

RInfra–Transmission (RInfra-T)

Executive Summary:

Multi Year Tariff (MYT) Mid Term Review
Petition for the Control Period: FY 2012-13 to
FY 2015-16

Filed with

Maharashtra Electricity Regulatory Commission

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1. INTRODUCTION

1.1 Background for submission of Mid-Term Review (MTR) Petition

The Hon'ble Maharashtra Electricity Regulatory Commission (hereinafter referred to as Hon'ble Commission / Hon'ble MERC) issued the Maharashtra Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2011 (hereinafter referred to as MYT Regulations) on February 4, 2011 in exercise of powers conferred by Section 45 (2), 61 and 62 read with Section 181 of Electricity Act 2003. These Regulations have been made effective for Reliance Infrastructure Limited (hereinafter referred to as RInfra) from FY 12-13 onwards, vide an Order of the Hon'ble Commission in Case No. 45 of 2011.

RInfra-T filed the MYT petition under Case No. 141 of 2012 wherein RInfra-T had sought approval of the ARR for the period from FY 12-13 to FY 15-16. The Hon'ble Commission approved the ARR for FY 12-13 to FY 15-16 in the said case on June 13, 2013.

In the said Order, the Hon'ble Commission held that it would undertake the mid-term review of RInfra-T's performance during the third quarter of FY 14-15 and directed RInfra-T to submit the petition for mid-term review.

1.2 Objective of the MYT MTR Petition

In accordance with above, the present mid-term review petition is filed by RInfra-T.

The actuals for the past period i.e. FY 12-13 and FY 13-14 and the revised estimates for the balance period of the Control Period i.e. FY 14-15 and FY 15-16 are being submitted herewith for the approval of the Hon'ble Commission. The present petition also includes recovery of few past period expenses resulting from various judgments of the Hon'ble Appellate Tribunal for Electricity (Hon'ble ATE), along with associated carrying cost.

2. IMPACT OF ATE JUDGMENTS

2.1 Hon'ble ATE judgment - allowance of Income Tax

RInfra-T, at the time of truing-up computes Income tax on profit / loss before tax determined on stand-alone basis (i.e. Regulated Income minus Regulated Expenditure). In its Order in

Case No. 167 of 2011 dated May 17, 2012, the Hon'ble Commission approved Income Tax for FY 09-10 to FY 11-12 by allocating the actual tax paid by RInfra for the Company as a whole in proportion to respective book profit of the various business of RInfra including the regulated businesses of Generation, Transmission and Distribution.

The said order was appealed before the Hon'ble ATE bearing Appeal no. 139 of 2012. Hon'ble ATE issued the judgment on December 2, 2013 wherein Hon'ble ATE directed the Hon'ble Commission to reassess the income tax liability on stand-alone basis.

Based on the judgment, the income tax for FY 09-10 to FY 11-12 is reassessed in this petition and the additional impact is worked out.

2.2 Hon'ble ATE judgment - allowance of Interest on normative loans

In its petition in Case No. 167 of 2011, RInfra-T, while computing the interest on normative loans as on April 1, 2011 in addition to fresh debt considered during FY 11-12, had sought approval from the Hon'ble Commission to revise the existing normative rates to reflect the market rates prevailing at that point of time.

However, in its Order in Case No. 167 of 2011 dated May 17, 2012, the Hon'ble Commission did not consider the plea of resetting the interest rates of past loans as per prevailing market rates and only approved normative interest rate as per its past Orders.

The said order was challenged by RInfra-T before the Hon'ble ATE, in its Appeal no. 139 of 2012. The Hon'ble ATE issued the judgment on December 2, 2013 wherein Hon'ble ATE directed the Hon'ble Commission to reconsider the prevailing market rate.

Accordingly, the market reflective rate of interest for all outstanding normative loans as on April 1, 2011 is considered as 11.50% (rate approved by Hon'ble Commission for fresh normative loans drawn during FY 11-12) and the interest rate allowance for FY 11-12 is re-worked.

2.3 Total impact inclusive of Carrying Cost

RInfra-T submits that abovementioned principal amount consequential to the judgment of Hon'ble ATE need to be allowed along with the carrying cost as has been held by Hon'ble ATE in Appeal No. 173 of 2009 dated February 15, 2011. The additional impact of the aforesaid two matters is being claimed by RInfra-T in this present petition along with the

carrying cost at the relevant SBAR (State Bank Advance Rate). The net impact of Rs. 10.04 crore is proposed for recovery in the ARR of FY 15-16.

3. TRUING UP OF FY 12-13

In this petition, RInfra-T is submitting the actual expenses incurred and revenues earned for FY 12-13 based on the audited accounts, for the purposes of truing up. RInfra-T requests the Hon'ble Commission to carry out truing up for FY 12-13.

3.1 Capital Expenditure and Capitalization

RInfra-T has incurred an amount of Rs. 109.37 crore towards capital expenditure during FY 12-13 and actual capitalization has been Rs. 400.77 crore.

A summary of the capital expenditure and capitalization for FY 12-13 is as follows:

Table 1: Summary – Capital expenditure and Capitalization

Rs. crore		Actuals	MYT Order
Capital expenditure	DPR	101.05	-
	Non-DPR	8.32	-
	Total	109.37	-
Capitalization	DPR	393.87	433.40
	Non-DPR	6.90	16.00
	Total	400.77	449.40

3.1.1 Financing Plan

Till FY 10-11, RInfra-T has been funding capital expenditure through internal accruals. However, from FY 11-12, RInfra-T has been contracting loans for the purpose of capital expenditure planned under Mumbai Transmission Strengthening schemes in line with the Regulations.

In its petition for true-up of FY 11-12 (Case No. 123 of 2012), RInfra-T informed the Hon'ble Commission that it borrowed Rs. 300 crore from the South Indian Bank, which replaced the normative debt capital associated with opening works in progress for FY 11-12 and was also used for financing capital expenditure during FY 11-12.

In addition, RInfra-T has drawn loan from the Bank of Maharashtra of Rs. 250 crore during FY 12-13. A large portion of this loan is considered towards swap of normative admitted debt

as on April 1, 2012 and the balance is adjusted in the debt associated with opening capital works in progress as on April 1, 2012.

Further, during FY 12-13, RInfra-T has also got loans sanctioned from State Bank of Hyderabad and the Corporation Bank, which are utilized for funding capital expenditure during FY 12-13, FY 13-14, FY 14-15 and FY 15-16.

The Debt: Equity ratio of 70:30 is maintained. Debt equivalent to 70% after considering the aforesaid actual loan is considered “normative” debt, in accordance with the MYT Regulations, 2011.

3.1.2 Interest on loan capital

RInfra-T submits that the Hon’ble Commission in the MYT Order has computed the weighted average interest rate at 8.78% for long-term loan capital of RInfra Company as a whole and that too after disregarding certain loans taken by the Company exclusively for capital expenditure in the licensed businesses.

RInfra-T submits that the term “actual loan” specified in Regulation 33.5 of the MYT Regulations implies an actual borrowing made by any regulated business, irrespective of whether the same is approved by the Hon’ble Commission or not.

RInfra-T humbly submits that since the MYT Regulations, 2011 deal only with regulated businesses under the jurisdiction of the Hon’ble Commission, the determination of weighted average rate of interest for the MYT Period should be done either considering the actual borrowings of RInfra-T or if the Hon’ble Commission disapproves of capex loans of RInfra-T, then all loan capital of RInfra-T should be considered normative and a market reflective rate of interest should be determined in accordance with the judgments of the Hon’ble ATE.

For the purposes of truing-up in this petition, RInfra-T has followed the approach of computing weighted average rate of interest of all actual capex loans of RInfra-T. RInfra-T submits that the weighted average rate of interest of actual borrowings made by a Company in a financial year is a correct representation of market reflective rate of interest, in accordance with the Hon’ble ATE judgments

In accordance with Regulation 33.4 of the MYT Regulations, RInfra-T has considered the repayment equal to the depreciation and determined normative closing loan balances. RInfra-T intends to refinance the actual loans when the same shall be due for repayment so as to ensure that loan repayments are managed through project accruals of depreciation.

3.1.3 Other Finance Charges

RInfra-T during FY 12-13 has for the purpose of loan drawl incurred processing fees of Rs. 0.90 crore. Such fees is included in interest on loan capital above while computing the ARR for FY 12-13 and shown as part of the Interest on Loan Capital.

3.1.4 Retirement

RInfra-T submits that is has retired porcelain insulators from the system in FY 12-13. These insulators were replaced with polymer insulators. The impact of the retirement is adjusted accordingly in Gross Fixed Assets (GFA), Depreciation and Return on Equity. As regards loan capital, since the insulators were installed at the time of commission of transmission lines originating from DTPS, the corresponding normative loan can be considered as repaid, requiring no adjustment to loan capital on account of retirement. The loss / profit on sale of asset is accounted for accordingly in O&M expense / Non-Tariff Income.

3.1.5 Depreciation

Regulation 31 of MYT Regulations provides for the methodology for computation of depreciation.

In order to comply with Regulation 31 of the MYT Regulations, the depreciation on opening balance of assets as on April 1, 2012 is determined using depreciation rates of MYT Regulations, but only upto 70% of original cost. If any asset from such opening balance reaches 70% during the MYT Period, the balance value is spread over the balance useful life provided in MYT Regulations for Transmission line and AC and DC Sub-station and for useful life not provided in the Regulations, same is considered as per the Companies Act, 1956.

3.1.6 Return on Equity

For FY 12-13, the Return on Equity (RoE) has been computed based on Regulation 32.2 of the MYT Regulations i.e. rate of 15.5% on the equity capital at the beginning of the year plus 50% of the equity portion for the assets capitalized during the year after netting off the equity corresponding to the asset retired during the year.

3.2 Operation & Maintenance (O&M) expenses

3.2.1 Norms as per MYT Regulations

Based on the actual asset addition during FY 12-13, the O&M expense as per norms provided for in Regulation 61.5 of the MYT Regulations is worked considering the actual number of bays and line length added during FY 12-13. The total O&M expenses as per norms amounts to Rs. 34.40 crore. This is compared against the actual O&M expenses for FY 12-13.

3.2.2 Actual O&M expenses

The actual O&M expenses for FY 12-13 after considering allocated corporate expenses and expenditure capitalized is Rs. 34.60 crore.

3.2.3 Efficiency gains/loss in O&M

Variation in O&M expenses is attributed to Controllable factors vide 12.2 (g) of the MYT Regulation. The variation is computed as the differential between the actuals as per norms vis-à-vis the actual O&M expenses.

RInfra-T submits that the norms provided in the MYT Regulations were determined based on the actual O&M expenses and bays and line length data for the period FY 07-08 to FY 09-10. During that period, RInfra's corporate expenses were only allocated to RInfra-D and no allocation used to be done in RInfra-T and RInfra-G. However pursuant to Hon'ble Commission directive in Order in Case No. 180 of 2011, from FY 11-12, RInfra allocated corporate expenses to RInfra-T and RInfra-G, in addition to RInfra-D. Since the MYT norms were prepared using expense data prior to FY 11-12, the MYT norms are under-stated to the extent of corporate expenses. Hence, a true comparison of actual costs versus normative costs should be done after subtracting corporate expenses from the actual expenses.

Thus, the normative expenses of Rs. 34.40 crore ought to be compared with actual expenses of Rs. 33.84 crore (excluding corporate allocation) resulting in controllable efficiency gains of Rs. 0.56 crore.

Regulation 14.1 of the MYT Regulation provides the mechanism for sharing of gains on account of controllable factors. Thus, vide the said Regulation, 2/3rd of the gain i.e. Rs. 0.37 crore is claimed in the ARR as part of O&M expense.

3.2.4 Additional expenses related to operations

RInfra-T, in the MYT Petition in Case No. 141 of 2012, had submitted that there are certain additional expenses arising out of newer developments as well as certain cost identification / regrouping being carried out by RInfra within the transmission and distribution businesses. RInfra-T had submitted that these expenses were not part of the historical O&M expenses which were used for developing MYT norms. Accordingly, in the MYT Petition, these expenses had been forecast separately, in addition to the normative allowance permitted by the Regulations.

The Hon'ble Commission in the MYT Order dated June 13, 2013 was kind enough to grant approval of such expenses in addition to the O&M expenses applicable as per norms. In accordance with the above, RInfra-T is claiming the actual expenses for FY 12-13 against these heads.

A description of the nature and the actual cost of these expenses is as listed below:

- SCADA charges:

RInfra has established the State of the art System Control Centre at Aarey. RInfra-T does not have a separate SCADA center, but existing System Control Centre caters to entire Transmission and Distribution Network of RInfra in Mumbai area.

RInfra-T has accounted for SCADA expenses in the ARR as part of additional O&M expenses from FY 12-13 onwards. The employee cost is allocated based on the ratio of desks allocated to RInfra-T and RInfra-D. A&G expenses and R&M expenses are allocated to RInfra-T and RInfra-D in the proportion of the actual data points handled by the control centre

- Land Usage charges:

RInfra-T presently has commissioned 8 EHV Stations. RInfra-T has prioritized commissioning of 5 EHV stations at Goregaon, Gorai, Saki, Borivali and Chembur which are commissioned on existing Receiving stations plot of RInfra-D. Similarly, there are few installations of RInfra-D at Aarey, Versova and Ghodbunder EHV stations plot and located on the land which is part of RInfra-T asset base.

In its MYT Petition, RInfra-T had informed the Hon’ble Commission that a formal arrangement for rental for land usage is being worked out and rental charges between the businesses would be accounted for since FY 12-13, on the basis of the arrangement.

RInfra-T has formalized an arrangement for land usage charges between RInfra-T and RInfra-D through a Minutes of Meeting which has been submitted to the Office of the Hon’ble Commission. On the basis of the MoM, land usage charges is claimed in the ARR as part of additional O&M expenses from FY 12-13 onwards.

On the basis of the aforesaid, the summary of the actual O&M expenses as claimed by RInfra-T for FY 12-13 is as follows:

Table 2: Summary – Actual O&M expense

O&M expenses FY 12-13 (Rs. crore)	Actuals	Normative Actuals	Difference	Net entitlement with Eff. Gains	MYT Order
O&M expenses (excluding corporate allocation)	33.84	34.40	0.56	34.21	34.40
Corporate allocation	0.76	-	(0.76)	0.76	-
Energy charges	-	-	-	-	3.09
SCADA charges	1.22	-	(1.22)	1.22	1.23
Land usage charges	3.34	-	(3.34)	3.34	6.91
Rental charges for cable laying	-	-	-	-	0.09
Total	39.16	34.40	(4.76)	39.53	45.72

3.3 Interest on Working Capital

Working capital requirement has been calculated as per Regulation 35.2 of the MYT Regulations. The rate of interest on working capital for FY 12-13 is equal to the State Bank Advance Rate (SBAR) of State Bank of India as on the 1st April of the FY i.e. 14.75%.

3.4 Contribution to Contingency Reserve

Contribution to Contingency Reserve has been computed as per Regulation 36.1 of the MYT Regulations i.e. 0.25 % of Opening GFA.

3.5 Income Tax

RInfra-T has computed Income tax for FY 12-13 based on the methodology prescribed by the Hon'ble ATE in its Judgment dated December 2, 2013 in Case No. 138 and 139 of 2012.

RInfra-T has computed the income tax for the FY 12-13 based on income less permissible expenses. The Income tax is determined at the corporate tax rate of 32.45% (including surcharge and cess) as applicable for FY 12-13. However, since there is no regulatory PBT during FY 12-13, no Income Tax is claimed for the year.

3.6 Revenue for FY 12-13

3.6.1 Revenue from InSTS

MERC had approved the transmission tariff for InSTS for FY 10-11 in Case no. 120 of 2009 on September 10, 2010 according to which RInfra-T received Rs. 7.73 crore per month as revenue. The same has been received by RInfra-T in FY 12-13 till May 2012.

MERC in its Order dated May 21, 2012 in Case no. 51 of 2012 approved InSTS tariff for FY 12-13 effective from June 1, 2012, according to which RInfra-T received Rs. 10.58 crore per month as revenue from June 2012 to March 2013.

Thus, the total revenue recovered from transmission charges for FY 12-13 is Rs. 121.26 crore.

3.6.2 Non-Tariff Income

RInfra-T has considered Non-Tariff Income for FY 12-13 under the following heads:

- Equipment hire charges: 125 MVA spare Transformer was provided on temporary purpose for a period of six months from February 4, 2012 to the EPC Division of RInfra for usage at Pokhran District, Rajasthan as per their request. Entire hire charges received for period of four months in FY 12-13 is considered as NTI.
- Interest on contingency reserve investments: The contingency reserve investments are made in GoI securities and accordingly interest is computed.
- Liquidated damages: The liquidated damages received from vendors on account of delay in the scheduled delivery date of various equipments is considered in NTI.

- Realization of exchange gain / loss: The forex gain / (loss) due to rate difference in material receipt date and actual payment date / year end date is considered in NTI.
- Sale of scrap: The amount received from sale of scrap is considered in NTI.
- Rental income from land usage: RInfra-T is receiving rental charges from RInfra-D on the basis of the MoM entered into between RInfra-T and RInfra-D for land usage charges. The same is accordingly considered as NTI.
- Interest on investments: RInfra-T in the course of FY 12-13 had drawn loans as has been elaborated in the Financing Plan chapter. Till the time the loan drawn is utilized, the same were invested in securities for which the interest is considered as NTI.

3.6.3 Incentive on Availability of RInfra-T network

Regulation 60.1 of the MYT Regulations provides for full recovery of annual transmission charges on the target availability of AC system being 98%.

Regulation 60.2 of the MYT Regulations provides for incentive on transmission licensee achieving annual availability beyond the Target Availability. The said Regulation also provides that no incentive shall be payable above the availability of 99.75% for AC system.

Maharashtra State Load Despatch Centre (MSLDC) has certified the transmission system availability for RInfra-T at 99.77% for FY 12-13.

On conjoint reading of the Regulations 60.1 and 60.2, RInfra-T has computed the incentive on Transmission availability by restricting the availability to 99.75%. The Annual Transmission Charges considered for determining incentive are net off Non-Tariff Income and Income from Other Business. The incentive amounts to Rs. 3.76 crore for FY 12-13.

3.7 Revenue Gap / Surplus for FY 12-13

The revenue gap / surplus for FY 12-13 is arrived at on comparing the revenue received from InSTS and the Aggregate Revenue Requirement (net of Non Tariff Income and Income from Other Business).

The summary of ARR for FY 12-13 is tabulated below:

Table 3: Truing up Summary for FY 12-13

Sr. No.	Particulars (Rs. crore)	Actuals	MYT Order	Difference
	Expenditure			
1	Operation & Maintenance expenses	39.53	45.72	(6.19)
2	Interest on long-term loan capital	67.46	48.53	18.93
3	Depreciation	42.95	47.93	(4.98)
4	Return on Equity	59.86	61.09	(1.23)
5	Interest on working capital	3.17	3.20	(0.03)
6	Contribution to contingency reserve	2.38	2.38	(0.00)
7	Income Tax	-	-	-
A	Total expenditure	215.36	208.85	6.51
8	Availability incentive	3.76	-	3.76
	Revenue			
9	Revenue from InSTS	121.26	121.26	-
10	Non Tariff income	4.54	2.80	1.74
11	Income from other business	-	-	-
B	Total revenue	125.80	124.06	1.74
	Revenue Gap / (Surplus) = (B - A)	93.33	84.79	8.53

RInfra-T requests the Hon’ble Commission to approve the actual expenses and revenue and consider the same for truing-up of FY 12-13.

4. TRUING UP OF FY 13-14

In this petition, RInfra-T is submitting the actual expenses incurred and revenues earned for FY 13-14 based on the audited accounts, for the purposes of truing up. RInfra-T requests the Hon’ble Commission to carry out truing up for FY 13-14.

4.1 Capital Expenditure and Capitalization

RInfra-T has incurred an amount of Rs. 52.62 crore towards capital expenditure during FY 13-14, and actual capitalization has been Rs. 52.06 crore.

A summary of the capital expenditure and capitalization for FY 13-14 is as follows:

Table 4: Summary – Capital expenditure and Capitalization

Rs. crore		Actuals	MYT Order
Capital expenditure	DPR	49.61	-
	Non-DPR	3.01	-
	Total	52.62	-
Capitalization	DPR	44.79	230.29
	Non-DPR	7.27	16.00
	Total	52.06	246.29

RInfra-T in the MYT Petition had estimated the capitalization in such manner that the schemes in work in progress would be completed by FY 13-14. However, there are certain civil works such as erection of compound walls, internal roads, etc. in the newly commissioned receiving stations that are spillover to FY 14-15 and FY 15-16. The spillover of such capitalization is accordingly reflected in FY 14-15 and FY 15-16.

RInfra-T submits that on a perusal of the actual capitalization incurred in FY 13-14 vis-à-vis the approved capitalization in the MYT Order of RInfra-T in Case No. 141 of 2012, there is a variation of approx. Rs. 200 crore on the lower side. The reasons primarily attributable to the capitalization being lower for certain major schemes are due to disputes related to boundaries, delay in statutory approvals from MCGM, certain civil and finishing works not completed due change in civil contractor, additional transformer commissioning to happen (presently process include land development, utility connectivity, construction of compound wall, internal roads, other operational facility, etc.), land procurement delay due delay in permissions, Govt. clearances, etc.

4.1.1 Financing Plan

In the section of financing plan for FY 12-13, RInfra-T has explained how it has financed capital works during the course of the multi-year tariff period. During FY 13-14, additional drawls have been made out of the loans sanctioned by State Bank of Hyderabad and the Corporation Bank, towards execution of capital works. Part of these loans is used to refinance the normative debt capital associated with opening capital works in progress and the balance is used for financing fresh capital expenditure during FY 13-14.

4.1.2 Interest on loan capital

As has been explained in the section on FY 12-13 truing-up, the weighted average interest rate for FY 13-14 has been determined using the actual debt portfolio of RInfra-T, considering all actual loans and their corresponding interest rates and schedules of interest and principal payment.

The interest rate so determined is then applied on the normative loan balance (after considering depreciation equivalent repayment) to determine interest chargeable to ARR, in accordance with the MYT Regulations, 2011.

4.1.3 Retirement

RInfra-T submits that it has retired two company owned vehicles from the system in FY 13-14. The impact of the retirement is adjusted accordingly in Gross Fixed Assets (GFA), Depreciation, Loan Capital and Return on Equity. The loss / profit on sale of asset is accounted for accordingly in O&M expense / Non-Tariff Income.

4.1.4 Depreciation

Depreciation has been computed as per Regulation 31 of MYT Regulations and in the manner elaborated in the relevant section in FY 12-13 with respect to Depreciation.

4.1.5 Return on Equity

For FY 13-14, the Return on Equity (RoE) has been computed based on Regulation 32.2 of the MYT Regulations i.e. rate of 15.5% on the equity capital at the beginning of the year plus 50% of the equity portion for the assets capitalized during the year after netting off the asset retired during the year.

4.2 Operation & Maintenance (O&M) expenses

4.2.1 Norms as per MYT Regulations

Based on the actual asset addition during FY 13-14, the O&M expense as per norms provided for in Regulation 61.5 of the MYT Regulations is worked considering the actual number of bays and line length added during FY 13-14. The total O&M expenses as per norms amounts to Rs. 38.64 crore. This is compared against the actual O&M expenses for FY 13-14.

4.2.2 Actual O&M expenses

The actual O&M expenses for FY 13-14 after considering allocated corporate expenses and expenditure capitalized is Rs. 43.32 crore.

4.2.3 Additional expenses related to operations

As already elaborated hereinabove in the section pertaining to “Truing up of FY 12-13”, RInfra-T is claiming the actual expenses for FY 13-14 against the heads of SCADA charges and Land usage charges. In addition, energy charges is also being claimed as an expense by RInfra-T in its ARR.

▪ Energy charges:

In line with the recommendation of STU vide letter no MSETCL/CO/C.E - STU/ CASE 77 of 2011/6216 dated May 7, 2012, RInfra-T has accounted for electricity expenses in its ARR petition as part of additional O&M expenses from FY 13-14 onwards. The same is also approved by the Hon'ble Commission in the MYT Order in Case No. 141 of 2012. The amount of electricity expenses is summation of the monthly bills received by RInfra-T for its consumption.

4.2.4 Efficiency gains/loss in O&M

As already elaborated in the relevant section in “Truing up of FY 12-13”, variation in O&M expenses is attributed to Controllable factors vide 12.2 (g) of the MYT Regulation. The variation is computed as the differential between the actuals as per norms vis-à-vis the actual O&M expenses after excluding corporate allocation.

Thus, the normative expenses of Rs. 38.64 crore ought to be compared with actuals of Rs. 40.01 crore (excluding corporate allocation), resulting in controllable efficiency loss of Rs. (1.37) crore.

Regulation 14.1 of the MYT Regulation provides the mechanism for sharing of gains on account of controllable factors. Thus, vide the said Regulation, 1/3rd of the loss i.e. Rs. (0.46) crore shall be passed on as additional charge in tariff.

On the basis of the above, the O&M expense to be considered in the ARR would be as follows:

Table 5: Summary – Actual O&M expense

O&M expenses FY 13-14 (Rs. crore)	Actuals	Normative Actuals	Difference	Net entitlement (with Eff. Loss)	MYT Order
O&M expenses (excluding corporate allocation)	40.01	38.64	(1.37)	39.10	39.17
Corporate allocation	3.31	-	(3.31)	3.31	-
Energy charges	3.81	-	(3.81)	3.81	3.25
SCADA charges	0.92	-	(0.92)	0.92	1.34
Land usage charges	3.51	-	(3.51)	3.51	6.91
Rental charges for cable laying	-	-	-	-	10.48
Total	51.56	38.64	(12.92)	50.65	61.15

4.3 Interest on Working Capital

Working capital requirement has been calculated as per Regulation 35.2 of the MYT Regulations. The rate of interest on working capital for FY 13-14 is equal to the State Bank Advance Rate (SBAR) of State Bank of India as on the 1st April of the FY i.e. 14.45%.

4.4 Contribution to Contingency Reserve

Contribution to Contingency Reserve has been computed as per Regulation 36.1 of the MYT Regulations i.e. 0.25 % of Opening GFA.

4.5 Income Tax

RInfra-T has computed Income tax for FY 13-14 based on the methodology prescribed by the Hon'ble ATE in its Judgment dated December 2, 2013 in Case No. 138 and 139 of 2012.

RInfra-T has computed the income tax for the FY 13-14 based on income less permissible expenses. In FY 12-13, for income tax computation, there is loss before tax. This loss before tax is first adjusted against the profit before tax for FY 13-14 and then income tax is computed at the applicable rate on the differential profit. The Income tax is determined at the corporate tax rate of 33.99% (including surcharge and cess) as applicable for FY 13-14.

4.6 Revenue for FY 13-14

4.6.1 Revenue from InSTS

MERC in its Order dated May 13, 2013 in Case no. 56 of 2013 approved InSTS tariff for FY 13-14 effective from April 1, 2013, according to which RInfra-T has billed Rs. 417.51 crore per annum as revenue.

4.6.2 Non-Tariff Income

RInfra-T has considered Non-Tariff Income for FY 13-14 under the heads of Interest on contingency reserve investments, liquidated damages, realization of exchange loss, sale of scrap and rental income from land usage. The nature of income under these heads are already elaborated in the relevant section in 'Truing up of FY 12-13'.

4.6.3 Income from Other Business

RInfra has let out space on its substation rooftops for installation of BTS towers of Reliance Communication Ltd. The income derived from such letting out was so far entirely considered as Income from Other Business in RInfra-D. However, pursuant to separation of accounting heads and activities between RInfra-T and RInfra-D, it is learnt that that a certain portion of the area let-out to Reliance Communication Ltd. actually forms part of the asset base of RInfra-T. Thus, in order to maintain proper and separate accounting, income received pertaining to such portion is now accounted as Income from Other Business in RInfra-T from FY 13-14 onwards. RInfra-T share in such portion amounts to Rs. 0.11 crore annually. However in FY 13-14, income considered is Rs. 0.20 crore since past dues have also been received in FY 13-14. In accordance with Regulation 63.1 of the MYT Regulations, RInfra-T has considered 1/3rd of the amount received i.e. Rs. 0.07 crore as Income from Other Business.

4.6.4 Incentive on Availability of RInfra-T network

Maharashtra State Load Despatch Centre (MSLDC) has certified the transmission system availability for RInfra-T at 99.76% for FY 13-14.

On conjoint reading of the Regulations 60.1 and 60.2 of the MYT Regulations, RInfra-T has computed the incentive on Transmission availability by restricting the availability to 99.75%. The Annual Transmission Charges considered for determining incentive are net off Non-Tariff Income and Income from Other Business. The incentive amounts to Rs. 5.69 crore for FY 13-14.

4.7 Revenue Gap / Surplus for FY 13-14

The revenue gap / surplus for FY 13-14 is arrived at on comparing the revenue received from InSTS and the Aggregate Revenue Requirement (net of Non Tariff Income and Income from Other Business).

The summary of ARR for FY 13-14 is tabulated below:

Table 6: Truing up Summary for FY 13-14

Sr. No.	Particulars (Rs. crore)	Actuals	MYT Order	Difference
	Expenditure			
1	Operation & Maintenance expenses	50.65	61.15	(10.50)

Sr. No.	Particulars (Rs. crore)	Actuals	MYT Order	Difference
2	Interest on long-term loan capital	76.78	64.95	11.83
3	Depreciation	57.71	65.09	(7.38)
4	Return on Equity	70.28	77.27	(6.98)
5	Interest on working capital	8.58	6.19	2.39
6	Contribution to contingency reserve	3.37	3.50	(0.13)
7	Income Tax	1.01	-	1.01
8	Truing up gap of FY 10-11	10.50	10.50	-
9	Truing up gap of FY 11-12	28.55	28.55	-
10	Impact of Hon'ble ATE Judgment in Appeal No. 203 of 2010	12.20	12.20	-
11	Revenue gap of FY 12-13	93.33	84.79	8.53
A	Total expenditure for recovery from Transmission tariffs	412.96	414.19	(1.23)
12	Availability incentive	5.69	-	5.69
	Revenue			
13	Revenue from InSTS billed as per MYT Order	417.51	417.51	-
14	Non Tariff income	1.16	2.66	(1.50)
15	Income from other business	0.07	-	0.07
B	Total revenue	418.74	420.17	(1.43)
C	Revenue Gap / (Surplus) = (B - A)	(0.09)	(5.99)	5.90

RInfra-T requests the Hon'ble Commission to approve the actual expenses and revenue and consider the same for truing-up of FY 13-14.

5. APR FOR FY 14-15

In this section, RInfra-T is submitting the provisional expenses and revenue for FY 14-15 based on unaudited actual of the first half and the estimates of the second half. RInfra-T requests the Hon'ble Commission to carry out provisional true-up of FY 14-15.

5.1 Capital Investment Plan

The spillover of capitalization in FY 12-13 and FY 13-14 as stated hereinabove in the relevant section pertaining to truing-up of FY 12-13 and FY 13-14 is accordingly now reflected in FY 14-15 and FY 15-16. The spillover works comprise mainly of civil works such as erection of compound walls, internal roads, etc. in the newly commissioned receiving stations.

RInfra-T had estimated capitalization in the MYT Petition in Case No. 141 of 2012 for FY 14-15 and FY 15-16 for the schemes pertaining to 220 kV Station at Golibar (Rs. 229 crore),

220 kV Nagari Niwara (Rs. 318 crore), 220 kV Station at Airport (Rs. 201 crore) and 220 kV Dahisar EHV Station (Rs. 208 crore).

It is submitted that while RInfra-T has commenced execution of works under these schemes in FY 14-15, RInfra-T does not foresee completion of the same in the present Control Period due acquisition of land proving to be a challenging proposition. Hence, the capitalization as approved for these schemes in the MYT Order would not materialize in RInfra-T's opinion and the same would be deferred beyond the present Control Period. The associated capital expenditure and capitalization is accordingly redefined and reflected in the present petition.

Schemes not included in MYT Order:

In this section, RInfra-T is briefly explaining the scope and objectives of the capex schemes which have either been approved in-principal by the Hon'ble Commission subsequent to the filing of the MYT Petition or subsequent to the issue of the MYT Order or have been submitted by RInfra-T with the Hon'ble Commission and are awaiting in-principal approval:

▪ 220kV Cable RInfra-Saki to TPC-Saki

The DPR for the aforesaid scheme has been granted in-principal approval by the Hon'ble Commission. The scheme is estimated to be capitalized in FY 15-16 and accordingly the capitalization is considered in the said Financial Year. Establishing this connectivity will relieve the load on existing RInfra-T Aarey to RInfra-T Borivali Line. This will also relieve existing MSETCL Kalwa to TPC-Salsette line.

▪ System Improvement Scheme of RInfra-T Assets

The DPR for the aforesaid scheme has been submitted to the Hon'ble Commission for in-principal approval. RInfra-T submits that it is hopeful that the in-principal approval for the said scheme would be granted by the time the Hon'ble Commission issues the Tariff Order in the present petition and hence, RInfra-T has forecast capitalization against these schemes in FY 14-15 and FY 15-16. Refurbishment/ renovation of the assets shall enhance life of associated network components. Execution of schemes shall improve the availability and reliability of the EHV stations and transmission line equipment.

▪ 220kV HVDC (VSC based) link between MSETCL Nagothane and RInfra Aarey

RInfra-T has received in-principal approval for the aforesaid scheme. RInfra-T has estimated to incur capital expenditure on this scheme in FY 14-15 and FY 15-16, but no assets are expected to be commissioned in the current control period. Thus, there is no impact of the

scheme in FY 15-16 ARR. The in-principal approval for this scheme was granted in April 2014 after the issuance of the MYT Order.

- 220kV HVDC (VSC based) link between MSETCL Nagothane and RInfra Aarey - Consultancy

RInfra-T has received in-principal approval for the aforesaid scheme. The said DPR is for hiring the consultancy to study the system and assist in selection, design of the technology and bidding process of the DPR. The Hon'ble Commission has, apparently tagged this Consultancy DPR along with the main HVDC scheme. RInfra-T submits that the payment for the Consultancy assignment is required to be released in FY 14-15 and FY 15-16 and accordingly the capital expenditure is considered in the said financial years and is included as part of the main HVDC scheme.

5.1.1 Capitalization Forecast

In accordance with above, RInfra-T proposes to capitalize the assets in FY 14-15 as shown below. Also, the estimates for FY 14-15 is after considering the H1 provisional actual.

The summary of the capitalization based on the above discussion for FY 14-15 is as below:

Table 7: Summary – Capital expenditure and capitalization

Rs. crore		Estimates	MYT Order
Capital expenditure	DPR	173.68	
	Non-DPR	4.00	
	Total	177.68	-
Capitalization	DPR	30.59	230.61
	Non-DPR	2.19	12.00
	Total	32.78	242.61

5.1.2 Financing Plan

The plan for drawl of capital expenditure loans has already been explained in the previous sections. In accordance with the sanction from State Bank of Hyderabad (SBH) of Rs. 100 crore for the Control Period, RInfra-T had already drawn Rs. 70 crore till the start of FY 14-15 and going forward in FY 14-15, it has drawn Rs. 15 crore from SBH in the first half of the financial year. RInfra-T further plans to draw in the H2 of FY 14-15, the amount of Rs. 7.94 crore and the balance to be drawn in FY 15-16. The loan proceeds are used for capital expenditure during FY 14-15 and FY 15-16.

5.1.3 Interest on Loan Capital

As has been explained in the previous sections, the weighted average interest rate for FY 14-15 has been determined using the actual debt portfolio of RInfra-T, considering all actual loans and their corresponding interest rates and schedules of interest and principal payment. The interest rate so determined is then applied on the normative loan balance (after considering depreciation equivalent repayment) to determine interest chargeable to ARR, in accordance with the MYT Regulations, 2011.

5.1.4 Depreciation

The asset addition during FY 14-15 is after considering the actual asset addition during H1 of FY 14-15 and the likely estimates for H2 of FY 14-15. The asset-class-wise break-up of additions during H2 of FY 14-15 is considered in the same proportion as the actual break-up of additions in H1 of FY 14-15.

Depreciation has been computed in accordance with Regulation 31 of the MYT Regulations 2011. On the asset added during H1 of FY 14-15, depreciation is computed by considering the actual number of days. For assets estimated to be added during H2 of FY 14-15, depreciation is simply computed considering mid-point addition for such year (i.e. December 2014).

5.1.5 Return on Equity

For FY 14-15, the RoE is computed based on Regulation 32.2 of the MYT Tariff Regulations, 2011 i.e. rate of 15.5% on the equity capital at the beginning of the year plus 50% of the equity portion for the assets capitalized during the year. RInfra-T wishes to submit that it is not proposing any retirement of assets during FY 14-15.

5.2 Operation & Maintenance (O&M) expenses

For FY 14-15, RInfra-T has estimated the O&M expenses as per the norms provided for in the MYT Regulations 2011 (Regulation 61.5) depending on the number of bays and line length, which are derived on the basis of the capitalization forecast during FY 14-15.

5.2.1 Additional expenses related to operations

In the present petition, RInfra-T has claimed the actual expenses under SCADA charges, Land usage charges and Energy charges for FY 12-13 and FY 13-14.

For FY 14-15, the expenses are claimed as follows:

- SCADA charges: The actual charges for H1 of FY 14-15 are accounted on the basis already elaborated in the relevant section in “Truing up of FY 12-13”. For H2 of FY 14-15, the actual for H1 is considered and thus the total charges for FY 14-15 is arrived at.
- Land Usage charges: As already elaborated in the truing up section, on the basis of the MoM, land usage charges are claimed as part of additional O&M expenses.
- Energy charges: The actuals for H1 of FY 14-15 is on the basis of the monthly bills received by RInfra-T. For H2 of FY 14-15, the actual for H1 is considered and thus the total energy charges for FY 14-15 are estimated.

5.2.2 Corporate Allocation

As is elaborated in the truing up chapters for FY 12-13 and FY 13-14, the MYT norms for RInfra-T are under-stated to the extent of corporate expense allocation. Hence, corporate allocation is separately considered over and above the normative allowance. For the purpose of estimating the corporate allocation expenses, the actual of H1 for FY 14-15 is doubled to estimate the expenses for the full year over and above the normative allowance.

Based on the above discussion, the forecast O&M expenses for FY 14-15, broken up into normative allowance and the forecast of additional expenses as discussed above, are provided in the table below.

Table 8: Operation & Maintenance expenses

O&M expenses FY 14-15	Estimate (Rs. crore)	MYT Order (Rs. crore)
Normative allowance	40.90	42.09
SCADA charges	1.06	1.46
Land usage charges	3.68	6.91
Energy charges	4.15	3.41
Rental charges for cable laying	-	17.90
Corporate allocation	2.27	-
Total	52.05	71.77

5.3 Interest on Working Capital

For FY 14-15, working capital requirement has been calculated as per Regulation 35.2 of the MYT Tariff Regulations 2011.

Regulation 35.2 (b) provides for the rate of interest on working capital to be equal to the State Bank Advance Rate (SBAR) of State Bank of India as on the date on which the application for determination of tariff is made. Since, the existing SBAR at the time of filing this petition is 14.75%, the same has been considered for arriving at the interest on working capital.

5.4 Contribution to Contingency Reserve

MYT Regulations, 2011 provide for Contributions to Contingency Reserve (CR) at 0.25% of Opening GFA. The same is considered for FY 14-15 based on the opening GFA.

5.5 Income Tax

Vide Regulation 31 of the MYT Regulations, 2011, on the basis of the actual income tax payable for FY 13-14, being the last year for which truing up will be undertaken in this petition, the income tax provisionally claimed for FY 14-15 is the same as that has been considered for FY 13-14 in this petition.

5.6 Revenue for FY 14-15

5.6.1 Revenue from InSTS

The Hon'ble Commission in its Order dated May 13, 2013 in Case no. 56 of 2013 approved InSTS tariff for FY 14-15 effective from April 1, 2014, according to which RInfra-T will receive Rs. 326.15 crore per annum i.e. Rs. 27.18 crore per month.

For FY 14-15, the Hon'ble Commission in its Order dated August 14, 2014 in Case No. 123 of 2014 approved InSTS tariff for FY 14-15 effective from September 1, 2014 according to which RInfra-T will receive Rs. 311.18 crore per annum i.e. Rs. 25.93 crore per month.

Thus, revenue from transmission charges has been considered at Rs. 317.42 crore.

5.6.2 Non-Tariff Income

Major heads of Non-Tariff Income have been forecast for FY 14-15 as explained hereunder:

- Rental income from land usage: Based on the MoM entered into between RInfra-T and RInfra-D, rental income received from RInfra-D is considered as NTI.
- Interest on staff loans and advances: Since there has not been much increase in interest on staff loans and advances in FY 12-13 and FY 13-14, the same is considered for FY 14-15 as well.

- Interest on contingency reserve investments: The contingency reserve investments are to be made in GoI securities and accordingly interest is computed.

5.6.3 Income from Other Business

As elaborated in this petition earlier, RInfra-T received Rs. 0.11 crore as income in FY 13-14. The same is considered for FY 14-15 also. As per Regulation 63.1 of the MYT Regulations, RInfra-T has considered 1/3rd of the amount received as Income from Other Business.

5.7 Provisional Revenue Gap / Surplus for FY 14-15

The provisional revenue gap / surplus for FY 14-15 is arrived at on comparing the revenue received from InSTS and the Aggregate Revenue Requirement (net of Non Tariff Income and Income from Other Business).

The summary of ARR for FY 14-15 is tabulated below:

Table 9: Provisional gap / surplus for FY 14-15

Sr. No.	Particulars (Rs. crore)	Estimate	MYT Order	Difference
	Expenditure			
1	Operation & Maintenance expenses	52.05	71.77	(19.72)
2	Interest on long-term loan capital	73.65	73.78	(0.13)
3	Depreciation	59.83	75.82	(15.99)
4	Return on Equity	72.25	88.63	(16.38)
5	Interest on working capital	6.93	7.09	(0.16)
6	Contribution to contingency reserve	3.50	4.12	(0.62)
7	Income Tax	1.01	-	1.01
A	Total expenditure	269.23	321.22	(51.98)
	Revenue other from InSTS			
8	Non Tariff income	2.32	2.99	(0.67)
9	Income from other business	0.04	-	0.04
B	Total revenue	2.36	2.99	(0.63)
C	Revenue (Gap) / Surplus = (B - A)	(266.87)	(318.23)	51.35
D	Revenue from InSTS	317.42	318.23	(0.80)
E	Net Revenue (Gap) / Surplus = (D + C)	50.55	-	50.55

The revenue gap / surplus for FY 14-15 is added to the ARR for FY 15-16.

6. ARR FOR FY 15-16

In this section, RInfra-T is submitting the revised ARR for FY 15-16 based on the actual performance of the past period and its effect on the ensuing year. RInfra-T requests the Hon'ble Commission to approve the revised ARR of FY 15-16.

6.1 Capital Investment Plan

As already elaborated in the previous chapters, the majority of delayed capex pertained to the EHV station commissioning schemes, for which only the balance civil works are remaining, which are phased over FY 14-15 and FY 15-16. Accordingly, in FY 15-16, RInfra-T plans to complete all the original DPR schemes (8 nos.) which were earlier planned to be completed by FY 13-14 as per the MYT Order. Further, as explained earlier, for the remaining four EHV stations, there are issues with availability of land, which are presently being pursued by RInfra-T at various levels. RInfra-T anticipates resolution of land issues and accordingly has planned capital expenditure in FY 15-16 against these schemes. In addition, capital expenditure is also planned against additional schemes which were not part of the MYT Order, but were either approved subsequently, or have since been submitted for approval by RInfra-T.

6.1.1 Capitalization Forecast

In accordance with above, RInfra-T proposes to capitalize the assets in FY 15-16 as shown below.

The summary of the capitalization based on the above discussion for FY 15-16 is as below:

Table 10: Summary - Capital expenditure and Capitalization

Rs. crore		Estimates	MYT Order
Capital expenditure	DPR	402.05	
	Non-DPR	20.00	
	Total	422.05	-
Capitalization	DPR	146.03	729.08
	Non-DPR	21.26	12.00
	Total	167.29	741.08

6.1.2 Financing Plan

The funding for FY 15-16 will be through the balance available for utilization from State Bank of Hyderabad and the balance funding will be through normative debt within the capital structure of 70:30.

6.1.3 Interest on Loan Capital

The loan balance at the beginning of FY 15-16 after considering the actual repayment schedule as per the tenure of the loan in FY 14-15 and the interest rate applicable as on October end is considered for arriving at the weighted average rate of interest.

The interest rate so determined is then applied on the normative loan balance (after considering depreciation equivalent repayment) to determine interest chargeable to ARR, in accordance with the MYT Regulations, 2011.

6.1.4 Depreciation

The asset addition during FY 15-16 is considered in the same proportion as the asset addition in FY 14-15. Depreciation has been computed in accordance with Regulation 31 of the MYT Regulations 2011. Depreciation on new asset addition has been computed simply considering mid-point addition for FY 15-16.

6.1.5 Return on Equity

For FY 15-16, the RoE has been computed based on Regulation 32.2 of the MYT Tariff Regulations, 2011 i.e. rate of 15.5% on the equity capital at the beginning of the year plus 50% of the equity portion for the assets capitalized during the year. RInfra-T wishes to submit that it is not proposing any retirement of assets during FY 15-16.

6.2 Operation & Maintenance (O&M) expenses

For FY 15-16, RInfra-T has estimated the O&M expenses as per the norms provided for in the MYT Regulations 2011 (Regulation 61.5) depending on the number of bays and line length, which are derived on the basis of the capitalization forecast during FY 15-16.

6.2.1 Additional expenses related to operations

As elaborated in the chapter relating to APR for FY 14-15, the expenses are claimed as follows for FY 15-16:

- SCADA charges: SCADA cost pertains to employee, A&G as well as R&M cost. Therefore, for the purpose of forecasting SCADA related expenses, the individual expenses pertaining to employee, A&G and R&M related to SCADA are escalated with inflation factors over the estimated amount for FY 14-15 and then added to arrive at the total SCADA cost for FY 15-16. For this purpose, CPI has been used for employee related cost, 60% CPI and 40% WPI combination is used for A&G cost and WPI is used for R&M cost. The average inflation indices have been determined using CPI and WPI data for the period September 2009 to August 2014.
- Land Usage charges: As already elaborated in the truing up section, on the basis of the MoM, land usage charges are claimed as part of additional O&M expenses.
- Energy charges: Energy charges depend on electricity consumption of RInfra-T installations and the tariff of RInfra-D which would be approved for FY 15-16 by the Hon'ble Commission. Since RInfra-T is in no position to forecast these, the energy charges of FY 15-16 are considered same as that for FY 14-15.

6.2.2 Corporate Allocation

Corporate expenses for FY 15-16 are also forecasted using inflation factors as explained above and applied on the estimates of corporate expenses for FY 14-15.

Based on the above discussion, the forecast O&M expenses for FY 15-16, broken up into normative allowance and the forecast of additional expenses as discussed above, are provided in the table below.

Table 11: Operation & Maintenance expenses

O&M expenses FY 15-16	Estimate (Rs. crore)	MYT Order (Rs. crore)
Normative allowance	43.22	52.39
SCADA charges	1.16	1.59
Land usage charges	3.86	6.91
Energy charges	4.15	3.58
Rental charges for cable laying	-	17.90
Corporate allocation	2.48	-
Total	54.87	82.37

6.3 Interest on Working Capital

For FY 15-16, working capital requirement has been calculated as per Regulation 35.2 of the MYT Tariff Regulations 2011.

As regards revenue from transmission charges for FY 15-16, the Hon'ble Commission in its Order dated August 14, 2014 in Case No. 123 of 2014 approved InSTS tariff of Rs. 399.75 crore for FY 15-16, according to which RInfra-T would receive Rs. 33.31 crore per month. However, for the purpose of this petition, RInfra-T is considering the expected revenue from transmission charges same as the projected ARR for FY 15-16, inclusive of the resultant gap / surplus for FY 12-13, FY 13-14 and FY 14-15.

Vide Regulation 35.2 (b) of MYT Regulations, since the existing SBAR at the time of filing this petition is 14.75%, the same has been considered for arriving at the interest on working capital.

6.4 Contribution to Contingency Reserve

MYT Regulations, 2011 provide for Contributions to Contingency Reserve (CR) at 0.25% of Opening GFA. The same is considered for FY 15-16 based on the opening GFA.

6.5 Income Tax

In accordance with Regulation 31 of the MYT Regulations, 2011, based on the actual income tax payable for FY 13-14, being the last year for which truing up will be undertaken in this petition, the income tax provisionally claimed for FY 15-16 is the same as that has been considered for FY 13-14 in this petition.

6.6 Revenue for FY 15-16

6.6.1 Non-Tariff Income

Major heads of Non-Tariff Income have been forecast for FY 15-16 as explained hereunder:

- Rental income from land usage: Based on the MoM entered into between RInfra-T and RInfra-D, rental income received from RInfra-D is considered as NTI.
- Interest on staff loans and advances: For FY 15-16, the amount considered is the same as that of FY 14-15.
- Interest on contingency reserve investments: The contingency reserve investments are to be made in GoI securities and accordingly interest is computed

6.6.2 Income from Other Business

For FY 15-16, the amount considered is the same as that of FY 14-15.

6.7 Revenue Gap / Surplus for FY 12-13 and FY 13-14

The revenue gap / surplus for FY 12-13 and FY 13-14 along with carrying cost is proposed to be included in FY 15-16 ARR. The total impact is as follows:

Table 12: Impact of gap / surplus for FY 12-13 and FY 13-14

Particulars (Rs. crore)	FY 12-13	FY 13-14	FY 14-15	FY 15-16
Revenue Gap / (Surplus) as per Order	84.79			
Incremental revenue Gap / (Surplus)	8.54			
Total Revenue Gap / (Surplus)	93.33	(0.09)		
SBI PLR	14.75%	14.45%	14.75%	14.75%
Revenue Gap / (Surplus) as per Order for FY 12-13		84.79		
Carrying cost on above for half year		6.13		
Opening balance	-	15.42	14.52	16.66
Additions during year	93.33	(8.63)	-	-
Closing balance	93.33	6.79	14.52	16.66
Carrying cost on opening	-	2.23	2.14	1.23
Carrying cost on addition	6.88	5.50	-	-
Total carrying cost	6.88	7.73	2.14	1.23
Total impact including carrying cost				17.89

6.8 Annual Revenue Requirement

Based on the individual elements described above, the total ARR for FY 15-16 is projected as shown in the table below:

Table 13: ARR for FY 15-16

Sr. No.	Particulars (Rs. crore)	Estimate	MYT Order	Difference
	Expenditure			
1	Operation & Maintenance expenses	54.87	82.37	(27.50)
2	Interest on long-term loan capital	74.88	96.32	(21.44)
3	Depreciation	64.72	99.52	(34.80)
4	Return on Equity	76.90	111.50	(34.60)
5	Interest on working capital	5.84	8.70	(2.86)
6	Contribution to contingency reserve	3.58	4.72	(1.14)

Sr. No.	Particulars (Rs. crore)	Estimate	MYT Order	Difference
7	Income Tax	1.01	-	1.01
A	Total expenditure	281.80	403.13	(121.33)
	Revenue other from InSTS			
8	Non Tariff income	2.64	3.37	(0.73)
9	Income from other business	0.04	-	0.04
B	Total revenue	2.67	3.37	(0.70)
C	ARR for FY 15-16 (A - B)	279.13	399.76	(120.64)
D	Cumulative revenue gap till FY 13-14	17.89	-	17.89
E	Impact of ATE Judgment	10.04	-	10.04
F	Revenue gap / (surplus) for FY 14-15	(50.55)	-	(50.55)
G	Net ARR (C + D + E + F)	256.52	399.76	(143.26)

RInfra-T requests the Hon'ble Commission to approve the aforesaid ARR to be recovered from Transmission Tariff for FY 15-16.