

Further, Regulation 24(b) of the BERC MYT Regulations, 2021 specifies that:

"24. Interest and finance charges on loan capital

....

(b) If the equity actually deployed is more than 30 % of the capital cost, equity in excess of 30 % shall be treated as normative loan:

Provided that where equity actually deployed is less than 30% of the capital cost, the actual loan shall be considered for determination of interest on loan:" (Emphasis added)

BSPTCL submits that it has been funding the projects of IRF scheme from its own funds and these projects are actually 100% equity funded. In fact, the full form of the term 'IRF' is 'Internal Resource Funded'. BSPTCL has submitted the sample Purchase Order (PO) for IRF scheme as **Annexure-II** of this submission which illustrates that the project is 100% equity funded.

As the actual equity is more than the normative level of 30%, therefore, in accordance with Regulation 24(b) of BERC MYT Regulations, 2018 and BERC MYT Regulations, 2021, BSPTCL has considered the normative Debt: Equity ratio of 70:30 for projects under IRF scheme for the period from FY 2020-21 to FY 2022-23. However, the Hon'ble Commission has erroneously considered IRF Scheme to be funded by 100% debt. It is also to be noted that the Hon'ble Commission, in the previous Tariff Orders, has considered Debt: Equity ratio of 70:30 for IRF scheme.

The impact of the erroneous Debt: Equity ratio considered for funding of IRF scheme instead of the normative ratio of 70:30 as specified in the Regulations, is seen on the computation of Interest and Finance Charges and Return on Equity for the period from FY 2020-21 to FY 2024-25. BSPTCL has worked out the impact of the erroneous Debt: Equity ratio in the next section of this Review Petition.

In view of the above, BSPTCL respectfully requests the Hon'ble Commission to review the funding for IRF scheme for the period from FY 2020-21 to FY 2022-23 as approved in Tariff Order dated 25 March 2022, under the head, *"error apparent on the face of the record"* and approve Debt: Equity ratio of 70:30 for IRF schemes as per Regulation 24(b) of BERC MYT Regulations, 2018 and BERC MYT Regulations, 2021. The Hon'ble Commission is hence, requested to allow the impact of the above error for the respective years.



4 Capitalization Disallowed for FY 2020-21

BSPTCL had claimed the total capitalisation of Rs. 723.32 Crore (including IDC of Rs. 8.58 Crore) in the True up of FY 2020-21 as per the audited annual accounts. However, the Hon'ble Commission in the Order has disallowed capitalisation of Rs. 49.77 Crore and approved the capitalisation for FY 2020-21 as Rs. 673.55 Crore.

The relevant paras of the Order in this regard are reproduced below:

"BSPTCL has claimed capitalisation of IDC of Rs.3.95 crore in respect of schemes implemented through ADB funding under 12th plan on-going projects. The work-wise details are given hereunder.

Table 4.4: Details of works and capitalisation of IDC claimed for FY 2020-21

(Rs. Crore)

Name of the work	Opening CWIP as on 01.04.2019	Capex in FY 2019-20	Capitalization in FY 2019-20	IDC Capitalized in FY 2019-20	Opening CWIP as on 01.04.2020	Capex in FY 2020-21	Capitalization in FY 2020-21	IDC Capitalized in FY 2020-21	Closing CWIP as on 31.03.2021
12th Plan (Ongoing projects)									
Procurement and Construction for Re-conductoring of 06 nos. 132KV Transmission lines against 31/Package K-1/BSPTCL/ADB/16	6.37	0.20	0.20		6.37		2.89	2.24	3.48
Procurement and Construction for Re-conductoring of 06 nos. 132KV Transmission lines against 33/Package M-1/BSPTCL/ADB/16	5.31	0.53	0.25		5.59		2.77	1.71	2.82
Total	11.68	0.73	0.45		11.96		5.66	3.95	6.30

It can be observed from the above, there is no major capital expenditure during FY 2019-20 and FY 2020-21. However opening CWIP of Rs.11.68 crore is available as on 1st April 2019 and net addition to CWIP during FY 2019-20 is Rs.0.28 crore and thus closing CWIP as on 31.03.2020 is at Rs.11.96 crore. BSPTCL has capitalised Rs.5.66 crore in FY 2020-21 which shall be reckoned from the opening CWIP as on 01.04.2019 and capitalisation of IDC shall be attributable to time over run. As such, the Commission has not considered capitalisation of IDC of Rs.3.95 crore against the above referred projects for FY 2020-21 in truing up.

Further, it is observed from the work-wise details furnished in Annexure-III by BSPTCL the following works listed in the Table below represent special repairs and maintenance

works, unidentified works, other works and interest on ADB. The repairs and maintenance expenses relating to office buildings, quarters, etc. shall be charged to R&M works and shall not be capitalised. Regulation 19 (3) specify any expenditure incurred on minor items/assets bought after the cut of dateshall not be considered for additional capitalisation for determination of tariff. The Commission accordingly has not considered total capitalisation of Rs.36.71 crore (Special repairs and maintenance expenses of Rs.18.44 crore and Rs.18.27 crore representing unidentified works, interest on ADB loan and Misc. others IRF) relating to following works in truing up for FY 2020-21. The Commission, however, has considered Rs.18.44 crore under R&M expenses for FY 2020-21 for arriving at the actual R&M expenses for FY 2020-21.

The Commission has also not considered the opening CWIP of Rs.45.06 crore and addition to capex of Rs.8.26 crore in truing up for FY 2020-21 relating to the works detailed in the table below:

Table 4.5: Details of works not considered for CWIP and capitalisation for FY 2020-21 in truing up

(Rs. Crore)

Sl. No.	Name of Element (Transmission line, Substation, Bay Extension, etc.)	Mode of Finance	Opening CWIP as on 01.04.2020	Capex during FY 2020-21	Capitalization in FY 2020-21
12th Plan (Ongoing projects)					
1	Reconstruction of boundary wall & Special R&M of IB along with road and boundary wall inside IB, spreading and concreting of M 40 grade from main gate to tr circle office road and construction of 3 no new store shed at 132/33 kV GSS Purnea. 42/PR/BSPTCL/2016 Gr.No.02	State Plan	2.62		2.62
2	Construction of boundary wall, trans colony Gaya. 89/PR/BSPTCL/2014 Gr.10	State Plan	0.04		0.04
3	Reconstruction of boundary wall and earth filling GSS Sabour 06/PR/BSPTCL/2014 Gr.No.1	State Plan	0.83		0.83
4	Supply of 590 KL of EHV grade transformer oil NIT-118/2013	State Plan	5.35		5.35
5	Construction of damaged boundary wall for raising of height at 132/33 kV GSS Runisaidpur 90/PR/BSPTCL/2015 Gt.No.08	State Plan	0.21		0.21
6	Civil works at GSS Bettiah 28/PR/BSPTCL/2016 Gr.01	State Plan	0.27		0.27
7	Widening of existing road for transport of heavy transformer for 132/33 GSS Nirmali	State Plan	0.24		0.24
8	Cons. Of Drainage System at 132/33 KV GSS, Ara, 90/PR/BSPTCL/2015 Gr-06	State Plan	0.13		0.13
9	Special repair and maintenance of division office and construction of 1 unit septic tanks	IRF	0.12		0.12

Sl. No.	Name of Element (Transmission line, Substation, Bay Extension, etc.)	Mode of Finance	Opening CWIP as on 01.04.2020	Capex during FY 2020-21	Capitalization in FY 2020-21
	at 132/33 KV Campus, Motihari NIT-36/2017, Gr-01				
10	For Re-Construction of Damaged Eastern Side Boundary Wall at 132/33Kv GSS, Digha. 10/PR/BSPTCL/2020	IRF	-	0.80	0.80
11	Local sand filling, PCC and Gravel work in switchyard at 132/33 KV GSS Mithapur, 102/PR/BSPTCL/2018 Sl. No-2	IRF	0.78		0.78
12	Special repair and maintenance of IB and construction of septic tanks at 132/33 KV GSS Motihari, 117/PR/BSPTCL/2018 Sl. No.03	IRF	0.18		0.18
13	Special repair and maintenance of GM cum CE residence (A type) including electrical work at 132/33 KV GSS muzaffarpur, 13/PR/BSPTCL/2018	IRF	0.08		0.08
14	Renovation work of IB including Electrical wiring & Supply of Furniture at 132/33 KV GSS Muzaffarpur, 41/PR/BSPTCL/2019	IRF	-	0.44	0.44
15	Furniture & Electrical Wiring in E-type quarter at division & LMSD office at Jahanabad (116/PR/BSPTCL/2018)	IRF	0.13	0.01	0.14
16	Maintenance of Quarter at Dumraon GSS, 90/PR/BSPTCL/2015 Gr No.-10	State Plan	0.29		0.29
17	Maintenance of quarter at GSS Biharsharif, 90/PR/BSPTCL/2015 Gr. No.:-18	State Plan	0.41		0.41
18	Special repair & maintenance of quarter of E-8 & F-12 type of total 20 nos. at 132/33 KV GSS Hathidah, Biharsharif, 90/PR/BSPTCL/2015 Gr-17	State Plan	0.66		0.66
19	Repair & Maintenance of Quarter & Office Building at GSS Muzaffarpur, 90/PR/BSPTCL/2015 Gr No.-01	State Plan	0.76		0.76
20	Special R&M of 13 Quarter at GSS Motihari, 90/PR/BSPTCL/2015, Gr-02	State Plan	0.41		0.41
21	Special repair & maintenance of quarter of E-8 & F-8 type of 16 nos. at 132/33 KV GSS Arrah, 90/PR/BSPTCL/2015 Gr-09	State Plan	0.20		0.20
22	Special repair & Maintenance of Quarters of C-1, D-3 and F-30 type of total 34 nos. at 132/33 KV GSS Birpur, 90/PR/BSPTCL/2015 Gr No.-14	State Plan	0.57		0.57
23	Special repair & Maintenance of Quarters of KF-4, KH-11 and KL-11 type of total 26 nos. at 132/33 KV GSS Kataiya, 90/PR/BSPTCL/2015 Gr No.-15	State Plan	0.12		0.12
24	Special repair & maintenance of quarter of E-4 & F-8 type of 12 nos. at 132/33 KV GSS Jamalpur, 90/PR/BSPTCL/2015 Gr-24	State Plan	0.24		0.24
25	Special repair & maintenance of quarter of F-8 & G-8 Type of total 16 nos. at 132/33 KV Bettiah, 95/PR/BSPTCL/2015 Gr No-01	State Plan	0.18		0.18

Sl. No.	Name of Element (Transmission line, Substation, Bay Extension, etc.)	Mode of Finance	Opening CWIP as on 01.04.2020	Capex during FY 2020-21	Capitalization in FY 2020-21
26	Special repair & Maintenance of Quarters of F-4 type of total 4 nos. at 132/33 KV GSS Ramnagar, 13/PR/BSPTCL/2015 Gr. No.-02	State	0.13		0.13
27	Special repair & Maintenance of Quarters of C-1 and E-8 type of 09 nos. at 132/33 KV Khagariya and replacement of door, window a7 Chajja over window of store shed at Trans. Division Begusarai, 13/PR/BSPTCL/2015 Gr. No.-03	State Plan	0.26		0.26
28	Special R&M of Quarter at GSS Sabour, 13/PR/BSPTCL/2015 Gr. No.-04	State Plan	0.41		0.41
29	Maintenance of 7 Nos Qr. At GSS Sultanganj, 90/PR/BSPTCL/2015 Gr. No.: 25	State Plan	0.17		0.17
30	special repair & maintenance of Quarters of E-4, F-16 type of 16 nos. at 132/33 KV GSS Baripahari, Biharsharif, 90/PR/BSPTCL/2015 Gr No.-16	State Plan	0.47		0.47
31	Special repair & Maintenance of Quarters of D-04 and E-12 type of 16 nos. at 132/33 KV GSS Fathua. Special repair & maintenance of quarters of G-8 type 132/33 KV GSS Gaighat and Special repair & Maintenance of Quarters of D-1 at 132/33 KV GSS masaudi, 90/PR/BSPTCL/2015 Gr-23	State Plan	0.28		0.28
32	Special repair & maintenance of quarter of C-1, D-8, F-8 & G-16 type of total 33 nos. at 132/33 KV GSS Purnea and C type at 132/33 KV GSS at Katihar, 95/PR/BSPTCL/2015 Gr No05	State Plan	0.65		0.65
	Sub-total (1 to 32) – A		17.19	1.25	18.44
33	Unidentified NIT & Work, Po-PO-13, Dt-19.03.14 & LOI-2275, Dt-24.09.13	State Plan	2.37		2.37
34	Interest on Loan ADB	ADB	16.44	4.12	3.95
35	Misc. Others IRF	IRF	9.06	2.89	11.95
	Sub-total (33 to 35) – B		27.87	7.01	18.27
	Total A+B		45.06	8.26	36.71

The Commission as deliberated above, has approved the capitalisation and funding of capitalisation for FY 2020-21 as given hereunder:

Table 4.6: Capitalisation approved for FY 2020-21 in true up

(Rs. Crore)

Sl. No.	Name of the scheme	Capitalisation	IDC	Total Capitalisation
1	Capitalisation as per annual accounts	714.74	8.58	723.32
2	Less: Capitalisation relating to SLDC (SAMAST)	8.22	-	8.22

<i>Sl. No.</i>	<i>Name of the scheme</i>	<i>Capitalisation</i>	<i>IDC</i>	<i>Total Capitalisation</i>
3	<i>Less: Capitalisation disallowed</i>	36.71	4.84	41.55
4	<i>Capitalisation approved in truing up</i>	669.81	3.74	637.55

...”

From the above, BSPTCL observes that the Hon'ble Commission has disallowed capitalisation against the Special Repairs and Maintenance (R&M) expenses of Rs.18.44 Crore claimed under Capex and allowed it under R&M expenses for FY 2020-21 for arriving at the actual R&M expenses for FY 2020-21. Further, the Hon'ble Commission disallowed capitalisation of Rs. 8.22 Crore relating to SLDC (SAMAST), which was inadvertently considered by BSPTCL in the total capitalisation for FY 2020-21.

The specific observations of BSPTCL are discussed as under:

a. Disallowance of IDC for 12th Plan ADB projects

The Hon'ble Commission has disallowed IDC of Rs. 3.95 Crore for following ADB projects due to time over run (page no. 29 of the Order):

- i. Procurement and Construction for Re-conductoring of 06 nos. 132KV Transmission lines against 31/Package K-1/ BSPTCL/ADB/16
- ii. Procurement and Construction for Re-conductoring of 06 nos. 132KV Transmission lines against 33/Package M-1/ BSPTCL/ADB/16

As regards time overrun for two no. of ADB projects referred above, BSPTCL submits that it has received the approval of Special Purchase Committee of MD, BSPTCL vide Meeting No. 11/2019 held on 16 March, 2019 for the revised time extension for completion of ADB projects under 12th Plan. The copy of approval of Special Purchase Committee of MD, BSPTCL and letters issued for two no. of ADB projects in this regard are attached as **Annexure- III** of this submission.

BSPTCL further submits that due to unprecedented situation of COVID-19 pandemic and subsequent lockdown/restrictions imposed by the State Government, functioning of BSPTCL was severely affected during the last two financial years. BSPTCL during this period was not able to work with full work force, which led to delay in execution of projects in timely manner. It was observed that significant

number of personnel of BSPTCL were also infected due to COVID-19 and internal processes had also come to a standstill. Due to this, there was spill over of projects in the subsequent years compared to the proposed schedule. The delay in execution of projects compared to the schedule plan has also resulted into increase in IDC.

Further, in Table 4.6, the Hon'ble Commission disallowed IDC of Rs. 4.48 Crore. Thus, it is also observed that the Hon'ble Commission has subtracted disallowed IDC of ADB loan twice in Table 4.5 and 4.6 of Order. In Table 4.5, the Hon'ble Commission has worked out the total disallowed capitalisation of Rs. 36.71 Crore, which includes disallowed IDC of Rs. 3.95 Crore for ADB projects (at sr. no. 34 of Table). Further, the Hon'ble Commission, in Table 4.6 of the Order (at sr. no. 34 of Table), has considered disallowed capitalisation of Rs. 36.71 Crore and again considered disallowed IDC of Rs. 4.84 Crore to derive the total disallowed capitalisation of Rs. 41.55 Crore. Therefore, the Hon'ble Commission has disallowed IDC of ADB loan twice in Table 4.5 and 4.6 of Order.

In view of the above, BSPTCL requests the Hon'ble Commission to consider the situation of COVID-19 as uncontrollable factor and allow disallowed IDC of Rs. 3.95 Crore for 12th Plan ADB projects. The Hon'ble Commission is also requested to allow the IDC of Rs. 4.84 Crore disallowed twice in Table 4.5 and 4.6 of Order.

b. Disallowance of capitalisation for unidentified works

The Hon'ble Commission has disallowed capitalisation of Rs. 2.37 Crore for unidentified works of State Plan with PO-13 dated 19.03.14 and Letter of Intent (LOI) -2275 dated 24.09.13 as shown in Table 4.5 of the Order. However, BSPTCL submits that it has capitalised Rs. 2.37 Crore against works with PO-13 dated 19.03.14 and LOI -2275 dated 24.09.13 for procurement of 1 no. of 50 MVA 132/33 kV Power Transformer against NIT No. 67/PR/BSPTCL/2013 under State Plan. The referred PO is attached as Annexure- IV of this submission.

Therefore, BSPTCL respectfully requests the Hon'ble Commission to allow the disallowed capitalisation of Rs. 2.37 Crore for works of State Plan for FY 2020-21.

In view of the above, the summary of BSPTCL's claim for allowance of disallowed capitalisation for FY 2020-21 is shown in the Table below:



Table 4: Disallowed Capitalisation claimed by BSPTCL for FY 2020-21 (Rs. Crore)

Sl. No.	Particulars	Legend	Amount
1	Capitalisation claimed by BSPTCL for FY 2020-21	A	723.32
2	Capitalisation approved for FY 2020-21 in Order	B	673.55
3	Total Disallowance	(A-B)	49.77
4	Disallowed IDC for ADB projects	C	3.95
5	IDC Disallowed Twice in Table 4.6	D	4.84
6	Disallowed Capitalisation for Un-identified Projects	E	2.37
7	Net Disallowance claimed by BSPTCL	(C+D+E)	11.16

Impact of disallowed capitalisation for FY 2020-21, erroneous Debt: Equity ratio for IRF scheme and disallowed Other Finance Charges

BSPTCL submits that the Depreciation, Interest on loan and Return on Equity are a function of capitalisation. BSPTCL has worked out the impact of considering the disallowed capitalisation of Rs. 11.16 Crore, erroneous Debt: Equity ratio for IRF scheme and disallowed Other Finance Charges for FY 2020-21 to FY 2024-25 as shown in the Appendix-A of this submission. The summary of such impact is given in the following Table:

Table 5: Impact of considering disallowed capitalisation, erroneous Debt: Equity ratio for IRF scheme and disallowed Other Finance Charges (Rs. Crore)

S. No.	Particulars	As approved by BERC	As worked out in Review	Net Impact on BSPTCL
A	Depreciation			
1	Depreciation for FY 2020-21	344.49	344.93	0.44
2	Depreciation for FY 2021-22	396.18	396.93	0.75
3	Depreciation for FY 2022-23	463.53	464.29	0.76
4	Depreciation for FY 2023-24	546.56	547.35	0.79
5	Depreciation for FY 2024-25	638.51	639.34	0.83
	Total impact on Depreciation			3.56
B	Interest and Finance Charges			
1	Interest and Finance Charges for FY 2020-21	321.40	322.55	1.15

S. No.	Particulars	As approved by BERC	As worked out in Review	Net Impact on BSPTCL
2	Interest and Finance Charges for FY 2021-22	312.00	312.60	0.60
3	Interest and Finance Charges for FY 2022-23	355.69	355.03	-0.66
4	Interest and Finance Charges for FY 2023-24	412.25	410.64	-1.61
5	Interest and Finance Charges for FY 2024-25	475.41	473.74	-1.67
	Total impact on Interest and Finance Charges			-2.18
C	Return on Equity			
1	RoE for FY 2020-21	222.20	222.87	0.67
2	RoE for FY 2021-22	249.71	251.72	2.01
3	RoE for FY 2022-23	278.24	282.24	4.00
4	RoE for FY 2023-24	314.03	319.37	5.34
5	RoE for FY 2024-25	356.12	361.46	5.34
	Total impact on RoE			17.36
	Net Impact on BSPTCL (A+B+C)			18.74

In view of the above, BSPTCL respectfully requests the Hon'ble Commission to review the Capitalisation for FY 2020-21 as approved in Tariff Order dated 25 March 2022, under the head, "error apparent on the face of the record" and to allow the net disallowed capitalisation of Rs. 11.16 Crore for FY 2020-21.

The Hon'ble Commission is hence, requested to additionally approve Rs. 18.74 Crore for FY 2020-21 to FY 2024-25, as worked out in the above paragraphs, on account of disallowed capitalisation for FY 2020-21, erroneous Debt: Equity ratio for IRF scheme and disallowed Other Finance Charges for FY 2020-21 to FY 2024-25. The impact of the above error needs to be allowed with the associated carrying cost for the respective Years.

5 Sharing of Gains/ (Losses) for O&M Expenses for FY 2020-21

Regulation 8.2 of BERC MYT Regulations, 2018 specifies the controllable factors as shown below:

"8.2 The "controllable factors" shall comprise but not limited to the following factors which are within the control of, and are attributable to the applicant:

- (a) Variations in Transmission System availability;*
- (b) Variations in capital expenditure and Capitalization on account of time and/or cost overruns/ efficiencies in the implementation of a capital expenditure project not attributable to an approved change in scope of such project, change in statutory levies or force majeure events;*
- (c) Variation in Interest and Finance Charges, Return on Equity, and Depreciation on account of variation in capitalisation as specified in clause (b) above ;*
- (d) Variations in transformation and transmission losses;*
- (e) Variation in performance parameters;*
- (f) Variations in Return on Equity (RoE), depreciation and working capital requirements. However, if the Commission is satisfied that the variation in the working capital requirement is attributable to any uncontrollable factors, the same may be considered as uncontrollable factor.*
- (g) Variation in operation & maintenance expenses, except those attributable to directions of the Commission or to change in Government policy/law.*
- (h) Failure to meet the standards specified in the Standards of Performance Regulations, except where exempted;"*

Further, Regulation 10 of BERC MYT Regulations, 2018 specifies the mechanism for sharing of gains and losses on account of controllable factors. The relevant Regulations are as follows:

"10. Mechanism for sharing of gains or losses on account of controllable factors

10.1 The approved aggregate gain or loss to the Licensee or SLDC, as the case may be, on account of controllable factors shall be dealt with separately for aggregate gain and aggregate loss in the following manner:

- (a) Aggregate gain: (i) Two-third of the amount of such gain shall be a pass through as an adjustment in the tariff of the Licensee or SLDC, as the case may be, as specified in these Regulations and as may be determined in the Order of the Commission passed under these Regulations;*
- (ii) The balance one-third of the amount of such gain shall be on account of Licensee or SLDC, as the case may be, and such amount shall be utilized at the discretion of Licensee or SLDC, as the case may be.*
- (b) Aggregate Loss: (i) One-third of the amount of such loss shall normally be a pass*

through as an adjustment in the tariff of the Licensee or SLDC, as the case may be, as specified in these Regulations and as may be determined in the Order of the Commission passed under these Regulations, provided the Commission is satisfied that such loss is not on account of deliberate action of the Licensee or SLDC, as the case may be;

(ii) The balance two-third of the amount of such loss shall be on account of Licensee or SLDC and shall be absorbed by the Licensee or SLDC, as the case may be."

BSPTCL had accordingly claimed sharing of Gains/(Losses) on account of variation in O&M expenses on aggregate basis as per the provisions of the Regulations as above. However, the Hon'ble Commission has computed the sharing of Gains/(Losses) for O&M expenses component-wise. The relevant paras of the Order are reproduced as below:

"Sharing of gains/(losses) on account of variation in O&M expenses

BSPTCL has claimed the sharing of gains on O&M expenses with respect to the difference between the actual and normative O&M expenses approved in true up.

The Commission has approved the normative O&M expenses at Rs.334.75 crore in true up for FY 2020-21. The actual O&M expenses are at Rs.345.75crore as per the audited annual accounts of FY 2020-21 and adjustment of R&M cost consequent to disallowance of Rs.18.44 crore under capex. The Commission in terms of regulation 10 has considered the sharing of gains/(losses) in true up for FY 2020-21 as given in the Table below:

Table 4.53: Sharing of Losses / (Gains) of O&M expenses for FY 2020-21

(Rs. Crore)

Sl. No.	Particulars	Claimed by BSPTCL in true up for FY 2020-21	Approved in true up for FY 2020-21			
			Employee cost	R&M expenses	A&G expenses	Total
1	Normative O&M expenses approved in true up	334.00	181.01	109.77	43.97	334.75
2	Actual O&M expenses as per audited accounts	340.35	223.82	67.96	53.97	345.75
3	(Gains)/Losses (2-1)	6.35	42.81	-41.81	10.00	11.00
4	1/3rd of losses to be passed-on as adjustment through Tariff	2.12	14.27	-27.87	3.33	-10.27
5	2/3rd of losses to be borne by the licensee	4.23	28.54	-13.94	6.67	21.27

..."

BSPTCL respectfully submits that the BERC MYT Regulations, 2018 specify computation of Gains/(Losses) on aggregate basis rather than component-wise. Therefore, BSPTCL had submitted calculations for sharing of Gains/(Losses) on account of variation in O&M expenses on aggregate basis. However, the Hon'ble Commission has computed the sharing of Gains/(Losses) for O&M expenses component-wise. Thus, the Hon'ble Commission's approach for calculation of sharing of Gains/(Losses) for O&M expenses component wise is incorrect and is not in accordance with the BERC MYT Regulations, 2018.

The Hon'ble Commission in the Order has disallowed the capitalisation of Rs. 18.44 Crore against Special R&M claimed by BSPTCL and allowed the same under R&M expenses for FY 2020-21 for arriving at the actual R&M expenses for FY 2020-21. Thus, the Hon'ble Commission has approved actual R&M expenses of Rs. 67.96 Crore for FY 2020-21. Further, in this Review Petition, BSPTCL has sought review of the employee expenses allowed by the Hon'ble Commission for FY 2020-21 in accordance with the BERC MYT Regulations, 2018, and has sought approval of Terminal Benefits of Rs. 40.79 Crore to be allowed under the normative employee expenses.

Considering the same, BSPTCL has worked out the calculation of sharing of Gains/(Losses) for O&M expenses on the aggregate basis as shown below:

**Table 6: Sharing of Gains/ (Losses) of O&M expenses for FY 2020-21
(Rs. Crore)**

Sl. No.	Particulars	Employee cost	R&M expenses	A&G expenses	Total
A	Approved in Order				
1	Normative O&M expenses approved in true up	181.01	109.77	43.97	334.75
2	Actual O&M expenses as per audited accounts	223.82	67.96	53.97	345.75
3	Gains / (Losses) (1-2)	-42.81	41.81	-10.00	-11.00
4	1/3rd of (Losses) to be passed-on as adjustment through Tariff	-14.27	27.87	-3.33	10.27
5	2/3rd of (Losses) to be borne by the licensee	-28.54	13.94	-6.67	-21.27
B	Worked out in Review				
1	Normative O&M expenses approved in true up				375.54
2	Actual O&M expenses as per audited accounts				345.75
3	Gains / (Losses) (1-2)				29.79
4	2/3rd of Gains to be passed-on as adjustment through Tariff				19.86