

**TELANGANA STATE ELECTRICITY REGULATORY  
COMMISSION HYDERABAD**

**O.P. No. 26/2016**

In the matter of

Counter in O.P.No.26/2016 filed by TSGENCO before TSERC for determination of Tariff for the years FY 2014-19, under Section 62 of Electricity Act, 2003

**In the matter of**

Telangana State Power Generation Corporation Ltd.,  
Vidyut Soudha, Hyderabad – 500 082.

..... Petitioner

AND

1. Southern Power Distribution Company of Telangana Ltd.,  
MintCompound, Hyderabad – 500 004.
2. Northern Power Distribution Company of Telangana Ltd., 1-1-503,  
NIT Main Road, Chaitanyapuri, Kazipet, Warangal-506 004.
3. Eastern Power Distribution Company of Andhra Pradesh Ltd., P&T  
Colony, Seethammadhara, Visakhapatnam 530020.
4. Southern Power Distribution Company of Andhra Pradesh Ltd.,  
Srinivasa kalyana mandapam Backside, Tiruchanoor Road,  
Kesvayana Gunta, Tirupati-517 501.
5. ESCOMs of Karnataka state . ..... Respondents.

**Counter filed by Respondent No.3 and 4.**

1. At the outset, it is humbly submitted that in respect of the determination of tariff for the control period FY 2014-15 to 2018-19 sought by the Petitioner, the tariff norms prescribed in the Regulation No.1 of 2008 would be applicable. The claim of TSGENCO seeking application of CERC norms as per their amended regulation after 2006. Since these are not adopted by this Hon'ble Commission as required under clause(10) of Regulation 1 of 2008 is not tenable.

  
CHIEF GENERAL MANAGER  
P & MM & IPC  
TIRUPATI

2. The basic components of tariff determination comprises the following:

(A) FIXED COST COMPONENTS

- (i) Return on Capital Employed (RoCE)
- (ii) Depreciation
- (iii) O&M Expenses
- (iv) (Income Tax as per Actual)

(B) VARIABLE COSTS COMPONENTS

- 1. Fuel Cost as per the norms

**1. Gross Fixed Assets:**

TSGENCO arrived the Gross Fixed Assests at Table-1 of the application.

As per APERC order dated 31.05.2014 in O.P No. 15 of 2009 the Gross Fixed Assets(GFA) were arrived as on 31.03.2013 and approved by APERC as follows:

KTPS-ABC	Rs. 959.69 Cr
KTPS-V	Rs. 2080.07 Cr
KTPS-VI	Rs. 2359.60 Cr
RTS-B	Rs. 59.65 Cr
KTPP-I	Rs. 2529.96 Cr

In the filings, it is observed that during the period 2009-10 to 2013-14 an additional capital expenditure incurred to the tune of Rs. 570.56 Cr for FY 2009-14 for thermal stations at annexure-A1. At any point of time, the then APGENCO has not informed/submitted the details of R&M works carried out and the expenditure incurred towards R&M. APGENCO was also silent as to the said additional capital expenditure during finalization of O.P No. 15 of 2009 i.e on 31.05.2014. Hence, such a claim is neither can be believed nor at this belated stage can be considered. Therefore Hon'ble Commission may reject the said claim.



CHIEF EXECUTIVE OFFICER  
P & MM & IPC  
APERC



## 2. O& M Expenses:

TSGENCO claimed O&M expenses for FY 2009-10 was escalated by 6.04% year on year till FY 2013-14 and the average of 5/3 years computed was escalated by 6.64% by way of normal annual escalation and further 20% added towards 40% pay revision with effect from 01.04.2014 to arrive O&M for first year of third control period starting from 2014-15.

The tariff for 2nd control period (2009-10 to 2013-14) was already determined by APERC as per Regulation 1 of 2008. The same cannot be reopened. TSGENCO now revised the 2<sup>nd</sup> control period O&M charges to arrive for 3<sup>rd</sup> control period based on CERC Regulation 2014. As stated above, at present the prevailing regulation in the state to determine the tariff of generation is Regulation 1 of 2008 issued by APERC.

The Hon'ble commission is therefore requested to consider the prevailing regulation 1 of 2008 of APERC while finalizing the tariff for 3<sup>rd</sup> control period i.e FY 2014-15 to 2018-19.

## 3. Depreciation:

The Hon'ble commission is requested for prudent check on depreciation based on MoP notification 1994.

## 4. Return on Capital Employee(RoCE):

As per Regulation 1 of 2008 of APERC RoCE = sum of original capital cost less accumulated depreciation and working capital approved by commission as per regulation multiplied with the weighted average cost of capital (WACC).

$$WACC = \left[ \frac{(D/E)}{(1+(D/E))} \right] * rd + \left[ \frac{1}{1+(D/E)} \right] * re$$

Where D/E is Debt Equity Ratio


rd is the cost of Debt

re is the return on equity

TSGENCO consider D/E as 70:30

rd = 12.5%

re = 15.5%

  
CHIEF EXECUTIVE OFFICER  
P. & S. DEPARTMENT  
APERC

$$\text{WACC} = \left[ \frac{(70/30)}{(1+(70/30))} \right] * 12.5\% + \left[ \frac{1}{(1+(70/30))} \right] * 15.5\%$$

$$= 13.4$$

The same may be considered for arriving RoCE.

#### 5. Working Capital:

TSGENCO claimed the interest on working capital as 14%. As per clause 12.4(b) of Regulation 1 of 2008 of APERC the interest on working capital shall be on normative basis and shall be equal to the short – term Prime Lending Rate (PLR) of state bank of India as on the date on which the application for determination of tariff is made. The interest claimed by TSGENCO on working capital is on higher side. Hence the Hon'ble commission is requested for prudent check on the Prime Lending Rate of SBI while finalizing the tariff.

#### 6. Other expenditure-Interest on Pension Bonds over and above scheduled interest:

TSGENCO claimed Interest on Pension Bonds for the 3<sup>rd</sup> control period without furnishing the station wise details such as total assets and liabilities, scheduled interest and over and above the scheduled interest amount. The Hon'ble commission is requested for prudent check on it while finalizing the tariff. It is also submitted that the component of interest on pension bonds is only for old stations such as KTPS-ABC, RTS-B as per annexure-II of order dated 24.03.2003 in O.P No. 402/2002.

It is prayed that the Hon'ble Commission may disallow the claims of TSGENCO objected by this respondent while determining the tariff in O.P No.26/2016.



Respondent No.3

CHIEF GENERAL MANAGER  
 P. & I. & IPC  
 APPROVAL: TIRUPATI



Respondent No.4

CHIEF GENERAL MANAGER  
 P. & I. & IPC  
 APPROVAL: TIRUPATI



**TELANGANA STATE ELECTRICITY REGULATORY COMMISSION  
HYDERABAD**

**O.P. No. 26/2016**

In the matter of

Counter in O.P.No.26/2016 filed by TSGENCO before TSERC for determination of Tariff for the years FY 2014-19, under Section 62 of Electricity Act, 2003

**In the matter of**

Telangana State Power Generation Corporation Ltd.,  
Vidyut Soudha, Hyderabad – 500 082.

..... Petitioner

AND

1. Southern Power Distribution Company of Telangana Ltd.,  
MintCompound, Hyderabad – 500 004.
2. Northern Power Distribution Company of Telangana Ltd., 1-1-503,  
NIT Main Road, Chaitanyapuri, Kazipet, Warangal-506 004.
3. Eastern Power Distribution Company of Andhra Pradesh Ltd., P&T  
Colony, Seethammadhara, Visakhapatnam 530020.
4. Southern Power Distribution Company of Andhra Pradesh Ltd.,  
Srinivasa kalyana mandapam Backside, Tiruchanoor Road,  
Kesvayana Gunta, Tirupati-517 501.
5. ESCOMs of Karnataka state . ..... Respondents.

**VERIFYING AFFIDAVIT**

I, K. Santhosh Rao, S/o K. Yesupu aged about 54 years, employed with APSPDCL, Tirupati, do hereby solemnly affirm and state as under.

1. That I am the Chief General Manager(P&MM, & IPC), APSPDCL, Tirupati who is dealing with the matter & competent to swear this counter affidavit.
2. That the contents of accompanying counter affidavit is true and correct to my knowledge derived from records & no part of it is false and nothing material has been concealed there from.

  
**RESPONDENT**  
CHIEF GENERAL MANAGER  
P & MM & IPC  
APSPDCL :: TIRUPATI

VERIFICATION:

I, the above named deponent do hereby verify & affirm the contents of this counter affidavit as true & correct.

Verified and attested at Hyderabad on this 27<sup>th</sup> day of January, 2017.



RESPONDENT 3

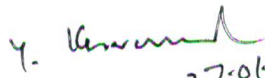
MANAGER  
AP&PDCS



RESPONDENT 4

MANAGER  
AP&PDCS

Before me  
(Seal & Date)  
Hyderabad

  
27-01-2016  
Chief Engineer (Gen) (FAC)  
AP&PDCS, Vidyalaya  
Hyderabad