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## **1 Introduction**

- 1.1** The present petition is being filed as per clause 22 of MSERC (Multi Year Tariff) Regulations 2014, which is reproduced below:

### **22 Review of Tariff Order**

*22.1 All applications for the review of tariff shall be in the form of petition accompanied by the prescribed fee. A petition for review of tariff can be admitted by the Commission under the following conditions:*

- a) the review petition is filed within sixty days for the date of the tariff order, and / or*
- b) there is an error apparent on the face of the record*

*22.2 On being satisfied that there is a need to review the tariff of any generating company or the licensee, the Commission may on its own initiate process of review of the tariff of any generating company or the licensee. The Commission may also, in its own motion review any tariff order to correct any clerical error or any error apparent of the face of the record.*

- 1.2** The present petition is also being filed as per clause 21 of MSERC (Conduct of Business) Regulations 2006, which is reproduced below:

*“A person aggrieved by a decision or order of the Commission from which no appeal is preferred, or is not allowed to be preferred, can seek a review of the order if new and important facts which, after the exercise of due diligence, were not within his knowledge or could not be produced by him at the time when the order was passed or on account of some mistake or error apparent on the face of record or for any other sufficient reason, by making an application within 60 days of the date of the order.”*

- 1.3** As such, the MSERC (Multi Year Tariff) Regulations 2014 and MSERC (Conduct of Business) Regulations 2006 provides for the petitioner or any other person aggrieved by an order of the Hon’ble Commission to file a review petition based on new facts and information, which was not considered during the time of issue of order or on account of apparent errors or mistakes. MePDCL, in this petition is requesting the Hon’ble Commission to review certain costs which were disallowed in view of the latest facts and information submitted in this petition or in view of apparent errors observed.

- 1.4** Further, as per the above clauses, the timeline specified by MSERC for submission of review petition is within 60 days from the date of the order of the Hon’ble Commission. MePDCL would like to submit that it is filing the review petition within the allowed timeline and as such, the Hon’ble Commission is requested to admit the same.

## 2 Review of True Up of MePDCL for FY 2017-18

The grounds of review are provided below point wise against the respective components of ARR.

### 2.1 Power Purchase Cost

The Hon'ble Commission in its True Up order dated 13 October 2020, has considered Rs 675.31 as the total power purchase cost for MePDCL. The following are the observations of the Licensee on the methodology and calculations used by the Hon'ble Commission for Power Purchase Cost along with suitable explanations to justify the costs as claimed in true up:

#### a) Power Purchase Costs for NEEPCO

The Hon'ble Commission has admitted the costs of NEEPCO plants as Rs 148.40 Cr against the claim of Rs 179.67 Cr by MePDCL. Out of the disallowed costs, Rs 15.06 Cr, which is part of supplementary costs, has been deducted due to mismatch in invoices and assumption that the said bills belong to credit notes.

In this regard, the licensee would like to submit the invoices pertaining to Rs 15.06 Cr again for reference of MSERC (Annexure B). The summary of the bills and justification is given below:

**Table 1: Justification of Expenses Disallowed for NEEPCO**

| Particulars                                                | Amount (INR Cr) | Details of the Expenses                                                                                                | Additional Remarks                                                                                                                                           |
|------------------------------------------------------------|-----------------|------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a) Payment Related to Energy Charge Shortfall against RHEP | 10.12           | Energy Charge Shortfall against RHEP allowed by CERC vide Petition No. 139/MP/2016 Dt 17-11-2017                       | RHEP Billing Recovery for FY 2012-13 & 2013-14                                                                                                               |
| b) Payment related to Arrear bill of AGTCCP                | 4.44            | Arrear Bill of AGTCCP allowed by CERC vide Petition No.94/GT/2016 Dt 14/07/2017                                        | Recovery of Capacity charge of AGTCCP April 2014 to Sept 2017 as per Petition No.94/GT/2016 Dt 14/07/2017 along with Simple Interest on the recovery amount. |
| c) Payment related to Interest on the Arrear Bill          | 0.50            | Interest Bill on the above Arrear Bill of AGTCCP at Sl. No 1 allowed by CERC vide Petition No.94/GT/2016 Dt 14/07/2017 |                                                                                                                                                              |
| <b>Total</b>                                               | <b>15.06</b>    |                                                                                                                        |                                                                                                                                                              |

As stated in the bills and as shown above, these are not part of the credit notes and legitimate power purchase expenses born by MePDCL.

#### b) Power Purchase Costs for OTPC

The Hon'ble Commission has admitted the costs of OTPC plant as Rs 139.12 Cr against the claim of Rs 147.21 Cr by MePDCL. Out of the disallowed costs, Rs 6.54 Cr has been deducted as surcharge amount. However, the total surcharge amount pertaining to OTPC is 3.45 Cr as shown in the month wise surcharge break up below:

**Table 2: Month Wise Surcharge for OTPC for FY 2017-18**

| Month        | Surcharge Amount (In Cr) |
|--------------|--------------------------|
| Apr-17       | 0.36                     |
| May-17       | 0.24                     |
| Jun-17       | 0.29                     |
| Jul-17       | 0.36                     |
| Aug-17       | 0.69                     |
| Sep-17       | 0.28                     |
| Oct-17       | 0.20                     |
| Nov-17       | 0.00                     |
| Dec-17       | 0.35                     |
| Jan-18       | 0.19                     |
| Feb-18       | 0.23                     |
| Mar-18       | 0.28                     |
| <b>Total</b> | <b>3.45</b>              |

The surcharge invoices have been again attached as Annexure C. There has been excessive amount account of surcharge i.e 3.09 Cr (6.54 Cr surcharge approved – 3.45 Cr actual surcharge) deducted, thus undermining the OTPC power purchase costs.

### c) Power Purchase Costs for MePGCL

The Hon'ble Commission has admitted the costs of MePGCL plants as Rs 344.05 Cr against the claim of Rs 354.43 Cr by MePDCL. The deduction has been on account of 1% rebate. However, it is important to note that the rebate amount pertaining to MePGCL is Rs 3.54 Cr (354.43 Cr \* 1%). Thus, the deduction of rebate amount of 10.38 Cr in the order (354.43 Cr power purchase – 344 Cr costs approved after rebate adjustment) is more than the actual amount of rebate, thus leading to undermining of MePGCL power purchase costs. The licensee requests the Hon'ble Commission to allow the excessive amount deducted i.e. 6.84 Cr (10.38 Cr of rebate considered by MSERC – 3.54 Cr of actual rebate) to the power purchase costs in the review.

Based on the above submission, the revised power purchase costs for review is given below:

**Table 3: Revised Power Purchase Costs Claim in Review (In Rs Cr)**

| Particulars                                   | Amount in INR Cr | Remarks                  |
|-----------------------------------------------|------------------|--------------------------|
| Power Purchase Costs Approved in the Order    | 675.31           | As Approved in Order     |
| Additional Claim of Power Purchase for NEEPCO | 15.05            | As stated in Pt a) above |
| Additional Claim of Power Purchase for OTPC   | 3.09             | As stated in Pt b) above |
| Additional Claim of Power Purchase for MePGCL | 6.84             | As stated in Pt c) above |
| <b>Revised Claim of Power Purchase</b>        | <b>700.29</b>    |                          |

The Hon'ble Commission is requested to allow an additional amount of Rs 24.98 Cr for Power Purchase Costs as shown in the table below:

**Table 4: Additional Claim of Power Purchase Costs in Review (In Rs Cr)**

| Sr. No. | Particulars                                                                 | Amount in INR Cr. |
|---------|-----------------------------------------------------------------------------|-------------------|
| 1       | Power Purchase Costs allowed by MSERC in the True Up order                  | 675.31            |
| 2       | Power Purchase Costs claimed by MePDCL in the review                        | 700.29            |
| 3       | Additional Power Purchase Costs to be allowed in the review petition (=2-1) | <b>24.98</b>      |

## 2.2 Employee Expenses

The Hon'ble Commission in its True Up order has approved Employee Expenses at Rs. 96.12 Cr against the licensee's claim for Employee Expenses of Rs. 132.58 Cr for FY 2017-18. The disallowances of INR 36.46 Cr have been on the grounds that Terminal benefit liabilities of Holding Company of Rs.36.46 Crore shall be born out of the Trust fund.

In this regard, the licensee would like to submit that MeECL has not received the contribution from the State Government for the Corpus Fund, amounting to Rs 840 crore as on 31.03.2010, which would have been used to clear up the pension liabilities as agreed in Transfer Notification Scheme and to enable to maintain the trust fund. In the absence of assistance from the State Government, there has been no subsequent yearly/monthly transfer to the trust fund which would have catered to the terminal benefit liabilities of MeECL. The terminal benefit liabilities will therefore be borne from its revenue from tariff based on the actual payment basis. As of today, the trust fund remains non-functional but remains only as the Drawing & Disbursing authority.

The month wise expenditure and receipt status of the fund for FY 2017-18 is given in Annexure D. As can be seen from the attached statements, the inflow/receipt amount (Under Position of Cash and Bank head) every month is purely based on the actual requisition of pension obligation for that month from the revenue receipts.

The year wise employee expenses claimed vis-a-vis approved for MePDCL in the last four true up orders is given below:

**Table 5: Employee Expenses Claimed vis—vis Approved (In Rs Cr)**

| Particulars                                   | FY 2014-15 | FY 2015-16 | FY 2016-17 | FY 2017-18 |
|-----------------------------------------------|------------|------------|------------|------------|
| Employee Expenses Claimed in True Up Petition | 108.15     | 124.18     | 136.35     | 132.58     |
| Employee Expenses Approved in True Up Order   | 108.15     | 124.18     | 136.35     | 96.12      |

As seen in the above table, the present disallowances are contrary to approach of the Hon'ble Commission in past true up orders for FY 2014-15, 2015-16 and FY 2016-17 orders where the employee expenses have been approved as claimed including the total terminal liabilities paid on the actual basis. The licensee would like to submit again that the terminal liabilities obligations are legitimate expenses which are borne purely from its revenue from tariff and as per the actual outflows.

Based on the above submissions, the licensee would like to restate its claim of employee expense as claimed in the true up petitions and request the Hon'ble Commission to allow the INR 36.46 Cr expense which was disallowed in the true up order.

**Table 6: Additional Employee Expenses Claimed in Review (In Rs Cr)**

| Sr. No. | Particulars                                                              | Amount in INR Cr. |
|---------|--------------------------------------------------------------------------|-------------------|
| 1       | Employee Expenses claimed by MePDCL in the True Up Petition              | 132.58            |
| 2       | Employee Expenses claimed by MePDCL in the Review                        | 132.58            |
| 3       | Employee Expenses allowed by MSERC in the True Up order                  | 96.12             |
| 4       | Additional Employee Expenses to be allowed in the review petition (=2-3) | <b>36.46</b>      |

### 2.3 Interest & Finance Charges

The Hon'ble Commission in its True Up order has approved Interest and Finance Charges at Rs. 8.64 Cr against the licensee's claim for Interest and Finance Charges of Rs. 73.81 Cr for FY 2017-18. The Hon'ble Commission has considered REC Restructured loans, PFC RAPDRP Part A and Part B loans for computation of interest on loan. However, the Hon'ble Commission has not considered the operational expenditure loans like vehicles loans, MTL-I & II loans drawn from REC for Power Purchase for interest charges calculations.

However, the Hon'ble Commission has also not taken into account the other finance charges, without providing any reason. These charges are actual charges which are incurred on account of financial transactions with banks and financial institutions like guarantee charges, loan raising charges, other transaction charges etc whose details as per the audited SoA (Note 23) is given below:

**Table 7: Other Finance Charges (In Rs Cr)**

| Particulars                         | FY 2017-18  |
|-------------------------------------|-------------|
| Other banking and guarantee charges | <b>1.81</b> |

The Hon'ble Commission has also not taken into account interest and finance charges of MeECL as per the MeECL audited accounts (Note 18) i.e the apportioned portion (amount of Rs 8.66 Cr) in calculation of total interest and finance charges of MePDCL. This is contrary to its approach in the present true up order where it has considered the apportioned portion of MeECL expenses in calculation of components like depreciation, employee expenses, R&M among others. Based on the above submissions, net interest and finance charges claimed by the licensee in the review is Rs 19.11 Cr as given in the table below:

**Table 8: Interest and Finance Charges Claimed in Review (In Rs Cr)**

| Particulars                                   | FY 2016-17   |
|-----------------------------------------------|--------------|
| Interest on Loan (as Approved by MSERC)       | 8.64         |
| Other banking and guarantee charges of MePDCL | 1.81         |
| MeECL Interest Charges Apportioned            | 8.66         |
| <b>Total Interest and Finance Charges</b>     | <b>19.11</b> |

The Hon'ble Commission is requested to allow an additional amount of Rs 10.47 Cr for Interest and Finance charge as shown in the table below:

**Table 9: Additional Interest & Finance Charges Claimed in Review (In Rs Cr)**

| Sr. No. | Particulars                                                                         | Amount in INR Cr. |
|---------|-------------------------------------------------------------------------------------|-------------------|
| 1       | Interest and Finance Charges allowed by MSERC in the True Up order                  | 8.46              |
| 2       | Interest and Finance Charges claimed by MePDCL in the review                        | 19.11             |
| 3       | Additional Interest and Finance Charges to be allowed in the review petition (=2-1) | <b>10.47</b>      |

#### 2.4 Non-Tariff Income & Other Income

The Hon'ble Commission in its True Up order has approved Non-Tariff & Other Income at Rs. 40.25 Cr for FY 2017-18. The Hon'ble Commission has inadvertently considered Rs 14.42 Cr as apportioned other income from MeECL. However, the total other income as MeECL audited accounts is Rs 29.69 Cr (Note 15 of MeECL accounts) and thus the other income of MeECL apportioned in MePDCL should be Rs 9.90 Cr (Rs 29.69/3). This has led to overstatement of other income for the licensee by an amount of Rs 4.35 Cr.

Based on the above submission, the Hon'ble Commission is requested to review the Non-tariff & Other income amount, as shown in the table below:

**Table 10: Additional Non-Tariff Income & Other Income Claimed in Review (In Rs Cr)**

| Sr. No. | Particulars                                                                                                                                    | Amount in INR Cr. |
|---------|------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| 1       | Non-tariff & Other Income allowed by MSERC in the True Up Order                                                                                | 40.25             |
| 2       | Non-tariff & Other Income claimed by MePDCL in the Review petition (Considering MeECL income apportioned as Rs 9.90 Cr instead of Rs 14.42 Cr) | 35.90             |
| 3       | <b>Non-tariff &amp; Other Income to be allowed in the review petition (=2-1)</b>                                                               | <b>(4.35) *</b>   |

\* Negative Amount Implies the surplus of non-tariff income shall adjusted from the Net ARR (i.e higher non-tariff income was allowed in the order due to the inadvertent error)

#### 2.5 Depreciation

The Hon'ble Commission in its True Up order has considered Rs 5.90 Cr as depreciation for MePDCL. The following are the observations of the Licensee on the methodology and calculations used by the Hon'ble Commission for depreciation along with suitable explanations to justify the revised claims of depreciation by the licensee.

a) The Hon'ble Commission has not considered the capitalization of FY 2017-18 amounting to INR 92.07 Cr as given in the audited statement of accounts. In this regard, as requested by the Hon'ble Commission, the details of capitalization for FY 2017-18 is given in **Annexure E**. The licensee requests the Hon'ble Commission to allow the asset addition of 92.70 Cr in the calculation of depreciation.

b) The effect of amortization of grants (INR 4.83 Cr as per Note 17 of the accounts) has already been taken into account by the Hon'ble Commission in the approved "other income" head in the order. Table 31 of the order has "Other Income of MePDCL as per Note no.19 of Audited Accounts" head amounting to 8.29 Cr, the same includes amortization head which has been approved by the Hon'ble Commission. The amortization pertains to the depreciation on grants. Thus, considering the depreciation on grants again in the calculation of depreciation (i.e. reducing the net GFA by grants amount) will lead to double accounting and undermine the ARR.

c) While it is true that as per the clause 33 of the regulations that depreciation shall be allowed up to 90% of the cost of the asset, this does not imply that the rate of depreciation is to be multiplied on 90 % of cost for asset category, instead of 100% of the depreciable asset. The Hon'ble Commission has inadvertently calculated depreciation rate on 90 % of the average assets instead of whole 100% of the asset, thereby undermining the depreciation amount.

d) In fact, inspite of asset addition for FY 2017-18 i.e 92.07 Cr, the depreciation amount approved for FY 2017-18 is substantially lower than amount approved for FY 2016-17 true up which amounted to 10.15 Cr. This is because of the inadvertent error in the calculations adopted by the Hon'ble Commission.

Based on the above submission, the depreciation claim as per the methodology adopted by the Hon'ble Commission is given below:

**Table 11: Revised Depreciation Claim as per MSERC's Methodology (In Rs Cr)**

| Sl. | Particulars                                     | Amount in INR Cr |
|-----|-------------------------------------------------|------------------|
| 1   | Opening GFA (Excl Land cost) as on 31.03.2017 ^ | 348.87           |
| 2   | Addition during the year (Excl Land cost) ^     | 91.26            |
| 3   | Retirements during the year                     | 0.15             |
| 4   | Closing GFA as on 31.03.2018                    | 439.98           |
| 5   | Average GFA                                     | 394.42           |
| 6   | Avg. Depreciation Rate*                         | 4.98%            |
| 7   | Total Depreciation                              | 19.63            |
| 8   | Apportionment of MeECL 1/3 <sup>rd</sup> Depr.  | 0.19             |
|     | <b>Total Depreciation</b>                       | <b>19.82</b>     |

\* Average Depreciation Rate is 4.98% as per FY 2017-18 audited accounts (depreciation of 19.67 Cr and average asset base of 394.42 Cr)

^ Total Asset Base as per Audited Accounts – Asset Value of Land as per Accounts

The Hon'ble Commission is requested to allow an additional amount of Rs 13.92 Cr depreciation charge as shown in the table below:

**Table 12: Additional Depreciation Claim in Review (INR Cr)**

| Sr. No. | Particulars                                                                 | Amount in INR Cr. |
|---------|-----------------------------------------------------------------------------|-------------------|
| 1       | Depreciation allowed by MSERC in the True Up order                          | 5.90              |
| 2       | Depreciation Charges claimed by MePDCL in the review                        | 19.82             |
| 3       | Additional Depreciation Charges to be allowed in the review petition (=2-1) | <b>13.92</b>      |

## 2.6 Return on Equity (RoE)

The Hon'ble Commission in its True Up order has considered Rs 6.96 Cr as return on equity for MePDCL. The following are the observations of the Licensee on the methodology and calculations used by the Hon'ble Commission for return on equity calculations along with suitable explanations to justify the revised claims of RoE by the licensee.

a) As stated in the depreciation section above, the average asset base needs to be revised, which will in turn impact the RoE calculations. (Point a of Section 2.5 depreciation)

b) The Hon'ble Commission has reduced the asset base by grants amount of Rs 183.60 Cr as per Note 9.5.1 and 11 of the audited accounts. However, the Hon'ble Commission has inadvertently not considered the fact that the grant appearing in books of accounts can be a part of either gross fixed asset or capital works in progress. Considering the whole of grants to be part of gross fixed asset is not apt. This methodology has led to undermining the net asset base and in turn return of equity.

c) Moreover, the grants in **note 9.5.1** amounting to 32.61 Cr which has been considered by Hon'ble Commission for net grants calculation, is equity pending allotment which is part of (Note 9 of accounts). Thus, the same amount of Rs 32.61 Cr cannot be considered a part of grants.

The grant amount in Note 11 can be either part of CWIP or GFA. The grant portion belonging to asset has been proportionately derived below:

**Table 13: Grant Portion Belonging to GFA of MePDCL**

| Particulars                    | Amount in Cr | Reference                |
|--------------------------------|--------------|--------------------------|
| a. Total CWIP as on 31.03.2019 | 654.28       | Note 2 of MePDCL Account |

| Particulars                      | Amount in Cr | Reference                 |
|----------------------------------|--------------|---------------------------|
| b. Total GFA as on 31.03.2019    | 441.25       | Note 1 of MePDCL Account  |
| c. Total Grants as on 31.03.2019 | 242.91       | Note 11 of MePDCL Account |
|                                  |              |                           |
| d. Grant Part Belonging to Asset | 97.84        | $d = c * b / (b+c)$       |

The grant portion of the asset has been used in the table below to arrive at the revised return on equity claim. The revised claim of return on equity is shown in the table below:

**Table 14: Revised Return on Equity Claim as per MSERC's Methodology (In Rs Cr)**

| Sl. | Particulars                  | Amount in INR Cr |
|-----|------------------------------|------------------|
| 1   | Opening GFA as on 31.03.2017 | 349.34           |
| 2   | Addition during the year     | 92.07            |
| 3   | Retirements during the year  | 0.15             |
| 4   | Closing GFA as on 31.03.2018 | 441.26           |
| 5   | Average GFA                  | 395.30           |
| 6   | Grant Portion of Asset       | 97.84            |
| 7   | Net GFA excluding Grant      | 297.46           |
| 8   | Equity Base (30% of Asset)   | 89.24            |
| 9   | <b>ROE at 14%</b>            | <b>12.49</b>     |

However, the Licensee would like to submit that the issue of Return on Equity (methodology of MeECL & its subsidiaries versus methodology of MSERC: APTEL Case no 46 of 2016) is still under subjudice. The licensee has also challenged the methodology in the review petition of true up FY 2016-17 whose order is still awaited from the Hon'ble Commission. In case of a favourable order to the Licensee with respect to the methodology adopted for return on equity, the Licensee will reclaim/adjust the additional claim of return on equity in the subsequent tariff petitions. At present, the petitioner, in this instant petition, have claimed return based on the methodology adopted by the Commission in its past orders to avoid ambiguities in figures/calculation.

The Hon'ble Commission is requested to allow an additional amount of Rs 5.53 Cr for Return on Equity as shown in the table below:

**Table 15: Additional Return on Equity Claim in Review (In Rs Cr)**

| Sr. No. | Particulars                                                                     | Amount in INR Cr. |
|---------|---------------------------------------------------------------------------------|-------------------|
| 1       | Return on Equity allowed by MSERC in the True Up order                          | 6.96              |
| 2       | Return on Equity Charges claimed by MePDCL in the review                        | 12.49             |
|         | Additional Return on Equity Charges to be allowed in the review petition (=2-1) | <b>5.53</b>       |

## 2.7 Interest on Working Capital (IWC)

Based on the above submissions for review, the interest on working capital has been computed in line with the existing MSERC Regulations as given below. Since the components of IWC has been revised in the review petition, the IWC shall also change based on its revised components.

**Table 16: Interest on Working Capital Based on Revised Components (In Rs Cr)**

| Sl.No | Particulars                                               | MePDCL |
|-------|-----------------------------------------------------------|--------|
| 1     | O&M Expenses for one (1) month                            | 12.98  |
| 2     | Maintenance Spares at 1% of Opening GFA escalated at 6% * | 4.19   |
| 3     | Receivables equivalent to two (2) months **               | 140.51 |
| 4     | Working Capital requirement                               | 157.68 |



| Sl.No | Particulars                                  | MePDCL       |
|-------|----------------------------------------------|--------------|
| 5     | Interest Rate (%) (SBI PLR as on 01.04.2017) | 13.85%       |
| 6     | Interest on Working Capital at 13.85%        | <b>21.84</b> |

\* Average Asset Base of 395.30 Cr (as stated in table 14 in Section 2.6) \* 1% \*1.06

\*\* Net ARR of 843. 06 Cr as stated in Table 18 (Net ARR in MePDCL Claim in Review) in section 3.

Based on the above submissions, the petitioner now humbly requests Hon'ble Commission to allow additional amount of INR 3.25 Cr. for Interest on Working Capital as shown in the table below:

**Table 17: Additional Claim for Interest on Working Capital ibn Review (INR Cr)**

| Sr. No. | Particulars                                                                               | Amount in INR Cr. |
|---------|-------------------------------------------------------------------------------------------|-------------------|
| 1       | Interest on Working Capital allowed by MSERC                                              | 18.59             |
| 2       | Interest on Working Capital claimed by Licensee as per the Review                         | 21.84             |
| 3       | <b>Additional Interest on Working Capital to be allowed in the review petition (=2-1)</b> | <b>3.25</b>       |

**3 Revised ARR & Net Additional Claim in Review for True Up FY 2017-18**

Based on the above submissions, the revised ARR and additional amount claimed for MePDCL in review is given below:

**Table 18: Revised ARR and Additional Amount Claimed in Review (Rs. in Crore)**

| <b>Particulars</b>                                            | <b>Approved for True Up</b> | <b>MePDCL Claim in Review</b> | <b>Additional Gap to be Passed</b> |
|---------------------------------------------------------------|-----------------------------|-------------------------------|------------------------------------|
| Power Purchase Cost                                           | 675.31                      | 700.29                        | 24.98                              |
| Transmission Charges (PGCIL)                                  | 63.24                       | 63.24                         |                                    |
| Transmission Charges (MePTCL)                                 | 69.57                       | 69.57                         |                                    |
| Employee Expenses                                             | 96.12                       | 132.58                        | 36.46                              |
| Repair & Maintenance Expenses                                 | 10.08                       | 10.08                         |                                    |
| Administration & General Expenses (Including Bad Debt)        | 13.14                       | 13.14                         |                                    |
| Depreciation                                                  | 5.9                         | 19.82                         | 13.92                              |
| Interest and Finance Charges                                  | 8.64                        | 19.11                         | 10.47                              |
| Interest on Working Capital                                   | 18.59                       | 21.84                         | 3.25                               |
| Prior Period Charges /(Credits)                               | -0.9                        | -0.90                         |                                    |
| Return on Equity                                              | 6.96                        | 12.49                         | 5.53                               |
| <b>Total Expenses</b>                                         | <b>966.65</b>               | <b>1061.27</b>                | <b>94.62</b>                       |
| Less: Non-Tariff Income & Other income                        | 40.25                       | 35.90                         | -4.35                              |
| Less: Sale of Surplus Power including Cross Subsidy Surcharge | 182.31                      | 182.31                        |                                    |
| <b>Net ARR</b>                                                | <b>744.09</b>               | <b>843.06</b>                 | <b>98.97</b>                       |
| Less: Revenue from Sale of Power                              | 632.04                      | 632.04                        |                                    |
| <b>Net Gap / (Surplus)</b>                                    | <b>112.05</b>               | <b>211.02</b>                 | <b>98.97</b>                       |

Based on the above submission, MePDCL requests the Hon'ble Commission to approve an additional amount of 98.97 Cr as claimed, over and above the INR 112.05 Cr gap approved in the true up order dated 13 Oct 2020. The same shall be recovered in the tariff of FY 2021-22.