



TRANSMISSION CORPORATION OF TELANGANA LIMITED
Vidyut Soudha, Somajiguda, Hyderabad – 82.

From The Chief Engineer (Comml.&RAC) TSTRANSCO Vidyut Soudha, Hyderabad – 82.	To, The Secretary, TSERC, Singareni Bhavan, Red Hills, Hyderabad.
--	--

Lr.No.CE(Comml.&RAC)/SE(Plg.)/DE(RAC)/F.APR-'19-'20 REPLIES/D.No.23/21, Dt.28.06.2021

Sir,

Sub: - Annual Performance Review (True Up) for FY2019-20 on Transmission Business and SLDC Activity of TSTRANSCO – Objections & Suggestions of Objectors – Replies furnished – Reg.

Ref: (1) e-mail addressed to the CMD/TSTRANSCO from the Secretary, TSERC dated 14-06-2021
(2) Public Notices Dt. 16.06.2021 & Dt. 22.05.2021 of TSTRANSCO
(3) O.P.No.13-of-2021 & O.P.No.14-of-2021 of TSERC

The Hon'ble Commission transmitted the copy of Objections & Suggestions of 1. Sri M. Venugopala Rao, Senior Journalist, Hyderabad, 2. Sri M. Thimma Reddy, Convener, People's Monitoring Group on Electricity Regulation, Hyderabad & 3. M/s The Federation of Telangana Chambers of Commerce (FTCCI), Red Hills, Hyderabad on the Annual Performance Review of petitions of TSTRANSCO and TSSLDC for the FY 2019-20.

In this regard, the replies of TSTRANSCO are herewith submitted as Annexure – I, II & III.

Please, acknowledge the receipt of the same.

Encl: As above

A.Vivekanand
CHIEF ENGINEER
(Comml.&RAC)

e-mail: ce.rac@tstransco.in
Mobile: 8985041522

Copy submitted to

The Joint Managing Director (Finance, Comml. & HRD)/TSTRANSCO/VS/Hyd.

ANNEXURE - I

TRANSMISSION CORPORATION OF TELANGANA LIMITED

**Replies of TSTRANSCO to the Objections & Suggestions of Sri M. Venugopala Rao
Senior Journalist, Convener Centre for Power Studies**

Sl. No.	Objections/Suggestions	Reply of TSTRANSCO
1	<p>As directed by the Hon'ble Commission in response to several suggestions, filing and taking up true-up claims and performance review on annual basis, instead of at the end of the five-year Control Period, is a welcome step for various reasons. It is in the interests of TSTransco, SLDC and consumers of power of the Discoms in the State. Annual review of performance of TS Transco and SLDC by the Hon'ble Commission and holding public hearing on the same will help the utilities to improve their performance, avoid deficiencies, if any, besides providing an opportunity to the Hon'ble Commission to review its regulatory approach in giving its approvals to the proposals of the utilities and improving upon it wherever required based on experience.</p>	<p style="text-align: center;">Suggestive</p>
2	<p>It is gratifying to note that, during the year 2019-20, TSTransco achieved transmission availability of 99.98% and reduced transmission losses to 2.65% against 2.78% approved by the Hon'ble Commission. I congratulate TSTransco for its achievement and hope that it would continue to excel in its performance in future years also in serving the consumers in the State and win laurels at the national level.</p>	<p style="text-align: center;">-</p>

3 While making its claims for true-up under various components, TSTransco did not give break-up of its computations. That information needs to be submitted and examined.

The breakup for true up components is submitted herewith;

(Rs. in crores)

Particulars	FY 2019-20		
	Tariff Order	Actuals	Deviation
Expenditure	1111.02	1928.82	817.80
O&M Costs	848.32	942.61	94.29
O&M Carrying Costs	0.00	0.00	0.00
Depreciation	747.00	919.44	172.44
Taxes	61.85	66.77	4.92
Special Appropriation	-546.15	0.00	546.15
Other Expenses	0.00	0.00	0.00
Expenses Capitalized	91.71	109.23	17.52
IDC Capitalized	0.00	0.00	0.00
O&M Expenses Capitalized	91.71	109.23	17.52
Net Expenditure	1019.31	1819.59	800.28
RoCE	908.75	1017.68	108.93
Gross ARR	1928.06	2837.27	909.21
Non Tariff Income	296.14	514.82	218.68
Revenue from Tariff	1631.92	1491.31	-140.61
Total Revenue	1928.06	2006.13	78.07
Surplus/(Deficit)	0.00	-831.14	-831.15
	0.00	-831.14	

From the above, it could be seen that the total deficit arrived is Rs.831.14 Crores. However, after adjusting the true up amount of Rs.287.59 Crores pertaining to 3rd Control Period, the Company has made net claim of Rs.543.55 Crores in its filing of Annual Performance Review.

<p>4</p>	<p>In the subject petition, TS Transco prayed the Hon'ble Commission to consider its claim for a net true up for Rs.543.55 Crore as special appropriation for the year 2019-20. This is after adjusting Rs.287.59 Crore that turned out to be excess out of Rs.546.15 Crore (including carrying cost) adjusted by the Hon'ble Commission by way of special appropriation for 2018-19 as per audited accounts for that year while reviewing the claims for the third Control Period (2014-15 to 2018-19), TSTransco explained. In other words, the Hon'ble Commission had permitted an excess amount of Rs.287.59 Crores as special appropriation under true-up to TSTransco for one year, i.e., 2018-19. It shows need for a realistic assessment after receiving audited accounts in time. Since the said special appropriation (true-up) for the year 2018-19 was considered by the Hon'ble Commission with carrying cost, true-down of Rs.287.59 Crore also should be considered with carrying cost, i.e., the interest on that amount till it is trued down should be refunded to the DISCOMs or adjusted for permissible claims of true up of Transco for the year 2019-20 to protect the interest of the consumers of power in a fair way.</p>	<p>The Hon'ble Commission while approving the tariff for FY 2019-20 by stating Clause 20.2 of the Regulation No. 5 of 2005 i.e.,</p> <p>“..... Variations in revenue recovery over approved revenue requirement on account of variations in transmission usage will be adjusted in subsequent Control Period with financing cost at average rate of borrowing during the year to which the variations relate.”</p> <p>The Hon'ble Commission has considered the revenue surplus of Rs.520.51 crores for 3rd Control Period as against the revenue surplus of Rs. 367.15 Crore (As per Provisional Annual Accounts of FY 2018-19) proposed by the company while approving the tariff for the 4th MYT. However the Commission has adjusted Rs.546.15 crores considering carrying cost @9.85% amounting to Rs.25.64Crores while fixing tariff for the FY 2019-20, which resulted in reduction of revenue for FY 2019-20.</p> <p>In view of the above fact, it is to mention that the Hon'ble commission had already considered the carrying cost in true up amount while, fixing tariff for FY 2019-20. Hence, the company need not adjust the same while reversing the surplus revenue available in the books.</p>
----------	--	--

<p>5</p>	<p>TSTRANSCO submitted that depreciation charges increased from Rs.747 Crore as approved by the Hon'ble Commission for the year 2019-20 to Rs.919.44 Crore "mainly on account of difference in depreciation rates considered by TSERC". However, Transco admitted that, as per CERC norms, depreciation charges work out to Rs.839.21 Crore. In other words, Transco is claiming an excess of Rs.70.23 Crore under depreciation charges as worked out by it, contrary to the direction of the Hon'ble Commission. Transco claim for the excess amount should be disallowed, besides examining the veracity and permissibility of its working out depreciation charges as per CERC norms. The Hon'ble Commission approved the depreciation for the 4th Control Period considering the rates of depreciation as specified by CERC in its Tariff Regulations, 2019.</p>	<p>The licensee has claimed depreciation on all the fixed assets from the date of put to use under Straight line method as per the depreciation rates notified by the Ministry of Power, Govt. of India. Accordingly, the Hon'ble Commission has been requested to consider the same while fixing the tariff for 4th Control Period.</p> <p>The licensee has worked out depreciation amounting to Rs.839.03 crores (revised), as per CERC rates and submitted to Hon'ble TSERC in compliance to Directive No.5 of the Tariff Order. Whereas, from the date of inception of TSTRANSCO, as well as in United AP TRANSCO from which the fixed assets have been transferred, the depreciation is being calculated as per the rates notified by Ministry of Power, Govt of India to have an uniformity. Accordingly, the Company has claimed depreciation amount of Rs.919.44 crores calculated as per the rates notified by Ministry of Power.</p> <p>With regard to the above, it is pertinent to mention that, the depreciation amount claimed through tariff is being utilised for repayment of term loans. The Financial Institutions are sanctioning term loans with repayment tenure of 10 to 12 years only. As such, there is a cash outflow of 7% to 8% of outstanding term loans every year. Allowing lower rates of depreciation will have an adverse impact on the working capital/cash flows of the licensee.</p> <p>Hence, the Hon'ble Commission is requested to consider the depreciation rates as per Ministry of Power, Govt. of India.</p>
----------	--	--

<p>6</p>	<p>TSTRANSCO claimed that income tax for the year 2019-20 increased from Rs.61.85 Crore permitted by the Hon'ble Commission to Rs.66.77 Crore. It needs to be examined whether the increase of Rs.4.92 Crore is as per the income tax paid by Transco or simply as per its calculation. What is the actual amount paid towards income tax by Transco for the year 2019-20? TSTRANSCO claimed that tax on income was calculated at current rate Minimum Alternate Tax (MAT) on the return on equity @14% on 25% of actual regulated rate base. The veracity and permissibility of the claims of Transco need to be examined.</p>	<p>With regard to Return on Equity and Taxes, Regulation 5 of 2005 stipulates that:</p> <p>“Return on Equity shall be determined at the beginning of the Control Period after considering CERC norms, Transmission Licensee’s proposals, previous years’ D/E mix, risks associated with distribution & supply business, market conditions and other relevant factors”</p> <p>“Taxes on Income, if any, on the income stream of the licensed business of the Transmission Licensee shall be treated as an expense and shall be recoverable through ARR.”</p> <p>Pursuant to Tariff Order for 4th MYT Control Period from FY 2019-20 to FY 2023-24, the Hon'ble APERC and TS ERC have considered “Return on Equity” @14% on 25% portion of Regulated Rate Base. Accordingly, the licensee has claimed “Return on Equity” @14% on 25% portion of Regulated Rate Base and calculated as per the methodology prescribed by the Hon'ble Commission. The corresponding income tax on the proposed Return on Equity was considered as expense in the ARR as per Regulation 5 of 2005. Further, the Company had actually made a provision towards MAT is Rs.77.94 Crores for FY 2019-20 and the said amount was paid to the Income tax department after net off of Tax Deducted at Source.</p>
----------	---	---

7	<p>TSTRANSCO claimed that RRB for the year 2019-20 increased from Rs.8346.69 Crore approved by the Commission to Rs.9010.73 Crore, i.e., an increase of Rs.664.04 Crore. It further claimed increase in cost of debt by Rs.85.69 Crore, in RoE by Rs.23.25 Crore and in RoCE by Rs.108.93 Crore vis a vis the amounts approved by the Commission for the same year. For the year 2019-20, the Hon'ble Commission approved a net contract capacity of 14372.63 MW, including 21.25 MW of open access. Based on such a capacity and other applicable parameters, the Hon'ble Commission approved transmission tariff for the 4th Control Period. For various schemes of transmission network, the Hon'ble Commission approved a capital investment of Rs.2671.87 Crore against Rs.3521.67 Crore claimed by the utility for the year 2019-20. Whether TSTransco executed the approved works prudently within the limitations of capital investments approved by the Hon'ble Commission and added the approved transmission capacity for that year needs to be submitted work-wise and examined. This is necessary to examine the claim of Transco that revenue from tariff decreased from Rs.1631.92 Crore approved by the Commission to Rs.1491.31 Crore, i.e., by Rs.140.61 Crore, and decide whether the claimed deficit is permissible. TSTransco claimed that the main reason for increase in RoCE is reduction in consumer contributions. Actual reduction in consumer contributions, if transmission capacities were added as approved by the Commission for the year 2019-20, and the reasons therefore, and concomitant increase in cost of debt and RoE need to be explained by Transco and examined by the Hon'ble Commission.</p>	<p>The actual Regulated Rate Base for FY 2019-20 is Rs.9010.73 Crores as against approved Regulated Rate Base of Rs.8346.69 Crores by Hon'ble TSERC. The variation is mainly due to reduction in Consumer Contribution and caused an increase of debt towards execution of Capital works. Thereby, it has been resulted in increase in cost of debt to that extent. Further, the work wise capital investments executed by the Company for FY 2019-20 is enclosed for information.</p> <p>Regarding, reduced revenue claimed during the year as compared to approved tariff is on account of the tariff applicability date notified by Hon'ble TSERC for FY 2019-20 with effect from 28th March, 2020, thereby the licensee could not be able to recover the approved ARR for FY 2019-20. Apart from this, the licensee has earned an income of Rs.53.44crores towards Interstate transmission charges as per CERC approved ARR during FY 2019-20.</p>
---	--	--

8 TS Transco claimed that its transmission business income decreased by Rs.194.13 Crore, with date for tariff applicability notified by the Commission with effect from 28.3.2020, as a result of which it was unable to recover the approved ARR for 2019-20. The ARR approved by the Commission for the year 2019-20 is Rs.3398.66 Crore. Transco claimed a decrease of Rs.140.61 Crore in its revenue from tariff for the year 2019-20. What are the components of income from its transmission business and where the deficit occurred need to be explained by Transco and examined by the Hon'ble Commission.

Hon'ble TSERC has approved tariff of Rs.1631.92 crores for FY 2019-20. Whereas, the Company has actually realised revenue of Rs.1491.31 Crores (including OA & ISTS revenue of Rs.53.44), which resulted in reduction of revenue for the year amounting to Rs.140.61 Crores. The details of income from Transmission business is as follows:

Month	TSNP DCL	TSSP DCL	Open Access	Revenue from ISTS	Total
Apr-19	37.38	79.96	0.40	-	117.74
May-19	37.38	79.96	2.33	-	119.67
Jun-19	37.38	79.96	3.10	-	120.44
Jul-19	37.38	79.96	2.51	-	119.85
Aug-19	37.38	79.96	2.36	-	119.70
Sep-19	37.38	79.96	1.80	-	119.14
Oct-19	37.38	79.96	2.47	-	119.81
Nov-19	37.38	79.96	2.17	-	119.51
Dec-19	37.38	79.96	2.22	-	119.56
Jan-20	37.38	79.96	2.20	-	119.54
Feb-20	37.38	79.96	2.21	-	119.55
Mar-20	37.77	81.92	3.67	53.44	176.81
Grand Total	448.95	961.48	27.44	53.44	1,491.31

9	<p>TS Transco claimed net O&M expenses of Rs.833.38 crore against Rs.756.61 Crore permitted by the Hon'ble Commission for the year 2019-20. The excess of Rs.76.77 Crore is on account of "employee terminal benefits," according to Transco. On earlier occasions, we repeatedly made detailed submissions on various petitions of Transco, TS Genco and TS Discoms relating to their claims for true-up under pay revision of their employees as effected, interest and additional interest on pension bonds and expenditure on account of their terminal benefits, etc., pointing out that imposing such additional and avoidable burdens on consumers of power had not been fair, but to no avail. Without repeating those submissions, we once again request the Hon'ble Commission to give a piece of advice to the Government of Telangana State to take over such liabilities to avoid recurrence of imposition of such unfair and avoidable burdens on consumers of power.</p>	<p>At the time of filing ARR for 4th MYT, the Company has not claimed terminal benefits due to Pending final allocation of employees between AP Transco and TS Transco. However, Pension & Gratuity Contribution has been provided provisionally in the books upto FY 2018-19 and the same was mentioned to the Hon'ble Commission in the petition.</p> <p>During the FY 2019-20, Company has adopted Actuarial Valuation and accounted actual liability towards terminal benefits in the books of accounts. This resulted into an increase of O&M expenses for the year. The Hon'ble Commission is requested to consider the same.</p>
10	<p>Even after increase in non-tariff income by Rs.218.68 Crore from Rs.296.14 Crore approved by the Commission to Rs.514.82 Crore, despite increase in revenue from Rs.1928.06 Crore approved by the Commission to Rs.2006.13 Crore, i.e., by Rs.78.07 Crore, reduction of transmission losses to 2.65% against 2.78% approved by the Commission, and adjustment of Rs.287.59 Crore excess special appreciation approved for the year 2018-19, the claim of the utility for a true-up of Rs.543.55 Crore for the year 2019-20 underlines need for further improving its efficiency.</p>	<p style="text-align: center;">Suggestive</p>
11	<p>TS SLDC CLAIMS: a) TS State Load Despatch Centre claimed a true-up of Rs.2.01 Crore for the year 2019-20. While TS Transco showed the net capacity contracted for the year 2019-20 of 14372.63 MW, including capacity of open access, TS SLDC claimed its net capacity contracted for the same year of 15672.73 MW. What is reason for a difference of 1300.10 MW between the contracted capacities of TS Transco and TS SLDC for the same year?</p>	<p>The reasons for the difference in Contracted Capacities in MW of TSTRANSCO & TSSLDC filed in Annual Performance Review Petitions is due to the following:-</p> <ol style="list-style-type: none"> 1) The Contracted Capacities of TSTRANSCO Annual Performance Review petition for FY 2019-20 are based on Generation Capacities including Open Access Capacities at EHT Voltages of 132 kV and above Voltage level. 2) The Contracted Capacities of TSSLDC Annual Performance Petition are based on Generation Capacities Contracted including Open Access capacities at 132 kV & above Voltage level and also considering Non-Conventional Energy (NCE)s and Open Access Capacities, below 132 kV Voltage level.

b) TS SLDC claimed that total expenditure was less by Rs.1.79 Crore and revenue from SLDC charges was less by Rs.3.79 Crore compared to the amounts approved by the Hon'ble Commission for the year 2019-20. As such a deficit of Rs.2 Crore is to be trued up, it claimed. Since the tariff applicable date was 10.3.2020 as per the order given by the Commission for the 4th control period, SLDC could not collect SLDC operating charges and annual fee for the year 2019-20 as approved by the Commission, it explained. While employee cost (Rs.2.50 Crore) and repairs and maintenance expenditure (Rs.0.21 Crore) together increased by Rs.2.71 Crore than approved by the Commission, administrative and general expenditure decreased by Rs.1.94 Crore and other expenses decreased by Rs.1.65 Crore. Capital cost also was less by Rs.0.91 Crore, SLDC submitted. Despite these reductions and in view of claiming higher contracted capacity and lesser capital expenditure, out of true-up claims of SLDC what is actually permissible needs to be examined as per applicable regulations and norms.

The Component wise true-up workings in respect of SLDC business is as follows:

(Rs. in crs)

S . N o .	Particulars	Tariff Order	Actuals	Diff.
I)	Expenditure:			
1	Employees Cost	33.08	35.58	2.50
2	Administratio n & General Exp.	2.56	0.61	-1.95
3	Repairs & Maintenance Exp.	0.49	0.70	0.21
4	Depreciation			
5	Interest & Finance Charges	2.96	2.05	-0.91
6	Other Expenses	0.00		0.00
7	Special Appropriation (FY 2019-20)	1.65		-1.65
	Total	40.74	38.95	-1.79
II)	Revenue:			
1	Operating Charges	36.77	30.49	-6.28
2	Annual Fees	2.96	5.67	2.71
3	Other Income	1.00	0.78	-0.22
	Total	40.73	36.94	-3.79
	(+) Profit/ (-) Loss	-0.01	-2.01	-2.00

It could be seen from the above that the actual expenditure for the FY 2019-20 is Rs.38.95 Crores and the revenue is Rs.36.94 Crores after adjustment of Special Appropriation of Rs.1.65 Crores in Operating Charges revenue approved by the Hon'ble Commission, which resulted in net gap in revenue by Rs.2.01 Crores, the same was accounted in SLDC business for FY 2019-20 and claimed accordingly.

12 I request the Hon'ble Commission to provide me an opportunity to make submissions in person during the public on the subject hearing issue after receiving and studying responses of TS Transco and TSSLDC to my submissions.

Submission to the Commission

ANNEXURE - II

TRANSMISSION CORPORATION OF TELANGANA LIMITED
Replies of TSTRANSCO to the Objections & Suggestions of Sri M. Thimma Reddy
Convenor, People's Monitoring Group on Electricity Regulation

Sl. No.	Objections/Suggestions					Reply of TSTRANSCO
1	The following are our comments/suggestions on TSTRANSCO's filings for true up of transmission business for the FY 2019-20 in response to Public Notice dt.22.05.2021 in O.P.No:13 of 2021.					Factual information
Particulars		Tariff Order	Actuals	Increase	% Increase	
Gross O&M Costs		848.32	942.61	94.29	11.11	
Depreciation		747.00	919.44	172.44	23.08	
Taxes		61.85	66.77	4.92	0.79	
Cost of Debt		616.61	702.30	85.69	13.90	
RoE		292.13	315.38	23.25	7.96	
Total		2565.91	2946.50	380.59	14.83	
2.1	TSTRANSCO in its true up petition for the FY 2019-20 has claimed Rs.380.59 Crore more expenditure compared to the one allowed by the Commission in its Transmission Tariff Order dt.20.03.2020. It amounts to 14.83% increase over and above the expenditure allowed by the Commission in the Tariff Order.					<p>TSTRANSCO has filed the petition for 4th Control Period (FY 2019-20 to 2023-24) as per the estimates and Methodology as specified by the Hon'ble Commission. Moreover, the actual expenditure may not be the same as claimed in the petition due to various factors. Hence, this may result into increase or decrease in Expenditure and Income, when compared to Claimed numbers in the petition.</p> <p>Further, it may kindly be noted, the petition for Annual Performance Review filed by the Company is based on Audited Annual Accounts of FY 2019-20.</p>

<p>2.3</p>	<p>While the Commission allowed Rs.848.32 Crore towards gross O&M costs for the FY 2019-20 TSTRANSCO has claimed Rs.942.61 Crore, signifying an increase of 11.11% compared to the amount allowed by the Commission. The Commission has arrived at the gross O&M costs based on the norms adopted by it on the basis of information provided by the Licensee. TSTRANSCO attributed increase in O&M costs to adoption of actuarial valuation report for FY 2019-20 towards employee terminal benefits which were not factored in the ARR filed by it and also Tariff Order issued by the Commission. According to Clause 12.1 of the Regulation No.5 of 2005, "... The O&M expenses for the Base Year shall be determined based on latest audited accounts, best estimates of Licensee of the actual O&M expenses for relevant years and other factors considered relevant. The O&M expenses of the Base Year, if required, will be used for projecting the expenses for each year of the control period." The Commission in the Tariff Order stated that the actual net O&M expenses for Base Year i.e., FY 2018-19 had been considered as the base and it was escalated for each year of the Control Period with the given escalation rate (Para 5.8.6). Employee terminal benefits must have been part of O&M costs of the Base Year and the same should have been taken in to account along with the escalation rate while calculating O&M costs for the FY 2019-20. TRANSCO's claim that employee terminal benefits were not factored in to ARR as well as Tariff Order issued by the Commission needs to be critically examined.</p>	<p>The O&M expenses consists of employee Cost, A&G and R&M expenses. The O&M expenses of the Licensee are driven by the length of lines in Circuit Kilometres and number of Substation Bays. The total O&M expenses have been allocated to Lines and Substations in the ratio of 30:70 respectively as per the O&M Norms specified by the Hon'ble Commission.</p> <p>As per the Annual Accounts for FY 2018-19, the actual O&M expenses are Rs. 634.26 Crores. These O&M expenses were allocated to Lines & Substations based on cumulative length of Lines and Substation Bays for FY 2018-19 considering/by taking as base for 4th Control Period and escalated with the annual escalation rate of 7.68% as per CERC escalation rates of 2019 to arrive at the norms of O&M expenses for each year of 4th Control Period. However, the Hon'ble Commission has approved the annual escalation rate @ 3.51%.</p> <p>Further, it may be noted that, the Base O&M expense of FY 2018-19 does not cover the employee terminal benefits as per Actuarial Valuation Reports. Moreover, the Company has adopted the Actuarial Valuation during FY 2019-20 and accounted the actual liability in the books of Accounts.</p>
-------------------	---	--

<p>2.4</p>	<p>TSTRANSCO is claiming Rs.172.44 Crore more than that allowed by the Commission towards depreciation. Depreciation claimed by TSTRANSCO as a part of true up is 23% higher than that allowed by the Commission. The Licensee is claiming higher depreciation under depreciation rates notified by the Ministry of Power, Gol. The Commission rejected this contention of the Licensee in the Tariff Order dt.20.03.2020 in O.P.No.3 of 2019. (Para 5.12.6). The Licensee is repeating the contention that was already rejected. As such, the claim of TSTRANSCO for higher depreciation amount is not valid.</p>	<p>The licensee has claimed depreciation on all the fixed assets from the date of put to use under Straight line method as per the depreciation rates notified by the Ministry of Power, Govt. of India. Accordingly, the Hon'ble Commission has been requested to consider the same while fixing the tariff for 4th Control Period.</p> <p>The licensee has worked out depreciation amounting to Rs.839.03 crores (revised). as per CERC rates and submitted to Hon'ble TSERC in compliance to Directive No.5 of the Tariff Order. Whereas, from the date of inception of TSTRANSCO, as well as in United AP TRANSCO from which the fixed assets have been transferred, the depreciation is being calculated as per the rates notified by Ministry of Power, Govt of India to have an uniformity. Accordingly, the Company has claimed depreciation amount of Rs.919.44 crores as per the rates notified by Ministry of Power.</p> <p>With regard to the above, it is pertinent to mention that, the depreciation amount claimed through tariff is being utilised for repayment of term loans. The Financial Institutions are sanctioning term loans with repayment tenure of 10 to 12 years only. As such, there is a cash outflow of 7% to 8% of outstanding term loans every year. Allowing lower rates of depreciation will have an adverse impact on the working capital/cash flows of the licensee.</p> <p>Hence, the Hon'ble Commission is requested to consider the depreciation rates as per Ministry of Power, Govt. of India.</p>
-------------------	--	---

2.5 TSTRANSCO is claiming 13.90% more towards cost of debt than that allowed by the Commission. Similarly, the Licensee is claiming 7.96% more towards return on equity (RoE). The Licensee attributed these higher claims to increased regulated rate base (RRB). While the Commission allowed Rs.8,346.69 Crore towards RRB the Licensee is claiming Rs.9,010.73 Crore. One of the reasons attributed by the Licensee for this higher RRB is higher depreciation. But this will not hold good as pointed out in the above paragraph. TSTRANSCO is also attributing higher RRB to reduced consumer contributions. The Commission in the Tariff Order has provided only a summary of RRB. This is coming in the way of detailed examination of TSTRANSCO's claim. We request the Commission to direct the Licensee to provide item wise explanation and justification for changes in RRB during the FY 2019-20.

The breakup of Regulated Rate Base components is submitted hereunder;

(Rs. in crores)

Particulars	FY 2019-20		
	Tariff Order	Actuals	Deviation
Assets		17550.32	17550.32
Original Cost of Fixed Assets (OCFA)		14821.22	14821.22
Additions to OCFA		2729.10	2729.10
Depreciation		5323.62	5323.62
Opening Balance		4404.18	4404.18
Depreciation during the year		919.44	919.44
Consumer Contributions		2876.94	2876.94
Opening Balance		1950.83	1950.83
Additions during the year		926.12	926.12
Working Capital		102.75	102.75
Change in Rate Base		441.77	441.77
Regulated Rate Base	8346.69	9010.73	664.04
Return on Capital Employed (RoCE)	908.75	1017.68	108.93

Interest & Finance Charges		897.43	
Less: IDC Capitalised		195.13	
Interest & Finance Charges (Net)	616.61	702.30	85.69
Return on Equity	292.13	315.38	23.24
Return on Capital Employed (RoCE)	908.75	1017.68	108.93

		<p>As per audited Annual Accounts, the actual Regulated Rate Base for FY 2019-20 is Rs.9010.73 Crores as against approved Regulated Rate Base of Rs.8346.69 Crores by Hon'ble TSERC. The variation is mainly due to reduction in Consumer Contribution which caused an increase of debt towards execution of Capital works. Thereby, it has been resulted in increase in cost of debt to that extent.</p> <p>Further, while approving the RRB, Hon'ble Commission has not specified the component wise details. Hence, the Company is not in a position to furnish the breakup details for the same in order to compare with actual RRB.</p>
3.1	<p>TSTRANSCO reported that income from transmission business decreased by Rs.194.13 Crore. This lower income is attributed to delayed notification of tariffs. But this lower transmission income may also be due to lower transmission contracted capacity. The Commission in the Tariff Order noted the transmission contracted capacity during the FY 2019-20 as 15,235.49 MW. TRANSCO's true up petition shows that transmission contracted capacity during this year was 14,372.63 MW. Actual contracted capacity was nearly 1,000 MW less than that estimated by the Commission. During the FY 2020-21 power sector is also impacted adversely due to COVID-19 pandemic. Transmission contracted capacity during the FY 2020-21 may not reach the target set by the Commission. These developments demand revisiting the additions to the transmission capacity and the consequent capital investments. At present we are in the middle of the 4th Control Period and it is suitable time for mid-term review of transmission business.</p>	<p>Hon'ble TSERC has approved tariff for FY 2019-20 is Rs.1631.92 Crores for a capacity of 14732.94 MW @ Rs.92.31/KW/month and is made applicable w.e.f 28.03.2020. Accordingly, the Company has raised the bills towards Transmission Charges for the period till the date of Hon'ble TSERC notification and charged as per tariff of 3rd Control Period of FY 2018-19 i.e., for a capacity of 16047.59 MW @ Rs.73.1243/KW/month. In fact, the actual Transmission charges (including Open Access) realised by the Company is only Rs.1437.79 Crores and which has resulted in reduction of revenue for the year amounting to Rs.194.13 Crores. Moreover, the above deficit has been reduced to Rs.140.61 crores due to receipt of ISTS charges during FY 2019-20.</p> <p>It is to be observed that due to Covid-19 there was change in Demand and generation only on certain days but not continuously, and had no impact on the Transmission Contracted capacity and the Contracted Capacity is arrived based on the long term agreements.</p>

<p>4.1</p>	<p>The Commission has provided Rs.546.15 Crore towards special appropriation during the FY 2019-20. This was a result of surplus available during the 3rd Control Period, including carrying cost following the examination of true up for the 3rd Control Period (Para 4.14.8 of the Tariff Order). The Commission arrived at this figure on the basis of the information provided by the Licensee. In the present true up petition TSTRANSCO is claiming that the actual true up provision available in the books of TSTRANSCO as per audited accounts as of FY 2018-19 is only Rs.287.59 Crore. Apart from this assertion no further details are provided for the deviation in surplus available during the 3rd Control period. True up/True down for the 3rd Control Period was decided as part the Commission's Tariff Order dt.20.03.2020 in O.P.No.3 of 2019. Questioning the True up /True down for the 3rd Control Period as decided by the Commission in the Tariff order dt.20.03.2020 in O.P.No.3 of 2019 through the present true up petition by TSTRANSCO is tantamount to a Review Petition. TSTRANSCO in the present petition should have shown apparent errors if any in this part (Chapter 4) of the Commission's Order dt.20.03.2020 in O.P.No.3 of 2019. In the present petition TSTRANSCO has only asserted that as per audited accounts as of FY 2018-19 surplus available was only Rs.287.59 Crore. TSTRANSCO has not shown errors if any in Chapter 4 of the Commission's Order dt.20.03.2020 in O.P.No.3 of 2019. As such, TSTRANSCO's claims about lower amount of surplus available during the 3rd Control Period is liable to be dismissed.</p>	<p>While approving the Tariff Order for 4th Control Period, Hon'ble Commission has considered the revenue surplus of Rs.520.51 crores for 3rd Control Period as against the revenue surplus of Rs. 367.15 Crore (As per Provisional Annual Accounts of FY 2018-19) submitted by the company. Further, the Commission has adjusted Rs.546.15 crores considering the carrying cost @9.85% amounting to Rs.25.64Crores while fixing tariff for the FY 2019-20, which has resulted in reduction of revenue for FY 2019-20. The following is the year wise actual true up position as per the audited books of Accounts upto FY 2018-19:</p> <table border="1" data-bbox="1220 539 1915 1232"> <thead> <tr> <th rowspan="2">Year</th> <th colspan="3">Amount (Rs.in crores)</th> </tr> <tr> <th>True up Approved by TSERC</th> <th>True -up as per Audited Accounts</th> <th>Diff.</th> </tr> <tr> <th>1</th> <th>2</th> <th>3</th> <th>4</th> </tr> </thead> <tbody> <tr> <td>2014-15</td> <td>-176.88</td> <td>-186.88</td> <td>10.00</td> </tr> <tr> <td>2015-16</td> <td>-452.52</td> <td>-447.72</td> <td>-4.80</td> </tr> <tr> <td>2016-17</td> <td>-403.64</td> <td>-330.08</td> <td>-73.56</td> </tr> <tr> <td>2017-18</td> <td>-175.17</td> <td>-67.34</td> <td>-107.83</td> </tr> <tr> <td>2018-19</td> <td>53.10</td> <td>109.83</td> <td>-56.73</td> </tr> <tr> <td>Total</td> <td>-1155.11</td> <td>-922.19</td> <td>-232.92</td> </tr> <tr> <td>Add: Carrying Cost</td> <td>-25.64</td> <td>0</td> <td>-25.64</td> </tr> <tr> <td>Grand Total:</td> <td>-1180.75</td> <td>-922.19</td> <td>-258.56</td> </tr> <tr> <td>Less: Already Adjusted (Fy.2014-15 & 2015-16)</td> <td>634.60</td> <td>634.60</td> <td>0</td> </tr> <tr> <td>Net Liability</td> <td>-546.15</td> <td>-287.59</td> <td>-258.56</td> </tr> </tbody> </table> <p>Further, it is to mention that, the Company has filed its Annual Performance Review (True up) for FY 2019-20 based on audited Annual Accounts in compliance to New Directive No.3 issued by Hon'ble TSERC.</p>	Year	Amount (Rs.in crores)			True up Approved by TSERC	True -up as per Audited Accounts	Diff.	1	2	3	4	2014-15	-176.88	-186.88	10.00	2015-16	-452.52	-447.72	-4.80	2016-17	-403.64	-330.08	-73.56	2017-18	-175.17	-67.34	-107.83	2018-19	53.10	109.83	-56.73	Total	-1155.11	-922.19	-232.92	Add: Carrying Cost	-25.64	0	-25.64	Grand Total:	-1180.75	-922.19	-258.56	Less: Already Adjusted (Fy.2014-15 & 2015-16)	634.60	634.60	0	Net Liability	-546.15	-287.59	-258.56
Year	Amount (Rs.in crores)																																																				
	True up Approved by TSERC	True -up as per Audited Accounts	Diff.																																																		
1	2	3	4																																																		
2014-15	-176.88	-186.88	10.00																																																		
2015-16	-452.52	-447.72	-4.80																																																		
2016-17	-403.64	-330.08	-73.56																																																		
2017-18	-175.17	-67.34	-107.83																																																		
2018-19	53.10	109.83	-56.73																																																		
Total	-1155.11	-922.19	-232.92																																																		
Add: Carrying Cost	-25.64	0	-25.64																																																		
Grand Total:	-1180.75	-922.19	-258.56																																																		
Less: Already Adjusted (Fy.2014-15 & 2015-16)	634.60	634.60	0																																																		
Net Liability	-546.15	-287.59	-258.56																																																		
<p>5.1</p>	<p>We request the Commission to take our above submissions on record.</p>																																																				

ANNEXURE - III

TRANSMISSION CORPORATION OF TELANGANA LIMITED

Replies of TSTRANSCO to the Objections & Suggestions of the Federation of Telangana Chambers of Commerce and Industry (FTCCI)

Sl. No.	Objections/Suggestions	Reply of TSTRANSCO
1	<p>Condonation for delay: Reference to True up Petition Page 5 -para 5</p> <p>Condonation of delays is within the powers of this Hon'ble Commission. However, we are unable to comprehend why the reasons given, as stated by the petitioner are withheld in this petition.</p>	Reasons for delay already furnished.
2	<p><u>True - Up – Analysis of Financial Performance for FY 2019-20. Reference: Page 10 of the True Up Petition (OP-13 of 2021)</u></p> <p>We regret we have not been able to access the audited Annual Reports for the period under Review (FY2019-20) in the TSTRANSCO website. We are sure that this Hon'ble Commission will appreciate that Annual Report (FY 2019-20) is a necessary document for analyzing a TRUE UP application. We have addressed our request in written to this Hon'ble Commission seeking direction to TSTRANSCO to make available the same and further requested to extend the last date for filing our objections to 18.06.2021. This is to enable us a reasonable time to study the annual report with respect to the True-Up claims and file any additional objections. We wish to place on record that we were similarly disadvantaged in filing financially reasoned objections in the matter of TSGENCO True-up & Tariff Petitions in OP-5 &6 /2021. We don't wish to hazard any reasons as to why the websites of all the four regulated bodies are not regularly updated. We request this Hon'ble Commission to direct TSGENCO, TSTRANSCO & TSDISCOMs</p>	The final comments of the C&AG audit on Annual Accounts of the Company for FY 2019-20 is awaited. In this regard, a copy of audited Annual Accounts of the Company for FY 2019-20 is submitted herewith.

We request the Hon'ble Commission to direct REGULATORS, RETAILERS & DISTRIBUTORS that any petition for ARR, TRUE-UP s or Petitions having financial implications should be accompanied with the Annual reports of the relevant period.

For the present under the above stated limitation, we will state our objections/ suggestions

2.1 ARR True up (Tariff Order VS Actuals) for FY 2019-20: Reference Page 13,14 para Vi) Table 6.

The TSERC order on TSTRANSCO ARR is dated 20-03-2020. Thus, it appears that even before the ink on the order had dried, the True up for the FY 2019-20 had already breached the ARR as claimed in the above cited Table 6, a reported deficit of Rs.831.14 crores, 43% of T.O. ARR of Rs 1928 Crore.

There was a revenue surplus during the 3rd Control period (FY 2014-15 to FY 2018-19) and the commission in their 4th Control period Tariff order (FY 2019-20 to FY 23-24) approved the recovery of Rs 546.15 Crores (table 4-18, page 55 of the order)

TSTRANSCO in their petition (OP-13/2021) STATES that, **“whereas the actual True up provision available as per audited accounts as of FY 2018-19 is only Rs.287.59 Crores”. vide page 14 of their petition (OP-13)**

We, as already reported, are not privy to the audited accounts (FY 2018-19) and hence cannot comment on the purported reduction of TRUE DOWN in FY 2018-19 AUDITED BOOKS from Rs.546.15 Crores to Rs 287.59 Crores. A statutory Auditor’s role as per company law provisions is to certify the correctness of the entries- based on purchase orders, or sales invoice, credit or debit notes, or any approvals from the Board of Directors or any delegated authority as may be required in terms of Delegation of authorities. **Whereas only the Hon’ble Commission has the power to decide the financial prudence of a decision taken by any of regulated corporate body under its ambit.**

Therefore, pending this Hon’ble Commission’s revised decision, the Financial Appropriation for FY 2019-20, should be reckoned as approved in the ARR for the 4th Control Period for TSTRANSCO that is Rs 546.15 crores. Hence the explanation given by the petitioner is at best specious and misleading hence should be rejected.

The deficit claim of Rs.543.57 Crores is based on the unverified Expenditure claim of the Reported Gross ARR of Rs.2837.27 Crores for a reported Revenue of Rs. 2006.13 Crores, thus a deficit of Rs.831.14 Crores to be adjusted against the reduced surplus from 3rd Control Period Claim of Special appropriation of Rs.287.59 Crores resulting in a TRUE UP Claim of Rs 543.55 Crores.

(-Rs.831.14+Rs.287.59 = -Rs543.57).

The breakup of true up components is submitted hereunder;

(Rs. in Crores)

Particulars	FY 2019-20		
	Tariff Order	Actuals	Deviation
Expenditure	1111.02	1928.82	817.80
O&M Costs	848.32	942.61	94.29
O&M Carrying Costs	0.00	0.00	0.00
Depreciation	747.00	919.44	172.44
Taxes	61.85	66.77	4.92
Special Appropriation	-546.15	0.00	546.15
Other Expenses	0.00	0.00	0.00
Expenses Capitalized	91.71	109.23	17.52
IDC Capitalized	0.00	0.00	0.00
O&M Expenses Capitalized	91.71	109.23	17.52
Net Expenditure	1019.31	1819.59	800.28
RoCE	908.75	1017.68	108.93
Gross ARR	1928.06	2837.27	909.21
Non Tariff Income	296.14	514.82	218.68
Revenue from Tariff	1631.92	1491.31	-140.61
Total Revenue	1928.06	2006.13	78.07
Surplus/(Deficit)	0.00	-831.14	-831.15
	0.00	-831.14	

From the above, it could be seen that the total deficit arrived is Rs.831.14 Crores. However, after adjusting the true up amount of Rs.287.59 Crores pertaining to 3rd Control Period, the Company has made net claim of Rs.543.55 Crores in its filing of Annual Performance Review.

The Hon’ble Commission has considered the revenue surplus of Rs. 520.51 Crore for 3rd Control Period as against the revenue surplus of Rs. 367.15 Crore (As per Provisional Annual Accounts of FY 2018-19) proposed by the company while approving the tariff for the 4th MYT. However, the Hon’ble Commission has adjusted Rs.546.15 crores considering carrying cost @9.85% amounting to Rs.25.64Crores while fixing tariff for the FY 2019-20 and fixed the tariff rate accordingly. Hence, this resulted in reduction of revenue for FY 2019-20.

Further, the Company has submitted the copies of bills raised towards Transmission & SLDC charges for FY 2019-20 as directed by Hon'ble Commission while furnishing the additional data requirement.

The following is the year wise actual true up position as per the audited books of Accounts upto FY 2018-19:

Year	Amount (Rs.in crores)		
	True up Approved by TSERC	True -up as per Audited Accounts	Diff.
1	2	3	4
2014-15	-176.88	-186.88	10.00
2015-16	-452.52	-447.72	-4.80
2016-17	-403.64	-330.08	-73.56
2017-18	-175.17	-67.34	-107.83
2018-19	53.10	109.83	-56.73
Total	-1155.11	-922.19	-232.92
Add: Carrying Cost	-25.64	0	-25.64
Grand Total:	-1180.75	-922.19	-258.56
Less: Already Adjusted (Fy.2014-15 & 2015-16)	634.60	634.60	0
Net Liability	-546.15	-287.59	-258.56

<p>3.0</p>	<p>Analysis of the Expenditure Variance Claims. The net claim/ Regulatory receivable of Rs. 543.55 Crores is based on an incorrect premise of reliance on a statutory audit certification of revenue and expenditure as per received bills or invoices NOT NECESSARILY on its financial prudence or regulatory compliance unless approved by this Hon'ble Commission.</p> <p>The reported actual expenditure variance is Rs.817.80 Crores without adjusting the Special appropriation in the actuals whereas the Tariff Order has adjusted the Special appropriation approved by the Hon'ble Commission in their T.O for 4th Control Period dt.20.03.2020.</p> <p>The major Controllable expenditures are O&M and Depreciation (non-cash). We are restricting our observations to these expenses, which are approximately 50% each both as per T.O AND REPORTED ACTUALS.</p>	<p>The Company has filed the Annual Performance Review (true up) with the actual data/information as per the audited Annual Accounts for FY 2019-20.</p> <p>The Hon'ble Commission may take a view in this regard.</p>
-------------------	---	--

3.1

Analysis of Operation & Maintenance (O&M) Expenses. Reference Table 1, Page 11, paragraph 2.1.

The given table cited above reports a variance of Rs.94.29 Crore, without taking into account O&M expenses to be capitalized. The O&M expenses consist of Employee Cost, Administrative & General Expenses and Repairs & Maintenance.

The variance is well over 11% of the TARIFF ORDER (T.O) an additional Rs.9000/- per CKT/KM of O&M, pushing the O&M expenses to over Rs.101300/ckt km from the present Norm of Rs.91262/ckt.km.

The Tariff order approved expenses under all the expenditure heads is not shown in the TABLE 1 and hence a variance analysis is a charade at best. We request the Hon'ble Commission to direct the Petitioner to provide the budgeted expenditure planned under each of the sub heads of O&M. During the 3rd Control Period Employees cost was almost 75% AND further as already requested an audited balance sheet is an essential document for a proper analysis for a True-up. Generally, Repairs and Maintenance are Revenue expenses and we request the Hon'ble Commission to disallow claims of Capitalization without due diligence as such claims are leading to over-capitalizations and artificially reducing R&M Expenses etc. The main reasons cited by the petitioner for the deviation "--is due to adoption of actuarial valuation reported for FY 2019-20 towards employee terminal benefits, which were not factored in the ARR filed by TSTRANSCO and also Tariff Order issued by this the Hon'ble Commission "(Reference page 11, under Table 1:Variance in O&M expenses).

The above explanation gives an impression to us hapless customers that this is regulation permitted or statutory. We submit that we consumers cannot be burdened any further because of a purported valuation by an actuary, this cannot be imposed as though it is backed by a statute. We request this Hon'ble Commission to direct the Petitioner to provide a copy of the purported valuation report.

The O&M expenses comprises of employee Cost, A&G, and R&M expenses. The actual component wise expenditure is as follows:

Particulars	FY 2019-20		
	Tariff Order	Actuals	Deviation
Gross O&M Costs	848.32	942.61	94.29
Employees Cost		792.03	
Administrative & General Expenses		45.68	
Repairs & Maintenance Expenses		104.90	
Less: O&M Expenses Capitalised	91.71	109.23	17.52
Net O&M Expenses	756.61	833.38	76.77

Further, while approving the Tariff Order, Hon'ble Commission has not furnished component wise details. Hence, the Company is not in a position to furnish the details so as to compare the same with actual O&M expenses.

At the time of filing ARR for the 4th MYT, the Company has not considered terminal benefits due to Pending final allocation of employees between AP Transco and TS Transco. However, Pension & Gratuity Contribution has been provided provisionally in the books upto FY 2018-19 and the fact was submitted to the Hon'ble Commission in the petition.

During the FY 2019-20, Company has adopted Actuarial Valuation and accounted actual liability towards terminal benefits in the books of accounts. This has resulted in increase of O&M expenses for the year. The Hon'ble Commission is requested to consider the same.

<p>3.2</p>	<p>Variance of Depreciation. Reference Table 2, Page 11, Paragraph 2.ii(a) of the Petition</p> <p>OP -13/2021</p> <p>The reported actual depreciation is Rs.919.44 vis-a-vis Rs.747.00 Crores as per T.O. A deviation of Rs.172.44 Crores a variance of 23%. The difference as per the petitioner is “mainly on account of difference in depreciation rates considered by Hon’ble TSERC”. The T.O of 4th Control Period of TSTRANSCO is clearly explains the basis in page 72, paragraph 5.12.7 and unless there are merits in the petitioner claims, not visible to us, this claim should be disallowed. The claim of the petitioner in paragraph 2.II(b) that the depreciation as per CERC norms is Rs.839.21 Crore is to examined by Hon’ble Commission and ORDER appropriately.</p>	<p>The licensee has claimed depreciation on all the fixed assets from the date of put to use under Straight line method as per the depreciation rates notified by the Ministry of Power, Govt. of India. Accordingly, the Hon’ble Commission has been requested to consider the same while fixing the tariff for 4th Control Period.</p> <p>The licensee has worked out depreciation amounting to Rs.839.03 crores (revised), as per CERC rates and submitted to Hon’ble TSERC in compliance to Directive No.5 of the Tariff Order. Whereas, from the date of inception of TSTRANSCO, as well as in United AP TRANSCO from which the fixed assets have been transferred, the depreciation is being calculated as per the rates notified by Ministry of Power, Govt of India to have an uniformity. Accordingly, the Company has claimed depreciation amount of Rs.919.44 crores as per the rates notified by Ministry of Power.</p> <p>With regard to the above, it is pertinent to mention that, the depreciation amount claimed through tariff is being utilised for repayment of term loans. The Financial Institutions are sanctioning term loans with repayment tenure of 10 to 12 years only. As such, there is a cash outflow of 7% to 8% of outstanding term loans every year. Allowing lower rates of depreciation will have an adverse impact on the working capital/cash flows of the licensee.</p>
------------	--	--

<p>4.0 Revenue Deviations. Reference Page 13, Paragraph 2.v), Table 5.</p> <p>The reported actual revenue for FY 2019-20 is Rs. 1491.31 Crore Short by Rs.140.81 of the T.O Revenue of Rs.1631.91. The other income made up for the shortfall to reduce the total revenue deviation to Rs.78.07 Crore. The explanation for the shortfall is vague “ The actual transmission business income is decreased by Rs.194.13 as the tariff applicability notified by the Hon’ble TSERC for FY 2019-20 with effect from 28th March, 2020., thereby the licensee could not able to recover the approved ARR for FY 2019-20”.</p> <p>We request the Hon’ble Commission to direct the petitioner to give a proper explanation for the reduction. The approved rate for FY 2019-20 is Rs.92.31/kw/month for the contracted capacity of 14732.94 MW.</p> <p>The petitioner should have filed the ARR for the 4th Control Period, as per the Regulation 5 of 2005, by 30.11.2018. As per para 1.1.8, page 3 of 4th Control Period T.O.dated 20.03.2020 the petitioner sought extension and filed the ARR on 30.11.2019, a year late. Consequences of Condonation of delays in filing, eventually burdens the consumer.</p> <p>We request the Petitioner to clarify if the Revenue deficit in FY 2019-20 due to reduction in contracted capacity of the transmission lines, or planned addition of 2937 ckt.km transmission lines (Table 5-6, page 59 of T.O of 4th Control Period) was not commissioned or the rate was as per the earlier Control Period.</p> <p>The near 100% increase in other income from the T.O though propitious, it is not clear how the amortization of LIS Can be inflow as other income.? We request the Petitioner to clarify as to how Deposit contribution Works’ assets depreciation is claimable in accounting or regulatory terms?</p>	<p>Hon’ble TSERC has approved tariff for FY 2019-20 is Rs.1631.92 Crores for a capacity of 14732.94 MW @ Rs.92.31/KW/month and is made applicable w.e.f 28.03.2020. Accordingly, the Company has raised the bills towards Transmission Charges for the period till the date of Hon’ble TSERC notification and charged as per tariff of 3rd Control Period of FY 2018-19 i.e., for a capacity of 16047.59 MW @ Rs.73.1243/KW/month. In fact, the actual Transmission charges (including Open Access) realised by the Company is only Rs.1437.79 Crores and which has resulted in reduction of revenue for the year amounting to Rs.194.13 Crores. Moreover, the above deficit has been reduced to Rs.140.61 crores due to receipt of ISTS charges during FY 2019-20.</p> <p>Further, the Company is executing the LIS/DC works on the request of the consumers on behalf of GoTS. On completion of works, the Company is capitalising the Assets in the books with corresponding liability “Deposit Contribution liability pending amortisation”, and the same is amortised over the period of life of the Assets with an amount equivalent to depreciation. The said accounting treatment is being followed by United APTRANSCO and TSTRANSCO from the date of inception.</p>
---	---

5	<p>TSTRANSCO's Responses, write up of completed works: 220kV & 132 kV Schemes Reference Page 20, Paragraph 2 in filings (OP-13/2021)</p> <p>We note with appreciation that TSTRANSCO has provided a detailed list of 29 works executed as planned for capital expenditure. We note that the investment approval, purchase order date and date of commissioning has all been given.</p> <p>This document, however would have more informative and appreciated by we consumers had it included:</p> <p>A) Target date of Commissioning, along with the given date of commissioning.</p> <p>B) Cost overrun and quantum, if any ?</p> <p>C) Feedback to assess if the purpose of the capital expenditure has been achieved. ? ANY further improvement is contemplated.?</p> <p>The capital works in progress us also a detailed 33 numbered list, again the Target date of commissioning would have enhanced its information value to we respondents.</p> <p>We request that the Audited annual report is urgently provided to us for analysis and submission of additional objections/suggestions with respect to the petition OP-13/2021.</p>	<p>The details of completed works of 220 kV and 132 kV schemes are submitted to the Commission.</p>
---	---	---