normative PP	MUs	4495
C	**Computation of Normative Power Purchase Amount**		
7	BSP	Rs/Kwh	2.27
8=6x7/10	Normative Power Purchase Costs	Rs Cr	1020.4
D	**Computation of Normative Transmission Charges**		
9	Rate of Transmission Charges	Rs/Kwh	0.28
10= 6x9/10	Normative Transmission Charges	Rs Cr	125.9
E	**SLDC Charges**		
11	Monthly SLDC Charges	Rs L/Montl	5.90
12=11x12	Annual SLDC Charges	Rs Cr	0.708
F	**Total Power Purchase Costs**	**Rs Cr**	**1147.02**

Table 2-4 : Estimation of Power Purchase Expenses for FY 2023-24

Sr No	Particulars	Units	Value
A	**Estimation of Distribution (or Billing) Loss for True Up**		
1	AT&C Loss for Tariff	%	25.75%
2	Collection Efficiency	%	99%
3= (100% -1)/ 2	Billing Efficiency	%	75.00%
4= 100% -3	Distribution Loss	%	25.00%
B	**Computation of Normative Power Purchase Quantum**		
5	Sales	Mus	3586
6= 5/3	Normative PP	MUs	4781
C	**Computation of Normative Power Purchase Amount**		
7	BSP	Rs/Kwh	2.27
8=6x7/10	Normative Power Purchase Costs	Rs Cr	1085.3
D	**Computation of Normative Transmission Charges**		
9	Rate of Transmission Charges	Rs/Kwh	0.28
10= 6x9/10	Normative Transmission Charges	Rs Cr	133.9
E	**SLDC Charges**		
11	Monthly SLDC Charges	Rs L/Month	5.90
12=11x12	Annual SLDC Charges	Rs Cr	0.708
F	**Total Power Purchase Costs**	**Rs Cr**	**1220**

2.4. Capex and Capitalisation for FY 2022-23

27. The Hon'ble Commission has approved capital expenditure for two years viz FY 2021-22 and FY 2022-23 in Case no 08 of 2021 and Case No 13 of 2022. Further as per the Tariff Regulations 2014 as well as the Vesting Order, the Capital Expenditure for each year is required to be approved.

28. It is further submitted that the orders presented in **Table *1-3* : Various Orders of the Hon'ble Commission for TPSODL** relating to capital expenditure were passed after considerable time had elapsed in that particular financial year and hence the schemes envisaged for a particular year had to be carried forward to the next year. Hence it is submitted that the capitalisation presented in this petition is due to capex schemes approved for that particular year as well as due to capitalisation of schemes initiated in the previous years.

2.4.1. Gridco Equity in Kind

29. It is submitted that for funding the Capex, contribution from Tata Power Company Ltd (TPCL) and Gridco are required in terms of Equity in TPSODL. It is further submitted that Gridco has been contributing its equity in kind. Accordingly, the cash required from Gridco Equity to fund the capex is not available. Hence in order to incorporate the same, the capitalisation needs to be increased. As can be seen from the illustration in the table below , for every Rs 100 crores of Capitalisation, the amount for the purpose of working out the ARR needs to be increased by 17.2 %. Hence an additional amount of Rs 17.2 Crores needs to be provided for included in addition to capitalisation shown in the table below

Table 2-5 : Additional Capitalisation due Gridco Equity in kind

Sr No	Particulars	Units	Value
a	Capex /Capitalisation of Project	Rs Cr	100
b	Additional Capex/Capitalisation of Asset (in lieu of Equity investment by Gridco)	Rs Cr	17.2
c= a+b	Total Capex/ Capitalisation to be allowed	Rs Cr	117.2
d	Equity contribution by TPC= c x 30% x 51%	Rs Cr	17.9
e	Equity contribution by Gridco= c x30% x 49%	Rs Cr	17.2
f	Equity for Tariff= 30% of c	Rs Cr	35.2
g	Debt for Tariff=70% of c	Rs Cr	82.1

30. Based on the progress made so far, the estimated capitalisation for FY 2022-23 is as follows:

Table 2-6 : Estimated Capitalisation for FY 2022-23

Sr No	Category of Capitalisaion	Amt (Rs Cr)
1	Assets created from OERC approved Capex for FY 2021-22	65.07
2	Assets created from OERC approved Capex for FY 2022-23	237.66
3	Asset towards contribution of Gridco Share of Equity	52.07
	Total	**354.80**

31. The details of the various areas of capitalisation is presented in **Table *6-1*** and **Table *6-2*** in this petition.

2.5. Capex and Capitalisation for FY 2023-24

32. For the FY 2023-24, TPSODL has filed a petition dated 3rd January 2023 with the Hon'ble Commission for their approval. At this point of time of submission, it is difficult to project the contribution of the Capitalisation in these schemes for incorporating the impact on ARR as such approval is pending. We have in the **Table** ***6-3 Areas of Capitalisation from Schemes being proposed for FY 2023-24*** considered the capitalisation from the scheme proposed in the FY 2023-24. Based on the capitalisation considered for working out the impact on ARR are as follows:

Table 2-7 : Estimated Capitalisation for FY 2023-24

Sr No	Category of Capitalisaion	Amt (Rs Cr)
1	Assets created from OERC approved Capex prior to FY 2023-24	57.17
2	Assets created from OERC approved Capex for FY 2023-24	303.30
3	Asset towards contribution of Gridco Share of Equity	62.00
	Total	**422.47**

2.6. Interest on Debt Capital for FY 2022-23

33. The Tariff Regulation 2014 allow 70% of the capitalisation to be funded by loan or Debt. However, in case the loan is higher than 70% (i.e Equity less than 30%), then such higher loan would be considered for the purpose working out the ARR. The extracts of the Tariff Regulations 2014 are as follows:

Extracts 2-2: Debt as per Tariff Regulations 2014

7.43 In case of all new projects, debt-equity ratio shall be 70:30 for determination of tariff. Where equity employed is more than 30%, the amount of equity for the purpose of tariff shall be limited to 30% and the balance amount shall be considered as the normative loan:

Provided that in case of the projects where actual equity employed is less than 30%, the actual debt and equity shall be considered for determination of tariff.

34. As per the Tariff Regulations 2014, the interest rate would be applicable on the actual loan portfolio at the beginning of each Financial year. The extracts from the Tariff Regulations 2014 is as under

Extracts 2-3: Interest applicable as per Tariff Regulations 2014

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7.48 The rate of interest on capital loans shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each Financial Year:

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 distribution licensee does not have actual loan, then the rate of interest shall be determined by the Commission from time to time.

35. We have considered a Debt of 70% of Capitalisation for the new Projects. We have tied up Rs 150 Crores from UBI during the FY 2021-22 and the disbursal of the loan commenced in FY 2021-22. This loan of Rs 150 Crores would be utilised for the capex approved by the Hon'ble Commission for FY 2021-22 (Rs 184.65 Crores). The extracts from the Sanction Letter of UBI providing the salient features are as given below:

Extracts 2-4: Extracts from the Sanction Letter of UBI

(Rs in Crores)

Nature of Limit	Amount		Margin	Int./ Comm.	Prime /Collateral Security
Fund Based	Existing	Proposed			
CAPEX TL	--	150.00	30%	3 Months MCLR i.e 6.90% at present	1st charge on the entire movable and immovable fixed assets, both present and future, excluding assets transferred from SOUTCO vide vesting orders of OERC. Letter ceding pari-passu charge may be issued by our Bank at the time of sanction of term loan by other lenders in future, subject to maintaining asset coverage of minimum 1.45X.
TOTAL	--	150.00			

36. Based on the same and the loan in hand we have considered a rate of 6.9% for the loan. Accordingly, the estimated Debt and Interest for FY 2022-23 is provided as under

Table 2-8 :Estimation of Debt and Interest for FY 2022-23

Sr No	Particulars	Units	FY 2020-21	FY 2021-22	FY 2022-23
A	**Capitalisation for determination of Debt**				
1	Capitalisation for the year	Rs Cr	0	121.57	302.73
2= 17.2 % of 1	Add Capitalisation due to Gridco Contribution in Kind	Rs Cr	0	23.55	52.07
3=1+2	Total Capitalisation for Debt and Equity	Rs Cr	0	145.11	354.80
b	**Debt Capital for Capitalisation**				
5	Opening Debt	Rs Cr	0	0.0	96.4
6=70%x 3	Addition	Rs Cr	0.0	101.6	248.36
7	Repayment= Depc	Rs Cr		5.14	26.91
8=5+6-7	Closing Debt	Rs Cr	0.0	96.4	317.9
9=(5+8)/2	Average Balance	Rs Cr	0.0	48.2	207.2
b	**Interest on Debt**				
10	Rate of Interest	%		6.9%	6.9%
11	Interest on Debt	Rs Cr		3.33	14.29

2.7. Interest on Debt for FY 2023-24

37. The relevant extracts from the Tariff Regulations 2022 in this regard are as follows:

Extracts 2-5 : Extracts from New Regulations for working out the Debt and Interest on Debt

3.7.1. The loans arrived at in the manner indicated in these Regulations on the assets put to use, shall be considered as gross normative loan for calculation of interest on loan:

Provided that interest and finance charges on capital works in progress shall be excluded:

3.7.2. The normative loan outstanding as on 1st April shall be worked out by deducting the cumulative normative repayment as admitted by the Commission up to 31st March of the previous year.

Provided that the assets of erstwhile DISCOMs as on effective date in terms of the provisions of Vesting Orders shall not be eligible for calculation of interest on loan.

3.7.3. The normative repayment for the year during the Control Period shall be deemed to be equal to the depreciation allowed for that year.

..

3.7.5. 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 Distribution Licensee:

..

38. Based on the above, the projection of Debt and the projection of Interest for FY 2023-24 is as follows:

Table 2-9 :Projection of Debt and Interest for FY 2023-24

Sr No	Particulars	Units	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
A	**Capitalisation for determination of Debt**					
1	Capitalisation for the year	Rs Cr	0	121.57	302.73	360.47
2= 17.2 % of 1	Add Capitalisation due to Gridco Contribution in Kind	Rs Cr	0	23.55	52.07	62.00
3=1+2	Total Capitalisation for Debt and Equity	Rs Cr	0	145.11	354.80	422.47
b	**Debt Capital for Capitalisation**					
5	Opening Debt	Rs Cr	0	0.0	96.4	317.9
6=70%x 3	Addition	Rs Cr	0.0	101.6	248.4	222.5
7	Repayment= Depc	Rs Cr		5.14	26.91	36.78
8=5+6-7	Closing Debt	Rs Cr	0.0	96.4	317.9	503.6
9=(5+8)/2	Average Balance	Rs Cr	0.0	48.2	207.2	410.8
b	**Interest on Debt**					
10	Rate of Interest	%		6.9%	6.9%	6.9%
11	Interest on Debt	Rs Cr		3.33	14.29	28.34

2.8. Interest on Working Capital for FY 2022-23

39. As per the Tariff Regulations 2014, the computation of Working Capital and also the interest on the same is as given in the table below:

Extracts 2-6: Working Capital and Interest on the same as per Tariff Regulations 2014

7.49 Interest on Working Capital: Working capital shall include—

(a) Operation and maintenance expenses for one month;

(b) Receivables for one month;

(c) Maintenance spares @ 40% of R&M expenses for one month.

7.50 The rate of interest for working capital shall be equal to the SBI Base Rate plus 300 basis points as on 1st January of the preceding year for which tariff is determined:

Provided that the Commission while determining the working capital requirement, shall take into account the outstanding receivables with the consumers as per the annual audited accounts of the licensees, and may direct the licensee to fund the requirement of working capital by collection from the outstanding receivables.

40. As regards the funding of the Working Capital from collection of outstanding receivables, the Hon'ble Commission in the Tariff Order for erstwhile Southco utility had observed the following:

> *412. In view of the fact that all the DISCOMs have huge outstanding receivables from the consumers the commission as per such provision of the Regulation directs the Licensees to fund the requirement of working capital by collection from the outstanding receivables. Therefore, no financing on working capital is allowed to the DISCOMs in the ARR for FY 2020-21.*

41. In this regard it is important to submit that as per the Vesting Order, the outstanding receivables prior to 31st December 2020, after deduction of incentive are passed on to Gridco. Hence such clause and reasoning is not applicable to TPSODL as the receivables cannot be retained by TPSODL. In the humble submission of TPSODL therefore, it is entitled to claim normative interest on Working Capital. Accordingly, we have considered that above regulations to work out the Interest on Working Capital and the interest rates as given by SBI on their Website https://www.sbi.co.in/web/interest-rates/interest-rates/base-rate-historical-data. The Interest on Working Capital workings for FY 2022-23 is as follows:

Table 2-10 :Estimation of Interest on Working Capital for FY 2022-23

FY 2022-23

Sr No	Particulars	Unit	Amount
A.	**Computation of Working Capital**		
1	Receviables (1 Month)	Rs Cr	155.78
2	O&M Expenditure (1 Month)	Rs Cr	65.53
3	Maintenance Spares (40% of R&M Expenditure	Rs Cr	58.16
4	Total	Rs Cr	279.47
B.	**Applicable Rate of Interest**		
5	Interest on Working Capital	%	10.6%
6	SBI Base Rate as on 1st Jan 2022	%	7.55%
C	**Interest on Working Capital**		
7	Interest on Working Capital	Rs Cr	29.484

2.9. Interest on Working Capital for FY 2023-24

42. For the FY 2023-24, the New Tariff Regulations specify the following

Extracts 2-7 : Extracts from New Regulations for Interest on Working Capital

2.10. Interest on Working Capital

3.10.1. The Distribution Licensee shall be allowed interest on the estimated level of working capital for the Wheeling and Retail supply business for the Financial Year. The working capital for the purpose of ARR calculation shall be computed as follows:

a. Operation and maintenance expenses for one month; plus
b. Maintenance spares @ twenty (20) % of average R&M expense for one month; plus
c. Power Purchase Cost for one (1) month

Working Capital requirement of the Distribution Licensees may be met through depreciation allowed by the Commission on the assets of erstwhile DISCOMs in a manner mentioned in the Vesting Orders and as approved by the Commission. Shortfall in meeting the working capital requirement as mentioned above shall be allowed. The interest on the working capital shall be at a rate equal to the SBI Base Rate or any replacement thereof by SBI from time to time (being in effect applicable for 1 year period) as applicable as on 1st April of the Financial Year (for which Truing Up shall *be done) plus 300 basis points or actual weighted average rate of interest towards loan for meeting working capital requirement availed by the Distribution Licensee(s), whichever is lower:*

43. We have for the purpose of projections considered the interest rate as available on the date of filing (i.e on 1st January 2023) this submission. The SBI Base rate presently at 8.30% and accordingly, the Interest on Working Capital for FY 2023-24 is projected as follows:

Table 2-11 :Projection of Interest on Working Capital for FY 2023-24

FY 2023-24

Sr No	Particulars	Unit	Amount
A.	**Computation of Working Capital**		
1	Power Purchase Costs (1 Month)	Rs Cr	101.7
2	O&M Expenditure (1 Month)	Rs Cr	75.16
3	Maintenance Spares (20% of R&M Expenditure for month)	Rs Cr	2.59
4	Total	Rs Cr	179.41
B.	**Applicable Rate of Interest**		
5	Interest on Working Capital	%	11.3%
6	SBI Base Rate as on 1st January 2023	%	8.30%
C	**Interest on Working Capital**		
7	Interest on Working Capital	Rs Cr	20.273

2.11. Interest on Security Deposit for FY 2022-23

44. The Hon'ble Commission had considered the RBI Bank Rate of 4.25% for working out the Interest on Security Deposit for FY 2022-23. Based on this Interest Rate and present position of Deposit, the Interest on Security Deposit for FY 2022-23 works out Rs 12.53 Crores.

2.12. Interest on Security Deposit for FY 2023-24

45. The New Tariff Regulations specify the following with regards to Interest on Security Deposits

TPSODL

Extracts 2-8 : Extracts from New Regulations for Interest on Security Deposits

3.7.11. The Distribution Licensee(s) shall adjust interest on the amount held as security deposit (held in cash or cash equivalent) from Distribution System Users and Retail consumers at the Bank Rate as on 1st April of the Financial Year in which the Petition is filed in their monthly bills.

Provided that Interest on security deposits, in excess of the above rate specified by the Commission shall be considered as non-Tariff income of the Licensees.

Provided further that Interest on security deposits, in deficit of the above rate specified by the Commission shall be considered as Uncontrollable Cost of the Licensees and shall accordingly be allowed in their ARR.

46. As can be seen from the above extracts, the Bank Rate as on 1st April 2023 is required to be considered as the applicable rate for projections of Security Deposits. It is noted that in the last few months, there has been rise in the interest rates. Based on the present repo rate provided on the RBI Site, the estimated Bank Rate would be about 6.15% p.a . We have considered this rate for projections in FY 2023-24 and accordingly, the interest on Security Deposit for the FY 2023-24 has been worked out in the table below

Table 2-12 :Projection of Interest on Security Deposit for FY 2023-24

Sr No	Category of Consumers	Security Deposit (from Live Consumers)	Rate of Interest	Interest on Security Deposit
1	HTEHT	142.20	6.15%	8.75
2	3PH	86.04	6.15%	5.29
3	**Single Phase**			
a	Bam Circle	9.93	6.15%	0.61
b	BNJR Circle	8.77	6.15%	0.54
c	RGDA Circle	11.29	6.15%	0.69
d	City Circle	16.90	6.15%	1.04
e	Aska Circle	7.19	6.15%	0.44
f	JYP Circle	12.46	6.15%	0.77
	Total			**18.13**

2.13. Depreciation for FY 2022-23

47. As per the Regulation 7.56 and 7.57 of the Tariff Regulations 2014, the depreciation would be worked out as follows:

Extracts 2-9: Depreciation as per Tariff Regulations 2014

7.56 Depreciation shall be calculated for each year of the Control Period, on the amount of Original Cost of the Fixed Assets :

Provided that depreciation shall not be allowed on assets funded by consumer contribution (i.e., any receipts from consumers that are not treated as revenue) and capital subsidies/grants:

Provided further that the Licensee shall submit yearwise details of assets retired and disposed of, which shall be removed from the Original Cost of Fixed Assets:

Provided further that assets shall normally be not retired before completion of the useful life and the Licensee shall take prior approval of the Commission in case of retiring any asset before its useful life:

Provided further that the Licensee shall submit yearwise details of the assets which have completed its useful life.

7.57 Rate of Depreciation for each year of the Control Period shall be allowed on the pre-up-valued assets at pre-1992 rates as notified by the Govt. of India.

7.58 On repayment of entire loan, the remaining depreciable value shall be spread over the balance useful life of the asset.

48. Further, as per the Vesting Order, there is an applicability of two rates of depreciation viz a) Rate applicable for assets as existing on the Effective Date (i.e the date when TPSODL commenced their operations i.e 1st January 2021) and b) Rate as provided in Annexure 3 of the Vesting Order. The relevant extracts under Para 43 (g) of the Vesting Order stipulates the following

(g) The capital investments made by TPSODL shall be allowed recovery of depreciation in line with the rates prescribed in Annexure – 3 till the time applicable regulation is notified by the Commission. The depreciation rates specified in regulations shall prevail over the rates specified in Annexure – 3 as and when applicable regulation is notified by the Commission.

(h) Depreciation on all existing assets transferred to TPSODL shall be determined based on the existing methodology being followed by the Commission.

49. Based on the above there are two rates of Depreciation which are applicable as follows:

Table 2-13 : Applicable Depreciation Rates for Assets

Sr No	Asset Class	Rates for assets created prior to 1st January 2021)	Rates applicable for assets created after 1st January 2021
1	Buildings	1.80%	3.34%
2	P&M	3.80%	5.28%
3	Office Equipments	9.00%	5.28%
4	Furniture and Fixtures	4.55%	6.33%
5	Vehicles	12.86%	9.50%
6	Computers		15%
7	Softwares		15%

50. The Depreciation for FY 2022-23 has been worked out on Opening GFA as well as on the Assets that have been added after 1st January 2021. Accordingly, the Depreciation for FY 2022-23 is projected as follows:

Table 2-14 :Estimation of Depreciation for FY 2022-23

Sr No	Description	Total FY 2022-23
1	Depreciation on Opening GFA (i.e as on 1st Jan 2021)- Net of Consumer contribution and Grant	25.32
2	Depreciation on Assets added after 1st January 2021	26.91
	Total Depreciation	**52.23**

51. The details of the Deprecations are presented in ***Table 6-2*** and ***Table 6-3*** of Chapter **5 Annexure 2- Asset wise Break up of Depreciation.**

2.14. Depreciation for FY 2023-24

52. The New Tariff Regulations specify the following for utilisation of Depreciation

Extracts 2-10 : Extracts from New Regulations for Depreciation Utilisation

3.8.2. The assets achieving date of commercial operation prior to the Effective Date would continue to earn depreciation as per depreciation rates approved by the Commission prevailing at the time of effective date. Since no loan has been availed by the new Distribution Licensees for these assets, the depreciation allowed to be recovered from tariff must be utilised in the manner as provided below as per terms of the Vesting Order:

a. For the purpose of determination of Aggregate Revenue Requirement, the depreciation on the opening Gross Fixed Assets as of Effective Date, as determined by the Commission subject to prudence check, shall be utilized as
per the following priority order:
i. Funding of Additional Serviceable Liabilities as per the Vesting Order
ii. Capital Investment
iii. Working Capital requirement computed as per Tariff Regulations

53. In this regard it is submitted that while the Hon'ble Commission has worked out the Additional Serviceable Liability as on 1st January 2021 in the Carve Out Order dated 26th November 2021. The amount worked out by the Hon'ble Commission is negative. However TPSODL has pointed out some of the discrepancies and errors which in the opinion of TPSODL need to be addressed for reworking the ASL. Hence, since the ASL has not been firmed by, we have not considered any applicable of Depreciation for utilisation in Capex or for utilisation in Working Capital.

54. As regards computation of Depreciation for FY 2023-24, the New Tariff Regulations specify the following

Extracts 2-11 : Extracts from New Regulations for Depreciation computation

3.8.3. In case of the assets of the erstwhile DISCOMs, the balance depreciable value as on April 1, 2023, shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to March 31, 2023, from the gross value of the assets.

3.8.4. For the assets of erstwhile DISCOMs transferred to the new Distribution Licensees through the Vesting Orders, the depreciation shall be calculated on the pre-up valued cost of assets at pre-1992 rate on the asset base approved by the Commission.

3.8.5. For assets achieving date of commercial operation (COD)in this control period, depreciation shall be computed in the following manner:

a. The approved original cost of the project/fixed assets shall be the base value for calculation of depreciation;
b. Depreciation shall be computed annually based on the straight-line method at the rates specified in the ***Annexure II*** *to these Regulations:*

55. The New Tariff Regulations do not clearly specify the rate for assets capitalised from Effective date till the commencement of Regulations. We have considered that such capitalisation would be depreciated at the rates provided in the Vesting Order. Further, the New Regulation specify that assets capitalised after 1st April 2023 would be depreciated at the rates provided in the Annexure II of the New Tariff Regulations.

56. The projections of Depreciation for FY 2023-24 are based on the expected capitalisation by the end of FY 2022-23 and planned capitalisation for FY 2023-24. Further for projections for FY 2023-24, we have considered a rate of 4.67% per annum as this a rate applicable for majority of the assets for those assets which are planned to be capitalised in FY 2023-24. We have also considered half of this rate for assets which have been capitalised in FY 2023-24. The Depreciation for FY 2023-24 thus works out as provided in the table below

Table 2-15 :Estimation of Depreciation for FY 2023-24

Sr No	Description	Total FY 2023-24
1	Depreciation on Opening GFA (i.e as on 1st Jan 2021)- Net of Consumer contribution and Grant	25.32
2	Depreciation on Assets added after 1st January 2021	
a	Asset added upto 1st April 2023	26.91
b	Asset added during the year	9.86
3	**Total Depreciation**	**62.09**

2.15. O &M Expenditure

57. The O&M Expenditure is the most critical expenditure required to maintain efficient operation and adequate amount towards this head needs to be reimbursed through ARR for providing satisfactory services to consumer. Hence in this regard, it is submitted that the past trend at times (i.e the period prior to privatisation) may not be relevant and needs to be revisited. This is particularly so when there has been a phase of privatisation. One of the important reasons for privatisation is that the incumbent government discom has not be been maintaining reliability and providing consumer services to the required extent. The Expenditure is also not reflecting the cost of preventive maintenance. Further the billing and collection processes need improvement as the AT&C losses are quite high.

58. TPSODL has taken over the assets of erstwhile Southco Utility on "as is where is" basis. Majority of these assets are not in good operating condition and in a large number of cases, the required safety equipment is not in place. Further the network was old and in majority of cases not compliant to statutory guidelines and poses threat to safety of employees, public at large and animals. One of the major reasons is absence of structured preventive maintenance and systematic investment for past many years. The interruption at 11 kV feeder level is too high with respect to present Indian utility standards.

59. Further, due to lack of maintenance, failure rate of Distribution Transformer is also very high at 3.5%. The scarce resources and lack of preventive maintenance have led to delay in response on Safety Hazards reported by Public and employees.

60. In order to address the issues required to maintain high reliability, TPSODL put in place a dedicated team through Annual Maintenance Contract (AMC) which takes care for the entire 33 KV and 11 KV and LT (415 V and 230 V) network circle wise so that utmost focus can be given to this network for optimised availability.

61. TPSODL has established Performance Based Annual Maintenance Contract (AMC) for Maintenance of 33kV Lines and 33kV/11kV PSS and also attending to the breakdowns from June 2021 onwards. This AMC is carrying out periodic inspection and maintenance of these 33KV feeders, and equipment of 33/11KV PSS including the breakdown maintenance. This has helped in improving the reliability by reducing the downtime as well as number of tripping's.

62. As regards the 11kV and LT Network: The Performance Based Maintenance Contract includes 24X7 Breakdowns Crews for restoration of 11KV & LT Lines and DSS equipment. AMC Staff is available at FCC Centre (Complaint Centre) for attending no current complaints in shifts (24X7 for MC, 16X7 for NAC and 8 x 7 for Rural). Besides, preventive maintenance activities are being performed as per the maintenance plan and schedule prepared by TPSODL. Annual Maintenance Plan along with standard check list for inspection of 11KV & LT Lines and DSS is being prepared and rolled out in the current FY. Condition based maintenance systems is being carried out to identify the maintenance requirements.

63. In this way maintenance management TPSODL is in the process of improving availability of network to a large extent. This has entailed expenditure for TPSODL in the FY 2021-22 and FY 2022-23 on account of the same and hence the actual expenditure is higher than that approved by the Hon'ble Commission.

64. It is submitted that the Hon'ble Commission has approved certain quantum of expenditure under three heads viz a) Employee Expenditure b) R&M Expenditure and c) A&G Expenditure. TPSODL has commenced its operation on 1st January 2021 and has gained expereience of the situation over the period. Hence it is submitted that in FY 2021-22, the operations and maitenance practices were getting stabilised over the year, new contracts were being placed during the year and employees were recruited in the phased manner. Hence the expenditure of FY 2021-22 is not a representative or base for determination of yearly expenditure.

65. In this regard it is further submitted that for R&M Expenditure and A&G Expenditure there has been a spurt in activities in FY 2022-23 and accordingly the expenditure estimated to be incurred would be much higher than that approved by the Hon'ble Commission. Keeping in mind the vastness of the area, the stark mix of loads, the present network conditions, the stabilisation of expenditure would require 2-3 years more. In the mean time we request the Hon'ble Commission to approve the expenditure which has been proposed by TPSODL due to reasons explaned in this section

2.16. Employee Expenditure in FY 2022-23

66. The expenditure under this head covers a) Erstwhile Employees and b) New Employees. In addition, this head also covers the Outsourced manpower required for operation and maintenance.

- ***Recruitment in FY 2022-23***

67. The Hon'ble Commission had initially in the order in Case No 39 of 2021 had approved the recruitment of 220 personnel upto the period FY 2021-22 i.e (3 month of FY 2020-21 and 12 months of FY 2021-22). The relevant extracts from the order is as follows

Extracts 2-12 : Relevant Extracts from the Order in Case No 39 of 2021

> *96. The Commission now allows 8% of the total proposed manpower of 2754 (1999+60+695) to be recruited. This will include post facto approval for the 60 persons already recruited without Commission's approval. This would mean additional recruitment of 160 (.08X2754-60) employees*

68. However subsequently in the letter of the Hon'ble Commission dated 17th January 2022, it had revised the approval of recruitment form 220 employees to 483 Employees. The extracts of the letter dated 17th January 2022 from the Hon'ble Commission is as follows:

Extracts 2-13: Extracts from letter dated 17th January 2022

Sl. No.	Description	TPWODL	TPNODL	TPSODL	TPCODL	Total
		Numbers	Numbers	Numbers	Numbers	Numbers
1	Govt. Sanctioned Strength	**6702**	**5859**	**5625**	9773	**27959**
2	Discom Projection of Total Requirement in ABP / Vesting Order	**4209**	**1266**	**2800**	**6654**	**14929**
3	Numbers as per ABP Petition	850	636	695	1367	**3548**
4	No. of Employees Approved in respective ABP Order (8% of proposed manpower)	**336**	**277**	**220**	**532**	**1365**
	For FY 2020-21				532	
	For FY 2021-22	336	277	220		
5	Depletion [Retirees + Death+Resignation] (FY 20-21, FY 21-22, FY 22-23) including Contractual	**425**	**411**	**341**	**688**	**1865**
	FY 2020-21	172	162	138	266	**738**

.. No.	Description	TPWODL	TPNODL	TPSODL	TPCODL	Total
		Numbers	Numbers	Numbers	Numbers	Numbers
	FY 2021-22	143	114	125	208	**590**
6	*FY 2022-23*	110	135	78	214	**537**
7	Now approved manpower for depletion (for TPCODL 2020-21 and for TPSODL, TPWODL & TPNODL for 2020-21 & 2021-22)	172	162	263	266	1328
8	**Total manpower allowed after revision of the ABP order.**	**508**	**439**	**483**	**798**	**2693**
9	Employee Strength as at 31.12.2021	2662	2510	2345	5711	13228
10	Employee Strength as at 31.12.2021 on revision now	2834	2672	2608	5977	14556
11	No. of Consumers on 31.12.2021	2211026	2054045	2374403	2896629	9536103
12	Percentage of Employees per 1000 consumers as on 31.12.2021	**1.28**	**1.30**	**1.10**	**2.06**	**1.53**

69. The Hon'ble Commission in its letter dated 15th October 2022 had approved recruitment of 528 Employees for TPSODL. The extracts from this letter of the Hon'ble Commission is as follows

Extracts 2-14 : Extracts from the Letter of the Hon'ble Commission dated 15th October 2022

Sl. No.	Description	TPWODL	TPSODL	TPNODL	TPCODL
1	Employee strength as on 31.3.2022 (inherited+ CTC)	2629	2346	2585	5265
2	Less retirees during FY 2022-23	109	78	93	195
3	Employee strength as on 31.3.2023 (without recruitments in FY 23)	2520	2268	2492	5070
4	No. of consumers as on 31.3.2022	22.3	23.86	20.9	28.97
5	Estimated No. of consumers as on 31.3.2023 (Growth @ of 4%)	23.15	24.81	21.75	30.07
6	Allowed employee strength as on 31.3.23 (1.4 employees per '000 consumers)	3241	3473	3043	5070
7	Gap to be filled through new recruitments in FY 2023. (proposed)	700	636	551	100
8	Original Sanctioned strength	6702	5625	5859	9773
9	Now allowed 8% of the sanctioned strength	536	450	469	Not Relevant
10	No. of retiring employees allowed	109	78	93	Not Relevant
11	Total employees allowed for FY 2022-23	645	528	551	100

70. As can be seen, the Hon'ble Commission had approved recruitment of 528 employees for FY 2022-23. In H1 of FY 2022-23, TPSODL has recruited 357 employees and is proposing to recruit the balance in H2 of FY 2022-23. Based on the expenditure for H1 of FY 2022-23, the estimated expenditure for all types of employees mentioned above i.e Erstwhile Utility , New Employees and Outsourced Employees and their welfare is estimated to be as follows:

Table 2-16 :Estimated Employee costs for FY 2022-23 (Rs Cr)

		H1 -FY 23	H2 -FY 23 (Projected)	Total	H1-FY 23	H2-FY 23 (Projected)	Total-FY 23	Approved	Actuals
1	Salary (i.e Basic, Allowances, Performance Pay)	78.33	79.85	158.18	44.2	43.37	87.56	198.19	245.73
2	Terminal Benefits								
a	Retirement Cashflows to Trust- Pension	48.17	51.07						
b	Retirement Cashflows to Trust- Gratuity	7.91	7.91						
c	Retirement Cashflows for- Leave Salary	3.49	3.49						
d	Retirement Cashflows to Trust- Rehab	0.00	0.30						
A	**Total Payment to Trust**	**59.57**	**62.77**	122.34				**158.42**	**122.34**
B	Payment to PF	4.18	3.98	8.17					8.17
3	Staff Welfare							4.180	3.3
4	Outsourced Employees							70.0	166.3
5	**Total Employee Costs**							**430.79**	**545.8**
6	Less Employee Costs Capitalised							-28.37	-28.27
7	**Total Employee Expenditure**							**402.4**	**517.6**

2.17. Employee Expenditure in FY 2023-24

- **Employee Strength**

71. As per the New Tariff Regulations, the recruitment of new manpower would be restricted as follows:

Extracts 2-15 : Extracts from New Tariff Regulations for Employee Recruitment

3.9.11. The employee expense for the ensuing year shall be projected considering cadre / designation wise average existing employee cost for past year where the number of new employees to be added and their associated expenses shall be duly approved by the Commission after prudence check. The projection for the recruitment for a year may be restricted to 1.40 employees (including replenishment of retiring vacancies) per 1000 consumers. In case the ratio has exceeded 1.40, the Distribution Licensee shall bring down the ratio to 1.40 within the control period.

72. As done in the past, through this petition, TPSODL is proposing to recruit the following for FY 2023-24 after considering the norms of 1.4 per Thousand consumer and also considering the requirement in various areas. Based on the same, the proposed manpower to be recruited for FY 2023-24 is as follows:

Table 2-17 :Proposed Addition for FY 2023-24

Sr No	Particulars	Units	Value
1	Present No of Consumers (30th Sep 2022)	Lakhs	24.18
2	Estimated Number of addition @ 4000 per Month at the end of FY 2023-24	Lakhs	0.72
3	Estimated Number of consumer at the end of FY 2023-24	Lakhs	24.90
4	Employee Strength at the end of FY 2023-24 with a norm of 1.4 per Thousand consumers	No	3486
5	Expected Employees as on 31st Mar 2023 without any addition	No	2782
6	Addtion required to maintain the norm in FY 2023-24	No	704
7	Proposed Addition in FY 2023-24= On the basis of of the approval by the Hon'ble Commission for FY 2022-23	No	526

73. While TPSODL is proposing to recruit manpower for FY 2022-23 and FY 2023-24, at the same time, there are many erstwhile employees are retiring over this period. Accordingly, after considering the approved addition, proposed addition and retirement of employees, the movement of Employee strength is as follows:

Table 2-18 :Movement of employee strength upto FY 2023-24

	FY 2021-22	H1 FY 23	H2 FY 23	FY 2022-23	FY 2023-24
Opening Balance	1970	1858	1794	1858	1779
Retirement/Deaths	112	64	15	79	76
Closing Balance	1858	1794	1779	1779	1703
Employee Count- New Employees					
	FY 2021-22	**H1 FY 23**	**H2 FY 23**	**FY 2022-23**	**FY 2023-24**
Opening Balance	128	475	832	475	1003
Addition (Net of Attrition)	347	357	171	528	526
Closing Balance	475	832	1003	1003	1529

- **Employee expenditure FY 2023-24**

74. The New Tariff Regulations specify a trajectory for approval of the Employee Costs. The cost for employees recruited after the Effective Date are required to be approved for the control period through the Business Plan . TPSODL would submit the Business Plan in due course. However, in this petition, TPSODL is seeking the approval of the expenditure for FY 2023-24. The relevant Extracts from the New Tariff Regulations is as given below:

Extracts 2-16 : Extracts from New Tariff Regulations for Employee Expenses for new employees

The expenses for the employees recruited after Effective Date shall be determined based on the formula shown below:
EMPn = EMPn-1x (1+IndexEscn)
where,
EMPn: Employee Cost of Distribution Licensee for the ensuing year;
EMPn-1: Approved Employee Cost of Distribution Licensee for the year preceding ensuing year;
Provided that for first year of the control period EMPn shall mean employee expenses as approved by the Commission for the first year of the Control Period in the Business Plan;
IndexEscn = CPIn
where,
'CPIn' (expressed in %) means the average yearly inflation of Consumer Price Index (Industrial workers) over the years for the nth year.
[Source for CPI calculation: Consumer Price Index for Industrial Workers (all India) as per Labour Bureau, Government of India {Base Year: 2001=100}]
Provided that CPIn is to be computed based on the average yearly inflation derived based on the monthly Consumer Price Index for Industrial Workers (all-India) of the past three Financial Years, at the time of filing of Petition, as per the Labour Bureau, Government of India and such escalation factor so derived to be applied to Operation and Maintenance expenses of each preceding year.

75. In addition, the employee cost for erstwhile employees has been worked out keeping in mind the projected DA, increase in Salary and projections of payment to trust. Accordingly, the projected employee expenditure for FY 2023-24 for all types of employees is as follows:

Table 2-19 : Projected Employee costs for FY 2023-24 (Rs Cr)

Sr No	Particulars	Erstwhile Employees	New Employees	Total
1	Salary (i.e Basic, Allowances, Performance Pay,Employer Contribution to PF)	174.98	111.55	286.53
2	Payment to Trusts (Retirals)	131.47		131.47
3	Staff Welfare			20.33
4	Outsourced Employees			200.8
5	**Total Employee Expenditure**			**639.14**
6	Less Employee Cost Capitalised			-30.24
7	**Net for ARR**			**608.90**

76. The various details and breakup of the heads is provided in **Annexure 4- Details of Employee costs for FY 2023-24.**

77. It is submitted that a large part of the employee cost is also on account of Outsourced Manpower. Such Outsourced manpower is used for Repairs and Maintenance of the network, Operations of PSS, Collection of money through Gram Panchayat, attending to Rural Complaints, Bill Correction and maintaining of IT infrastructure in TPSODL. It is further submitted that such manpower requirement has been carefully planned and has been gainfully employed for providing higher reliability and also improving the Billing and Collection amounts and providing services to consumers. Further, in our humble opinion such manpower is essential for efficient operation of the company.

78. We therefore request the Hon'ble Commission to approve the projected Employee Costs

2.18. R&M Expenditure for FY 2022-23

79. Based on the expenditure for H1 of FY 2022- 23 and the various contracts that have been placed, the estimated R&M Expenditure for FY 2022-23 is as follows:

TPSODL

Table 2-20 : Estimated R&M Expenditure for FY 2023-24 (Rs Cr)

Sr No	Particulars	H 1- FY 23	H 2- FY 23	Total	Approved
1	R&M- Buildings and Civil Works	5.54	5.54	11.09	
2	R&M-P&M	29.11	29.11	58.22	
3	R&M- Furniture,Vehicle	0.98	0.98	1.96	
4	AMC Costs for R&M Activity	36.11	38.02	74.13	
	Total R&M	**71.75**	**73.65**	**145.40**	**90.24**

80. The Hon'ble Commission has been approving R&M Expenditure for assets owned by TPSODL @ 5.4% of the Opening GFA . In addition, the Hon'ble Commission has been allowing additional amount for maintenance of assets that are not on the Balance Sheet of TPSODL. The approved amount for FY 2022-23 thus works out to Rs 90.24 Crores.

81. As can be seen, the estimated expenditure for FY 2022-23 would be higher than the approved expenditure. In this regard we would like to submit the following:

a. One of the reasons for inadequate reliability as well as the high technical loss is that sufficient quantum is not spent on R&M Expenditure. It is noted that the due to shortage of funds under these heads, the erstwhile discom had resorted to only breakdown maintenance which takes its toll on the reliability of the Network. Unless sufficient amounts are allowed by the State Regulatory Commissions in this head, the Distribution licensee is reluctant to take up any preventive maintenance and condition based maintenance.

b. In the pursuit of improving reliability, it is necessary to resort to preventive maintenance instead of Breakdown maintenance., as was done in the past. Such preventive maintenance is achieved through outsourcing of such work by placement of performance based Annual Maintenance Contract (AMC). Such contracts involve the selected Business Associate (BAs) to carry out regular surveillance in their operational area for timely detection of abnormal operating conditions of the equipment and report the findings to respective Area-in-Charge so that corrective actions can be initiated, implemented and monitored to prevent failures. It also involves rectification and maintenance of Overhead System, repairing/replacement of equipments . This activity also includes extensive trimming of trees, Daily and weekly registration of complaints and their closures.

c. Such R&M also include improved complaint handling as BAs are responsible for receiving and forwarding the call center and walk-in complaints, maintaining the records in the stipulated registers and complaint folios and escalate the complaints attended or apprehended to be attended beyond PA norms

d. It is further submitted that in addition to above AMC, in house expenditure is required to be incurred for Power Transformer repairs, DTS repairs, DSS Maintenance, DTR Replacement, 33 KV Line repairs and Maintenance, HT Line Maintenance, LV Line Maintenance and maintenance of other equipment.

e. It is therefore submitted that there would be substantial increase in the R&M Expenditure after the privatisation process as this expenditure was not incurred in the past on account of AMC as well as on account of other factors.

f. The Norm of 5.4 % of the GFA was presumably fixed on the basis of the expenditure carried out in the past. In our humble submission, the expenditure on R&M as mentioned earlier was minimal and hence the norm of 5.4 % of the GFA is clearly not adequate for carrying out satisfactory R&M expenditure. The amount spent over in the past by erstwhile Southco Utility and by TPSODL is as follows :

Table 2-21 : R&M Expenditure trend over past period (Rs Cr)

	SOUTHCO / TPSODL	
FY	Approved	Audited
99-00	12.63	13.39
00-01	12.63	7.31
01-02	15.57	9.29
02-03	16.82	6.43
03-04	16.38	9.93
04-05	13.25	8.43
05-06	18.55	6.07
06-07	17.35	5.54
07-08	18.38	5.5
08-09	19.08	7.79
09-10	20.73	11.59
10-11	26.11	13.09
11-12	28.47	8.28
12-13	28.28	8.97
13-14	43.53	15.02
14-15	39.19	12.02
15-16	31.93	16.82
16-17	33.18	9.74
17-18	34.91	6.74
18-19	39.19	6.78
19-20	44	4.59
20-21	45.96	6.2
21-22	88.57	90.68
22-23	90.24	145.40

g. The Hon'ble Commission had approved an expenditure of Rs 30 Crores on Government Funded assets. It is submitted that asset base of Government Assets is about Rs 2406 Crores. This is clearly about 2 times the asset base of TPSODL as on 1st April 2022. Hence the amount of Rs 30 Crores is not adequate to maintain such large asset base. The break up of the Government Assets being maintained by TPSODL is as follows

Table 2-22 : Government Asset Base maintained by TPSODL (Rs Cr)

TPSODL

Sr No	Name of the Scheme	(Rs. in crores)
1	Odisha Distribution System Strengthening Project (ODSSP)	748
2	Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY)	273
3	Integrated Power Development Scheme (IPDS)	212
4	Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) 12TH PLAN (POWER GRID)	273
5	Odisha Dedicated Agricultural Feeder Fishery Project (ODAFFP)	7
6	Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) 12TH PLAN (NTPC)	332
7	Renovation long term action Plan (RLTAP)-executed through district Collector	26
8	PGCIL	535
	Total	**2406**

h. Further, for FY 2022-23, the Hon'ble Commission has approved an expenditure of about Rs 240 Crores towards R&M Expenditure for TPCODL which is much higher than the approved amount for TPSODL. In our further submission, we wish to state that as compared to the TPCODL the area to be served by TPSODL is much higher i.e by about 60%. This also demonstrates that based on the norms applied, the approved expenditure in the two discoms may greatly vary thereby putting some of the Discoms like TPSODL into great disadvantage.

82. We therefore request the Hon'ble Commission to kindly approve the actual estimated expenditure for FY 2022-23 for TPSODL instead of working out the amount by applying a norm.

2.19. R&M Expenditure for FY 2023-24

83. TPSODL in the previous section has explained in detail the expenditure required to be incurred under R&M for maintain adequate reliability of network. This is not withstanding the normative expenditure allowed by the Hon'ble Commission. Based on the present level of expenditure for H1 FY 2022-23 and the required contracts placed by TPSODL for proper reliability of the network, we have projected the R&M Expenditure for FY 2023-24 as follows:

Table 2-23 : Projection of R&M for FY 2023-24 for TPSODL (Rs Cr)

Sr No	Particulars	Total	Basis for working
1	R&M- Buildings and Civil Works	11.64	Escalated the Expenditue for FY 2022-23 by 5 %
2	R&M-P&M	61.13	Escalated the Expenditue for FY 2022-23 by 5 %
3	R&M- Furniture,Vehicle	2.06	Escalated the Expenditue for FY 2022-23 by 5 %
4	AMC Costs	77.93	Based on the various Contrcsts placed by TPSODL
	Total R&M	**152.77**	

84. It is submitted that TPSODL would continue to carry out the required R&M of the Network in FY 2023-24 to maintain and improve the reliability and the budget for R&M Expenditure presented above is appropriate. Further, as per the New Tariff Regulations 2022, the R&M Expenditure is at 5.4% of the Opening GFA for FY 2023-24 for own assets and @ 3% of the Assets created by the Government but maintained by us. The norm on this basis works out to Rs **155.40 Crores** as shown in the table below:

Table 2-24 : Amount of R&M based on Norm of draft Tariff Regulations 2022

Sr No	Particulars	Units	Value
A	**Estimation of GFA for R&M**		
1	GFA as on 1st Jan 2021	Rs Cr	1000
2	GFA Added till 31st March 2022	Rs Cr	186
3	Assets proposed to be added in FY 2022-23	Rs Cr	355
4= 1+2+3	Opening Block for FY 2023-24	Rs Cr	1541
5	Assets of Government maintained by TPSODL	Rs Cr	2406
B	**Estimation of R&M Expenditure as per proposed Norm**		
6	Own Assets @ 5.4%	Rs Cr	83
7	Government Asset @ 3%	Rs Cr	72
8=6+7	**Total**	**Rs Cr**	**155.40**

85. As can be seen from the above, the expenditure budgeted by TPSODL is in line with the norm provided. In line with the New Tariff Regulations, we are seeking approval for normative expenditure of **Rs 155.40 Crores** and we request the Hon'ble Commission to kindly approve the above expenditure for FY 2023-24

2.20. A&G Expenditure for FY 2022-23

86. Administrative and General Expenditure (A&G) is an essential part of the operations of a Distribution Company like TPSODL. While it may be called as "A&G", the broad categories under this head will indicate that the expenditure is imperative for efficient running of the operation particularly for the initial few years. This head includes

a) Customer related expenditure such as Meter Reading, Billing and Collection Expenditure, and for Meter Testing

b) Statutory and Mandatory Finance Expenditure such as Auditors Remuneration, Bank Charges, Consultant Fees , Insurance , License Fees and Legal and Professional Charges

c) IT Related expenses for maintaining proper communication links, maintaining licenses, data base and data centre and providing a firewall for protection of data

d) Administrative Expenses towards rents of offices, electricity consumption, maintaining of Guest House, Travelling, Facility Management and House Keeping and Office Expenses and finally

e) Other expenses for advertisement for inviting tenders, objections and suggestions in ARR, and Food and conveyance

87. The present regulations categorises the expenditure under two heads viz a) normal A &G and b) Special A&G expenditure In our view, the normal A&G include those under c) , d) and e) above . Such expenditure may need to be optimised and controlled. Hence the quantum approved for FY 2023-24 may be escalated by 7%.

88. This head also includes Statutory and Mandatory A&G (Sr No b of Para 86 above) As regards the Statutory A&G expenses given above, such expenditure is compulsory and governed by various statutes and is not controllable as such. Hence the same should be allowed at actuals.

89. The Expenditure for A&G for TPSODL in the FY 2022-23 is estimated as follows:

Table 2-25 : Estimation of A&G Expenditure for FY 2022-23 (Rs Cr)

Sr No	Head of Expenditure	Amount H1-FY 23	H2-FY 23 (Projected)	Total	Approved
1	A&G- Normal	27.22	27.23	54.45	
2	A&G- Statutory	4.52	4.52	9.03	
3	A&G- Special	27.42	32.50	59.92	
	Total	**59.15**	**64.24**	**123.40**	**77.25**

90. It is further submitted that the above expenditure is required for efficiently running of the operations, increase collection and improve billing processes, improve billing processes, and providing improved customer services. It is also submitted that for TPCODL which has a customer base of about 29 Lakhs against a customer base of about 24 lakhs for TPSODL, the Hon'ble Commission has approved an A&G expenditure of Rs 133 Crores for FY 2022-23.

91. Further adequate O&M Expenditure ensures that the AT&C losses are below the target committed by TPSODL in the Vesting Order. As regards the improvement in AT&C losses for FY 2022-23 and based on the present trend, the same is estimated to be lower than 30% , much lower than the target of 34.29 % committed by TPSODL in the vesting order.

92. In view of the above, the Hon'ble Commission may kindly approve the A&G expenditure of Rs **123.40** Crores for FY 2022-23

2.21. A&G Expenditure for FY 2023 -24

93. TPSODL has provided the justification for seeking adequate A&G expenditure in Para 86 to 90 above. Based on the estimated actuals for FY 2022-23, TPSODL has projected the expenditure for FY 2023-24 as follows:

Table 2-26 : Estimation of A&G Expenditure for FY 2023-24 (Rs Cr)

Sr No	Head of A&G Expenditure	Amt (Rs Cr)	Basis for Projections
1	A&G Normal	58.38	Escalated the Statutory Expenditure of FY 2022-23 by 7%
2	A&G Statutory	9.66	Escalated the Statutory Expenditure of FY 2022-23 by 7%
3	A&G Special	69.55	Estimated based on the various contracts placed for Meter Billing and Collection
	Total	**137.59**	

94. We request the Hon'ble Commission to approve the A&G Expenditure for FY 2023-24 at **Rs 137.59 Crores**

2.22. Return on Equity for FY 2022-23

TPSODL

95. As per the Vesting Order, the Return on Equity would be available as follows:

58. Return on equity:

(a) As per the terms of the RFP, the Commission shall allow return on equity, as per the Tariff Regulations, to TPSODL on the equity capital of Rs. 200 crores (Indian Rupee Two hundred crores) only which was the reserve price of the utility of SOUTHCO.

(b) Return on equity shall be allowed on the reserve price of the utility as per para 58(a) above and also on the capital investments made by the TPSODL, as per the Tariff Regulations.

96. In addition, the Tariff Regulations 2014 provide for Return on Equity as follows:

Extracts 2-17 : Return on Equity as per Tariff Regulations 2014

Return on Equity :

7.51 Return on equity shall be computed in rupee terms, on the equity base determined in accordance with Regulations 7.33 to 7.48.

7.52 The Distribution Licensee shall be allowed a return on equity capital at the rate of 16 per cent per annum (post tax), in Indian Rupee terms, on the amount of equity capital determined in accordance with Regulations 7.33 to 7.48.

7.53 In case of foreign currency brought as capital, the Commission may consider a separate rate of return if foreign exchange variation is allowed as a pass through.

7.54 The tax only to the extent of the tax on return is provided as pass through.

97. On the basis of the above, TPSODL has worked out the Return on Equity (RoE) for the capitalization arising out of the Capex undertaken by TPSODL after Effective Date. For assets capitalised during the year, TPSODL has claimed half or 8% of the ROE on the Equity addition on such capitalisation. The RoE workings for the FY 2022-23 and FY 2023-24 is worked out in the table below

Table 2-27 : Estimation of Return on Equity for FY 2022-23 (Rs Cr)

Sr No	Particulars	Units	FY 2020-21	FY 2021-22	FY 2022-23
A	**Capitalisation for determination of Equity**				
1	Capitalisation for the year	Rs Cr	0	121.566	302.727
2= 17.2 % of 1	Add Capitalisation due to Gridco Contribution in Kind	Rs Cr	0	23.546	52.069
3=1+2	Total Capitalisation for Debt and Equity	Rs Cr	0	145.11	354.80
B	**Equity**				
5	Opening Equity	Rs Cr	200	200.0	243.5
6=30%x 3	Addition	Rs Cr	0.0	43.53	106.44
7=5+6	Closing Equity	Rs Cr	200.0	243.5	350.0
C	**Return on Equity**				
8	On Opening Equity @ 16%	Rs Cr	32	32	35.5
9	On addition (16%/2=8%)	Rs Cr	0	3.48	8.52
10=8+9	Total ROE	Rs Cr	32	35.48	44.00

2.23. Return on Equity for FY 2023-24

98. The New Tariff Regulations specify the following with regards to the Return on Equity for any year in the Control Period

Extracts 2-18 : Return on Equity as per the New Tariff Regulations

3.6.1. Return on equity on approved reserve price (INR 300 Crore for TPCODL, INR 300 Crore for TPWODL, INR 250 Crore for TPNODL and INR 200 Crore for TPSODL) for the utilities (TPCODL, TPWODL, TPNODL & TPSODL) of the erstwhile Distribution utilities as on effective date in terms of the provisions of Vesting Orders:

Return on equity shall be allowed on the approved reserve price of the utility from the effective date of operation at the rate of 16% per annum (post tax), in Indian Rupee terms on pro-rata basis as per Vesting Order.

3.6.2. Return on equity on the assets put to use after Effective Date up to date of applicability of these Regulations:

Return on equity on assets put to use after Effective Date up to date of applicability of these Regulations shall be eligible to get return as per Odisha Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014 and its amendments thereof.

3.6.3. Return on equity on the assets put to use under instant Regulations:

Return on equity on assets put to use under these Regulations shall be computed on the paid-up equity capital determined in accordance with these Regulations and shall be allowed at the rate of 16% per annum (post tax), in Indian Rupee terms:

Provided further that for the purpose of truing up for the Distribution Licensee, return on equity shall be allowed from the date of commercial operation on pro-rata basis based on documentary evidence provided for the assets put to use during the year in absence of which the assets shall be considered to be added in the mid of the year.

99. Based on the above, the Return on Equity for FY 2023-24 would work out to as given in the table below:

Table 2-28 : Projection of Return on Equity for FY 2023-24 (Rs Cr)

Sr No	Particulars	Units	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
A	Capitalisation for determination of Equity					
1	Capitalisation for the year	Rs Cr	0	121.57	302.73	360.47
2= 17.2 % of 1	Add Capitalisation due to Gridco Contribution in Kind	Rs Cr	0	23.546	52.069	62.001
3=1+2	Total Capitalisation for Debt and Equity	Rs Cr	0	145.11	354.80	422.47
B	Equity					
5	Opening Equity	Rs Cr	200	200.0	243.5	350.0
6=30%x 3	Addition	Rs Cr	0.0	43.53	106.44	126.74
7=5+6	Closing Equity	Rs Cr	200.0	243.5	350.0	476.7
C	Return on Equity					
8	On Opening Equity @ 16%	Rs Cr	32	32	35.5	44.0
9	On addition (16%/2=8%)	Rs Cr	0	3.48	8.52	10.14
10=8+9	Total ROE	Rs Cr	32	35.48	44.00	54.14

2.24. Non Tariff Income for FY 2022-23

100. As per the Tariff Regulations 2014, the following are included in the Non Tariff Income

Extracts 2-19: Elements of Non Tariff Income

7.60 The Distribution Licensee shall submit full details of its forecast of Non-Tariff Income to the Commission along with his application for determination of tariff. The indicative list of various heads to be considered for Non-Tariff Income shall be as under —

(a) Income from rent of land or buildings;

(b) Income from sale of scrap;

(c) Income from statutory investments;

(d) Interest on advances to suppliers/contractors;

(e) Rental from staff quarters;

(f) Income from hire charges from contactors and others;

(g) Income from advertisements, etc.;

(h) Meter/metering equipment/service line rentals;

(i) Service charges;

(j) Revenue from late payment surcharge;

(k) Recovery for theft and pilferage of energy;

(l) Miscellaneous receipts;

(m) Prior period income

101. The Hon'ble Commission in the past tariff Orders, have not been considering a) Meter Rents b) Delayed Payment Charges and c) Power Factor Penalty in the computation of Non Tariff Income . Further, as per the Vesting Order, the treatment of Incentive on Past arrears is as follows

67. As per the RFP, the gains accruing to TPSODL on account of better performance in reducing AT&C loss upto FY 2030-31 and incentive on recovery of Past Arrears shall be allowed to be retained in full by TPSODL……

102. Accordingly, a) Meter Rent, Delayed Payment Charges, Power Factor Penalty and b) Incentive on Arrear collection have been excluded from computations of the Non Tariff Income. In addition, the interest on Grants for Soubhagya has not been taken as this interest is required to be returned to the Government. Further, the amount written back to the extent of Rs 0.14 Crores pertaining to ASL has not been considered here and will be dealt with in determination of ASL. For the Purpose of Non Tariff Income for FY 2022-23, we have considered the actual Non Tariff Income for H1 of FY 2023-24 and considered the same amount for H2 of FY 2022-23. Accordingly, the Non Tariff Income for FY 2022-23 is estimated to be Rs **52.49** Crores as shown in the table below:

TPSODL

Table 2-29 : Estimation of Non Tariff Income for FY 2022-23 (Rs Cr)

Head of Expense	FY 23- H1 as per Accounts	For ARR (H1 of FY 2022-23)	Projected for H2 of FY 2022-23	Total for FY 2022-23
Interest-Other Loans & Advances-Staff	-	-		
Interest on Investment-Fixed Deposits in Banks Etc	(10.23)	(10.23)		
Interest earned on Grant-Soubhagya	0.07	0.07		
Interest earned on Grant-BGJY-Soubhagya	-	-		
DPS charged on Additional Security Deposit	-	-		
Sale Proceeds of Scraps	(4.85)	(4.85)		
Rental for Staff quarters	-	-		
Excess on physical verification of Fixed Assets	-	-		
Sale of Tender forms	(0.01)	(0.01)		
Penalties Reovered from Contractors	-	-		
Incentive Earned on Arrear Collection	(5.61)			
Meter Testing Fees	(0.18)	(0.18)		
Other Miscellaneous Receipts	(0.74)	(0.74)		
Rental for Meters,Service Lines and Capacitors	(9.35)			
Delayed Payment Surcharges from Consumers	(5.37)			
Power Factor & Over Drawal Penalties	-	-		
Reliability Surcharges	-	-		
Recoveries-Malpractices	-	-		
Fuse Charges	-	-		
Disconnection, Dismantle and Reconnection Fees	(0.14)	(0.14)		
Meter Box Charges	(0.17)	(0.17)		
Service Connection Fees	(4.76)	(4.76)		
Supervision & Inspection Charges	(4.66)	(4.66)		
Other Miscellaneous Operating Income	(0.55)	(0.55)		
Cross Subsidy & Open Access Charges	-	-		
Interest on Fixed Deposits & STDR in Banks	(0.00)	(0.00)		
Scrap-PS-Channels, Angles	-	-		
Scrap-PS-Other Plant & Machinery	-	-		
Scrap-O&M-Furniture & Fittings	-	-		
Scrap-O&M-Civil Office Building	-	-		
Application fees	(0.01)	(0.01)		
Meter Testing Fees (Operating)	-	-		
Repair of Lamps and other apparatus	-	-		
Sundry Credit balances written back	-	-		
Excess on physical verification of materials	-	-		
Total	**(46.57)**	**(26.24)**	**(26.24)**	**(52.49)**

2.25. Non Tariff Income for FY 2023-24

103. As per the New Tariff Regulations, the Non Tariff Income would comprise the following:

Extracts 2-20 : Non Tariff Income as per the New Tariff Regulations

4.3.2. The indicative list of various heads to be considered for Non-Tariff Income shall be as under:
a. Income from rent of land or buildings or other assets;
b. Income from sale of scrap pertaining to period prior to effective date and Profit / Loss from sale of scrap of assets created after effective date;
c. Income from statutory investments;
d. Income from interest on Fixed Deposits (including contingency reserve investment);
e. Interest on advances to suppliers/contractors;
f. Rental from staff quarters;
g. Rental from contractors;
h. Income from hire charges from contactors and others;
i. Income from advertisements, sale of tender documents etc.;
j. Service charges;
k. Revenue from delayed payment surcharge for wheeling business;
l. Miscellaneous receipts;
m. Interest on advances to suppliers;
n. Excess or deficit found on physical verification, subject to prudence check by the Commission;
o. Prior period income;
p. Supervisory charges for contractual works;
q. Any Other Non-Tariff Income.

Provided that the interest/dividend earned from investments made out of Return on Equity corresponding to the Wheeling Business of the Distribution Licensee shall not be included in Non-Tariff Income.

- **Treatment of Rebate on Power Purchase**

104. The New Tariff Regulations have stipulated that the Rebate on Power Purchase would considered under Non Tariff Income. The extracts in this regard from the New Tariff Regulations is as under

Extracts 2-21 : Treatment of Rebate on Power Purchase as per the New Tariff Regulations

*3.12. **Rebate***

3.12.1. Any rebate earned by the Distribution Licensee on the last date of payment of bill for which it is eligible for getting rebate from GRIDCO, generation & transmission utilities, SLDC, RLDC etc. shall be considered as Non-Tariff Income for the Distribution Licensee(s);

105. We have therefore considered the Rebate on Power Purchase worked out @ 1% of the Estimated Power Purchase Cost for FY 2023-24 as Non Tariff Income. The same is estimated at 1% of the projected Power Purchase cost and it works out to Rs 12.20 Crores for FY 2023-24

- **Treatment of Delayed Payment Surcharge (DPS) and Rebate allowed to consumers**

106. As per the New Tariff Regulations, both DPS and Rebate allowed would need to be included in the computation of Non Tariff Income. The extracts from the New Tariff Regulations in this regard is as follows:

Extracts 2-22 : Treatment of DPS and Rebate allowed to consumer the New Tariff Regulations

3.13.3. Delayed Payment Surcharge for the retail consumer shall be recovered by the Distribution Licensees as per the Tariff Order and shall be treated as Non-tariff income.

Provided that the rebate allowed to the consumers shall be netted off against the Delayed Payment Surcharge as part of Non-Tariff Income

107. The Non-Tariff Income is quite difficult to project as the same is not based or dependent on any business activity. TPSODL has therefore relied on the quantum of actual Non Tariff Income for FY 2022-23 for projecting the future. Further adjustments have been made to such projections of Non Tariff Income on account of DPS, Rebate on Power and Rebate offered to consumers

108. Accordingly, considering the Non Tariff Income of FY 2022-23 and the adjustments mentioned above, the Non Tariff Income projected for FY 2023-24 is as follows:

Table 2-30 : Estimation of Non Tariff Income for FY 2023-24 (Rs Cr)

Sr No	Pariticulars	Amount (Rs Cr)
1	Non Tariff Income of FY 2022-23	52.49
2	Add Rebate on Power Purchase	12.20
3	Add DPS projected (based on the amount charged for H1 of FY 202-23)	10.74
4	Less Rebate Projected to be given to consumers	-19.86
5	**Total Projected Non Tariff Income**	**55.57**

2.26. ARR and Gap for FY 2022-23

109. On the basis of the above projections, the ARR for FY 2022-23 along with Gap works out as given in the tables below:

Table 2-31 : ARR and Gap estimations for FY 2022-23 (Rs Cr)

Sr No	Particulars	Amount (Rs Cr)
1a	Power Purchase Costs (Including Transmission Cost and SLDC)	1147.0
1b	Less Rebate on Power Purchase	-11.5
1	Net Power Purchase Costs	1135.6
2	Interest on Long Term Debt	14.29
3	Interest on Working Capital	29.48
4	Interest on Consumer Security Deposit	12.53
5	Depreciation	52.23
6	O&M Expenditure -Employee Expenditure	517.6
7	O&M Expenditure -R&M Expenditure	145.4
8	O&M Expenditure - A&G Expenditure	123.4
9	Provision for Doubtful Debt	18.69
10	Income Tax	20.80
11	Return on Equity	44.00
12	Less Non Tariff Income	-52.49
13	**Total ARR**	**2061.46**
14	Revenue Earned (Less prompt payment Discount)	1851
15	**Gap/(Surplus)**	**210.80**

2.27. ARR and Gap for FY 2023-24

110. Similarly, the ARR and Gap for FY 2023-24 with the above projections work out to as provided in the table below

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Table 2-32 : ARR and Gap estimations for FY 2023-24 (Rs Cr)

Sr No	Particulars	Amount (Rs Cr)
1a	Power Purchase Costs (Including Transmission Cost and SLDC)	1219.9
1b	Less Rebate on Power Purchase (Considered in NTI)	
1	Net Power Purchase Costs	1219.9
2	Interest on Long Term Debt	28.34
3	Interest on Working Capital	20.27
4	Interest on Consumer Security Deposit	18.13
5	Depreciation	62.09
6	O&M Expenditure -Employee Expenditure	608.9
7	O&M Expenditure -R&M Expenditure	155.4
8	O&M Expenditure - A&G Expenditure	137.6
9	Provision for Doubtful Debt	19.86
10	Income Tax	20.80
11	Return on Equity	54.14
12	Less Non Tariff Income	-55.57
13	**Total ARR**	**2289.89**
14	Revenue Earned (Prior to Prompt Payment Discount)	1985.71
15	**Gap/(Surplus)**	**304.18**

3. Carrying cost and Gap Movement

111. TPSODL has filed a separate petition for truing up FY 2020-21 (3 Months) and truing up of FY 2021-22 and has presented the Gap/(Surplus) for these two years. Further, for FY 2022-23 too , TPSODL has worked out the Gap/(Surplus) The Tariff Regulations 2014 permit recovery of the carrying cost for the Gap/Surplus. The extracts of the Tariff Regulations 2014 in this regard are as follows:

Extracts 3-1 : Carrying cost for Gap/(Surplus)

8.3 The Commission may create regulatory assets in case of the Distribution Licensee incurring losses on account of uncontrollable factors:

Provided that the amortization schedule corresponding to the regulatory asset shall be prepared and put in effect along with creation of the regulatory asset:

Provided that the carrying cost of the regulatory asset shall be determined by Commission from time to time taking into account the State Bank Base Rate prevailing as on 1st January of the preceding year, for the period for which regulatory asset is proposed to be amortized.

3.1. Carrying Cost

112. Based on the above the movement of Gap along with carrying cost is as give in the table below

Table 3-1 : Carrying Cost Working for Various years

Sr No	Pariculars	Units	FY 2020-21 (3 Months)	FY 2021-22	FY 2022-23	Total
1	Regulatory Gap/(Surplus)	Rs Cr	-16.59	-4.47	210.80	
2	Applicable Interest Rate	% p.a	8.45%	7.30%	7.55%	
3	Carrying Cost period	Months	31.5	24	12	
4	**Carrying cost**	**Rs Cr**	**-3.68**	**-0.65**	**15.92**	**11.58**

Note: The carrying cost period is based on the recovery from the middle of the relevant period to middle of FY 2023-24

3.2. Movement of Gap

113. The Movement of Gap over the various years is as follows:

Table 3-2 : Movement of Gap from 1st January 2021

Sr No	Pariculars	Units	FY 2020-21 (3 Months)	FY 2021-22	FY 2022-23	FY 2023-24
1	Opening Gap	Rs Cr	0	-20.27	-25.39	201.33
2	Addition	Rs Cr	-16.59	-4.47	210.80	304.18
3	Relevant Carrying Cost	Rs Cr	-3.68	-0.65	15.92	
4	Closing Gap	Rs Cr	-20.27	-25.39	201.33	505.51

4. Meter Rent Proposal for Smart Meters

114. The Government of India vide its notification dated 17th August 2021 has mandated replacement of existing meters through smart meters with pre-payment facility in a phased manner. As per the notification, all consumer meters are required to be replaced by March 2025. The notification is reproduced below

Extracts 4-1 : Notification of Government of India dated 17th August 2021

F.No. 23/35/2019-R&R.—*In pursuance to the provisions made in clause 4(1) (b) of the Central Electricity Authority (Installation and Operation of Meters) (Amendment) Regulations, 2019 framed under sub-section (1) of section 55 read with clause(c) of sub-section (2) of section 177 of the Electricity Act, 2003, the Central Government hereby notifies the following timelines for the replacement of existing meters with smart meters with prepayment feature:*

1. All consumers (other than agricultural consumers) in areas with communication network, shall be supplied electricity with Smart Meters working in prepayment mode, conforming to relevant IS, within the timelines specified below:

(i) All Union Territories, electrical divisions having more than 50% consumers in urban areas with AT&C losses more than 15% in financial year 2019-20, other electrical divisions with AT&C losses more than 25% in financial year 2019-20, all Government offices at Block level and above, and all industrial and commercial consumers, shall be metered with smart meters with prepayment mode by December, 2023:

Provided that the State Regulatory Commission may, by notification, extend the said period of implementation, giving reasons to do so, only twice but not more than six months at a time, for a class or classes of consumers or for such areas as may be specified in that notification;

(ii) All other areas shall be metered with smart meters with prepayment mode by March, 2025:

Provided that in areas which do not have communication network, installation of prepayment meters, conforming to relevant IS, may be allowed by the respective State Electricity Regulatory Commission:

(iii) All consumer connections having current carrying capacity beyond that specified in relevant IS, may be provided with meters with smart meters having AMR facility.

2. All feeders and distribution transformers (DTs) shall be provided with meters having AMR facility or covered under AMI, as per the timelines specified below:

(i) All feeders shall be metered by December, 2022.
(ii) All DTs in electrical divisions having more than 50% consumers in urban areas with AT&C losses more than 15% in financial year 2019-20, and in all other electrical divisions with AT&C losses more than 25% in financial year 2019-20, shall be metered by December, 2023.
(iii) All DTs in areas other than those mentioned in (ii) above, shall be metered by March, 2025.
(iv) DTs and HVDS transformers having capacity less than 25 kVA may be excluded from the above timelines.

115. TPSODL is also proposing to replace about 3 Lakh meters in the next 3 years. In this regard, TPSODL has placed an order for about 80000 Meters to be implemented immediately. As per the present Tariff Structure, the cost of Meter is not allowed to be recovered through Tariff but is allowed to be recovered through Meter Rent. Further the various Tariff Orders have specified the Meter Rents allowed to be charged for various Class of Meters.

116. In our humble submission, the Meter Rent allowed for Smart Meters for Single Phase is not adequate to recover the costs of the meter and the associated equipment. The costs have been discovered by TPSODL after completing a process of competitive bidding. The computations for installation of Smart Meter is as follows:

Table 4-1 : Capital Cost for Smart Meters

Sr No	Particulars	Units	Single Phase	Three Phase WC Meter
1			1-5 KW	>5 KW
2	Type of Meter		Smart	Smart
3	Meter Cost	Rs/Meter	3802	6387
4	Meter Installation cost (including Removal Costs)	Rs/Meter	893	1529
5	Meter Seals	Rs/Meter	18	22.7
6	Meter Box	Rs/Meter	484	624
7= sum(1:6)	**Total cost of meter installation**	**Rs/Meter**	**5197**	**8564**

117. Based on the same, the rent required for recovery of the Capital Cost has been worked out. The same is worked out after considering the Present Value of Rents to be recovered. Further, the Present Value in turn has been worked out on the cost of Debt only as TPSODL is proposing to finance this expenditure through the Debt alone without considering any Equity thereby allowing the benefit of lower cost of capital to be passed on to the consumers.

118. At present, the rate of debt is considered at 6.9% and hence the cost of capital works out 6.9% as shown in the table below:

Table 4-2 : Cost of Capital for Discounting of Rents

Sr No	Source	Units	Ratio	Cost of Source	Tax	Effective Cost of Source	Share in Cost of Capital
a	b	c	d	e	f	g=e/(1-f)	h=gxd
1	Debt	%	100%	6.9%		6.9%	6.9%
2	Equity	%	0%	16%	25.17%	21.4%	0.0%
	Total		**100%**				**6.9%**

119. Based on the above cost of capital, the Rent Required for recovery of the Capitla Cost is as follows

Table 4-3 : Proposed Meter Rent (Recovery of 60 Months)

Sr No	Particulars	Units	Single Phase	Three Phase WC Meter
			1-5 KW	> 5 KW
1	Capital Cost to be recovered	Rs/Meter	5197	8564
2	Rentals Required for recovery of the Meter Costs @ cost of Capital for 60 months	Rs/Month	105.3	173.6
3	**Meter Rent (to cover the variation in prices of 5%)**	**Rs/Month**	**111**	**182**
4	Existing Meter Rent	Rs/Month	60	150
5	Proposed Meter Rent	Rs/Month	111	No Change Proposed

120. A sample calculation for Rentals for Single Phase Meter is provided in the **Table 8-1 Sample Calculation of Meter Rent for Smart Meter**

121. As can be seen, the Meter Rent required for Single Phase Meter is grossly inadequate to recover the capital cost. As the present meter rent approved by the Hon'ble Commission is Rs 60 per Meter per Month, the rent of Rs 111 per Month is on the higher side for the consumer to bear. Accordingly, TPSODL is proposing a recovery period of 7 years (instead of 5 years) and in the Table below has worked out the rent to be paid for 7 years.

Table 4-4 : Proposed Meter Rent (Recovery of 84 Months)

Sr No	Particulars	Units	Single Phase	Three Phase WC Meter
			1-5 KW	>5 KW
1	Capital Cost to be recovered	Rs/Meter	5197	8564
2	Rentals Required for recovery of the Meter Costs @ cost of Capital for 84 months	Rs/Month	80.1	132.0
3	**Meter Rent (to cover the variation in prices of 5%)**	**Rs/Month**	**84**	**139**
4	Existing Meter Rent	Rs/Month	60	150
5	Proposed Meter Rent	Rs/Month	84	No Change Proposed

122. We therefore request the Hon'ble Commission for the following:

a. Permit recovery of Meter Rent of Rs 84 per Month over a period of 7 years
b. Alternatively permit of Rs 111 per Month over a period of 5 years

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5. Annexure 2- Asset wise Break up of Depreciation

Table 5-1 : Breakup of Depreciation for FY 2022-23 on Opening GFA (Rs Cr)

Sr No	Description	H1- FY 2022-23	Estimated for H2 FY 2022-23	Total for FY 2022-23
1	Depreciation on Buildings	0.05	0.05	0.11
2	Depreciation on Plant & Machineries	17.46	17.46	34.92
3	Depreciation on Vehicles	0.03	0.03	0.06
4	Depreciation on Furnitures & Fixtures	0.01	0.01	0.02
5	Depreciation on Office Equipments	0.04	0.04	0.08
6	Depreciation on Plant and Equipment (IT Equipment's)	0.00	0.00	0.00
7	Depreciation on Softwares	0.00	0.00	0.00
8	Total	17.60	17.60	35.19
9	Less Depreciation on account of Consumer Funding	-4.94	-4.94	-9.87
10	Less Depreciation on account of Grants	0.00	0.00	0.000
11	**Depreciation to be charged for computing the ARR**	**12.66**	**12.66**	**25.32**

Table 5-2 : Breakup of Depreciation for FY 2022-23 on assets added after 1st January 2021 (Rs Cr)

Sr No	Description	H1- FY 2022-23	Estimated for H2 FY 2022-23	Total for FY 2022-23
1	Depreciation on Buildings	0.44		
2	Depreciation on Plant & Machineries	2.71		
3	Depreciation on Vehicles	0.09		
4	Depreciation on Furnitures & Fixtures	0.19		
5	Depreciation on Office Equipments	3.02		
6	Depreciation on Plant and Equipment (IT Equipment's)			
7	Depreciation on Softwares	3.48		
8	**Total**	**9.93**	**16.98**	**26.91**

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6. Annexure 3- Details of Area of Capitalisation in FY 2022-23 and FY 2023-24

Table 6-1 Areas of Capitalisation from Schemes approved for FY 2021-22 (Rs Cr)

FY 2021-22 Approved Schemes

Sr No	Head of Capitalisation	H1 FY 22-23	H2 FY 22-23	Total FY 2022-23	Capex Approval for FY 2021-22
1	Statutory & Safety	0.67	8.05	8.72	31.43
2	Loss Reduction	2.58	11.46	14.04	15.69
3	Reliability	8.15	21.69	29.85	37.47
4	Load Growth	3.12	4.44	7.56	8.74
5	Technology & Civil Infrastructure	4.91		4.91	91.32
	Total Capitalisation from OERC Approved Capex	**19.43**	**45.64**	**65.07**	**184.65**

Table 6-2 Areas of Capitalisation from Schemes approved for FY 2022-23 (Rs Cr)

Sr No	Head of Capitalisation	H1 FY 22-23	H2 FY 22-23	Total FY 2022-23	Capex Approval for FY 2022-23
1	Statutory & Safety	4.47	34.86	39.33	39.33
2	Loss Reduction	0.12	49.67	49.79	60.72
3	Reliability	1.86	81.05	82.91	123.75
4	Load Growth	0.61	14.37	14.98	18.72
5	Technology	6.04	25.56	31.61	33.27
6	Civil Infrastructure	3.33	15.71	19.04	19.04
	Total Capitalisation from OERC Approved Capex	**16.43**	**221.23**	**237.66**	**294.83**

Table 6-3 Areas of Capitalisation from Schemes being proposed for FY 2023-24 (Rs Cr)

Sr No	Head of Capitalisation	Carry Forward of FY 2022-23	Capex-Proposed for FY 2023-24	Fraction of Capital Expenditure of FY 24 for Capitalisation	Additional Capitalisation from anticipated approval for FY 2023-24	Total Capitalisatoin for FY 2023-24
a	b	c	d	e	f=exd	g=f+c
1	Statutory & Safety	0.00	34.95	60%	20.97	20.97
2	Loss Reduction	10.93	97.01	65%	63.06	73.99
3	Reliability	40.84	212.20	65%	137.93	178.76
4	Load Growth	3.74	54.88	40%	21.95	25.70
5	Technology	1.66	46.58	90%	41.92	43.58
6	Civil Infrastructure	0.00	34.95	50%	17.48	17.48
	Total Capitalisation from OERC Approved Capex	**57.17**	**480.56**		**303.30**	**360.47**

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7. Annexure 4- Details of Employee costs for FY 2023-24

Table 7-1 Projection of Erstwhile Employees for FY 2023-24

Sr No	Particulars	%	Units	Value
1	No of Employees as on 31st March 2023		No	1779
2	No of Employees as on 31st Mar 2024		No	1703
3	Average No of Employees		No	1741
	Projections of Salary			
4	Present Basic Salary		Rs Cr/Year	93.73
5	Projected Basic Salary for FY 2023-24	3%	Rs Cr/Year	94.48
6	Dearness Allowance	44%	Rs Cr/Year	41.6
7	HRA (Average)	19%	Rs Cr/Year	18.9
8	Medical Allowance	5%	Rs Cr/Year	4.7
9	Other Allowances		Rs Cr/Year	7.74
10	PF Contribution	8%	Rs Cr/Year	7.559
11	Total		Rs Cr/Year	174.98
12	Estimated Cashflow to Trust for Terminal Benefits		Rs Cr/Year	131.47
13	Total Salary of Erstwhile Employees		Rs Cr/Year	306.45

Table 7-2 Estimated movement of DA (%) over the period

2022	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
	34%	34%	34%	34%	34%	34%	38%	38%	38%	38%	38%	38%
2023	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
	41%	41%	41%	41%	41%	41%	44%	44%	44%	44%	44%	44%
2024	Jan-24	Feb-24	Mar-24									
	47%	47%	47%									
	Average for FY 2023-24			44%								

Table 7-3 Cost of New Employees for FY 2023-24

Sr No	Pariculars	Units	Value
1	No of Employees on 30th Sep 2022	No	832
2	No of Employees on 30th Sep 2024	No	1529
3	Avg No of Employees	No	1180.5
4	**Estimated Salary of CTC Employees**	**Rs Cr**	**111.55**

Table 7-4 Breakup of Welfare Costs for FY 2023-24

Sr No	Pariculars	Units	Value
1	Insurance Premium for Health and Life Cover	Rs Cr	12.38
2	Annual Health Check-up	Rs Cr	2.21
3	Medical Facility	Rs Cr	0.25
4	Employee Enagement	Rs Cr	1.65
5	Employee R &R	Rs Cr	0.60
6	Learning & Development	Rs Cr	3.24
	Total	**Rs Cr**	**20.33**

8. Annexure 5- Meter Rent Required computation

Table 8-1 Sample Calculation of Meter Rent for Smart Meter (5 Years)

Discount Rate	6.90%

Year No	Meter Rent	Meter Rent	Present Value Factor	Present Value of the Meter Rent
	Rs/Month	Rs/Year		Rs
1	105.3	1264	0.935	1183
2	105.3	1264	0.875	1106
3	105.3	1264	0.819	1035
4	105.3	1264	0.766	968
5	105.3	1264	0.716	906
	Total			**5197**