



**BEFORE**

**THE BIHAR ELECTRICITY REGULATORY COMMISSION  
VIDYUT BHAWAN -II, PATNA**

**Petition  
For  
True - up for FY 2015-16**

**Annual Performance Review (APR) for FY 2016-17**

**And  
Determination of Annual Revenue Requirement (ARR)  
and Transmission Tariff for FY 2017-18**

**For  
Bihar State Power Transmission Company Limited  
(BSPTCL)  
Patna**



**Chief Engineer (System Operation)**

**1<sup>st</sup>Floor, Vidyut Bhawan-1**

**Jawaharlal Nehru Marg**

**Patna - 800 021**

**30 November 2016**



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**BEFORE, THE BIHAR ELECTRICITY REGULATORY COMMISSION,**

IN THE MATTER OF

Filing of the Petition for True-up of FY 2015-16, Annual Performance Review (APR) for FY 2016-17 and Determination of Annual Revenue Requirement (ARR) and Tariff for FY 2017-18 under BERC (Terms and Conditions for Determination of Tariff) Regulations, 2007 along with the other guidelines and directions issued by the BERC from time to time and under Section 45, 46, 47, 61, 62, 64 and 86 of The Electricity Act 2003 read with the relevant guidelines.

AND

IN THE MATTER OF

BIHAR STATE POWER TRANSMISSION COMPANY LIMITED (hereinafter referred to as "BSPTCL" or "STU" or "Petitioner" which shall mean for the purpose of this petition the Licensee), having its registered office at Vidyut Bhawan-1, Jawaharlal Nehru Marg, Patna.

The Petitioner respectfully submits as under:

1. Pursuant to the enactment of the Electricity Act, 2003, Bihar State Power Transmission Company Limited (hereinafter referred to as BSPTCL) is filing this petition for true up of FY 2015-16, "Annual Performance Review" (APR) for FY: 2016-17 and Determination of tariff for FY 2017-18 as per procedures outlined in section 61, 62 and 64, of Electricity Act 2003, and the governing regulations thereof.
2. The Multi-year Tariff (MYT) petition on behalf of all the companies for control period FY 2013-14 to FY 2015-16 was filed on 14.11.2012 by BSPHCL on behalf of all companies and accordingly the Hon'ble Commission had issued common order for all entities (tariff order dated March 15' 2013).



3. The Petitioner had then filed petition for Annual Performance Review for FY 2013-14 and Revised ARR for FY 2014-15 on November 14' 2013 and accordingly the Commission had issued tariff order dated February 28' 2014.
4. The Petitioner had then filed petition for True-up for FY 2013-14, Annual Performance Review (APR), Revised Annual Revenue Requirement (ARR) for FY 2015-16 and accordingly the Commission had issued tariff order dated March 12' 2015.
5. The Petitioner had then filed petition for True-up for FY 2014-15, Annual Performance Review (APR) for FY 2015-16 and approval of the "Annual Revenue Requirement (ARR)" for the period 2016-17 & determination of Multi Year tariff for FY 2016-17, 2017-18 & 2018-19 on December 28'2015 and the Commission issued the Order on the Petition on March 21'2016.
6. The Petitioner filed the Review Petition on the Commission's Tariff Order dated March 21'2016 and the Commission issued the Order on Review Petition on July 12'2016.
7. This instant petition is being filed with the Hon'ble Commission for True-up for FY 2014-15, Annual Performance Review (APR) for FY 2015-16, Annual Revenue Requirement (ARR) for FY 2016-17 considering the approved values of MYT order dated 21.03.2016 and tariff order dated 12.03.2015.
8. The present petition is filed on independent basis by the BSPTCL.
9. This petition has been prepared in accordance with the provisions of Sections 61, 62 of the Electricity Act, 2003 and taking into consideration the Chapter 6, Multi-Year Tariff of the BERC (Terms and Conditions for Determination of Tariff) Regulations, 2007 as amended time to time by the Hon'ble Commission.
10. BSPTCL along with this petition is submitting the regulatory formats with data & information to the extent applicable and would make available any further information/additional data required by the Hon'ble Commission during the course of proceedings.



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### **Prayers to the Commission:**

The Petitioner respectfully prays that the Hon'ble Commission may:

- a) Admit this petition;
- b) Examine the proposal submitted by the Petitioner in the enclosed petition for a favourable dispensation;
- c) Pass suitable orders with respect to the True-up for FY 2015-16 for Rs. 306.62 Crore, APR for FY 2016-17 for Rs. 416.54 Crore and ARR for FY 2017-18 for Rs. 742.65 Crore.
- d) Approve the transmission charges as per the proposal and allow relaxation in tariff norms wherever sought for;
- e) Pass separate order for the Petitioner against the present petition;
- f) Approve the actual income tax for FY 2014-15 along with carrying cost;
- g) Approve the actual income tax for FY 2015-16 as part of true up;
- h) Allow the recovery of Rs 22.12 Crore for depreciation during FY 2014-15 as approved in Review Order along with carrying cost;
- i) Condone any inadvertent omissions, errors, short comings and permit BSPTCL to add/ change/ modify/ alter this filing and make further submissions as may be required at a future date; and
- j) Pass such Order as the Hon'ble Commission may deem fit and appropriate keeping in view the facts and circumstances of the case.

Dated: 30 November 2016

G K Choubey

Chief Engineer (System Operation)



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## List of Annexures

Sl.No.	Annexure
1	Audited Accounts for FY 2015-16
2	ADB loan details (document copy is provided)
3	Income tax challans for FY 2014-15 & FY 2015-16
4	Copy of CEA Approval for Apex Metering Scheme
5	Supporting Documents for SLDC
6	ARR Forms





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# 1 Introduction

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## 1.1 Background

Bihar State Electricity Board (“Board” or “BSEB”) originally constituted on 1<sup>st</sup> April 1958 under Section 5 of the Electricity (Supply) Act, 1948 and was engaged in the management of electricity generation, transmission, distribution and related activities in the State of Bihar.

Under the new ‘Bihar State Electricity Reforms Transfer Scheme 2012’, the BSEB has been unbundled into five companies: Bihar State Power (Holding) Company Limited (BSPHCL), Bihar State Power Transmission Company Limited (BSPTCL), Bihar State Power Generation Company Limited (BSPGCL), South Bihar Power Distribution Company Limited (SBPDCL) and North Bihar Power Distribution Company Limited (NBPDCCL) with effect from 1<sup>st</sup> November’ 2012 vide notification dated 30.10.2012.

- a) **“Bihar State Power (Holding) Company Limited” or “BSP(H)CL”** means the Company that will own shares of newly incorporated reorganized four companies i.e. Bihar State Power Generation Company Limited, Bihar State Power Transmission Company Limited, South Bihar Power Distribution Company Limited, and North Bihar Power Distribution Company Limited.
- b) **“Bihar State Power Generation Company Limited” or “BSPGCL”** means the Generating Company to which the Generating Undertakings of the Board are to be transferred in accordance with this Scheme
- c) **“Bihar State Power Transmission Company Limited” or “BSPTCL”** means the Transmission Company to which the Transmission Undertakings of the Board are to be transferred in accordance with this Scheme
- d) **“South Bihar Power Distribution Company Limited” or “SBPDCL” and “North Bihar Power Distribution Company Limited” or “NBPDCCL”** collectively mean the Distribution Companies, to which the Distribution Undertakings of the Board are to be transferred in accordance with this Scheme.



## 1.2 Profile of BSPTCL

Primarily, the transmission of power takes place at 400 kV, 220 kV and 132 kV voltage levels. The total capacity in the transmission system as on 16.11.2016 is as provided in the table below:

**Table 1-1: Power Transformer Capacity (in MVA)**

Sub-stations	FY 2015-16
220/132kV	5750
132/33kV	8920
132/25 kV	109.90

**Table 1-2: Transmission Line Length (in Ckm)**

Transmission Lines (in Ckm.)	FY 2015-16
220kV	2125.64
400 kV	-
132 kV Double Ckt. Line	7448.26

The details of the substations covering name of sub-station and capacity are provided at details of Grid Sub-Station in the Annexure.

The power supply position in the State of Bihar is improving and Bihar Utilities are taking all required steps to strengthen and develop the electricity infrastructure in transmission and distribution. Further the approvals have also been received for many projects under the 12th Plan, Backwards Region Grant Fund (BRGF)/Special Plan and State Plan Funds. Hence there is need to invest in the transmission and distribution sector in the State of Bihar



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### 1.3 Current Petition

This Petition considers proposal for the Transmission Company for the True-up of FY 2015-16, Annual Performance Review for FY 2016-17 and determination of the ARR and tariff for FY 2017-18 of BSPTCL.

Section 62 of the Electricity Act 2003 requires the licensee to furnish details as may be specified by the Hon'ble Commission for determination of tariff. In addition, as per the regulations issued by the Hon'ble Commission, BSEB or its unbundled companies is required to file petition for all reasonable expenses which it believes would incur over the next financial year and seek the approval of the Hon'ble Commission for the same. The filing is to be done based on the projections of the expected revenue and costs.

The current petition is prepared in accordance with the provisions of the following Acts / Policies / Regulations:

- Electricity Act 2003;
- National Electricity Policy;
- National Tariff Policy;
- BERC (Terms and Conditions for Determination of Tariff) Regulations, 2007 as amended time to time
- BERC (Terms and Conditions for Open Access) Regulations, 2005 as amended time to time

BSPTCL has made genuine efforts for compiling all relevant information relating to the APR / ARR petition as required by the Regulations issued by the Hon'ble Commission and has also made every effort to ensure that information provided to the Hon'ble Commission are accurate and free from material errors.

However, there may be certain deficiencies / infirmities in the petitions owing to the different aspects related with the operations of Transmission Company on independent basis. Hence, BSPTCL prays to the Hon'ble Commission that the information provided be accepted for the current filing and deficiencies if any may please be condone. BSPTCL assures the Hon'ble Commission that appropriate



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measures have been taken to improve the management information system for improved data collection.

#### **1.4 Contents of the Petition**

The present petition comprises of main sections namely:

- True-up for FY 2015-16
- Annual Performance Review (APR) for FY 2016-17
- Determination of tariff for FY 2017-18.



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## 2 Approach for filing the Petition

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The Hon'ble Commission in the order dated 12.3.2015 approved the true-up of FY 2013-14, Annual Performance Review of FY 2014-15 and Annual Revenue Requirement of FY 2015-16 for BSPTCL. The transmission charges for FY 2014-15 were also laid out in this order.

Thereafter, the Hon'ble Commission in order dated 21.03.2016 approved the true up of FY 2014-15, APR for FY 2015-16 and ARR for FY 2016-17 to FY 2017-18 and determination of tariff for FY 2016-17.

Regulation 22 of Tariff Regulations, 2007 stipulates as follows:

### ***"22 Review and Truing up***

*(1) The Commission shall undertake a review along with next Tariff Order, of the expenses and revenues approved by the Commission in the current year Tariff Order. While doing so, the Commission shall consider variations between approvals and revised estimates / pre-actuals of the sale of electricity, income and expenditure for the relevant year and permit necessary adjustments / changes in case such variations are for adequate and justifiable reasons. Such an exercise shall be called 'Review'.*

*(2) After audited accounts of the year are made available, the Commission shall undertake a similar exercise as in sub-clause (1) above based on the final actual figures as per the audited accounts. This exercise based on the audited accounts shall be called 'Truing up'. The truing up exercise for any year shall not ordinarily be considered after more than one year gap after 'Review'.*

*(3) The Revenue gap of next year shall be adjusted as a result of Review and Truing up exercises.*

*(4) While approving adjustments towards revenue / expenses in future years, arising out of Review / Truing up exercises, the Commission may allow the carrying costs as determined by the Commission of such expenses / revenues, Carrying costs shall be limited to the interest rate approved for working capital borrowings."*



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This petition contains the actual data for FY 2015-16 based on the audited accounts for FY 2015-16. Further, estimates for FY 2016-17 have also been revised based on the actual performance of the licensee during the first six months (April 2016 to September 2016) of FY 2016-17.

In line with the above, BSPTCL is filing the present petition for the True-up for FY 2015-16, Annual Performance Review (APR) for FY 2016-17 and Determination of tariff for FY 2017-18 taking into account the previous year(s) gap / surplus for the Hon'ble Commission's approval.



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## 3 True up for FY 2015-16

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### 3.1 Introduction

The Petitioner is filing the present petition for the true-up of FY 2015-16 based on the audited annual accounts for the year, Annual Performance Review (APR) for FY 2016-17 based on the actual data of previous six (6) months and determination of revised ARR and Tariff for FY 2017-18.

### 3.2 Transmission Loss

The transmission loss trajectory considered by the Hon'ble Commission in the MYT order dated 12.3.2015 is provided in the table below:

**Table 3-1: Transmission approved in the MYT order Loss**

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Transmission Loss	4.02%	3.97%	3.92%

The Actual transmission loss for FY 2015-16 is 4.89% and the same are as per the audited accounts of the petitioner. The Petitioner submits that the norm of 3.92% for FY 2015-16 as laid out by the Hon'ble Commission was not achieved by the transmission licensee owing to various constraints, explained in the following paragraph.

The petitioner is taking all possible measures to minimize the transmission loss for which BSPTCL has initiated intra state transmission system strengthening, augmentation of transformers, development of new intra state transmission infrastructure including creation of new Grid S/s near to the load centre and metering of each incoming & outgoing feeders and implementation of online monitoring of data & getting data on real time basis including Energy Accounting & Audit.

The Hon'ble Commission has already noted in its order dated 21.3.2016 that the



petitioner has undertaken the following:-

*“BSPTCL in the compliance to the above directive, submitted as under:*

- a. The proposal along with DPR for the Implementation of the Apex metering scheme with a provision of communication of data online at central despatch centre (i.e., SLDC, Patna) and to monitor data on real time basis including energy accounting and audit, has already been submitted before CEA for approval of the scheme. In this scheme, SEM meters will be provided at all outgoing and incoming feeders including transformers (HT and LT side).*
- b. Special Energy Meter (SEM) with communication facility will be installed at different voltage level i.e. at 220 KV, 132 KV and upto 33 KV level in the GSS of BSPTCL.*
- c. The SEM meter will have facility to communicate/receive data online and on real time basis. In this regard several meetings with Member (GO&D) was held to finalise the scheme.*
- d. The proposal is agreed in principle by CEA.”*

The petitioner would like to humbly submit that considering the vast geographical network in the State of Bihar and the current condition of the transmission network, it was not possible to achieve the transmission loss target for FY 2015-16 as approved by the Commission.

The petitioner in compliance to the directive of the Commission has attached the CEA Approval for Apex Metering Scheme. Action plan for implementation of the same is being prepared and shall be submitted as on 31.12.2016. In view of the above submissions, the Petitioner seeks relaxation in the transmission norms as laid out by the Hon’ble Commission and requests to approve the losses for FY 2015-16 as per actual based on audited accounts. The details are as below:

**Table 3-2: Actual Transmission Loss for FY 2015-16**

<b>Particulars</b>	<b>FY 2015-16</b>
Energy Input (in Kwh)	22590229827
Energy Output (in Kwh)	21485354637
Transmission Loss (in Kwh)	1104875190
<b>Transmission Loss (%)</b>	<b>4.89%</b>

Further, the Petitioner would like to submit that substantial investments pertaining





to strengthening of Intra State transmission network and adding new link lines, augmentation of existing transformer capacities and establishment of new sub-stations closer to the load centers etc. have been undertaken in FY 2014-15 & FY 2015-16 and are continuing for the future years; however, the benefits out of the capital investments would take time to flow in.

Further, petitioner would like to state that the increase in the transmission loss is due to increase in the scheduling of power in the system & at present BSPTCL is in process of implementation of the reliable mechanism.

BSPTCL would like to mention that the above mentioned transmission system strengthening proposed in the Intra State network of BSPTCL would result in:

- a) Reduction of Transmission Loss
- b) Reduction of Distribution Loss
- c) Improvement of system reliability
- d) Enable creation of robust transmission network

So, the improvement in losses would be reflected only after 3-4 years of the commissioning of these transmission assets.

The Petitioner requests the Hon'ble Commission to approve the transmission losses for FY 2015-16 on actual basis.

### 3.3 Capitalisation

The capitalization for FY 2015-16 as per the audited accounts of the petitioner is Rs 79.36 Crore as against the capitalisation of Rs 927.48 Crore approved by the Commission. The comparison of the actual and approved is provided in the table below:

**Table 3-3: CWIP and Capitalisation for FY 2015-16 (Rs. Crore)**

Sr. No.	Particulars	FY 2015-16		
		Tariff Order Dated 12.03.2015	Tariff Order Dated 21.03.2016	True-up
1	Capitalization	1157.49	927.48	79.36



The capitalization has been lower as compared to the approved figures and the remaining schemes are expected to be capitalized in the remaining years of the control period.

The Petitioner requests the Hon'ble Commission to approve capitalization figures shown in the table above.

### 3.4 Gross Fixed Assets

The Petitioner hereby submits the computation of Gross Fixed Assets considering the opening GFA and closing GFA for FY 2015-16 as reflected in the audited annual accounts for FY 2015-16. The Gross addition in GFA for the year is Rs 79.36 Crore. However, after adjustment of assets disposed off during the period the net addition in GFA comes to Rs 79.35 Crore and the Petitioner requests the Commission to approve the same.

The opening GFA is considered same as that approved in order dated 21.03.2016. The computation of Gross Fixed Assets for FY 2015-16 is tabulated below:

**Table 3-4: Gross Fixed Assets for FY 2015-16 (Rs. Crore)**

Sl No.	Particulars	FY 2015-16		
		Tariff Order Dated 12.03.2015	Tariff Order Dated 21.03.2016	True-up
1	Opening GFA as on 01.04.2015	2739.42	2588.16	2588.16
2	Less: Assets Revalued			
3	<b>Original value of GFA</b>	<b>2739.42</b>	<b>2588.16</b>	<b>2588.16</b>
4	Less: Value of Land			
5	<b>Net Opening GFA (depreciable GFA)</b>	<b>2739.42</b>	<b>2588.16</b>	<b>2588.16</b>
6	Add: Additions during year (NET)	1157.49	927.48	79.36
7	Less: Value of Land	-	-	16.95



Sl No.	Particulars	FY 2015-16		
		Tariff Order Dated 12.03.2015	Tariff Order Dated 21.03.2016	True-up
	Less: Deductions	-	-	0.02
7	Add: Interest during Construction (IDC)	31.93	2.02	-
8	<b>Net Closing GFA</b>	<b>3928.84</b>	<b>3517.66</b>	<b>2650.55</b>

The Petitioner requests the Hon'ble Commission to approve the GFA as per the above table.

### 3.5 Depreciation

The depreciation for FY 2015-16 as per the audited accounts is Rs 132.80 Crore. The petitioner has excluded land and land rights from the average GFA during FY 2015-16 and then applied the weighted average rate of depreciation of 5.13% for arriving at the depreciation.

The depreciation for the true-up of FY 2015-16 is as shown under:-

**Table 3-5: Depreciation on GFA for FY 2015-16 (Rs. Crore)**

Sl No.	Particulars	FY 2015-16		
		Tariff Order Dated 12.03.2015	Tariff Order Dated 21.03.2016	True-up
1	Opening GFA as on 01.04.2015	2739.42	2588.16	2588.16
2	Additions during year	1157.49	927.48	79.36
	Less: Value of Land	-	-	16.95
	Less: Deductions	-	-	0.02
3	Interest during Construction	31.93	2.02	-
4	Closing GFA(1+2+3)	3928.84	3517.66	<b>2650.55</b>
5	<b>Average GFA (1+4) / 2</b>	<b>3334.13</b>	<b>3052.91</b>	2619.36
6	<b>Weighted Avg. Rate of Depreciation</b>	<b>5.23%</b>	2.47%	5.133%



Sl No.	Particulars	FY 2015-16		
		Tariff Order Dated 12.03.2015	Tariff Order Dated 21.03.2016	True-up
7	Depreciation (5*6)	174.37	75.41	134.46
8	Opening Grants	1914.72	1634.35	1517.07
9	Grants during year	474.41	553.13	1.97
10	Less: Amortization during the year	-	-	67.14
11	Total Grants (8+9-10)	2389.13	2187.48	1451.90
12	<b>Average Grants (11+8)/2</b>	<b>2151.93</b>	<b>1910.92</b>	1484.48
13	Weighted Avg. Rate of Depreciation	5.23%	2.47%	5.13%
14	Depreciation for GFA on Grants (12*13)	112.55	47.20	76.20
15	<b>Net Depreciation for GFA on Loans (7-14)</b>	<b>61.83</b>	<b>28.21</b>	<b>58.26</b>

*The Petitioner requests the Hon'ble Commission to approve the depreciation of Rs 58.26 Crore for FY 2015-16.*

In the tariff order dated 21.03.2016, the Hon'ble Commission had excluded land and land rights from the average GFA during FY 2014-15 and then applied the weighted average rate of depreciation of 2.37% for arriving at the depreciation.

The petitioner filed a Review Petition and prayed for depreciation amount to be revised for FY 2014-15 as part of truing up carried out by the Commission in its Order dated March 21, 2016. Thereafter the Hon'ble Commission in order dated 12.07.2016 revised the amount of depreciation as per the audited accounts of FY 2014-15. The Hon'ble Commission vide its order dated 12.7.2016 considered the same and stated as under:-

*"As the grants were considered at actuals as per audited accounts for FY 2014-15, the depreciation shall also to be considered at actuals i.e. excluding amortisation of*



depreciation against grants. Thus the Commission observes that this is an apparent error that occurred in computing the average effective rate of depreciation for FY 2014-15. This error in calculation of average effective rate of depreciation led to calculation of less than admissible net depreciation in Table 4.8 of the impugned Tariff Order dated 21.03.2016.”

The actual average effective rate of depreciation and the net depreciation are reworked for FY 2014-15 as per the table below.

**Table 3-6: Depreciation for FY 2014-15 (Rs. Crore)**

Sl. No.	Particulars	FY 2015-16	
		Approved in Tariff Order	Review Order Dated 12.07.2016
1	Opening GFA as on 01.04.2015	2249.58	2249.58
2	Net Additions during year	338.58	338.58
3	Closing GFA(1+2)	2588.16	2588.16
4	Average GFA (1+3) / 2	2418.87	2418.87
5	Weighted Avg. Rate of Depreciation	2.47%	5.29%
6	<b>Depreciation (4*5)</b>	59.75	127.96
7	Opening Grants	1634.05	1634.05
8	Grants during year	0.3	0.3
9	Less: Amortization during the year	-	-
10	Total Grants (7+8-9)	1634.35	1634.35
11	<b>Average Grants (10+7) / 2</b>	1634.2	1634.2
12	Weighted Avg. Rate of Depreciation	2.47%	5.29%
13	Depreciation for GFA on Grants (11*12)	40.36	86.45
14	<b>Net Depreciation for GFA on Loans (6-13)</b>	<b>19.39</b>	<b>41.51</b>

The Hon'ble Commission in the review order dated 12.07.2016 stated as follows:

*“From the above table, the actual net depreciation to be allowed is Rs.41.51 crore, against which only Rs.19.39 crore was allowed in the true up for FY 2014-15 in the*



Tariff Order dated 21.03.2016. The difference (Rs.41.51-Rs.19.39 crore) in depreciation works out to Rs.22.12 crore.

However, it may not be appropriate to pass on the differential amount in the tariff for the current year as considerable part of the financial year is over. Therefore, the Commission decides to consider the differential depreciation amounting to Rs.22.12 crore along with applicable carrying cost in the true up process for FY 2015-16 and in the Tariff order for FY 2017-18."

The petitioner submits that the amount Rs. 22.12 Crore would have been recovered in the year FY 2016-17 if the Hon'ble Commission would have allowed the same. However, since the petitioner will recover this amount in FY 2017-18, one year carrying cost has been considered. Accordingly the carrying cost for the amount Rs 22.12 Crore is calculated as shown under:-

**Table 3-7: Carrying Cost to be recovered (Rs. Crore)**

Particulars	FY 2017-18
Opening Amount	22.12
Additions	-
Closing Amount	22.12
Average	11.06
Rate of Interest (SBI Base Rate+ 350 basis points)	13.50%
<b>Carrying cost to be recovered</b>	<b>2.99</b>

### 3.6 Interest & Finance Charges

The Petitioner has considered the opening and closing loan balances for FY 2015-16 as per the audited annual accounts of the Petitioner.

The interest on loans amount as per the audited accounts of the Petitioner is Rs. 20.69 Crore. The amount of interest has been accrued on monthly basis and shown as Long term borrowings into Balance Sheet for the FY 2015-16 due to non-repayment of loans. The details of the same have been shown in the table below.



**Table 3-8: Details of Interest on Loans for FY 2015-16 (Rs. Crore)**

Sl. No.	Source of Loan	Opening Balance as on 1.04.15	Addition	Repayment	Closing Balance as on 31.03.16	Interest Accrued during FY 2015-16	Average Loan during FY 2015-16	Average Rate of Interest (%)
1	State Govt. Loan	195.96	-	-	195.96	20.69	195.96	10.56%
2	ADB Loan	96.14	40.75	-	136.89	-	116.51	-
3	<b>Total</b>	<b>292.10</b>	<b>40.75</b>	<b>-</b>	<b>332.84</b>	<b>20.69</b>	<b>312.47</b>	<b>10.56%</b>

The comparison of the values from the earlier approved figures is as shown below:-

**Table 3-9: Interest on Loans for FY 2015-16 (Rs. Crore)**

Sl No.	Particulars	FY 2015-16		
		Tariff Order Dated 12.03.2015	Tariff Order Dated 21.03.2016	True-up
1	Opening Loan	316.01	450.52	428.40
2	Additions during year	500.51	263.46	54.18
3	Repayment	61.83	28.21	58.26
4	Closing Loan (1+2-3)	754.69	685.77	424.32
5	<b>Average Loan (1+4)/2</b>	<b>535.35</b>	<b>568.145</b>	<b>426.36</b>
6	Rate of Interest	13.00%	7.15%	10.56%
7	<b>Interest on Loan</b>	<b>48.88</b>	<b>40.63</b>	<b>45.01</b>
8	Financing Charges	-	0.01	0.01
9	<b>Total Interest and Financing Charges</b>	<b>-</b>	<b>40.64</b>	<b>45.02</b>

The ADB loan is under moratorium period and hence no interest charges are paid against the same.

Repayment is considered same as depreciation in accordance with the provisions of the 2007 Tariff Regulations.

Further, Petitioner claims amount of Rs 0.01 Crore which have been incurred as finance charges in the form of bank charges, interest to group saving schemes,



interest on security deposit from staff etc. The same are as per the audited accounts of the Petitioner for FY 2015-16.

*The Petitioner requests the Hon'ble Commission to approve the interest and finance charges for FY 2015-16 as submitted above.*

### 3.7 Operation & Maintenance Expenses

#### 3.7.1 Employee Expenses

The employee expenses primarily include costs towards salaries, dearness allowances, bonus, staff welfare and medical benefits, leave travel and earned leave encashment, and the terminal benefits in the form of pension, gratuity etc.

The Petitioner submits employee expenses of Rs 98.99 Crore for FY 2015-16 as per the audited accounts of the Petitioner. The comparison of the employee expenses as per actual and as approved earlier by the Hon'ble Commission is as below.

**Table 3-10: Employee Expenses for FY 2015-16 (Rs. Crore)**

Sl. No.	Particulars	FY 2015-16		
		Tariff Order Dated 12.03.2015	Tariff Order Dated 21.03.2016	True-up
1	Employee Cost	83.96	93.35	98.99
2	Indexation	8.24%	4.65%	
3	Add: Inflationary Increase	6.92	4.34	0.00
4	<b>Employee Cost (sub-total)</b>	<b>90.88</b>	<b>97.69</b>	<b>98.99</b>
5	Less: Support by State Govt. against terminal benefits	-	-	-
6	<b>Employee Cost</b>	<b>90.88</b>	<b>97.69</b>	<b>98.99</b>
7	Less: Employee cost capitalized	1.64	1.76	-
8	<b>Net Employee Expenses (Rs. Crore)</b>	<b>89.24</b>	<b>95.93</b>	<b>98.99</b>





The details of the employee expenses for FY 2015-16 as per the audited accounts of the Petitioner are as below.

**Table 3-11: Details of Employee Expenses for FY 2015-16 (Rs. Crore)**

Sl. No	Particulars	Employee Expenses
1	Salaries	41.89
2	Over Time	2.27
3	Dearness Allowance	40.25
4	Other Allowance	3.20
5	Medical Expenses Re-imbursement	0.39
6	Staff Welfare Expenses	0.17
7	Employer Contribution for Terminal Benefits	10.81
8	<b>Total</b>	<b>98.99</b>

The Petitioner requests the Hon'ble Commission to approve the actual employee expenses of Rs 98.99 Crore for FY 2015-16 as the same are as per the audited annual accounts of the Petitioner for FY 2015-16 in line with the approach adopted by the Hon'ble Commission in its previous Orders while carrying out the true up.

### 3.7.2 Repairs & Maintenance Expenses

The Petitioner has initiated major drive for maintenance and up-keep of its existing transmission assets and also incurred substantial capital expenditure in the improvement of the existing intra state transmission infrastructure to improve the transmission system reliability matching with the short term & long term demand of the State. Repairs and Maintenance expenses claimed in the true up is based on the audited accounts of FY 2015-16.

The Petitioner submits that R&M expenses as per the audited accounts of the petitioner company are Rs. 36.17 Crore incurred during FY 2015-16. The comparison of the R&M expenses as per actual and as approved earlier by the Hon'ble Commission is as below.



**Table 3-12: R&M Expenses for FY 2015-16 (Rs. Crore)**

Sl. No.	Particulars	FY 2015-16		
		Tariff Order Dated 12.03.2015	Tariff Order Dated 21.03.2016	True-up
1	Base R&M Cost	28.81	36.51	36.17
2	Inflationary Index	8.24%	4.65%	
3	Add: Inflationary Increase	2.38	1.70	-
4	<b>Total (4=1+3)</b>	31.19	38.21	36.17

The Petitioner requests the Hon'ble Commission to approve the R&M expenses of Rs 36.17 Crore keeping in view the substantial amount incurred by the petitioner to upkeep & strengthen the existing intra state transmission infrastructure to evacuate large quantum of power matching with demand, which is still in progress. The actual R&M expenses during FY 2015-16 are lower than the R&M expenses approved by the Commission earlier.

The details of the R&M expenses for FY 2015-16 as per the audited accounts of the Petitioner are as below;

**Table 3-13: Details of R&M Expenses for FY 2015-16 (Rs. Crore)**

Sl. No	Particulars	R&M Expenses
1	Plant and Machinery	29.49
2	Building	1.19
3	Civil Works	2.04
4	Hydraulic Works	0.04
5	Line Cable Net Works	3.38
6	Vehicles	0.00
7	Furniture and Fixture	-
8	Office Equipment	0.03
	<b>Total</b>	<b>36.17</b>

The Petitioner requests the Hon'ble Commission to approve the R&M expenses as submitted above for FY 2015-16 in line with the approach adopted by the Hon'ble Commission in its previous Orders while carrying out the trueing up.



### 3.7.3 Administration & General Expenses

Administration and General expenses mainly comprise costs towards rent charges, telephone and other communication expenses, professional charges, conveyance and travelling allowances & Holding Company Expenses and other debits.

The Petitioner submits that A&G expenses of Rs 16.14 Crore have been incurred for FY 2015-16 and the same are as per the audited accounts of the Petitioner. The comparison of A&G expenses as per actual and as approved earlier by the Hon'ble Commission is as below;

Total Expenses towards A&G Expenses of BSPTCL is shown in the table below;

**Table 3-14: A&G Expenses of Transmission Company for FY 2015-16 (Rs. Crore)**

Sl. No.	Particulars	FY 2015-16		
		Tariff Order Dated 12.03.2015	Tariff Order Dated 21.03.2016	True-up
1	Base A&G Expense	6.70	8.47	16.14
2	Inflationary Increase	8.24%	4.65%	-
3	Add: Inflationary Increase	0.55	0.39	-
4	A&G Expense	7.25	8.86	16.14
5	Less: A&G cost capitalized	0.29	-	-
6	<b>Net A&amp;G Expenses</b>	<b>6.96</b>	<b>8.86</b>	<b>16.14</b>

The details of A&G expenses for FY 2015-16 as per the audited are as below;

**Table 3-15: Details of A&G Expenses for FY 2015-16 (Rs. Crore)**

Sl. No	Particulars	A&G Expenses
1	2	3
1	Rent, Rates & Taxes	0.06
2	Insurance	0.71



Sl. No	Particulars	A&G Expenses
3	Telephone charges, Postage & Telex Charges	0.43
4	Legal Charges.	0.03
5	Audit Fees	0.02
6	Consultancy Charges	0.08
7	Director's Sitting Fee	0.00
8	Technical Fees	0.66
9	Other Professional Charges	0.10
10	Conveyance & Travel	2.58
11	Other Expenses	
	Fees & Subscription	1.29
	Books & Periodicals	0.01
	Printing & Stationary	0.26
	Advertisement	1.92
	Expenditure on CSR	0.01
	Loss on Fire/Theft of Stock	2.42
	Electricity Charges	0.98
	Entertainment Charges	0.16
	Commission for sale of scrap	0.28
	Home Guard/ Security Guard	3.67
	Miscellaneous Expenses	0.37
12	Freight	0.07
13	Other Purchase related Expenses	0.00
14	<b>Sub-Total</b>	<b>16.14</b>
15	Miscellaneous losses and write-offs	-
16	Bad Debts	-
17	<b>Total</b>	<b>16.14</b>

### 3.7.4 Allocation of Holding Company Cost

The Petitioner submits that holding company expenses of Rs 7.29 Crore have been reported for FY 2015-16 as per the audited accounts of the Petitioner. The



comparison of the holding company expenses as per actual and as approved earlier by the Hon'ble Commission is as below.

**Table 3-16: Holding Company Expenses for FY 2015-16 (Rs. Crore)**

Sl. No	Particulars	FY 2015-16		
		Tariff Order Dated 12.03.2015	Tariff Order Dated 21.03.2016	True-up
1	Holding Company Expenses	4.82	4.00	7.29

*The Petitioner requests the Hon'ble Commission to approve the A&G Expenses of BSPTCL of Rs. 16.14 Crore and Holding company expenses of Rs. 7.29 Crore as submitted above for FY 2015-16.*

### 3.7.5 Summary of O&M expenses

The summary of the O&M expenses is tabulated below for reference:

**Table 3-17: O&M Expenses for FY 2015-16 (Rs. Crore)**

Sl. No.	Particulars	FY 2015-16		
		Tariff Order Dated 12.03.2015	Tariff Order Dated 21.03.2016	True-up
1	Employee Expenses	90.88	97.69	98.99
2	Repair and Maintenance Expenses	31.19	38.21	36.17
3	Administrative and General Expenses	7.25	8.86	16.14
4	Holding Company Expenses	4.82	4.00	7.29
5	<b>Total O&amp;M Expenses</b>	<b>134.14</b>	<b>148.76</b>	<b>158.59</b>
6	Less: Cost Capitalized	1.93	1.76	-
7	<b>Net O&amp;M Expenses</b>	<b>132.22</b>	<b>147.00</b>	<b>158.59</b>

*The Hon'ble Commission is requested to approve the above O&M expenses for Rs. 158.59 Crore for FY 2015-16.*



### 3.8 Return on Equity

The Petitioner for FY 2015-16 has considered the opening equity same as that approved by the Commission. Based on the Opening and Closing equity, the revised RoE claimed in true up is Rs. 32.90 Crore for FY 2015-16.

The computation of return on equity for FY 2015-16 is tabulated below:

**Table 3-18: Return on Equity for FY 2015-16 (Rs. Crore)**

Sl. No.	Particulars	FY 2015-16		
		Tariff Order Dated 12.03.2015	Tariff Order Dated 21.03.2016	True-up
1	Opening Equity as on 1.4.2015	325.60	375.41	375.41
2	Rate of Return on Equity	14.00%	14.00%	14.00%
3	Return on Equity (1*2)	45.58	52.56	52.56
	<b>Equity on projects commissioned w.e.f. 1.4.2015</b>			
4	Opening Equity	-	-	-
5	Addition in FY 2015-16	214.51	112.91	23.22
6	Closing Equity Balance (4+5)	214.51	112.91	23.22
7	<b>Average Equity (4+6/2)</b>	<b>107.26</b>	<b>56.46</b>	<b>11.61</b>
8	Rate of Return on Equity	15.50%	15.50%	15.50%
9	<b>Return on Equity</b>	<b>16.62</b>	<b>8.75</b>	<b>1.80</b>
10	<b>Total Return on Equity</b>	<b>62.21</b>	<b>61.30</b>	<b>54.36</b>

### 3.9 Income Tax

he Hon'ble Commission in review order dated 12.7.2016 stated as follows:

*"However, tax expense if any, incurred by the Petitioner during FY 2015-16 shall be considered in trueing up based on audited accounts for FY 2015-16, prudence check and Tax return/assessment by the Income Tax Department for FY 2015-16."*



The petitioner has made a payment of Rs 2.36 Crore and Rs 3.60 Crore for income tax for the years FY 2015-16 and FY 2014-15 respectively as shown in Table below:

**Table 3-19: Income Tax for FY 2014-15 and FY 2015-16 (Rs. Crore)**

Sl. No.	Particulars	2015-16
		True-up
1	Income Tax paid in 2015-16	2.00
2	Interest on income tax paid 2015-16	0.36
3	Income Tax paid for 2014-15	3.60

The copy of Income Tax Challans towards actual Income Tax Paid are attached in the Annexure.

*The Petitioner requests the Hon'ble Commission to approve the income tax of Rs. 2.00 Crore for FY 2015-16 as part of True up for FY 2015-16. The Petitioner also requests the Commission to recovery of income tax of Rs. 3.60 Crore for FY 2014-15 alongwith carrying cost separately.*

### 3.10 Interest on Working Capital

The Petitioner has arrived at the working capital requirement according to applicable norms for transmission function provided in the BERC (Terms and Conditions of Tariff) Regulations, 2007 as amended from time to time, which are reproduced in the following table for reference:

**Table 3-20: Norms for Working Capital Requirement**

Sr. No.	Particulars	Norm
1.	Operation & Maintenance	One month
2.	Maintenance spares	1% of the historical cost escalated at 6% per annum
3.	Receivables	Two months of transmission charges



4.	Rate of Interest on Working Capital	Rate of interest on working capital will be computed at 350 basis point over and above the SBI base rate. The interest on working capital shall be payable on normative basis notwithstanding that the transmission licensee may not have taken working capital loan from any outside agency or taken at different rates and amounts."
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The rate of interest applied on the working capital is as per the Amendment notified in Bihar Gazette dated 27.03.2014 is SBI base rate plus 350 basis points i.e. is 13.50%. The normative interest on working capital for FY 2015-16 computed as per the above norms is as shown below:

**Table 3-21: Interest on Working Capital for FY 2015-16 (Rs. Crore)**

Sl. No.	Particulars	FY 2015-16		
		Tariff Order Dated 12.03.2015	Tariff Order Dated 21.03.2016	True-up
1	O&M Expenses for 1 Month	11.02	12.25	13.22
2	Maintenance Spares @1% of Opening GFA with 6% escalation	29.04	28.61	28.61
3	Receivables 2 Months	47.15	42.75	51.10
4	<b>Total Working Capital</b>	<b>87.21</b>	<b>83.62</b>	<b>92.93</b>
5	Rate of Interest	13.50%	13.50%	13.50%
6	<b>Interest on Working Capital</b>	<b>11.77</b>	<b>11.29</b>	<b>12.55</b>

The Petitioner requests the Hon'ble Commission to approve the computation of working capital and the interest charges thereon for FY 2015-16 based on the actual components of the normative working capital.

*The Petitioner requests the Hon'ble Commission to approve interest on working capital of Rs 12.55 Crore for true-up of FY 2015-16.*





### 3.11 Non-Tariff Income

The Petitioner submits non-tariff income of Rs. 24.16 Crore for the true-up for FY 2015-16 as per the audited accounts for the year. The comparison of the non-tariff income as per actual and as approved earlier by the Hon'ble Commission is as below.

**Table 3-22: Non-Tariff Income for FY 2015-16 (Rs. Crore)**

Sl. No.	Particulars	FY 2015-16		
		Tariff Order Dated 12.03.2015	Tariff Order Dated 21.03.2016	True-up
1	Non-Tariff Income	33.99	33.80	24.16

The details of non-tariff income for FY 2015-16 as per the audited accounts of the Petitioner are as below.

**Table 3-23: Details of Non-Tariff Income for FY 2015-16 (Rs. Crore)**

Sl. No	Particulars	Non-Tariff Income
<b>1</b>	<b>2</b>	<b>3</b>
<b>A</b>	<b><u>Interest Income</u></b>	
1	Interest on Staff Loan & Advances	0.001
2	Income from Investment (Fixed Deposit)	-
3	Interest from Banks (Other than Fixed Deposit)	14.78
	<b>Sub-total (A)</b>	<b>14.78</b>
<b>B</b>	<b><u>Other Income</u></b>	
1	Income from Scrap Sale	8.01
2	Miscellaneous Receipts	0.97
3	Rebate and Discount Received	
4	Lease Rental Income	0.39
	<b>Sub-total (B)</b>	<b>9.37</b>
	<b>Total (A + B)</b>	<b>24.16</b>



*The Petitioner requests the Hon'ble Commission to approve the Non-Tariff Income for FY 2015-16 as submitted in table above.*

### 3.12 Transmission ARR for True-up for FY 2015-16

The Annual Fixed Charges or Transmission charges have been arrived at by aggregating all the expenses detailed in the previous sections i.e. Depreciation, Interest on Loan, Interest on Working Capital, O&M expenses and ROE. The total expenses less Non- Tariff income are the net Annual Fixed Charges or Transmission charges.

Accordingly, following is the summary of revised projections of Aggregate Revenue Requirement of the Petitioner for the true-up of FY 2015-16 for approval by the Hon'ble Commission.

**Table 3-24: Transmission ARR for True-up of FY 2015-16 (Rs. Crore)**

Sl. No.	Particulars	FY 2015-16		
		Tariff Order Dated 12.03.2015	Tariff Order Dated 21.3.2016	True-up
1	O&M Expenses	132.20	147.00	158.59
a	<i>Employee Expenses</i>	90.88	97.69	98.99
b	<i>R&amp;M Expenses</i>	31.19	38.21	36.17
c	<i>A&amp;G Expenses</i>	7.25	8.86	16.14
d	<i>Holding Company Expenses Allocated*</i>	4.82	4.00	7.29
	<i>Less: O&amp;M exp. Capitalized</i>	1.93	1.76	
2	Depreciation	61.83	28.21	58.26
3	Interest and Finance Charges	48.88	40.63	45.02
4	Interest on Working Capital	11.77	11.29	12.55
5	Return on Equity	62.21	61.31	54.36
6	Income Tax			2.00
7	<b>Gross Annual Revenue Requirement</b>	<b>316.90</b>	<b>288.44</b>	<b>330.77</b>
8	Less: Non-Tariff Income	33.99	33.80	24.16



Sl. No.	Particulars	FY 2015-16		
		Tariff Order Dated 12.03.2015	Tariff Order Dated 21.3.2016	True-up
9	Net Revenue Requirement	282.91	254.64	306.62

The Petitioner would like to submit that the Transmission Charges for true-up of FY 2015-16 have been determined based on the applicable rules and regulations of the Hon'ble Commission and based on the audited account of BSPTCL for FY 2015-16. In view of the submitted facts and explanations, the Petitioner humbly prays to the Hon'ble Commission for approval of the true-up of ARR for FY 2015-16 for Rs. 306.62 Crore and the resultant revenue gap to be adjusted in the Transmission Charges of the Petitioner for FY 2017-18 to be recovered from the two distribution companies.

### 3.13 Revenue Gap/(Surplus) for FY 2015-16

The revenue gap/(surplus) for FY 2015-16 as per the true-up is as below:

**Table 3-25: Revenue Gap / (Surplus) for FY 2015-16 (Rs. Crore)**

Sl. No.	Particulars	FY 2015-16		
		Tariff Order Dated 12.03.2015	Tariff Order Dated 21.3.2016	True-up
1	Annual Transmission Charges	282.91	254.64	306.62
2	Less: Revenue as per Audited Accounts	282.91		227.81
3	Revenue Gap (-)/Surplus (+) for the year	-		(-) 78.81

The Hon'ble Commission in order dated 21.03.2016 had approved revenue surplus of Rs 31.48 Crore for the Review of FY 2015-16 and had noted that the deficit/surplus of FY 2015-16 based on actual would be considered in the future years once the audited accounts of the Petitioner are made available. In accordance



to the direction of the Hon'ble Commission, the Petitioner prays that revenue gap for FY 2015-16 as per the audited accounts of the Petitioner amounts to Rs. 78.81 Crore may be approved and Hon'ble Commission allow recovery of the same in the Transmission ARR for FY 2017-18 from NBPDC & SBPDCL respectively.

In addition to this the Hon'ble Commission is requested to allow the recovery of following as under:-

- Differential amount along with carrying cost for depreciation to be recovered for FY 2014-15.
- Income tax paid for the year FY 2014-15 along with carrying cost.

**Table 3-26: Recovery of Depreciation and Income Tax for FY 2014-15 along with carrying cost (Rs. Crore)**

Sl. No	Particulars	Amount (in Rs Crore)
1	Differential Amount allowed in depreciation of FY 2014-15	22.12
2	Carrying Cost on Depreciation @ 13.50%	2.99
3	Income Tax paid for 2014-15	3.60
4	Carrying Cost on Income Tax Paid for FY 2014-15	0.49
5	<b>Total to be Recovered</b>	<b>29.20</b>



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## 4 Annual Performance Review (APR) for FY 2016-17 and Determination of ARR & Tariff for FY 2017-18

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### 4.1 Introduction

The instant petition is related with Annual Performance Review (APR) for FY 2016-17 and approval of revised Aggregate Revenue Requirement and Tariff for FY 2017-18. The Petitioner has prepared the APR for FY 2016-17 and Revised ARR for FY 2017-18 based on the audited annual accounts for the year FY 2015-16 and actual data of previous six (6) months from April to September in FY 2016-17.

Transmission Charges for FY 2017-18 to be recovered from the two distribution companies namely SBPDCL and NBPDCCL have also been laid out in this chapter.

### 4.2 Transmission Loss & Revised Trajectory

The transmission loss trajectory considered by the Commission in the MYT order is provided in the table below:

**Table 4-1: Revised Transmission Loss Trajectory**

Particulars	FY 2015-16 (Actual)	FY 2016-17 (RE)	FY 2017-18 (Expected)	FY 2018-19 (Expected)
Approved Transmission Loss in MYT Order dt. 21.03.2016	3.92%	3.92%	3.92%	3.92%

As stated in the earlier chapter, the actual transmission loss for FY 2015-16 is 4.89%. The Petitioner submits that the transmission loss trajectory of 3.92% stipulated by the Hon'ble Commission in MYT Order dated 21 March, 2016, is an ambitious target for BSPTCL.



The Petitioner re-iterates that it is taking all possible measures to minimize the transmission loss for which it has initiated intra state transmission system strengthening, augmentation of transformers, development of new intra state transmission infrastructure including creation of new Grid S/s near to the load center and metering of each incoming & outgoing feeders and implementation of online monitoring of data & getting data on real time basis including Energy Accounting & Audit.

The Petitioner would also like to highlight that in Tariff Petition for True up of FY 2014-15, APR for FY 2015-16, Aggregate Revenue Requirement for FY 2016-17 to FY 2018-19 and Transmission Tariff for FY 2016-17 in Case No. 54 of 2015, it had proposed a Transmission Loss trajectory of 5.11% based on actual losses for FY 2014-15.

In the instant Petition, BSPTCL is proposing a revised Transmission Loss trajectory of 4.89% based on actual loss for FY 2015-16 i.e. a reduction of 0.22%.

Based on the audited account of FY 2015-16 & monthly meter reading data from April 2016 to September 2016 for FY 2016-17 (i.e. 6 months), the transmission loss for BSPTCL is as follows:

**Table 4-2: Actual Transmission Loss for FY 2015-16 & FY 2016-17 (up to September 2016)**

Particulars	FY 2015-16	FY 2016-17 (up to Sept' 2016)
h Energy Input (in Kwh)	22590229827.00	12401836450
e Energy Output (in Kwh)	21485354637.00	11791023431
Transmission Loss (in Kwh)	1104875190.00	610813019
<b>P Transmission Loss (%)</b>	<b>4.89%</b>	<b>4.93%</b>

BSPTCL therefore prays to the Hon'ble Commission to relax the norms of transmission losses based on the audited account of FY 2015-16 (i.e. 4.89%) &



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provisional data for FY 2016-17 in accordance with the Regulation 90(2) BERC (Terms and Conditions for determination of Tariff) Regulations, 2007 as follows:

*“90 (2). Where operations have been much below the norms for the previous years, the initial starting point in determining the revenue requirement and the improvement should be recognized at ‘relaxed’ levels and not the ‘desired’ levels. The Commission shall however conduct suitable bench – marking studies to establish the desired performance standards and also to assess, for each utility, the capital expenditure required to meet the minimum service standards.”*

Further, the Petitioner would like to reiterate the submissions made in the earlier chapter that it has been making consistent efforts to bring down the losses by way of up-gradation of existing infrastructure and infusing substantial investments in the new intra state transmission infrastructure.

BSPTCL would like to mention that these works would result in:

- Reduction of transmission losses
- Reduction of distribution losses
- Improvement of system reliability
- Enable creation of robust transmission network

Hence, the improvement in the transmission losses would be reflected only after 3-4 years after the commissioning of the various transmission assets & metering schemes.

It is also relevant to mention that increase in the quantum of power also causes increase in the transmission loss.

The Petitioner requests the Hon’ble Commission to approve the transmission losses for this control period on actual basis and in accordance with Regulation 90(2) BERC (Terms and Conditions for determination of Tariff) Regulations, 2007.



**Table 4-3: Transmission Loss Trajectory**

<b>Particulars</b>	<b>FY 2015-16 (Actual)</b>	<b>FY 2016-17 (RE)</b>	<b>FY 2017-18 (Expected)</b>	<b>FY 2018-19 (Expected)</b>
<b>Revised Trajectory of Transmission Loss</b>	<b>4.89%</b>	<b>4.93%</b>	<b>4.89%</b>	<b>4.89%</b>

From the above Table, it is observed that there is a Revenue Gap for each year of the Control Period, as the revenue at the existing tariff does not meet the ARR of the Wires Business and Supply Business. Hence, the tariff is required to be increased in order to recover the ARR of the Wires Business and Supply Business.

The Average Cost of Supply (ACoS) to be recovered from the revised tariff for the Control Period is determined as under:

### **4.3 Capital Investment Plan**

The Petitioner had submitted the Capital investment plan of Rs. 6081.31 Crore from FY 2015-16 to FY 2018-19 in the last year's petition and the same was provisionally approved by the Commission in the Order dated 21 March 2016 in Case No. 50 of 2016.

Based on actual expenditure incurred till FY 2015-16 and the progress of works, the revised Capital Investment Plan for FY 2016-17 and FY 2017-18 is given in following Tables.





### 4.3.1 BRGF

**Table 4-4: Capital Expenditure Details under BRGF Fund, Government of Bihar (Rs. Crore)**

Sl. No.	Planned Scheme	Total Cost	Exp. Up to 2014-15	2015-16	2016-17	2017-18
1	Strengthening of Sub Transmission System Phase -II	472.53	198.60	101.62	22.03	45.08
2	Strengthening of Sub Transmission System Phase -III	1370.02	311.26	753.89	304.87	0.00
3	Construction of 220 / 132 / 33 KV G.S.S. Kishanganj with associated 220 KV, 132 KV & 33 KV Lines for evacuation of power from 400/220 GSS	356.10	14.59	210.28	131.23	0.00
4	Strengthening of Sub Transmission System Under BRGF (Special Plan) (N-1)	371.98	15.57	197.82	146.46	4.04
	<b>Grand Total</b>	<b>2570.63</b>	<b>540.02</b>	<b>1263.60</b>	<b>604.59</b>	<b>49.13</b>

### 4.3.2 ADB Funded Scheme

ADB has provided loans to BSPTCL under Bihar Power System Improvement Project. The schemes classified as old projects were sanctioned by ADB in FY 2012-13 and rest of the projects are being awarded in FY 2016-17. The Capital Expenditure under ADB Funded Schemes is given in the table below:



**Table 4-5: Capital Expenditure ADB Funded schemes (Rs. Crore)**

Sl. No.	Particulars	Project Amount	Exp. Upto FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
1.	<b>Bihar Power Systems improvement project</b>					
a)	ICB No 33/Package M-1/ BSPTCL / ADB / 2016	40.86		0.00	16.34	24.52
b)	ICB No 31/Package K-1/ BSPTCL / ADB / 2016	44.00		0.00	17.60	26.40
c)	ICB No 32/Package L-1/ BSPTCL / ADB / 2016	35.46		0.00	14.18	21.27
d)	ICB No 30/Package J-1/BSPTCL/ADB/ 2016	66.80		0.00	26.72	40.08
e)	ICB No 24/Package D-1/ BSPTCL/ADB/ 2016	18.91		0.00	7.57	11.35
f)	ICB No 27/Package G-1/ BSPTCL/ADB/ 2016	33.02		0.00	13.21	19.81
g)	ICB No 28/Package H-1/ BSPTCL/ADB/ 2016	40.26		0.00	16.10	24.15
h)	ICB No 25/Package E-1/ BSPTCL/ADB/ 2016	28.29		0.00	11.31	16.97
i)	ICB No 26/Package F-1/ BSPTCL/ADB/ 2016	59.10		0.00	23.64	35.46
j)	ICB No 23/Package C-1/ BSPTCL/ADB/ 2016	48.13		0.00	19.25	28.88
k)	ICB No 29/Package I-1/ BSPTCL/ADB/ 2016	25.21		0.00	10.08	15.12
5	Old Project	199.65	78.65	52.84	50.77	0
	<b>Total</b>	<b>639.69</b>			<b>219.54</b>	<b>264.02</b>

### 4.3.3 State Plan Schemes

The State Plan scheme has been categorized broadly as Old and New schemes. Old schemes were scheduled to be completed by FY 2015-16, however they are now expected to be completed by FY 2017-18. The Capital Expenditure under State Plan Schemes is given in Table below:



**Table 4-6: Capital Expenditure of Old schemes under State Plan Funded schemes  
(Rs. Crore)**

Sr. No.	Scheme	Project cost	Exp. upto FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
1	Construction of 132/33 KV grid substation connected to Jandaha transmission line, under district-Vaishali	25.00	19.86	4.34	0.07	0.76
2	Construction of 132/33 kV grid substation connected to transmission line at Tehta (Jehanabad)and Imamganj (Gaya)	51.20	38.05	3.34	(0.98)	10.29
3	Construction of 132/33 kV grid substation connected to transmission line at Ekma (Saran)	5.10	3.85	0.00	0.00	1.25
4	Scheme to extend tower height of middle 132 kV transmission line tower at bank of Bagmatiriver, Block-Runnisaidpur, district-Sitamarhi.	6.15	6.08	0.00	0.00	0.07
5	Dismantling of 132/33 kV 2X50 MVA Meethapur Grid substation and 33/11 kV Power Substation at R.K.Nagar from it's place and construction of 132/33 kV 4X50 MVA Grid Substation and 33/11 kV 2X10 MVA Power Substation at Karbigahiya.	77.36	58.48	0.05	0.06	18.80
6	Scheme to construct 132/33kV Sherghati Grid Substation and 132kV Bodhgaya-Sherghati Transmission Line, under State Plan with scrutinized cost of 25.10 Cr.	25.10	21.08	0.33	0.00	3.69
7	Re-construction of Muzaffarpur-Sitamarhi Transmission Line	1.72	1.69	0.00	0.00	0.03



Sr. No.	Scheme	Project cost	Exp. upto FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
8	Construction of Transmission facility to evacuate power from KBUNL	28.40	26.12	1.07	0.00	1.21
9	Construction of additional 132kV Transformer bay at 132/33kV Substation Sitamarhi, Bihta, Khagaul, Ara and Nawada	5.00	3.00	0.25	0.00	1.75
10	Construction of 5 No's of additional 33kV Transformer Baysat 132/33kV Grid Substation, Sitamarhi, Bihta, Khagaul, Ara and Nawada and construction of 05 no's of Line Bays with Sonnagar (02 No's)and each at Jainagar, Phulparas, Bihta	3.70	3.70	0.00	0.00	0.00
11	Construction of (2X160+2X50) MVA,220/132/33 kV Grid Sub-station at Bihta	135.48	56.44	14.00	11.46	44.83
12	Purchase of 03 No's 50 MVA 132/33 kV Transformers for Siwan, Nawada & Jamalpur Grid Substations	7.92	0.00	0.00	0.00	7.92
13	Purchase of 17No's Transformers to minimize gap between capacity addition of old six no's of grid and transmission & distribution capacity of:					
(i)	Bodhgaya-150MVA, Bihar-shariff-150MVA					
(ii)	Fatuha-100MVA, Begusarai-100MVA,	49.04	40.73	4.01	0.00	4.30
(iii)	Sabaur-50MVA, Sitamarhi-50MVA, Ara-50 MVA, Bihta-50 MVA, Gopalganj-50MVA(02No.), Motihari-50 MVA, Bettia-50MVA, Kishanganj-50MVA, Saharsa-50MVA,Chapra-50MVA, Jakkanpur-50 MVA.					



Sr. No.	Scheme	Project cost	Exp. upto FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
14	Scheme for R&M of 2 No's of old Grid Substations:- Gaighat & Rajgir	18.04	0.00	12.18	4.28	4.04
15	Special scheme to purchase specific testing equipments of worth Rs.6.26Cr. For the testing of Grid substation equipments	6.26	1.53	1.29	2.13	2.38
16	Construction of Park and beautification of Karbigahia Thermal Power Complex	27.31	0.00	0.00	0.00	27.31
17	Construction of Control Room Building, Residential Complex and Building, Boundary wall, Internal Road and Drinking Water Sanitation at Old GSS	76.83	2.84	33.74	18.32	32.03
18	Replacement of oil & over-hauling of 48 nos. Power Transformer	12.08	4.94	0.41	0.00	6.73
	<b>Total</b>	<b>561.69</b>	<b>288.39</b>	<b>75.00</b>	<b>35.34</b>	<b>167.40</b>

**Table 4-7: Capital Expenditure under New schemes under State Plan Funded schemes (Rs. Crore)**

Sr. No.	Scheme	Project cost	Exp. upto FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
1	Construction of higher capacity bus bar conductors (20 nos. on 132 kV side) & (56 nos. on 33 kV side) replacing old Bus Bar Conductors for strengthening BSPTCL Transmission line	159.00	0.00	0.00	0.00	79.50
2	Replacement of 20 nos. of 20 MVA transformer by 50 MVA transformer at 14 nos. of 132/33 kV GSS of BSPTCL and	110.00	0.00	0.00	0.00	55.00



Sr. No.	Scheme	Project cost	Exp. upto FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
	renovation of related 132/33 kV Transformer Bay					
3	132 km double -circuit towers single string lines and 132/33 kV grid sub-stations	123.67	0.00	9.11	87.96	13.30
4	Construction of 14 nos. of 132/33 kV grid substations in Revenue sub-division	555.90	20.00	118.03	175.00	131.44
5	Construction of 17 nos. of 132/33 kV grid substations in Revenue sub-division	668.72	0.00	98.60	229.88	170.12
6	Construction of (2X160+2X50) MVA, 220/132/33 KV Khagaria(New) GSS	106.09	0.00	6.31	66.09	16.85
7	Construction of 132 KV Gaurichak-Karbigahiya GSS	42.06	0.00	0.00	22.06	0
8	Strengthening of Transmission network around Patna	226.25	0.00	0.00	100.00	63.13
9	R&M of 12 nos. old GSS	133.76	0.00	0.00	113.76	0
10	07 nos. of new GSS 132/33 KV in uncovered area	374.15	0.00	0.00	100.00	137.08
11	Construction of double circuit line 220kv Begusarai-Purnea, 183 KM.	97.21	0.00	6.31	85.21	0
12	PSDF Scheme 90% as Grants & 10% from Internal Source	71.35	0.00	12.84	51.38	0
	<b>TOTAL</b>	<b>2668.16</b>	<b>20.00</b>	<b>251.20</b>	<b>1031.34</b>	<b>666.40</b>

#### 4.3.4 Capital Expenditure Schemes through Internal Resources Fund

The Capital Expenditure of schemes being implemented under IRF is provided in the table below:



**Table 4-8: Capital Expenditure under Internal Resource Fund (IRF) (Rs Crore)**

Sr. No.	Scheme	Project cost	Exp. upto FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
1	Construction of pile foundation 03 nos. in 132 KV Phulparas-Supoul transmission line.	3.98		3.98	0	
2	Construction of 01 nos of 132 KV Line bays each at GSS - Sabour& Banka. (Total 02 nos 132 KV Line bays)	3.88		3.88	0	
3	Construction of 01 nos of 33 KV line bays at GSS - Sasaram.	0.62		0.62	0	
4	Construction of 01 nos of 33 KV line bays at GSS - Raxaul for maintained PSS	0.57		0.57	0	
5	Construction of LILO 220 KV lines on 220 KV Purnea (PG)-Begusarai (D/C) transmission lines to BTPS (Extn.).	3.68		0.00	3.68	
6	Construction of 02 nos of GIS 220 KV line bays at Muzaffarpur (PG). PGCIL deposit head work.	26.12		26.12	0	



7	Construction of transmission system for power evacuation from 2x250 MW Barauni extension project	2.62		2.62	0	
8	ULDC up-gradation work	5.98		5.98	0	
9	Other Miscellenious works - Renovation of 4 <sup>th</sup> Floor BSPTCL Office	7.08		4.58	2.5	
10	Other Capital works-Buildings	159.29		12.89	46.4	100
11	PSDF Scheme 90% as Grants & 10% from Internal Source	7.13		0.00	0	7.13
12	<b>Total</b>	<b>220.95</b>		<b>61.24</b>	<b>52.58</b>	<b>107.13</b>

The total Capital Expenditure summary of the all the above projects are mentioned below:

**Table 4-9: Total Capital Expenditure Summary (Rs Crore)**

Sr. No.	Scheme	Exp. upto FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
1	Old scheme (State Plan)	288.39	75.00	35.34	167.40
2	New Scheme (State Plan)	20.00	336.20	1031.34	666.40
3	ADB	0.00	78.65	226.78	264.02





Sr. No.	Scheme	Exp. upto FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
4	BRGF	540.02	1263.60	604.59	49.13
5	IRF	0.00	61.24	52.58	107.13
	<b>Grand Total</b>	<b>848.41</b>	<b>1814.70</b>	<b>1950.63</b>	<b>1254.08</b>

#### 4.4 Capitalisation

For capitalisation, the Petitioner has adopted the methodology used by the Hon'ble Commission in MYT Order 21 March, 2016. For opening investments prior to FY 2016-17, CWIP on 1 April, 2016, 30% of CWIP has been considered to be capitalised in FY 2016-17 and 30% in FY 2017-18. Similarly for new capital expenditure in the year, 30% capitalisation is considered in first year in which capital expenditure is incurred, 30% in second year and remaining 40% in third year. Any variation in actual capitalisation will be adjusted at the time of truing up. With this approach, the proposed capitalisation for FY 2016-17 and FY 2017-18 are shown in the table below:

**Table 4-10: Proposed Capitalisation (Rs. Crore)**

Sr. No.	Scheme	FY 2016-17	FY 2017-18
1	Capitalisation	1256.03	1632.25

#### 4.5 Gross Fixed Assets

The Projection of Gross Fixed Asset (GFA) as per the methodology discussed above is given in table below:



**Table 4-11: Gross Fixed Assets Proposed (Rs. Crore)**

Sr. No.	Particulars	FY 2016-17		FY 2017-18	
		Approved in MYT Order Dated 21 March 2016	Projected for Review (RE)	Approved in MYT Order Dated 21 March 2016	Revised Projections
1	Opening GFA	4883.78	4001.25	6560.66	6217.24
2	Add: Additions during year	1664.32	2216.01	2238.54	1273.43
3	Add: Interest during Construction (IDC)	12.56	0.00	45.16	0.00
4	<b>Closing GFA</b>	<b>6560.66</b>	<b>6217.24</b>	<b>8844.36</b>	<b>7490.67</b>

#### 4.6 Depreciation

The Petitioner has computed depreciation in accordance with the Regulations.

Regulation 73 (2) (a) (i) of the BERC (Terms and Conditions for Determination of Tariff) Regulations 2007, specifies that **“the value base for the purpose of depreciation shall be the historical cost of the asset”**.

Regulation 73 (2) (a) (ii) of the BERC (Terms and Conditions for Determination of Tariff) Regulations 2007, specifies that **“Land is not a depreciable asset and its cost shall be excluded from the capital cost”**.

Therefore, the petitioner has excluded the total land value of Rs.1366.11 Crore based on the land value reported in the audited annual accounts for FY 2015-16. Further, the Petitioner has projected depreciation on the weighted average rate of 5.133%, as



considered in trueing up for FY 2015-16. Besides, grant addition in FY 2016-17 and FY 2017-18 has been considered as zero as no grant has been received.

The Petitioner would like to clarify that the funding towards BRGF schemes has not been considered as grant in line with the directions given by the State Government. The Petitioner had informed the Hon'ble Commission regarding the same at the time of filing of MYT Petition, however the Hon'ble Commission had treated funds received through BRGF as grants. Therefore, it is humbly prayed that the funds pertaining to BRGF should not be treated as grants.

The Proposed depreciation of the Gross Fixed Assets is Calculated in the table as below:

**Table 4-12: Depreciation Proposed (Rs. Crore)**

Sr. No.	Particulars	FY 2016-17		FY 2017-18	
		Approved in MYT Order Dated 21 March 2016	Projected for Review (RE)	Approved in MYT Order Dated 21 March 2016	Revised Projections
1	Opening GFA	3517.66	2650.55	5194.54	3906.59
2	Additions during year	1664.32	1256.03	2238.54	1632.25
3	Interest during Construction	0.00			
4	Closing GFA (1+2+3)	<b>5194.54</b>	<b>3906.59</b>	<b>7478.24</b>	<b>5538.84</b>
5	Average GFA (1+4)/2	<b>4356.10</b>	<b>3278.57</b>	<b>6336.39</b>	<b>4722.71</b>
6	Weighted Avg. Rate of Depreciation	3.360%	5.133%	3.360%	5.133%
7	Depreciation (5*6)	<b>146.36</b>	<b>168.30</b>	<b>212.90</b>	<b>242.43</b>
8	Opening Grants	2187.48	1451.90	2883.8	1451.90
9	Grants during year	696.32	0.00	0.00	0.00
	Less: Grants amortized	0.00	0.00	0.00	



Sr. No.	Particulars	FY 2016-17		FY 2017-18	
		Approved in MYT Order Dated 21 March 2016	Projected for Review (RE)	Approved in MYT Order Dated 21 March 2016	Revised Projections
10	Total Grants (8+9)	2883.80	1451.90	2883.80	1451.90
11	Average Grants (10+8)/2	2535.64	1451.90	2883.80	1451.90
12	Weighted Avg. Rate of Depreciation	3.36%	5.13%	3.36%	5.13%
13	Depreciation for GFA on Grants (11*12)	85.20	74.53	96.90	74.53
14	Net Depreciation for GFA on Loans (7-13)	61.17	93.77	116.01	167.90

#### 4.7 Interest and Finance Charges

The Petitioner has projected interest on loans in accordance with the Regulation 73 of BERC Terms and Conditions for Determination of Tariff Regulations, 2007. Normative funding pattern of 70:30 Debt:Equity has been considered as per Regulation 71 of BERC Terms and Conditions for Determination of Tariff Regulations, 2007.

*“71 (1) in case of all projects, the debt - equity ratio as on the date of commercial operation shall be 70:30 for determination of Tariff, provided that the Commission may in deserving case consider equity higher than 30% for purpose of determination of tariff, where the transmission licensee is able to establish to the satisfaction of the Commission that the deployment of equity more than 30% was in the interest of general public.*

*Provided that;*

- i. in case a project, if the actual equity employed is less than 30%. The*



- actual debt and equity employed shall be taken for determination of tariff.
- ii. in case of existing projects the actual debt : equity ratio shall be used for tariff determination. However, any expansion shall be governed by clause (1) above.”

Further, rate of interest has been taken as 10.56% which is the actual interest rate for State Govt. loans. The Petitioner would like to clarify that even though its books of accounts show ADB loans, it has not considered any interest towards the same due to moratorium on loans. The Petitioner has considered repayment same as depreciation in accordance with the Regulations.

The Projected Computation of the Interest and Finance Charges for the FY 2016-17 and FY 2017-18 is shown in the table below:

**Table 4-13: Projected Computation of Interest and Finance Charges (Rs. Crore)**

Sl. No.	Particulars	FY 2016-17		FY 2017-18	
		Approved in MYT Order Dated 21 March 2016	Projected for Review (RE)	Approved in MYT Order Dated 21 March 2016	Revised Projections
1	Opening Loan	685.77	424.32	1310.99	930.15
2	Additions during year	686.39	599.60	1598.59	878.56
3	Repayment	61.17	93.77	116.01	167.90
4	Closing Loan (1+2-3)	1310.99	930.15	2793.57	1640.81
5	<b>Average Loan (1+4)/2</b>	<b>998.38</b>	<b>677.24</b>	<b>2052.28</b>	<b>1285.48</b>
6	Rate of Interest	7.15%	10.56%	7.15%	10.56%
7	<b>Interest on Loan</b>	<b>71.38</b>	<b>71.50</b>	<b>146.74</b>	<b>135.71</b>
8	Financing Charges	0.01	0.01	0.01	0.01
9	<b>Total Interest and Financing Charges</b>	<b>71.39</b>	<b>71.51</b>	<b>146.75</b>	<b>135.72</b>



## 4.8 Operation and Maintenance Expenses

The Petitioner would like to highlight that post unbundling, BSPTCL as an organization is still evolving. The total transmission network of BSPTCL comprising of Transmission lines (Ckt. Km) and Transformation capacity (MVA) has on an average increased by 9.40% and 19.94% respectively from August 2013 to November 2016. Besides, the Capital Investment Plan provisionally approved by the Hon'ble Commission in MYT Order dated 21 March, 2016, also signifies the growth in Transmission assets of BSPTCL that is about to take place.

The Petitioner would like to submit that the adequate expenditure was not incurred on O&M in the previous years due to fund constraints and other reasons. However, the Petitioner has starting focusing on Operation and Maintenance of its transmission system and this has started resulting in improvement in power supply position in the State of Bihar. The increase in actual O&M Expenses in in FY 2015-16 with respect to FY 2014-15 was around 12% as shown in Table below:

**Table 4-14: Actual/approved O&M expenses (Rs. Crore)**

Particulars	FY 2014-15	FY 2015-16
Actual O&M expenses	141.52	158.59
% inc. over previous year		12%

Further, the O&M expenses of BSPTCL are substantially lower than the O&M norms specified by Central Electricity Regulatory Commission (CERC) for transmission lines and sub-stations in Tariff Regulations, 2014. In order to properly maintain the system, more expenditure is required to be incurred till it reaches the O&M norm specified by CERC. Hence, at this stage it would not be appropriate to consider the O&M expenses by applying the escalation rate linked to WPI and CPI. The escalation rate linked to WPI and CPI can be applied once the system is properly maintained for regular O&M expenses.



Hence, considering the improvements envisaged and proposed new assets addition, the Petitioner has projected the O&M Expenses for FY 2016-17 and FY 2017-18 by applying an escalation rate of 12% on actual O&M expenses for FY 2015-16.

#### 4.8.1 Employee Expenses

The employee expenses primarily include costs towards salaries, dearness allowances, bonus, staff welfare and medical benefits, leave travel and earned leave encashment, and the terminal benefits in the form of pension, gratuity etc.

For projecting employee expenses for FY 2016-17 and FY 2017-18, the Petitioner has considered an increase of 12% per annum over actual expenses for FY 2015-16. The Employee Expenses for FY 2016-17 and FY 2017-18 as computed by the Petitioner is shown in the table below:

**Table 4-15: Revised Projected Employee Expenses for FY 2016-17 and FY 2017-18 (Rs. Crore)**

Sl.No	Particulars	FY 2016-17		FY 2017-18	
		Approved in MYT Order Dated 21 March 2016	Projected for Review (RE)	Approved in MYT Order Dated 21 March 2016	Revised Projections
1	Employee Cost	97.69	98.89	102.23	105.94
2	Indexation	4.65%	12.00%	4.65%	12.00%
3	Add: Inflationary Increase	4.54	11.88	4.75	13.30
4	<b>Employee Cost (sub-total)</b>	<b>102.23</b>	<b>110.87</b>	<b>106.99</b>	<b>124.17</b>
5	Less: Support by State Govt. against terminal benefits	0.00	0.00	0.00	0.00
6	<b>Employee Cost</b>	<b>102.23</b>	<b>110.87</b>	<b>106.99</b>	<b>124.17</b>



#### 4.8.2 Repairs and Maintenance Expenses

The Petitioner would like to submit that post unbundling it has initiated major drive for maintenance and up keeping of its transmission assets. Further, the Petitioner is also undertaking huge capital expenditure to the schemes and hence Repairs and Maintenance expenses are bound to increase. The methodology adopted by the Hon'ble Commission to approve expenses based on past trend and with inflation would deprive Petitioner of its legitimate claim and would deprive licensee for the R&M expenses on the assets added during the year.

Hence, for projecting R&M Expenses for FY 2016-17 and FY 2017-18, the Petitioner has considered an increase of 12% per annum over actual expenses for FY 2015-16.

**Table 4-16: Revised Projected R&M Expenses for FY 2016-17 and FY 2017-18 (Rs. Crore)**

Sr. No.	Particulars	FY 2016-17		FY 2017-18	
		Approved in MYT Order Dated 21 March 2016	Projected for Review (RE)	Approved in MYT Order Dated 21 March 2016	Revised Projections
1	Base O&M expense	38.21	36.17	39.98	40.51
2	<b>Inflationary Index</b>	<b>4.65%</b>	<b>12.00%</b>	<b>4.65%</b>	<b>12.00%</b>
3	Inflationary Increase	1.77	4.34	1.77	4.86
4	<b>R&amp;M Cost</b>	<b>39.98</b>	<b>40.51</b>	<b>41.84</b>	<b>45.37</b>

However, the Petitioner would like to request the Hon'ble Commission that it should consider the R&M expenses as a % of Gross Fixed Assets as the licensee needs to eventually maintain assets and generally the inflation over previous year expenditure is insufficient as it ignores R&M cost towards additions of new assets.





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The Petitioner had also informed the Hon'ble Commission about certain States where the Regulations provide for R&M as a percentage of GFA. Even the Hon'ble Commission in Draft MYT Transmission Tariff has provided for R&M computation as %age of GFA. The relevant extract of the Draft BERC (Multi Year Transmission Tariff) Regulations, 2016:

*“Repairs and Maintenance expense shall be calculated as percentage (as per the norm determined) of Opening Gross Fixed Assets for the year governed by following formula:*

$$R\&M_n = K_b \times GFA_n$$

*Where:*

*R&M<sub>n</sub> : Repairs & Maintenance expense for nth year*

*GFA<sub>n</sub> : Opening Gross Fixed Assets for nth year*

*K<sub>b</sub> : Percentage point as per the norm”*

Therefore, the Petitioner re-iterates its request for considering R&M expenses as a % of Gross Fixed Assets.

#### **4.8.3 Administration & General Expenses**

Administration and General expenses mainly comprise costs towards rent charges, telephone and other communication expenses, professional charges, conveyance and travelling allowances and other debits.

For projecting A&G Expenses for FY 2016-17 and FY 2017-18, the Petitioner has considered an increase of 12% per annum over actual expenses for FY 2015-16.



**Table 4-17: Revised Projected A&G Expenses for FY 2016-17 and FY 2017-18 (Rs. Crore)**

Sr. No.	Particulars	FY 2016-17		FY 2017-18	
		Approved in MYT Order Dated 21 March 2016	Projected for Review (RE)	Approved in MYT Order Dated 21 March 2016	Revised Projections
1	A&G Expenses	8.86	16.14	9.28	18.08
2	Inflationary Index	4.65%	12.00%		12.00%
3	Inflationary increase	0.42	1.94	0.43	2.17
4	A&G Expenses	9.28	18.08	9.71	20.24
5	Less: A&G Cost capitalized	0.00		0.00	0.00
6	<b>Net A&amp;G Expenses</b>	<b>9.28</b>	<b>18.08</b>	<b>9.71</b>	<b>20.24</b>

#### 4.8.4 Allocation of Holding Company Cost

The SCHEDULE 'D ' HOLDING UNDERTAKING, PART III of the Bihar State Electricity Reforms Transfer Scheme, 2012 defines the Functions and Duties of Bihar State Power (Holding) Company Limited.

As per Clause (i) of the above Schedule 'D', the Holding Company shall handle all issues relating to the subsidiary companies in respect of:

*"Business of purchasing, importing, exporting and trading of power subject to the provisions of Electricity Act, 2003 and to supply electric power generated by other plants to transmission companies, distribution companies, trading companies, other generation companies and other Persons, and in this regard execute agreements with Central and State generating authorities, departments or companies, Independent Power Producers and other Persons."*



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BSPHCL provides common services to all the segregated entities. The Functions and Duties of Bihar State Power (Holding) Company Limited are provided in SCHEDULE 'D' HOLDING UNDERTAKING PART III of the Transfer Scheme 2012. The relevant portion of the Transfer Scheme 2012 is extracted for reference as under:

*“(f) Operating expenses incurred by the Holding Company like administration & general expenses legal and consulting fees etc. would be shared by the Bihar State Power Generation Company Limited, Bihar State Power Transmission Company Limited, North Bihar Power Distribution Company Limited and South Bihar Power Distribution Company Limited, in the **ratio of their respective equity.**”*  
**(Emphasis added)**

As per Schedule 'F', the Holding Company shall handle all issues relating to the subsidiary companies in respect of: -

SCHEDULE "F" REORGANISATION OF BSEB & TRANSFER OF PERSONNEL Part II COMMON SERVICES

*The Testing Divisions, Training Department at Head-Quarter and all the Departments at the Corporate Head Office like –*

- *General Administration*
- *Accounts and Finance*
- *IT*
- *Stores & Purchase*
- *Transmission/Distribution/Generation*
- *Personnel*
- *Publicity*
- *Legal*
- *Vigilance and Security*
- *Commercial*
- *Planning*
- *Civil Engineering*
- *Transmission (O&M)*
- *Rural Electrification*



*shall constitute "Common Services", which shall continue to provide services to all successor entities during the interregnum period, until issue of further transfer notifications allocating the employees to the respective companies.*

The Petitioner has considered holding company expenses same as considered while truing up for FY 2015-16. Any revision in the amount will be considered at the time of truing up.

**Table 4-18: Projection of Holding Company Expenses (Rs. Crore)**

Sr. No.	Particulars	FY 2016-17		FY 2017-18	
		Approved in MYT Order Dated 21 March 2016	Projected for Review (RE)	Approved in MYT Order Dated 21 March 2016	Revised Projections
1	Holding Company Exp.	5.0	7.29	5.0	7.29

The Hon'ble Commission is requested to approve the same as part of overall O&M expenditure of BSPTCL for FY 2016-17 and FY 2017-18

#### **4.8.5 Summary of O&M Expenses**

As directed by Hon'ble Commission, the ARR of SLDC Business for FY 2017-18 is being filed separately. The total O&M Expenses projected for SLDC Business for FY 2017-18 is Rs 6.25 Crore and the same have been reduced from the projected O&M expenses of Transmission Business for FY 2017-18



The summary of the O&M expenses is tabulated below for reference:

**Table 4-19: Projected O&M Expense (Rs. Crore)**

Sr. No.	Particulars	FY 2016-17		FY 2017-18	
		Approved in MYT Order Dated 21 March 2016	Projected for Review (RE)	Approved in MYT Order Dated 21 March 2016	Revised Projections
1	Employee Expenses	102.23	110.87	106.99	124.17
2	R&M Expenses	39.98	40.51	41.84	45.37
3	A&G Expenses	9.28	18.08	9.71	20.24
4	Holding Co. Expenses	5.0	7.29	5.0	7.29
	Less SLDC Expenses				6.25
5	<b>Total O&amp;M Expenses</b>	<b>156.49</b>	<b>176.75</b>	<b>163.54</b>	<b>190.83</b>

The Petitioner request the Hon'ble Commission to approve the above O&M expenses for FY 2016-17 and FY 2017-18.

#### 4.9 Interest on Working Capital

The Petitioner has arrived at the working capital requirement according to applicable norms for transmission function provided in the BERC (Terms and Conditions of Tariff) Regulations, 2007 which are reproduced in the following table for reference:

**Table 4-20: Norms for Working Capital Requirement**

Sr. No.	Particulars	Norms
1.	Operation & Maintenance Expenses	One month
2.	Maintenance spares	@1% of the opening GFA with 6% escalation per annum
3.	Receivables	Two months of transmission charges
4.	Rate of interest on working capital	Base Rate of State Bank of India.



The rate of interest applied on the proposed working capital is as per the SBI Base plus 350 basis points 12.80%.

The proposed interest on working capital for FY 2016-17 and FY 2017-18 is computed based on the above norms is given in the following table.

**Table 4-21: Projected Interest on Working Capital (Rs. Crore)**

Sr. No	Particulars	FY 2016-17		FY 2017-18	
		Approved in MYT Order Dated 21 March 2016	Projected for Review (RE)	Approved in MYT Order Dated 21 March 2016	Revised Projections
1	O&M Expenses for 1 Month	16.71	14.73	19.20	15.90
2	Maintenance Spares @1% of Opening GFA with 6% escalation	51.77	29.27	69.69	42.59
3	Receivables 2 Months	77.84	69.42	112.30	123.77
4	<b>Total Working Capital</b>	<b>146.32</b>	<b>113.43</b>	<b>201.19</b>	182.26
5	Rate of Interest	13.50%	12.80%	13.50%	12.80%
6	<b>Interest on Working Capital</b>	<b>19.75</b>	<b>14.52</b>	<b>27.16</b>	23.33

The Petitioner requests the Hon'ble Commission to approve the interest on working capital for FY 2016-17 and FY 2017-18.

#### **4.10 Return on Equity**

As explained above, the Petitioner has considered Debt:Equity ratio of 70:30 in accordance with the Regulation 71 of BERC Terms and Conditions for Determination of Tariff Regulations, 2007.



The closing equity of FY 2015-16 has been considered as opening equity for FY 2016-17. Additions during the year has been considered at 30% of the capital expenditure proposed in FY 2016-17 and FY 2017-18 respectively.

The return on equity has been considered at 14% for assets capitalised before 1 April, 2015 and at 15.5% for assets capitalised on or after 1 April, 2015 in accordance with the Regulations.

The Petitioner hereby submits that the computation of equity is considering the closing equity balance as approved by the Commission in MYT Order dated 21 March, 2016.

The computation of return on equity for FY 2016-17 and FY 2017-18 is tabulated below:

**Table 4-22: Computation of Return on Equity (Rs Crore)**

Sr. No.	Particulars	FY 2016-17		FY 2017-18	
		Approved in MYT Order Dated 21 March 2016	Projected for Review (RE)	Approved in MYT Order Dated 21 March 2016	Revised Projections
1	Equity as on 31.03.2015	375.41	375.41	375.41	375.41
2	Rate of return on Equity	14.00%	14.00%	14.00%	14.00%
3	<b>Return on equity (1*2)</b>	<b>52.56</b>	<b>52.56</b>	<b>52.56</b>	<b>52.56</b>
	<b>Equity of projects commissioned w.e.f. 1.04.2015</b>				
4	Opening Equity	112.91	23.22	407.08	400.03
5	Addition during the Year	294.71	376.81	685.11	489.68
6	Closing Equity (4+5)	407.08	400.03	1092.19	889.70
7	Average equity (4+6)/2	203.54	211.82	546.1	644.87
8	Rate of Return on equity	15.50%	15.50%	15.50%	15.50%



Sr. No.	Particulars	FY 2016-17		FY 2017-18	
		Approved in MYT Order Dated 21 March 2016	Projected for Review (RE)	Approved in MYT Order Dated 21 March 2016	Revised Projections
9	Return on equity (7*8)	31.55	32.80	84.65	99.95
10	Total Return on equity (3+9)	84.11	85.36	137.20	152.51

The Petitioner requests the Hon'ble Commission to approve the computation of return on equity for FY 2016-17 as APR and revised return on equity for the Financial Year FY 2017-18 as submitted above.

#### 4.11 Non-Tariff Income

For projecting Non-Tariff Income in APR of FY 2016-17 and revised Non-Tariff Income for FY 2017-18, the Petitioner has escalated the actual Non-Tariff of FY 2015-16 by 5% every year.

**Table 4-23: Projected Non-Tariff Income (Rs. Crore)**

Sr. No.	Particulars	FY 2016-17		FY 2017-18	
		Approved in MYT Order Dated 21 March 2016	Projected for Review (RE)	Approved in MYT Order Dated 21 March 2016	Revised Projections
1	Non-tariff Income	35.49	25.36	37.26	26.63

The Petitioner requests the Hon'ble Commission to approve the Non-Tariff for the Financial Year from FY 2016-17 and FY 2017-18 as proposed in the above.





#### 4.12 Revenue Gap / (Surplus) after truing up of FY 2015-16

The revenue gap/(surplus) after truing up of FY 2015-16 and to be adjusted in the revised ARR for FY 2017-18 along with applicable carrying cost is depicted in the table below:

**Table 4-24: Projected Revenue Gap/ (Surplus) along with carrying cost (Rs. Crore)**

Sr. No.	Particulars	FY 2015-16	FY 2016-17	FY 2017-18
1	Aggregate Revenue Requirement for FY 2015-16 after true up	306.62		
2	Less: Revenue from operations as per audited accounts	227.81		
<b>3</b>	<b>Revenue Gap/(Surplus) (1-2)</b>	<b>78.81</b>		
4	Opening amount	-	78.81	78.81
5	Additions during the year	78.81	-	-
6	Closing amount	78.81	78.81	78.81
7	Average amount	39.40	78.81	78.81
8	Rate of interest	12.80%	12.80%	12.80%
<b>9</b>	<b>Carrying cost</b>	<b>5.04</b>	<b>10.09</b>	<b>5.04</b>
<b>10</b>	<b>Total Gap to be recovered in FY 17-18 including carrying cost</b>			<b>98.98</b>



### 4.13 Transmission APR for FY 2016-17 and ARR for the Financial Year FY 2017-18 or the Annual Fixed Charge

The Annual Fixed Charges or Transmission charges have been arrived at by aggregating all the expenses detailed in the previous sections i.e. Depreciation, Interest on Loan, Interest on Working Capital, O&M expenses and ROE. The total expenses less Non- Tariff Income are the net Annual Fixed Charges or Transmission charges.

Accordingly, following is the summary of revised projections of Aggregate Performance Review (APR) and Aggregate Revenue Requirement (ARR) of Bihar State Power Transmission Company Limited (BSPTCL) for FY 2016-17 and FY 2017-18 for approval by the Hon'ble Commission.

**Table 4-25: Projected Annual Fixed Charges/ ARR (Rs. Crore)**

Sr. No.	Particulars	FY 2016-17		FY 2017-18	
		Approved in MYT Order Dated 21 March 2016	Projected for Review (RE)	Approved in MYT Order Dated 21 March 2016	Revised Projections
1	<b>O&amp;M expenses</b>	<b>156.49</b>	<b>176.75</b>	<b>163.54</b>	<b>190.83</b>
a)	Employee Cost	110.87	110.87		124.17
b)	R&M expenses	40.51	40.51		45.37
c)	A&G expenses	18.08	18.08		20.24
d)	Holding company expenses	7.29	7.29		7.29
	Less SLDC O&M*				6.25
2	Depreciation	61.17	93.77	116.01	167.90
3	Interest & Finance charges	71.39	71.51	146.75	135.72
4	Interest on Working	14.88	14.52	21.76	23.33



Sr. No.	Particulars	FY 2016-17		FY 2017-18	
		Approved in MYT Order Dated 21 March 2016	Projected for Review (RE)	Approved in MYT Order Dated 21 March 2016	Revised Projections
	Capital				
5	Return on Equity	84.10	85.36	137.20	152.51
6	Minimum Alternate Tax				
7	<b>Total Fixed Cost (1+2+3+4+5+6)</b>	<b>388.03</b>	<b>441.90</b>	<b>585.26</b>	<b>670.29</b>
8	Less: Non tariff Income	35.49	25.36	37.26	26.63
9	Add: Revenue Gap/(surplus for FY 2015-16 with carrying cost)				98.98
9	<b>Net Fixed Cost/ ARR (7-8+9)</b>	<b>352.54</b>	<b>416.54</b>	<b>548.00</b>	<b>742.65</b>

*\*SLDC ARR for O&M Expenses is filed separately*

The Petitioner would like to submit that the Transmission Charges for the years under consideration are estimated based on the applicable rules and regulations and the methods adopted by the Hon'ble Commission in its MYT order dated March 12, 2015 and March 21, 2016. The various costs have been estimated in accordance with the regulatory norms, assumptions and detailed justifications provided in this petition. In view of the submitted facts and explanations, the Petitioner humbly prays to the Hon'ble Commission for approval of the APR for FY 2016-17 and revised ARR for FY 2017-18 and resultant Transmission Charges to be recovered from the two distribution companies.



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## 5 Compliance of Directives

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The Commission in its previous order dated 21.03.2016 had issued some directives to the petitioner. This chapter deals with the compliance status of directives for compliance and implementation by the petitioner.

### 5.1 Directive 1

- a) The petitioner was directed to submit CEA for approval for the Apex Metering Scheme.
- b) The petitioner submits that after regular follow-up with CEA the Approval for the Apex Metering Scheme was obtained on October 2016. Copy of CEA approval is attached in the Annexure.

### 5.2 Directive 2

- a) The petitioner was directed to submit details of appropriate energy meters to all the feeders from 220 kV to 33 kV level at all the interface points to measure the energy into the petitioner's grid from various sources and energy outgo to DISCOMs and EHT consumers, as on 1st April, 2016 at various locations in the BSPTCL grid by 30th April, 2016.
- b) It is submitted that the information is currently being compiled and shall be submitted by 31<sup>st</sup> December 2016.

### 5.3 Directive-3

- a) The petitioner was directed to segregate and maintain separate accounts for Assets and Liabilities and revenue expenditure relating to SLDC business/function and ensure filing of separate petition for Aggregate Revenue Requirement of SLDC for FY 2017-18 along with the Tariff Petition of BSPTCL for



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FY 2017-18. The petitioner to submit status of segregation of accounts by 30th June 2016 and 30th September 2016.

- b) In compliance the petitioner submits that SLDC was installed by PGCIL. In the current scenario only O&M Expenses are borne by the petitioner. Accordingly, a separate petition for ARR is filed for O&M Expenses of SLDC.

#### **5.4 Directive-4**

- a) The petitioner was directed to conduct the energy accounting and audit of its transmission system based on the energy meters presently installed on monthly basis and submit copy of the report to the Commission by 20<sup>th</sup> of succeeding month. Such report for the month of April' 2016 shall be sent to the Commission by 20th May, 2016.
- b) In compliance to the directions of the Commission it is submitted that the petitioner has undertaken the activity of checking and rectification of meters for the energy audit. After rectification of some meters, energy accounting and audit will be conducted the month of January 2017 onwards and report will be submitted by 20<sup>th</sup> of every succeeding month, along with the details of meters installed.

#### **5.5 Directive-5**

- a) The petitioner was directed to furnish the scheme wise details of capital expenditure and capitalization capturing nature of funds i.e., grant/loan/equity and its source of funding in the tariff petition for FY 2017-18 onwards, failing which the Commission shall be compelled to disallow the entire capitalization claimed for FY 2015-16 onwards.
- b) In compliance to the directions of the Commission it is submitted that the petitioner has submitted broad details of funding of various schemes in this petition.