

(FY 2016-17 to FY 2023-24)

Submitted To:
H.P. Electricity Regulatory Commission, Shimla

Submitted by:



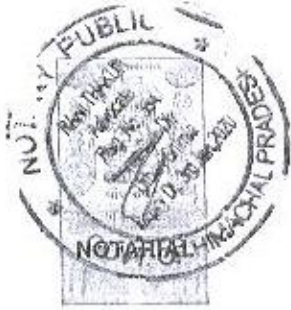
H.P. Power Transmission Corporation Limited,
Himfed Bhawan, Panjari, Shimla - 171002

October , 2019

o/c

Case No.....

IN THE MATTER OF: FILING OF MYT PETITION FOR APPROVAL OF CAPITAL
COST AND DETERMINATION OF TARIFF FOR THE
PERIOD STARTING FROM COD (1.06.2016) TO FY 2023-24
OF 220KV D/C KASHANG BHABA TRANSMISSION LINE
OF HIMANCHAL PRADESH TRANSMISSION
CORPORATION LTD. (HPPTCL) UNDER THE
HIMANCHAL PRADESH ELECTRICITY REGULATORY
COMMISSION (MULTI YEAR TARIFF) REGULATION 2011
AND ITS AMENDMENTS THEREOF AND UNDER
SECTION 62 READ WITH SECTION 86 OF THE
ELECTRICITY ACT 2003



And

IN THE MATTER OF: HIMACHAL PRADESH POWER TRANSMISSION
CORPORATION LTD. (hereinafter referred to as "HPPTCL"
or "The HPPTCL") HIMFED BHAWAN, PANJARI, SHIMLA
- 5.

- Applicant

AFFIDAVIT

I, Rakesh Kumar Dhiman Son of Shri Bachan Singh aged about
56 years, , working as DGM(C&M) HPPTCL, Himfed Bhawan, Panjari, Shimla-5, do
hereby solemnly affirm and declare that I have gone through the contents of
accompanying application/Tariff petition and that the contents of the same are true
and correct to the best of my personal knowledge as derived from the official record.

I further solemnly affirm and verify that the contents of this
affidavit are true and correct to the best of my personal knowledge, no part of it is
false and nothing material has been concealed therein.

Verified and signed at Shimla on this 4th day of October, 2019.

ATTESTED
RANITHAKUR
Notary Public cum Notary Estate
Himachal Pradesh, Dhangra Estate
Bholegauri Shimla

Identified by

Certified that the above deponent who
appeared before me on solemn affirmation
on this 4th day of Oct, 2019
at Shimla in the District of Shimla
by Rakesh Kumar Dhiman
Identified by Rakesh Kumar
who is personally known to me, the above
contents of the affidavit are fully read and
explained to him in vernacular who
admitted the contents thereof to be true

DEPONENT
DGM (C&M)
HPPTCL, Tumana, Shimla-5

Ranithakur
NOTARY
H.P.

BEFORE THE HON'BLE HIMANCHAL PRADESH ELECTRICITY
REGULATORY COMMISSION, SHIMLA

File No:

CaseNo:

IN THE MATTER OF:

FILLING OF MYT PETITION FOR APPROVAL OF CAPITAL COST AND DETERMINATION OF
TARIFF FOR FY 2016-17 TO FY 2023-24 OF 220KV D/C KASHANG BHABA
TRANSMISSION LINE OF HIMANCHAL PRADESH TRANSMISSION CORPORATION LTD.
(HPPTCL) UNDER THE HIMANCHAL PRADESH ELECTRICITY REGULATORY COMMISSION
(MULTI YEAR TARIFF) REGULATIONS AND ITS AMENDMENTS THEREOF AND UNDER
SECTION 62 READ WITH SECTION 86 OF THE ELECTRICITY ACT 2003

Himachal Pradesh Power Transmission Corporation Limited,
Represented through its Managing Director,
H.P. Power Transmission Corporation Limited,
Himfed Bhawan, Panjari, Shimla-5.

....PETITIONER

VERSUS

1. Himachal Pradesh Power Corporation Ltd. Himfed Building, BCS, New
Shimla, Shimla, Himachal Pradesh 171009

....RESPONDENT



ATTESTED
RANI THAKUR
Advocate cum Notary Public
Nani Cottage, Dhingra Estate
Bishnagar Shimla

Affidavit



I, Rakesh Kumar Dhiman, son of Shri Bachan Singh aged 56 years, presently working as a Dy. General Manager (C&M), Himachal Pradesh Transmission Corporation Limited, Shimla, do hereby solemnly affirm and declare as under:

1. That I am duly authorized to file this Petition and swear in the affidavit therein.
2. I submit that the enclosed tariff Petition is being filed for approval of Capital cost and Determination of Transmission Tariff for the Period from CoD i.e. 01.06.2016 to FY 2023-24 for 220KV D/C Kashang Bhaba transmission line.
3. The statement made in the tariff petition herein are based on petitioner company's official records maintained in the ordinary course of business and I believe them to be true and correct.
4. The documents attached with the petition are legible copies and duly attested by me.

Verified at Shimla on this day 1st of October, 2019

ATTESTED

RANI THAKUR

Advocate cum Notary Public
No. 11 Cottage, Dhingra Estate
Bicleauganj Shimla

Identified by

Certified that the above/overleaf who
declared before me on solemn affirmation
on this..... day of..... 2019
at..... in the District of Shimla
by Sh..... who is
Identified by Sh.....
who is personally known to me. the above
contents of the fully read and
explained to the deponent in vernacular who
admitted the contents thereof to be true.

NOTARY
10/10/19

Deponent

DGM (C&M)
HPPTCL, Tumkand, Shimla-6,

IN THE MATTER OF: FILLING OF MYT PETITION FOR APPROVAL OF CAPITAL COST AND DETERMINATION OF TARIFF FOR THE PERIOD STARTING FROM COD (1.06.2016) TO FY 2023-24 OF 220KV D/C KASHANG BHABA TRANSMISSION LINE OF HIMANCHAL PRADESH TRANSMISSION CORPORATION LTD. (HPPTCL) UNDER THE HIMANCHAL PRADESH ELECTRICITY REGULATORY COMMISSION (MULTI YEAR TARIFF) REGULATIONS 2011 AND ITS AMENDMENTS THEREOF AND UNDER SECTION 62 READ WITH SECTION 86 OF THE ELECTRICITY ACT 2003

And

IN THE MATTER OF: HIMACHAL PRADESH POWER TRANSMISSION CORPORATION LTD. (hereinafter referred to as "HPPTCL" or "The HPPTCL") HIMFED BHAWAN, PANJARI, SHIMLA - 5.

- Applicant

The Applicant respectfully submits as under: -

1. H.P. Power Transmission Corporation Ltd (HPPTCL) is a deemed Transmission Licensee under first, second and fifth provisions of Section 14 of the Electricity Act, 2003 for transmission of electricity in the State of Himachal Pradesh as notified by Government of Himachal Pradesh (herein referred to as 'GoHP'). HPPTCL is vested with the function of transmission of electricity in the State of Himachal Pradesh.
2. Consequent to the enactment of the Electricity Act, 2003 (hereinafter referred to as the "Act"), the authority for approval of proposed tariff is vested with the State Commission under Section 62 on the terms and conditions of tariff as specified under Regulations framed under Section 61 of the Act. The Hon'ble Commission has notified Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011 (hereinafter referred to as 'HPERC MYT Tariff Regulations, 2011').

ATTESTED

RANJITHAKUR

Advocate cum Notary Public
New Cottage, Dhingra Estate
Bisodespur, Shimla



transmission system or for the individual transmission line/sub-station.

4. Based on the provisions of Section 62 read with Section 86 of the Act and Regulation 12(1) of HPERC MYT Tariff Regulations, 2011 and subsequent amendments thereof, HPPTCL is filing the current petition, for approval of Capital Cost and determination of tariff for the Period from COD to FY 2023-24.
5. Erstwhile HPSEB planned for the project for the sole purpose of evacuation of power from the upcoming generating station of HPPCL i.e., Kashang HEP and started work on the same.
6. Later, in March, 2009 the Kashang Bhaba line was handed-over from HPSEBL to HPPTCL for completion of the remaining work. For the completion of the said line, a committee was constituted that visited the site in March, 2013. Based on the visit the revised project cost was worked out as Rs. 87.78 Crore. The revised project cost of Rs. 87.78 Crore was approved by the Board of Directors vide agenda number 22.13, including a sum of Rs 66.08 Crore incurred by HPSEBL up to March 2009. The project is approved by BOD and is attached with the Petition as **Annexure -1**. The COD of instant assets is 1.06.2016.
7. The audited capital cost as on COD of the scheme is Rs. 86.99 Crore which is inclusive of IDC and Departmental Charges. As stated above Rs. 66.08 Crore was incurred by HPSEBL and Rs. 20.91 Crore has been incurred by HPPTCL for the completion of the said line. A copy of Auditors' Account, in support of the amount of Rs. 20.91 Crore that has been incurred by the HPPTCL is annexed herewith as Annexure-2. Further, with regards to the amount of Rs. 66.08 Crore incurred by HPSEBL, after continued follow ups HPSEBL has provided certified copy of the above expenditure which is provided as Annexure-3.
8. Accordingly, in line with the provisions of the Act, and HPERC MYT Regulations 2011 and subsequent amendments thereof, the Petitioner is hereby filing the instant Petition

ATTESTED

RANJIT KUR
Advocate cum Notary Public
Naga Cottage, Dringra Estate
Balegaon, Shimla

12

THE PETITIONER RESPECTFULLY PRAYS TO THE HON'BLE COMMISSION:

1. To admit the Petition seeking Capital Cost approval and determination of tariff from the COD i.e. 01.06.2016 to FY 2023-24.
2. To approve the Capital Cost of the Transmission element along with determination of tariff for the Period from COD i.e. 01.06.2016 to FY 2018-19 as per HPERC MYT Regulations, 2011 read with HPERC (Terms and Conditions for Determination of Transmission Tariff) (First Amendment) on 1.11.2013 applicable for the control period from FY 2014-15 to FY 2018-19 and from FY 2019-20 to FY 2023-24 as per HPERC MYT Regulations, 2011 and HPERC (Terms and Conditions for Determination of Transmission Tariff) (Second Amendment) Regulations, 2018 on 22.11.2018 applicable for the control period from FY 2019-20 to FY 2023-24.
3. To allow HPPTCL to recover the transmission charges from the Respondent.
4. To condone any error/ omission and to give opportunity to modify/rectify the same;
5. The filing is being done based on the best available information and in case of any change, the Petitioner may be permitted to make further submissions, addition and alteration to this Petition as may be necessary from time to time;
6. To pass any other order/s as the Hon'ble Commission may deem fit and appropriate under the circumstances of the case and in the interest of Justice;



ATTESTED

RANI THAKUR

Advocate cum Notary Public
Nova Cottage, Dhingra Estate
Bileauganj Shimla

1.1	PETITION STRUCTURE.....	11
1.2	CAPITAL COST OF THE PROJECT.....	11
1.3	YEARLY TRANSMISSION CHARGES FROM CoD TO FY 2018-19	12
1.4	YEARLY TRANSMISSION CHARGES FROM FY 2019-20 TO FY 2023-24.....	13
2.	BACKGROUND	14
2.1	ABOUT H.P. POWER TRANSMISSION CORPORATION LIMITED (HPPTCL).....	14
3.	INFRASTRUCTURE DETAILS	16
3.1	CURRENT INFRASTRUCTURE	16
3.2	BENEFICIARIES OF THE TRANSMISSION SYSTEM	18
4.	AGGREGATE FIXED CHARGES FROM COD TO FY 2018-19.....	19
4.1	APPROVAL OF THE SCHEME	19
4.2	SCOPE OF WORK.....	20
4.3	IMPLEMENTATION OF THE PROJECT.....	20
4.4	COMPLETION COST	21
4.5	REASON FOR TIME OVER RUN	21
4.6	ADDITIONAL CAPITALIZATION.....	23
4.7	DEBT-EQUITY RATIO	23
4.8	COMPONENTS OF TRANSMISSION TARIFF.....	24
4.9	OPERATION AND MAINTENANCE EXPENSES (O&M).....	24
4.10	DEPRECIATION	28
4.11	INTEREST ON LOAN.....	29
4.12	INTEREST ON WORKING CAPITAL.....	31
4.13	RETURN ON EQUITY	32
4.14	AGGREGATE FIXED CHARGES	33
5.	TARIFF DETERMINATION FORM FY 2019-20 TO FY 2023-24.....	34
5.1	GROSS FIXED ASSET	34
5.2	ADDITIONAL CAPITAL EXPENDITURE.....	34
5.3	DEBT-EQUITY RATIO	34
5.4	LTA WITH THE BENEFICIARIES	34
5.5	COMPONENTS OF ARR FOR TRANSMISSION BUSINESS	34
5.6	OPERATION AND MAINTENANCE EXPENSE	35
5.7	INTEREST ON LOAN	38
5.8	DEPRECIATION	40
5.9	INTEREST ON WORKING CAPITAL.....	42
5.10	RETURN ON EQUITY	43
5.11	ARR PROPOSED FOR THE CONTROL PERIOD.....	44
5.12	METHODOLOGY FOR COST RECOVERY FROM LONG TERM BENEFICIARIES.....	45



Table 1: Abstract of Capital Cost (Rs. Crore).....	12
Table 2: Summary of Aggregate Fixed Charges from CoD to FY 2018-19 (Rs. Lakh)	12
Table 3: Summary of Aggregate Fixed Charges from FY 2019-20 to FY 2023-24 (Rs. Lakh).....	13
Table 4: Current Infrastructure.....	16
Table 5: Name of the Existing Inter-State Transmission Line.....	16
Table 6: Transmission Line as on 31.10.2018	17
Table 7: Detail of the Transmission line	17
Table 8: 220 kV D/C Kashang Bhabha transmission line.....	18
Table 9 Actual Completion date of the Project	20
Table 10 Details of total project cost (Rs. Crore)	21
Table 11: Debt: Equity Ratio	24
Table 12: Actual Employee Cost (Rs. Lakh)	26
Table 13: Actual A&G Expense for FY 2016-17 to FY 2018-19 (Rs. Lakh)	27
Table 14: K Factor	27
Table 15: Claimed R&M Expenses for FY 2016-17 to FY 2018-19 (Rs. Lakh)...	27
Table 16: Claimed Operation and Maintenance Expenses for FY 2016-17 to FY 2018-19 (Rs. Lakh)	27
Table 17: Depreciation for FY 2016-17 to FY 2018-19 (Rs. Lakhs)	28
Table 18: Claimed Interest on loans for FY 2016-17 to FY 2018-19 (Rs. lakh) ..	31
Table 19: Claimed Interest on Working Capital for FY 2016-17 to FY 2018-19	32
Table 20: Claimed Return on Equity for FY 2016-17 to FY 2018-19 (Rs. Lakh)	33
Table 21: Aggregate Fixed Charges for FY 2016-17 to FY 2018-19	33
Table 22 Employee Strength from FY 2017-18 to FY 2023-24.....	35
Table 23: Claimed Employee Expense for FY 2019-20 to FY 2023-24 (Rs. in Lakh)	35
Table 24: Actual A&G Expense for FY 2016-17 to FY 2018-19 (Rs. In Lakh)....	36
Table 25: Claimed A&G Expense for FY 2019-20 to FY 2023-24 (Rs. in Lakh)	36
Table 26 : Approved K-factor for R&M Expenses by various SERCs in the region	37
Table 27 : K-Factor for FY 2016-17 to FY 2018-19.....	37
Table 28: Claimed R&M Expense for FY 2019-20 to FY 2023-24 (Rs. in Lakh)	37
Table 29: Claimed O&M Expense for FY 2019-20 to FY 2023-24 (Rs. in Lakh)	37
Table 30 : Interest on Loan claimed during the Control Period for Upcoming Projects (Rs. in Lakh)	40
Table 31: Depreciation claimed during the Control Period (Rs. in Lakh).....	41
Table 32 Claimed Interest on working Capital for FY 2019-20 to FY 2023-24(Rs. in Lakh)	42
Table 33: RoE claimed during the Control Period (Rs. in Lakh)	44
Table 34 : ARR claimed for the Control Period from FY 2019-20 to FY 2023-24 (Rs. in Lakh)	44



Acronyms	Definition
A&G Expenses	Administrative & General Expenses
ADB	Asian Development Bank
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
Ckt. Kms.	Circuit Kilometers
Discom	Distribution Company
EA 2003	Electricity Act 2003
GIS	Gas Insulated Sub-station
GoHP	Government of Himachal Pradesh
GFA	Gross Fixed Assets
HEP	Hydro Electric Project
HPERC	H.P. Electricity Regulatory Commission
HPPTCL	H.P. Power Transmission Corporation Limited
HPSEBL	H.P. State Electricity Board Limited
INR	Indian Rupee
IPPs	Independent Power Producers
ISTS	Inter-state Transmission System
LILO	Loop In Loop Out
MU	Million Units
MYT	Multi-Year Tariff
ND	Normal Development
O&M	Operations and Maintenance
PE	Power Evacuation
PSU	Public Sector Undertakings
PGCIL	Power Grid Corporation of India Limited
REC	Rural Electrification Corporation
R&M Expenses	Repair & Maintenance Expenses
RoE	Return on equity
T&D	Transmission and Distribution
R&M	Repairs & Maintenance
S/S	Sub Station
STU	State Transmission Utility



1.1 Petition Structure

1.1.1 The Petition includes the following Sections:

- **Section 1** contains executive summary of the Petition
- **Section 2** contains Background of HPPTCL.
- **Section 3** contains Transmission Infrastructure details of HPPTCL.
- **Section 4** contains HPPTCL proposal for approval of Capital Cost and determination of Tariff for the Period from CoD to FY 2018-19.
- **Section 5** contains HPPTCL proposal for determination of Tariff for FY 2019-20 to FY 2023-24.
- **Section 5** contains Annexure of the petition.

1.1.2 Himachal Pradesh Power Transmission Corporation Limited (HPPTCL) is filing this petition for the approval of Capital cost and Multi Year Tariff from CoD i.e. 01.06.2016 to FY 2023-24 for the asset 220kV D/C Kashang Bhaba Transmission line which was constructed dedicatedly to evacuate power of Kashang HEP of 195 MW. The Petition is in accordance with the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions of Determination of Transmission Tariff) Regulations, 2011 (hereinafter referred to as "HPERC MYT Regulations, 2011") and subsequent amendment thereof.

1.1.3 This section provides the summary of petition for approval of Capital Cost of the Asset and Multi Year Tariff for the asset 220kV D/C Kashang Bhaba Transmission line from CoD (01.06.2016) to FY 2023-24.

1.2 Capital Cost of the Project

1.2.1 HPPTCL submits that the 220 kV D/C Kashang Bhaba transmission line was handed over from HPSEBL to HPPTCL on March, 2009. The said line was partially completed at the time of handing over to HPPTCL and the remaining work was required to be done by HPPTCL. At the time of handing over of the said line, a sum of Rs. 66.08 Crore had already been spent on the line by

ATTESTED

RAJESH KUR
Advocate cum Notary Public
Noida, Gurgaon, Dwarka Estate
and Shimla

1.2.2 For the completion of the remaining work, a committee was constituted by HPPTCL, which has visited the site in March, 2013 and based on the site visit, the revised project cost was worked out to be Rs. 87.78 Crore. The revised project cost of Rs. 87.78 Crore was approved by the Board of Directors vide agenda number 22.13 which included a sum of Rs 66.08 Crore incurred by HPSEBL up to March, 2009. The actual capital cost is Rs. 86.99 Crore as on COD. The Abstract of Capital Cost as on the COD is as under:

Table 1 Abstract of Capital Cost (Rs. Crore)

Particulars	Cost incurred as on CoD (1.06.2016) of the Asset
	Transmission Line
Cost Incurred by HPSEBL	55.73
IDC	10.35
Cost Incurred by HPPTCL	20.91
Total	86.99

1.3 Yearly Transmission Charges from CoD to FY 2018-19

1.3.1 Based on the above Capital Cost, HPPTCL has worked out the Yearly Transmission Charges for the asset 220kV D/C Kashang Bhaba Transmission line from CoD (i.e. 01.06.2016) to FY 2018-19 in accordance with the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions of Determination of Transmission Tariff) Regulations, 2011 (hereinafter referred to as "HPERC MYT Regulations, 2011") read with first amendment dated 01.11.2013. The Summary of year wise tariff from COD to FY 2018-19 is as shown in the following table:

Table 2: Summary of Aggregate Fixed Charges from CoD to FY 2018-19 (Rs. Lakh)

Particulars	FY 2016-17	FY 2017-18	FY 2018-19
O&M Expenses	122.05	201.90	198.47
Interest on Loan	-	-	-
Depreciation	363.41	437.77	437.77
Interest on Working Capital	19.96	25.78	24.88
Return on Equity	411.53	495.73	457.34
Aggregate Fixed Charges	916.94	1161.19	1118.46

ATTESTED

RAM THAKUR
Advocate cum Notary Public
Nova Cottage, Chingra Estate
Bilelaugani Shimla

Kashang Bhaba Transmission line from FY 2019-20 to FY 2023-24 in accordance with the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions of Determination of Transmission Tariff) Regulations, 2011 (hereinafter referred to as "HPERC MYT Regulations, 2011") read with second amendment dated 22.11.2018 for the Period FY 2019-20 to FY 2023-24. The Summary of year wise tariff for FY 2019-20 to FY 2023-24 is as shown in the following table:

Table 3: Summary of Aggregate Fixed Charges from FY 2019-20 to FY 2023-24
(Rs. Lakh)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
O&M Expenses	250.77	239.28	246.12	253.18	260.48
Interest on Loan	-	-	-	-	-
Depreciation	426.68	438.18	438.18	438.18	438.18
Interest on Working Capital	25.32	24.97	25.18	25.40	25.62
Return on Equity	457.34	457.34	457.34	457.34	457.34
Aggregate Revenue Requirement	1171.20	1159.35	1166.40	1173.69	1181.21

[Handwritten signature]

ATTESTED

RANJITHAKUR

Advocate cum Notary Public
Novy Cottage, Dhringra Estate
Harsidurgan, Shimla

- 2.1 About H.P. Power Transmission Corporation Limited (HPPTCL)
- 2.1.1 H.P. Power Transmission Corporation Limited (HPPTCL) was established on August 27, 2008, as an undertaking of Government of Himachal Pradesh with a view to strengthen the transmission network in the state of Himachal Pradesh and to facilitate the evacuation of power from upcoming generating power plants.
- 2.1.2 H.P. Power Transmission Corporation Limited (HPPTCL) was formed through an order notified by the State Government, No. -MPP-A-(1)-4/2006-Loose, dated September 11, 2008.
- 2.1.3 HPPTCL was thus entrusted by aforementioned notice of GoHP with the following works / business with immediate effect:
- All new works of construction of Sub-Stations of 66 KV and above.
 - All new works of laying/ construction of transmission lines of 66 KV and above.
 - Formulation, updation, execution of Transmission Master Plan for the State for strengthening of Transmission Network and evacuation of power including new works under schemes already submitted by the Board under this Plan to the Financial Institutions for funding and where loan agreements were not yet signed.
 - All matters relating to Planning and Co-ordination of the Transmission related issues with CTU, CEA, Ministry of Power, State Government and HPSEBL.
 - Planning and co-ordination with the IPPs / CPSUs / State PSUs / Other Departments or organizations or agencies of the Central Government and State Government, HPSEBL and HPPCL with regard to all Transmission related issues.
- 2.1.4 All other matter of subject which the State Government may specifically assigned to HPPTCL from time to time.
- The Government of Himachal Pradesh has also notified as per notification no: MPP-A(3)-3/2003-II dated 27th April 2013 that the following two assets shall be in the jurisdiction of HPPTCL:



ATTESTED
RANITHAKUR
Advocate cum Notary Public
Nova Cottage, Dhangra Estate
Bholewagani Shimla

- 33 KV Switching Station at Palchan.
- 2.1.5 HPPTCL was declared State Transmission Utility (STU) vide notification no. MPP-A (3)-1/2001-iv dated June 10, 2010 by the Government of Himachal Pradesh and as a result thereof the H.P. Electricity Regulatory Commission (HPERC) recognized the HPPTCL as deemed "Transmission Licensee" as per the Commission's order dated 31.07.2010 in petition No. 32 of 2010 filed by HPPTCL under section 14 and 15 of the Electricity Act, 2003.
- 2.1.6 The State Government also transferred and vested in HPPTCL the partly ownership, operation and maintenance of Transmission lines of 66 kV and above owned by the Himachal Pradesh State Electricity Board Limited (HPSEBL) including the co-ordination of the lines owned and operated by Power Grid Corporation of India, (PGCIL), Independent Power Producers (IPPs), Haryana Vidyut Prasaran Nigam Limited (HVPNL) and Power Com (PSEB) vide its notification No. MPP-A (3)-1/2001-IV, dated 21 June, 2010 read with earlier notification of even number dated 10 June, 2010.
- 2.1.7 In compliance of these orders of the State Government, HPSEBL provided the details of Transmission network along with the asset value which were transferred to HPPTCL vide letter No.-HPSEBL/CE (ES)/AU-4/2010-6220-25, dated 06 September, 2010 and even No. 8648-53 dated 19.11.2010.
- 2.1.8 HPPTCL hereby submits the present Petition for approval of Capital Cost and Tariff from FY 2016-17 (COD i.e. 01.06.2016) to FY 2023-24 for 220kV D/C Kashang Bhaba Transmission line (CoD on 01.06.2016) in accordance with the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions of Determination of Transmission Tariff) Regulations, 2011 (hereinafter referred to as "HPERC MYT Regulations, 2011") and subsequent amendment thereof.



ATTESTED

RANJIT KUR

Associate cum Notary Public
New Cottage, Dnirgra Estate
P. Jeeaganj Srimia

3.1 Current Infrastructure

3.1.1 As per notification no. MPP-A (3)-1/2001-iv dated June 10, 2010 by the Government of Himachal Pradesh, transmission lines vested with HPPTCL are as follows:

Table 4: Current Infrastructure

S. No.	Name of Existing lines	Type of line AC/ HVDC	S/C or D/C	Line length (km)	Date of Commercial Operation
A	220 KV Lines				
1	220 kV D/C Bairasuil - Pong Line (L.ILO portion at Jassure)	AC	D/C	0.24	09-1985
2	220 kV S/C Jassure-Thein Line	AC	S/C	25.60	03-2001
3	220 kV Dehar-Kangoo Line (S/C ckt. Line on D/C tower)	AC	S/C	3.18	06-1999
4	220 kV D/C Panchkula-Kunihar Line	AC	D/C	46.72	05-1989
5	220 kV D/C Kodari-Majri Line	AC	/D/C*	35.02	09-1989
6	220 kV D/C Nalagarh (PGCIL)-Nalagarh Line	AC	D/C	3.50	07-2010
B	132 KV Lines				
7	132 kV S/C Giri-Kulhal Line	AC	S/C	17.40	04-1978
8	132 kV D/C Giri-Abdullapur Line	AC	D/C	16.22	08-1982
9	132 kV S/C Kangra Tap Line	AC	S/C	0.14	02-1979
10	132 kV S/C Dehar-Kangoo Line	AC	S/C	2.99	12-1998
11	132 kV D/C Shanan-Bassi Line	AC	D/C	5.00	03-1970
C	66 KV Lines				
12	66 kV Shanan-Bijni Line	AC	S/C	35.00	10-1969
13	66 kV Pinjore-Parwanoo Line	AC	S/C	8.23	04-1956
14	66 kV Pong-Sansarpur Terrace Line	AC	S/C	6.30	10-1990
15	66 kV Bhakra-Goalthai-Rakkar Line	AC	S/C	16.72	12-1985

3.1.2 Out of the above transmission lines, 12 lines are Intra-State, whereas the other three lines are Inter-State, which are as follows:

Table 5: Name of the Existing Inter-State Transmission Line

S. No.	Name of Existing Inter-State lines	Type of line AC/ HVDC	S/C or D/C	Line length (km)	Date of Commercial Operation
	220 KV Lines				
1	220 kV S/C Jassure-Thein Line	AC	S/C	25.60	03-2001
2	220 kV D/C Panchkula-Kunihar Line	AC	D/C	46.72	05-1989
3	220 kV D/C Kodari-Majri Line	AC	D/C	35.02	09-1989

[Handwritten signature]

ATTESTED

[Handwritten signature]
 Public
 No. 10 Cottage, Dhingra Estate
 Bileasganj Shimla

Petitioner has commissioned the following schemes.

- 220 kV D/C Kashang Bhaba Transmission Line
- 220 kV D/C Charor Banala Transmission line
- 220 / 66 kV Pooling station at Bhoktoo and
- 33/220kV, 80/100 MVA GIS Sub Station Phojal along with 220kV D/C LILO Transmission line.
- 33/220 kV, 50/63 MVA GIS substation Karian along with 220 kV D/C karian rajera line.
- 33/132 kV 31.5 MVA GIS Pooling Station Pondoh with 132 kV S/C of Kangoo-Bajaura line
- 33/132 kV, 2*31.5 MVA sub-station at chambi with 132 kV S/C Kangra- Dehra line

3.1.4 HPPTCL's Intra-State network is spread over 116.46 Ckt Km of transmission line
The details of the lines are as follows:

Table 6: Transmission Line as on 31.10.2018

Voltage Level	Single/Double Circuit	Transmission Line Length (ckt-km)
400 kV	Single Circuit	-
	Double Circuit	-
220 kV	Single Circuit	3.18
	Double Circuit	71.53
132 kV	Single Circuit	36.75
	Double Circuit	5.00
Total		116.46

3.1.5 The current petition is for 220kV D/C line from Kashang to Bhaba. The asset was commissioned on 01.06.2016.

3.1.6 Relevant details of the asset are presented in the table below:

Table 7: Detail of the Transmission line

S. No.	Name of Transmission line	Type of line (AC/ HVDC)	S/C or D/C	No. of Sub-Cond uctors	Voltage level kV	Line length (Ckt. Km.)	Line Length (Km)	COD
1	220 kV D/C Transmission line from Kashang to Bhaba	AC	D/C	Single Cond uctor	220	2x38.79	38.79	1-06-2016

ATTESTED

Public Hearing Officer
Public Hearing Officer, Dhringra
Bhadrachalam, Srimila

- insufficient to evacuate power from the upcoming Kashang HEP (195 MW). Accordingly, the Petitioner at the request of HPPCL has developed dedicated transmission line from Kashang to Bhabha to evacuate power generated from Kashang HEP. It is submitted further submitted that the system was planned for the sole purpose of evacuation of power from the proposed Kashang HEP.
- 3.2.2 The Hon'ble Commission vide its letter number HPPTCL/Kashang Bhabha/Tariff Petition /2018-19 17181 dated 19.01.2018 has also expressed its views that the Kashang Bhabha transmission line may be considered as Project line.
- 3.2.3 The Petitioner submits that the Petitioner had signed connectivity agreement with HPPCL for granting connectivity to Kashang HEP (195 MW) on 23.09.2013. In absence of any recovery mechanism the Petitioner had entered into an Interim Power Transfer Agreement (IPTA) with HPPCL for transmission of power through the said asset, which is annexed herewith as **Annexure-4**.
- 3.2.4 As per the IPTA, the HPPCL were to pay 14 paise/kWh subject to subsequent adjustment on determination of actual tariff by the Hon'ble Commission. It is submitted that IPTA was not executed for a short term period, instead it was an interim agreement between two parties till the tariff was determined by the Hon'ble Commission.
- 3.2.5 HPPCL vide letter number HPPCL/DGM/ED-1/Kashang HEP/LTA/NT/ST/2019- 2026-30 dated 17.01.2019 have intimated its consent for signing of LTA of 65 MW the details is attached as annexure-5. The signing of LTA is under process and shall be communicated shortly.

Table 8: 220 kV D/C Kashang Bhabha transmission line

Name of Project	Capacity	Mode	Connectivity Status	Open Access Status
HPPCL	195MW	Independent	Granted	Granted

ATTESTED
RAJESH THAKUR
 Advocate cum Notary Public
 Nova Cottage, Dhingra Estate
 Bioteaugani Shimla

4.1 Approval of the Scheme

- 4.1.1 HPPTCL was notified State Transmission Utility (STU) vide notification no. MPP-A (3)-1/2001-iv dated June 10, 2010 by the Government of Himachal Pradesh. Thereafter, Hon'ble Himachal Pradesh Electricity Regulatory Commission (HPERC) recognized HPPTCL as deemed "Transmission Licensee" under Section 14 and 15 of the Electricity Act, 2003 through its order dated 31.07.2010 in Petition No. 32 of 2010 filed by HPPTCL.
- 4.1.2 Prior to HPPTCL, HPSEB (now HPSEBL) was responsible to discharge function of STU of planning and co-ordination relating to intra-State transmission system. Accordingly, HPSEB (now HPSEBL) had prepared a master Transmission evacuation plan for evacuation of power from Small Hydro Generating Stations, which was submitted for approval of this Hon'ble Commission. The Hon'ble Commission vide letter dated 18.10.2009 had given the "in principle" approval to the evacuation plan and ruled as follows:

"Please refer to the subject cited Transmission Evacuation Plan submitted by Board for Small Hydro Elect. Projects, meeting held on 25.9.07 and your subsequent clarification dated 15.10.07. In this context, I am directed to intimate you that the Commission has accorded "in principle" approval of the Evacuation Plan....."

- 4.1.3 It is submitted that the said master evacuation plan included the Intra-State project of 220 kV D/C Kashang-Bhabha Line for which in principle approval was accorded by the Hon'ble Commission to HPSEB. Accordingly, HPSEB had initiated the construction of Kashang- Bhaba 220 KV line. The transmission line was being constructed as an dedicated line to evacuate power from Kashang HEP for its various stages totalling 195 MW.
- 4.1.4 It is submitted that the Petitioner had sought approval of the said scheme in Petition No. 46 of 2018, however, the Commission had not allowed the same considering the absence of details pertaining to capital expenditure, funding, approval of scheme and beneficiaries. It is reiterated that the said line has been transferred from HPSEBL to HPPTCL and the in-principle approval for the scheme has already been accorded by the Commission as part of master

ATTESTED
RANJITHAKUR
Advocate cum Notary Public
Novo Cottage, Dringra Estate
E. Jalandhar Shimla

already applied for LTA.

- 4.1.5 It is submitted that as per the direction of the Commission regarding the LTA, the Petitioner had received a letter from HPPCL vide letter number HPPCL/DGM/ED-1/Kashang HEP/LTA/NT/ST/2019- 2026-30 dated 17.01.2019 from Kashang HEP to entered into LTA for 65 MW capacity for evacuation of power from Kashang HEP. The LTA agreement for the same is in final stage. Further, HPPCL vide letter number HPPCL/Kashang/II-III/2019-8801-02 dated 23.08.2019 has intimated HPPTCL for booking of corridor in r/o Kashang HEP Stage II and Stage III for 130 MW for which LTA is under process. In view of the above, it requested to the Hon'ble Commission to grant approval to the scheme and allow to recover its expenses from HPPCL.

4.2 Scope of Work

- 4.2.1 The Scope of work covered under "220kV D/C Kashang Bhaba Transmission line from Kashang to Bhaba" is as under;

Transmission Line

Construction of 220kV D/C Kashang Bhaba Transmission line from Kashang to Bhaba. The length of the said transmission line is 38.79 Km

The Project has been dedicatedly constructed to evacuate power from Kashang HEP (195 MW).

- 4.2.2 The Schematic diagram of the subject system is attached as **Annexure-6**

4.3 Implementation of the Project

- 4.3.1 Subsequent to BOD approval after handing over the said line by HPSEBL to HPPTCL, the project was handed over to the same EPC contractor for the completion of the work and the project was completed as per the following timeline

Table 9 Actual Completion date of the Project

S. No.	Name of the Asset	Actual Completion date
1	220kV D/C Transmision line From Kashang to Bhaba	01.06.2016

ATTESTED

RANITHAKUR

Advocate cum Notary Public
Nova Cottage, Dhringra Estate
Bisleaugani Simla

Statutory Auditor. A copy of Auditor's Certificate is enclosed as Annexure 7. However, with regards to the amount that has been spent by HPSEBL i.e. Rs 66.08 Crore at the time of handing over the said transmission line to HPPTCL, it is submitted that HPSEBL has provided certified copy of such expenses incurred which is annexed to this Petition.

- 4.4.2 Further, no additional capital expenditure has been claimed thereafter. The capital cost details are as shown in the table below:

Table 10 Details of total project cost (Rs. Crore)

Name of the Asset	Cost as per Original DPR	Actual / Cost as on CoD	Additional Capitalization	Total Cost of the project
220kV D/C Kashang Bhaba Line	23.94	86.99	0.00	86.99

- 4.4.3 The Petitioner would like to submit that as per original DPR of the Scheme the project cost was estimated to be Rs 23.94 Crore and contract was awarded on 06.06.2005 and the firm started the work on 30.08.2007. Subsequently the agreement was signed between HPPTCL and HPSEBL on 06.04.2009, wherein 220 kV Kashang Bhaba D/C transmission line including terminal equipment's was handed over from HPSEBL to HPPTCL for completion of remaining work. At that time HPSEBL had already incurred Rs. 66.08 Cr including IDC of 10.35 Crore on the said transmission line.

- 4.4.4 Further a meeting was held in the office chamber of MD, HPPTCL during the month of August, 2012 between the representative of M/S Sai Structures Pvt Ltd an EPC Contractor and HPPTCL officers as the line has suffered damage due to heavy rainfall and snowfall in the area. A committee was constituted and visited the site in March, 2013. Based on the visit the revised project cost was work out to be Rs. 87.78 Crore which was approved by the Board of Directors vide agenda number 22.13 attached as Annexure-8. Whereas, the Actual capital cost as on COD comes to be Rs. 86.99 Crore.

4.5 Reason for Time Over Run

- 4.5.1 HPPTCL had undertaken the construction of Kashang-Bhabha 220 kV D/C transmission line through turnkey basis and the work was placed to M/s Jyoti Structures Ltd. Subsequently, during March, 2009, the said line was handed

ATTESTED
RANJITHAKUR
Advocate cum Notary Public
Naga Cottage, Dhringra Estate
B. Beaugani Snimia

transmission line. There were other pending liabilities of the firm like Service tax, retention money and non payment of supply erection and retaining walls by HPSEBL prior to handing over to HPPTCL. No works were being executed by the EPC contractor till the resolution of its long pending issues. Accordingly, a committee was formed which visited the site in August 2013 and observed that due to unexpected heavy rain during the rainy season and extra ordinary snowfall during the winter season the said transmission line got damaged on different tower locations and these need rectifications. The observations of the committee were as follows:-

- Additional retaining wall is required to be provided at tower T-2
- Retaining wall is required for one leg at T-15
- Retaining wall is required to be constructed and ground clearance is to be maintained T-39
- Foundation work is in progress T-40 A
- One Column and one beam of Gantry between Tower No. T 46 and T 47 (near karcham) found damaged and required to be replaced
- Breast wall is required to be constructed T-50
- Protection work was found damaged and require repair T-52
- One number middle conductor was found broken which requires replacement T-52 and T-53
- One number bottom conductor was found missing which requires replacement T- 57 and T-58
- Retaining wall is required to be constructed T-58
- Protection wall is required at T-74
- Breast/Retaining walls are required to be repaired T-81
- Retaining wall is required to be constructed afresh at T-82
- T-83 got completely collapsed alongwith retaining & Breast walls which are required to be replenished/erected afresh alongwith stubs & protection work
- Complete Tower collapsed alongwith conductor from T-83 & T-84 and required to be constructed/erected afresh along with protection work

ATTESTED

RANJIT THAKUR
Attorney cum Notary Public
Nara Cottage, Daringa Estate
Bureaugani Shimla

- Retaining wall found damaged and need to be constructed afresh at T-97

4.5.2 Accordingly, based on the observations of the Committee during the site visit, the capital cost of the project was revised.

4.5.3 The Committee has also resolved the long pending issues of the EPC contractor and initiate the contractor to start the pending work. Further, it is submitted that the beneficiary of the line i.e., HPPCL's Kashang HEP got commissioned only in 01.09.2016, hence there is no impact of delay as the COD of the said transmission line and almost matches with the COD of the Beneficiary and early commissioning of the asset would not have served the intended purpose. Therefore, HPPTCL prays to the Hon'ble Commission to condone the delay and approve the capital cost of Rs. 86.99 Crore

4.6 Additional Capitalization

4.6.1 The Petitioner, has not incurred any additional Capitalization for the period from CoD to FY 2018-19.

4.7 Debt-Equity Ratio

4.7.1 Regulation 18 of the Transmission Tariff Regulations, 2011 and its amendments thereof provides as follows:

"18. Debt-equity ratio

For the purpose of determination of the tariff, the equity and outstanding debt as determined for the base year by the Commission shall be considered as given. However, for any fresh capitalization of assets, the Commission shall apply a debt equity ratio of 70:30 on the capitalised amount as approved by the Commission for each year of the control period:

4.7.2 Provided that where equity employed is in excess of 30%, the amount of equity for the purpose of tariff shall be limited to 30% and the balance amount shall be considered as loan. The interest rate applicable on the equity in excess of 30%

ATTESTED
RANJITHAKUR
Att. State cum Notary Public
Nov. Cottage, Dningra Estate
Bilela, Shimla

This asset has been handed over from HPSEBL to HPPTCL in which the HPSEBL has incurred Rs. 66.08 Crore at the time of handing over the asset. The HPSEBL has considered the amount incurred on the construction of 220 kV transmission line of Rs. 66.08 Crore as loan to HPPTCL. Further to complete the said transmission line HPPTCL has incurred Rs. 20.91 Crore from the internal sources. The Petitioner has considered actual debt equity ratio of 75.96:24.04 for computing components of ARR. The Debt: Equity ratio considered is as under:

Table 11: Debt: Equity Ratio

Particulars	Debt: Equity ratio as per DPR (agenda) (In Lakh)		Debt: Equity considered (In Cr)	% Debt: Equity considered
Debt	1676.09		66.08	75.96%
Equity	718.32		20.91	24.04%
Total Project Cost	2394.41		86.99	

4.8 Components of Transmission Tariff

4.8.1 The projections for the Control Period have been made as per the Himanchal Pradesh Electricity Regulatory Commission (Terms and Condition for Determination of Tariff) Regulations, 2011 and subsequent amendments thereof.

4.8.2 Annual Transmission charges for the Control Period has been bifurcated into following elements:

- O& M Expenses;
- Depreciation;
- Interest on loan;
- Return on Equity;
- Interest on Working Capital;

4.9 Operation and Maintenance expenses (O&M)

4.9.1 As per HPERC Tariff Regulations, 2011 and its amendments, Operation and Maintenance Expense is computed by the following methodology:

ATTESTED
RANJITHAKUR
 Advocate cum Notary Public
 No. 10, Ganga, Dhangra Estate
 Indraprastha, Shimla

$$O\&M_n = R\&M_n + EMP_n + A\&G_n :$$

Where –

'EMP_n' = [(EMP_{n-1}) x (1+G_n) x (CPIinflation)] + Provision (Emp);

'A&G_n' = [(A&G_{n-1}) x (WPIinflation)] + Provision(A&G);

'R&M_n' = K x (GFA_{n-1}) x (WPIinflation) ;

'K' - is a constant (could be expressed in %). Value of K for each year of the control period shall be determined by the Commission in the MYT Tariff order based on licensee's filing, benchmarking of repair and maintenance expenses, approved repair and

maintenance expenses vis-à-vis GFA approved by the Commission in past and any other factor considered appropriate by the Commission;

'CPIinflation' – is the average increase in the Consumer Price Index (CPI) for immediately preceding three years before the base year;

'WPIinflation' – is the average increase in the Wholesale Price Index (WPI) for immediately preceding three years before the base year;

'EMP_n' – employee's cost of the transmission licensee for the nth year (employee cost for the base year would be adjusted for provisions for expenses beyond the control of the licensee and one-time expected expenses, such as recovery/adjustment of terminal benefits, implication of pay revisions, arrears and interim relief.);

'Provision (Emp)'– Provision corresponding to clauses (iii), (iv) and (v) of sub regulation (1-a) of regulation 13, duly projected for relevant year for expenses beyond control of the Transmission Licensee and expected one-time expenses as specified above;

'A&G_n' – administrative and general costs of the transmission licensee for the nth year;

'Provision(A&G)'–Cost for initiatives or other one-time expenses as proposed by the Transmission licensee and approved by the Commission after prudence check;"

ATTESTED

RANJITHAKUR

Advocate cum Notary Public,
Nove Cottage, Dningra Estate
Bileeduganj Shimla



'GFAn-1' – Gross Fixed Asset of the transmission licensee for the n-1th year;

'Gn' - is a growth factor for the nth year. Value of Gn shall be determined by the Commission in the MYT tariff order for meeting the additional manpower requirement based on licensee's filings, benchmarking, approved cost by the Commission in past and any other factor that the Commission feels appropriate;

Provided that, repair and maintenance expenses determined shall be utilized towards repair and maintenance works only;

Provided further that, the impact of pay revision (including arrears) shall be allowed on actual during the mid-term performance review or at the end of the control period as per actual/ audited accounts, subject to prudence check and any other factor considered appropriate by the Commission."

- 4.9.2 As the asset is new therefore, there is no historical O&M expenses pertaining to the same. The Computation of component wise Operation and Maintenance is detailed below.

Employee Expense

- 4.9.3 The Petitioner submits the actual Employee Expense for the period from FY 2016-17 to FY 2018-19 is shown as under:

Table 12: Actual Employee Cost (Rs. Lakh)

Particulars	FY 2016-17	FY 2017-18	FY 2018-19
Total Actual Employee Cost (A)	0.00	38.87	40.36

In view of no historical data pertaining to the scheme it is prayed that the Hon'ble Commission approves employee expenses on the basis of actuals.

Administrative & General Expense

- 4.9.4 The Petitioner submits that the actual A&G Expense for the asset under consideration for FY 2016-17, FY 2017-18 and FY 2018-19 as per books of accounts which is inclusive of the outsource services on the contract basis to different agencies is as under;

ATTESTED

RANJIT KALIA
Associate cum Deputy Public
Nava Chitaga, Dhringia Estate
Bileaujani Gritima



Total Actual A&G Expense	FY 2016-17	FY 2017-18	FY 2018-19
	0.00	0.65	0.26

In view of no historical data pertaining to the scheme it is prayed that the Hon'ble Commission approves A&G expenses on the basis of actuals.

Repair and Maintenance Expense

- 4.9.5 In order to maintain the Transmission infrastructure, the Petitioner HPPTCL will be required to perform Repair and Maintenance of its network. Hence, requests this Hon'ble Commission to approve the R&M Expense as per the methodology provided in the HPERC Tariff Regulations, 2011 and its amendments. The Petitioner has considered the k-factor as computed for the respective year for HPPTCL as a whole.

Table 14: K Factor

Particulars	FY 2016-17	FY 2017-18	Average
K factor as considered in MYT Petition	1.69%	1.79%	1.74%

- 4.9.6 The R&M Expense computed as per the methodology provided in the Regulations considering the k factor as shown above is as follows:

Table 15: Claimed R&M Expenses for FY 2016-17 to FY 2018-19 (Rs. Lakh)

Particulars	FY 2016-17	FY 2017-18	FY 2018-19
Actual R&M Expense	122.05	162.38	157.85

- 4.9.7 Accordingly, the Operation and Maintenance Expense submitted for the Period from FY 2016-17 to FY 2018-19 is as follows:

Table 16: Claimed Operation and Maintenance Expenses for FY 2016-17 to FY 2018-19 (Rs. Lakh)

Particulars	FY 2016-17	FY 2017-18	FY 2018-19
Employee Expense	0.00	38.87	40.36
A&G Expense	0.00	0.65	0.26
R&M Expense	122.05	162.38	157.85
Total O&M Expense	122.05	201.90	198.47

ATTESTED

RANJITHAKUR
Advocate cum Notary Public
Novo Cottage, Dningra Estate
Biotechugani Shimla



is to be computed as per following methodology:

"23. Depreciation

(1) The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission.

(2) The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset.

(3) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix-I to these regulations for the assets of the transmission system;

Provided that, the remaining depreciable value as on 31st March of the year closing after a period of 12 years from date of commercial operation shall be spread over the balance useful life of the asset.

(4) For transmission project which are in operation for less than 12 years, the difference between the cumulative depreciation recovered and the cumulative depreciation arrived at by applying the depreciation rates specified in this regulation corresponding to 12 years, shall be spread over the period up to 12 years, and the remaining depreciable value as on 31st March of the year closing after a period of 12 years from date of commercial operation shall be spread over the balance useful life of the asset.

(5) For the project in operation for more than 12 years, the balance depreciation to be recovered shall be spread over the remaining useful life of the asset.

(6) Depreciation shall be chargeable from the first year of commercial operation. In case of commercial operation of the asset for part of the year, depreciation shall be charged on pro rata basis."

4.10.2 The gross value of the said transmission lines is Rs 86.99 Crore as on CoD.

Accordingly, depreciation for FY 2016-17 is calculated on pro-rata basis.

Table 17: Depreciation for FY 2016-17 to FY 2018-19 (Rs. Lakhs)

Particulars	FY 2016-17	FY 2017-18	FY 2018-19
Opening GFA	8699.36	8699.36	8699.36
GFA Addition during the year	0	0	0
Average GFA	8699.36	8699.36	8699.36
Freehold Land	0	0	0
Rate of depreciation (%)	5.28%	5.28%	5.28%
Depreciable Value	7829.424	7829.424	7829.424

ATTESTED

For the Commission
Secretary cum Revenue Public
No. Cottage, Dnogra Estate
Bijbehara Shimla

period (Years)	33	34	35
Depreciation (for the period)	363.41	437.77	437.77

4.11 Interest on loan

4.11.1 Regulation 20 of the Transmission Tariff Regulations, 2011 and its amendment thereof provide as follows

"20. Interest and Finance Charges

(1) Interest and finance charges on loan capital shall be computed on the outstanding loans, duly taking into account the schedule of repayment in accordance with the terms and conditions of relevant agreements of loan, bond or non-convertible debentures. Exception can be made for the existing or past loans which may have different terms as per the agreements already executed if the Commission is satisfied that the loan has been contracted for and applied to identifiable and approved projects.

(2) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each year applicable to the project:

Provided that if there is no actual loan for a particular year but normative loan is still outstanding, the last available weighted average rate of interest shall be considered:

Provided further that if the transmission licensee does not have actual loan then the weighted average rate of interest of the transmission licensee as a whole shall be considered.

(3) The interest rate on the amount of equity in excess of 30% treated as notional loan shall be the weighted average rate of the loans of the respective years and shall be further limited to the rate of return on equity specified in these regulations:

Provided that all loans considered for this purpose shall be identified with the assets created:

ATTESTED

*HASIT KUMAR
Notary Public
No. 10 Cottage, Daringa Estate
Faislaabad, Shimla*

[Signature]

Provided further that the interest and finance charges on works in progress shall be excluded and shall be considered as part of the capital cost:

Provided further that neither penal interest nor overdue interest shall be allowed for computation of tariff.

(4) In case any moratorium period is availed of in any loan, depreciation provided or in the tariff during the years of moratorium shall be treated, as notional repayment of loan during those years and interest on loan capital shall be calculated accordingly.

(5) The transmission licensee shall make every effort to refinance the loan as long as it results in net benefit to the beneficiaries. The costs associated with such refinancing shall be borne by the transmission customers and any benefit on account of refinancing of loan and interest on loan shall be passed on to the transmission customers. Refinancing may also include restructuring of debt.

(6) In respect of foreign currency loans, variation in rupee liability due to foreign exchange rate variation, towards interest payment and loan repayment actually incurred, in the relevant year shall be admissible; provided it directly arises out of such foreign exchange rate variation and is not attributable to the transmission licensee or its suppliers or contractors."

4.11.2 As submitted in the preceding section, the Petitioner, for calculation of Tariff has considered the actual loan transfer amounting to Rs. 66.08 Crore. The total loan considered by the Petitioner is amounting to 75.96% of the total project cost. As per the Agenda Number 22.13 it has been decided by HPSEBL and HPPTCL that there shall be no interest charges on the transferred amount of Rs. 66.08 Crore and only the principle amount of loan is to be recovered/adjusted from monthly transmission charges payable to HPPTCL. Accordingly, the Petitioner has not claimed any interest towards the aforesaid amount.

ATTESTED
RANJITHAKUR
Advocate cum Notary Public
Nova Cottage, Dhingra Estate
Bholeaugani Shimla

Opening Balance	6,608.00	6,608.00	6,608.00
Addition	0	0	0
Repayment	363.41	437.77	437.77
Closing Balance	6,244.59	5,806.82	5,369.04
Rate of Interest (%)	0.00%	0.00%	0.00%
Interest	0	0	0

4.12 Interest on Working Capital

4.12.1 Regulation 21 and 22 of the Transmission Tariff Regulations, 2011 and its amendment thereof provides as follows:

"21. Working Capital

The Commission shall calculate the working capital requirement for the transmission licensee containing the following components: -

- (a) O&M expenses for 1 month;*
- (b) receivables for two months on the projected annual transmission charges; and*
- (c) maintenance spares @ 40% of repair and maintenance expenses for one month.*

22. Interest Charges on Working Capital

"Rate of interest on working capital to be computed as provided hereinafter in these regulations shall be on normative basis and shall be equal to the Average Base Rate of State Bank of India for the last six months prior to the filing of the MYT petition plus 350 basis points. The interest on working capital shall be payable on normative basis notwithstanding that the licensee has not taken working capital loan from any outside agency or has exceeded the working capital loan based on the normative figures."

4.12.2 The Petitioner has calculated the interest on working capital considering weighted average base rate of SBI prevalent during last six month before the filing of the Petition i.e. March 2019 to August 2019 plus 350 basis points. In

ATTESTED

KARJITIAKUR

Advocate cum Notary Public
Nava College, Daringa Estate
Baleadugani Shantin

Table 19: Claimed Interest on Working Capital for FY 2016-17 to FY 2018-19 [Rs. Lakh]

Particulars	FY 2016-17	FY 2017-18	FY 2018-19
O&M expenses for 1 month	10.17	16.83	16.54
Maintenance spares @40% of R&M expenses for 1 month	4.07	5.41	5.26
Receivable for 2 months	152.82	193.53	186.41
Total Working capital	167.06	215.77	208.21
Interest Rate (%)	11.95%	11.95%	11.95%
Interest on Working Capital	19.96	25.78	24.88

Note: Interest on Working Capital for FY17 is on pro-rata basis i.e. from 01.06.2016

4.13 Return on Equity

4.13.1 Regulation 19 of the Transmission Tariff Regulations, 2011 and its amendment thereof provide as follows on RoE:

"19. Return on Equity

(1) Return on equity shall be computed on the equity determined in accordance with regulation 18 and on pre-tax basis at the base rate of 15.5% to be grossed up as per sub-regulation (3) of this regulation:

"(2) The rate of return on equity shall be computed by grossing up the base rate with the normal tax rate as per latest available audited accounts of the concerned transmission licensee:

Provided that in line with the provisions of the relevant Finance Acts of the respective year, the return on equity with respect to the actual tax rate applicable to the transmission licensee during the years of the control period shall be trued up separately for each year during the mid-term performance review and at the end of the control period along with the tariff petition filed for the next control period.

(3) Rate of return on equity shall be rounded off to three decimal points and be computed as per the formula given below:-

(a) Rate of pre-tax return on equity = Base rate / (1-t)



ATTESTED

RANITHAKUR

Advocate cum Notary Public
Nova Cottage, Dhinagra Estate
Bileedganj Shimla

4.13.3 The Petitioner has invested equity of Rs. 20.91 Crore (24.04% of project cost) as on CoD of the project. The Petitioner has calculated the return on equity based on actual Equity employed of Rs 20.91 Crore and has also considered prevalent Corporate Tax Rate of 34.61% for FY 2016-17 to FY 2017-18 and has grossed up allowable RoE of 15.50% to derive at the pretax RoE of 23.70%. As per changes in Corporate Tax from FY 2018-19, allowable RoE of 15.50% has been grossed up by 29.12% to arrive at pretax of 21.87% for FY 2018-19. Claimed RoE for FY 2016-17 to FY 2018-19 is shown below:

Table 20: Claimed Return on Equity for FY 2016-17 to FY 2018-19 (Rs. Lakh)

Particular	FY 2016-17	FY 2017-18	FY 2018-19
Equity as on COD/ Admitted Equity	2091.36	2091.36	2091.36
Additions during the Year	0	0	0
Average Equity	2091.36	2091.36	2091.36
Return on Equity*	411.53	495.73	457.34

Note: Return on Equity for FY2016-17 is on pro-rata basis i.e. from 01.06.2016

4.14 Aggregate Fixed Charges

4.14.1 The table given below summarizes the Aggregate Fixed Charges of "220kV D/C Transmission line" for the third Control Period from FY 2016-17 to 2018-19 as per the HPERC (Terms and Condition for Determination of Tariff) Regulations, 2011 and subsequent amendments thereof.

Table 21: Aggregate Fixed Charges for FY 2016-17 to FY 2018-19 (Rs. Lakh)

Particulars	FY 2016-17	FY 2017-18	FY 2018-19
Depreciation	363.41	437.77	437.77
Interest on Loan	0	0	0
Return on Equity	411.53	495.73	457.34
Interest on Working Capital	19.96	25.78	24.88
O&M Expenses	122.05	201.90	198.47
Aggregate Fixed Charges	916.94	1161.19	1118.46

Note: Return on Equity for FY2016-17 is on pro-rata basis i.e. from 01.06.2016

[Handwritten signature]

ATTESTED
 RAJESH KUR
 Advocate cum Notary Public
 New's Cottage, Dhingra Estate
 Bholegaon Shimla

5.1 Gross fixed Asset

- 5.1.1 The Petitioner has projected the ARR for the fourth Control Period from FY 2019-20 to FY 2023-24 in accordance with the provisions of HPERC MYT Regulations, 2011 and its amendments thereof. The Petitioner has considered the closing GFA as on 31.03.2019 as the Opening GFA for FY 2019-20.

5.2 Additional Capital Expenditure

- 5.2.1 The Petitioner has not projected any additional capital Expenditure for the control period from FY 2019-20 to FY 2023-24

5.3 Debt-Equity Ratio

- 5.3.1 The Petitioner has considered the opening Debt: Equity ratio for FY 2019-20 as the closing Debt: Equity Ratio for FY 2018-19.

5.4 LTA with the Beneficiaries

- 5.4.1 HPPTCL vide its letter number HPPTCL/Kashang-CON/2019-3017 dated 18th June 2019 has sent the intimation to Himachal Pradesh Power Corporation Limited for the grant of long term open access in respect of Kashang HEP.

5.5 Components of ARR for Transmission Business

- 5.5.1 As per Regulation 12 (2) of the Transmission Tariff Regulations, 2011 and its amendments, components of ARR for the transmission business for each year of the control period shall be as follows:

"12. ARR for Transmission Licensee

(2) The aggregate revenue requirement for the transmission business for each year of the control period shall contain the following items: -

- (a) Operation and Maintenance expenses;*
- (b) financing cost which includes cost of debt including working capital (interest), cost of equity (return);*
- (c) depreciation;*
- (d) income tax;*
- (e) non-tariff income; and*
- Less:*

ATTESTED
RAKESH THAKUR
Advocate cum Notary Public
Nova Cottage, Dhimra Estate
Bilela, Jalandhar, Punjab



5.6 Operation and Maintenance Expense

Employee Expense

5.6.1 Based on the above Regulations, the Petitioner has submitted that the Growth Factor (Gn) for FY 2019-20 to FY 2023-24 has been computed by projecting Gn as shown under:

Table 22 Employee Strength from FY 2017-18 to FY 2023-24

Particulars	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Employee Strength	9	6	6	6	6	6	6
Gn			0.00%	0.00%	0.00%	0.00%	0.00%

5.6.2 It is submitted that HPPTCL had projected the addition in number of Employees for HPPTCL as a whole at the time of filing of MYT Petition filed before the Hon'ble HPERC for the fourth control period. However, the same cannot be extrapolated at the time of filing of petition for Individual assets. Therefore, the same shall be claimed on actual basis at the time of truing of HPPTCL as a whole.

5.6.3 Based on the above, the Employee Expense for the fourth control period has been computed considering the average increase in CPI of preceding 3 years before Base Year as 4.22%.

5.6.4 Accordingly, based on above, the claimed Employee Expense for FY 2019-20 to FY 2023-24 is as under:

Table 23: Claimed Employee Expense for FY 2019-20 to FY 2023-24 (Rs. in Lakh)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Employee Expense	42.06	43.84	45.69	47.61	49.62



ATTESTED

RANJITHAKUR
Advocate cum Notary Public
Nova Collage, Dningra Estate
Bileaugani Shrinila

follows:

Table 24: Actual A&G Expense for FY 2016-17 to FY 2018-19 (Rs. In Lakh)

Particulars	FY 2016-17	FY 2017-18	FY 2018-19
Total A&G Expense	-	0.65	0.26

5.6.6 Further, HPPTCL would like to submit that HPPTCL is planning to comprehensively ensure all the transmission infrastructure from all damages caused due to act of God, fire, theft etc. and intends to take comprehensive insurance of all the assets. The cost towards insurance has been considered at the rate of 0.30% of the asset value insured and the same have been considered as part of provisions.

5.6.7 Also, HPPTCL intends to train its manpower and therefore the training cost of 7 mandays per employee per year has been factored in at the nominal rate of Rs. 4000/person/day of the number of employees. Further, the Petitioner has included Tariff filing fees of Rs. 0.15 Crore and Consultancy charges of Rs. 0.03 Crore in the A&G Expenses for FY 2019-20.

5.6.8 A&G Expense for the fourth control period has been computed considering WPI as 2.98% i.e. average increase in WPI for immediately preceding three years.

5.6.9 Accordingly, the claimed A&G Expenses for FY 2019-20 to FY 2023 -24 is as shown below:

Table 25: Claimed A&G Expense for FY 2019-20 to FY 2023-24 (Rs. in Lakh)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
A&G Expense	46.16	28.05	28.06	28.07	28.08

5.6.10

Repair and Maintenance Expense

Regulation 13(3) of the HPLRC Transmission Tariff Regulation, 2011 and its subsequent amendments has defined the R&M Expenses as under:

$$R\&M_n = K \times (GFA_{n-1}) \times (WPI_{inflation})$$

TESTED

RANJITHAKUR
Advocate cum Deputy Public
Nova Cottage, Dhinagra Estate
Bioteaugani Shimla 36 | Page

Licensee's filing, benchmarking of repair and maintenance expenses, approved repair and maintenance expenses vis-à-vis GFA approved by the Commission in past and any other factor considered appropriate by the Commission;"

5.6.11 The K-factor approved by different State Commissions for R&M Expenses is summarized below:

Table 26 : Approved K-factor for R&M Expenses by various SERCs in the region

S. No	Transmission Licensee	k-factor	Financial Year
1	Power Transmission Corporation of Uttarakhand Ltd.	1.78%	FY 2018-19
2	Punjab State Transmission Corporation Limited	2.61%	FY 2018-19

5.6.12 The Petitioner has considered the k-factor as submitted in the MYT Petition which is as shown below:

Table 27 : K-Factor for FY 2016-17 to FY 2018-19

Particulars	FY 2016-17	FY 2017-18	FY 2018-19	Average
K	1.69%	1.79%	1.74%	1.74%

5.6.13 Accordingly, the claimed R&M Expense claimed for the fourth Control Period is as follows:

Table 28: Claimed R&M Expense for FY 2019-20 to FY 2023-24 (Rs. in Lakh)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
GFA	8,699.36	8,699.36	8,699.36	8,699.36	8,699.36
K	1.74%	1.74%	1.74%	1.74%	1.74%
R&M Expense	162.55	167.39	172.37	177.50	182.78

5.6.14 Accordingly, the Operation and Maintenance Expense submitted for the fourth Control Period for the approval of the Hon'ble Commission is as follows:

Table 29: Claimed O&M Expense for FY 2019-20 to FY 2023-24 (Rs. in Lakh)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Employee Expense	42.06	43.84	45.69	47.61	49.62
A&G Expense	46.16	28.05	28.06	28.07	28.08
R&M Expense	162.55	167.39	172.37	177.50	182.78

ATTESTED

KANAK JHA

Accountant cum Deputy Public
Noida Cottage, Dhingra Estate
Bulandshahr Shimla

5.7 Interest on Loan

Regulation 20 of the Transmission Tariff Regulations, 2011 and its amendment thereof provide as follows:

"20. Interest and Finance Charges

(1) Interest and finance charges on loan capital shall be computed on the outstanding loans, duly taking into account the schedule of repayment in accordance with the terms and conditions of relevant agreements of loan, bond or non-convertible debentures. Exception can be made for the existing or past loans which may have different terms as per the agreements already executed if the Commission is satisfied that the loan has been contracted for and applied to identifiable and approved projects.

(2) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each year applicable to the project:

Provided that if there is no actual loan for a particular year but normative loan is still outstanding, the last available weighted average rate of interest shall be considered:

Provided further that if the transmission licensee does not have actual loan then the weighted average rate of interest of the transmission licensee as a whole shall be considered.

Provided further that if the Transmission Licensee as a whole does not have actual loan, then one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the relevant Year plus 200 basis points shall be considered as the rate of interest for the purpose of allowing the interest on the normative loan.



TESTED
KANDIAKUR
Arundare cum Notary Public
No. Cottage, Dhingra Estate
Bhadrachalam, Srisa

...further limited to the rate of return on equity specified in these regulations:

Provided that all loans considered for this purpose shall be identified with the assets created:

Provided further that the interest and finance charges of re-negotiated loan agreements shall not be considered, if they result in higher charges:

Provided further that the interest and finance charges on works in progress shall be excluded and shall be considered as part of the capital cost:

Provided further that neither penal interest nor overdue interest shall be allowed for computation of tariff.

(4) In case any moratorium period is availed of in any loan, depreciation provided or in the tariff during the years of moratorium shall be treated, as notional repayment of loan during those years and interest on loan capital shall be calculated accordingly.

(5) The transmission licensee shall make every effort to refinance the loan as long as it results in net benefit to the beneficiaries. The costs associated with such refinancing shall be borne by the transmission customers and any benefit on account of refinancing of loan and interest on loan shall be shared in the ratio of 2:1 between the transmission licensee and the transmission customers. Refinancing may also include restructuring of debt.

(6) In respect of foreign currency loans, variation in rupee liability due to foreign exchange rate variation, towards interest payment and loan repayment actually incurred, in the relevant year shall be admissible; provided it directly arises out of such foreign exchange rate variation and is not attributable to the transmission licensee or its suppliers or contractors.

(7) The above interest computation shall exclude the interest on loan amount, normative or otherwise, to the extent of capital cost funded by consumer



ATTESTED

KANISHK KUR

Associate cum Notary, Public
Notary Cottage, Dningra Estate
E. Jaugani Shimla

- 5.7.1 For computation of Interest on long term loans, actual closing loan of FY 2018-19 corresponding to the asset under consideration has been considered as the opening loan for FY 2019-20.
- 5.7.2 Interest on loan has to be computed on the basis of actual weighted average interest on actual loan outstanding for the project. Accordingly, in absence of interest charged to the Petitioner, the Petitioner has not claimed any Interest on Loan for the next control period, which is as shown below:

Table 30 : Interest on Loan claimed during the Control Period for Upcoming Projects (Rs. in Lakh)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Opening Loan	6,608.00	6,608.00	6,608.00	6,608.00	6,608.00
Loan Addition during the Year	0	0	0	0	0
Less: Repayment of Loans during the year	363.41	437.77	437.77	363.41	437.77
Closing Loan	6,244.59	5,806.82	5,369.04	6,244.59	5,806.82
Interest on loan	0	0	0	0	0
Weighted average Rate of Interest on Loans	-	-	-	-	-

5.8 Depreciation

- 5.8.1 Regulation 23 of the Transmission Tariff Regulations, 2011 and its amendment thereof provide as follows on Depreciation:

"23. Depreciation

(1) The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission.

(2) The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset.

(2-a) The salvage value for IT equipment and software shall be considered as NIL and 100% value of the assets shall be considered depreciable.

ATTESTED

RANJIT KAKI

Advocate cum Notary Public
Nova Cottage, Dhringra Estate
Bioleaugani Shimla

Provided that, the remaining depreciable value as on 31st March of the year closing after a period of 12 years from date of commercial operation shall be spread over the balance useful life of the asset.

(4) For transmission project which are in operation for less than 12 years, the difference between the cumulative depreciation recovered and the cumulative depreciation arrived at by applying the depreciation rates specified in this regulation corresponding to 12 years, shall be spread over the period up to 12 years, and the remaining depreciable value as on 31st March of the year closing after a period of 12 years from date of commercial operation shall be spread over the balance useful life of the asset.

(5) For the project in operation for more than 12 years, the balance depreciation to be recovered shall be spread over the remaining useful life of the asset.

(6) Depreciation shall be chargeable from the first year of commercial operation. In case of commercial operation of the asset for part of the year, depreciation shall be charged on pro rata basis."

5.8.2 Depreciation has been calculated as per the provisions of Regulation 23 of the Transmission Tariff Regulations, 2011. The closing gross block for FY 2018-19 has been considered as opening gross block for FY 2019-20. The year wise total depreciation claimed for the next control period is as shown below:

Table 31: Depreciation claimed during the Control Period (Rs. in Lakh)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Opening GFA (Less Grant)	8,699.30	8,699.30	8,699.30	8,699.30	8,699.30
GFA Addition during the year	0	0	0	0	0
Less: Grant	-	-	-	-	-
Closing GFA	8,699.30	8,699.30	8,699.30	8,699.30	8,699.30
Depreciation	437.77	437.77	437.77	437.77	437.77

RAJAT KUMAR
Advocate cum retainer, Govt.
Nova Cottage, Dhingra Estate
Bholeganj Shimla

amendment thereof provide as follows on Working Capital and Interest on Working Capital respectively:

"21. Working Capital

The Commission shall calculate the working capital requirement for the transmission licensee containing the following components: -

- (a) O&M expenses for 1 month;*
- (b) receivables for two months on the projected annual transmission charges; and*
- (c) maintenance spares @ 15% of O&M Expenses for one month.*

22. Interest Charges on Working Capital

Rate of interest on working capital to be computed as provided hereinafter in these regulations shall be on normative basis and shall be equal one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the Financial Year in which the Petition is filed plus 300 basis points. The interest on working capital shall be payable on normative basis notwithstanding that the licensee has not taken working capital loan from any outside agency or has exceeded the working capital loan based on the normative figures."

5.9.2 The Petitioner has calculated the interest on working capital considering prevalent SBI MCLR as on 1.04.2019 plus 300 basis points. In accordance with the above regulations the interest on working capital claimed for the control period is as shown below:

Table 32 Claimed Interest on working Capital for FY 2019-20 to FY 2023-24(Rs. in Lakh)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Annual O&M Expenses	250.77	239.28	246.12	253.18	260.48
O&M Expenses for 1 month	20.90	19.94	20.51	21.10	21.71
Maintenance Spares (at 15% monthly O&M Expenses)	3.13	2.99	3.08	3.16	3.26
Receivables for 2 months on projected	195.20	193.23	194.40	195.61	196.87

ATTESTED
RANJITHAKUR
Advocate cum Notary Public
Nova Cottage, Dhringra E. Ward
Bileasugani Shimla

Total Working Capital	219.23	216.16	217.99	219.88	221.83
Interest Rate (SBI MCLR+300 BP)	11.55%	11.55%	11.55%	11.55%	11.55%
Interest on Working Capital	25.32	24.97	25.18	25.40	25.62

5.10 Return on Equity

5.10.1 Regulation 19 of the Transmission Tariff Regulations, 2011 and its amendment thereof provide as follows on RoE:

"19. Return on Equity

(1) Return on equity shall be computed on the equity determined in accordance with regulation 18 and on pre-tax basis at the base rate of 15.5% to be grossed up as per sub-regulation (3) of this regulation:

(2) The rate of return on equity shall be computed by grossing up the base rate with the normal tax rate as per latest available audited accounts of the concerned transmission licensee:

Provided that in line with the provisions of the relevant Finance Acts of the respective year, the return on equity with respect to the actual tax rate applicable to the transmission licensee during the years of the control period shall be trued up separately for each year during the mid-term performance review and at the end of the control period along with the tariff petition filed for the next control period.

(3) Rate of return on equity shall be rounded off to three decimal points and be computed as per the formula given below:-

(a) Rate of pre-tax return on equity = Base rate / (1-t)

(b) Where t is the applicable tax rate in accordance with sub-regulation (2) of this regulation. ..."

5.10.2 The Petitioner has considered prevalent Corporate Tax Rate of 29.12% and gross up allowable RoE of 15.50% to derive at the pretax RoE of 21.87% for the next

TESTED
 HARI SHAKUR
 Advocate cum Notary Public
 Neva Cottage, Dilingra Estate
 Bholeganj Shimla

[Signature]

Table 33: RoE claimed during the Control Period (Rs. in Lakh)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Opening Equity	2091.36	2091.36	2091.36	2091.36	2091.36
Net Equity Addition during the year	0.00	0.00	0.00	0.00	0.00
Closing Equity	2091.36	2091.36	2091.36	2091.36	2091.36
RoE (%)	21.87%	21.87%	21.87%	21.87%	21.87%
Return on Equity	457.34	457.34	457.34	457.34	457.34

5.11 ARR Proposed for the Control Period

5.11.1 Based on the relevant clauses of HPERC Tariff Regulations, 2011 and its subsequent amendments, each component of the ARR as discussed in this section are summarized for the Control Period as below:

Table 34 : ARR claimed for the Control Period from FY 2019-20 to FY 2023-24 (Rs. in Lakh)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
O&M Expenses	250.77	239.28	246.12	253.18	260.48
Employee Expenses	42.06	43.84	45.69	47.61	49.62
R&M Expenses	162.55	167.39	172.37	177.50	182.78
A&G Expenses	46.16	28.05	28.06	28.07	28.08
Interest on Loan	0	0	0	0	0
Depreciation	437.77	437.77	437.77	437.77	437.77
Interest on Working Capital	25.32	24.97	25.18	25.40	25.62
Return on Equity	457.34	457.34	457.34	457.34	457.34
Aggregate Revenue Requirement	1171.20	1159.35	1166.40	1173.69	1181.21

5.11.2 It is prayed before the Hon'ble Commission that the above expenses be approved and allowed to be recovered by HPPTCL in accordance with HPERC Tariff Regulations, 2011 and its amendments thereof.

ATTESTED

RANJITHAKUR
 Advocate cum Notary Public
 Nova Cottage, Dhingra Estate
 Boleaunganj Shimla



transmission line for Kashang HEP and the entire transmission charges shall be borne by the HPPCL. Further, HPPTCL would like to submit that in future, subject to corridor availability, if any HEP is connected to the said line, the proportionate transmission charges may be shared accordingly.

It is therefore requested that the Honble Commission with regard to transmission services and if HPPCL allows HPPTCL to recover the proportionate transmission charges for FY 2016-17 to FY 2024-25 as per the tariff sought by HPPTCL.



ATTESTED 01/10/19
RANI THAKUR
Advocate cum Notary Public
Nova Cottage, Dhingra Estate
Bioteauganj Shimla