

## Executive Summary of DTL's Petition for True up of FY 2012-13 to FY 2014-15 (Provisional) and ARR of FY 2015-16

---

### Introduction

- 1.1. The Transmission Licensee, Delhi Transco Limited (DTL) has filed the Petition for approval of true up for FY 2012-13 to FY 2014-15 (Provisional) and ARR for FY 2015-16.
- 1.2. This Executive Summary contains the summary of the Petition filed by DTL for True up of FY 2012-13 to FY 2014-15 (Provisional), and ARR for FY 2015-16.
- 1.3. As per the MYT Regulations, the ARR include the following components:
  - a. Operation and Maintenance (O&M) expenses
  - b. Return on Capital Employed (ROCE)
  - c. Depreciation
  - d. Tax Expenses
  - e. Non-tariff income
  - f. Income from other businesses

### Truing Up for FY 2012-13 to FY 2014-15 (Provisional)

#### Operation & Maintenance Expenses

#### Employee Expenses:

- 1.4 In True up of the ARR, DTL has considered the employee expenses approved by the Commission for FY 2011-12 (base year) for Computing Employee expenses for FY 2012-13 to FY 2014-15 (provisional).
- 1.5 The details of employee expenses for FY 2012-13 to FY 2014-15 are as shown below:

**Table 1: Employee Expenses for FY 2012-13 to FY 2014-15 (Rs. Crore)**

Sl. No.	Particulars	FY 2011-12 (Base Year)	FY 2012-13	FY 2013-14	FY 2014-15
A	Escalation Factor		1.0803	1.0804	1.0806
B	Employee Expenses	114.05	123.21	133.11	143.84
C	Actuarial Valuation (Gratuity and Leave Encashment)	1.59	3.71	3.86	3.86
D	Employee Expenses for 220 KV IP Substation		1.86	1.86	1.86
E	Ex Gratia	1.84	4.56	6.00	8.00
F	Pension Trust Dues	11.52	23.82	8.10	12.15
	<b>Total Employee Expenses</b>	<b>129.00</b>	<b>157.15</b>	<b>152.93</b>	<b>169.71</b>

**Executive Summary of DTL’s Petition for True up of FY 2012-13 to FY 2014-15  
(Provisional) and ARR of FY 2015-16**

**A&G Expenses:**

- 1.6 In True up of the ARR, DTL has considered the A&G expenses approved by the Commission for FY 2011-12 (base year) for Computing Employee expenses for FY 2012-13 to FY 2014-15
- 1.7 DTL has claimed certain other expenses which are not part of base year expenses for FY 2011-12. The details of A&G expenses for FY 2012-13 to FY 2014-15 as shown below:

**Table 2: A&G Expenses for FY 2012-13 to FY 2014-15 (Rs. Crore)**

Sl. No.	Particulars	FY 2011-12 (Base Year)	FY 2012-13	FY 2013-14	FY 2014-15
A	Escalation Factor		1.0803	1.0804	1.0806
B	A&G Expenses	22.19	23.97	25.90	27.98
C	Foreign Exchange Loss	0	0	31.37	0
D	Dividend Distribution Tax	0	1.92	0	0
E	Property Tax		11.30	8.30	8
F	Transmission License Fee			1.00	0.50
	<b>Total A&amp;G Expenses</b>	<b>22.19</b>	<b>37.19</b>	<b>66.57</b>	<b>36.48</b>

**R&M Expenses:**

- 1.8 R&M Expenses have been computed for FY 2012-13 to FY 2014-15 by considering the Opening GFA (Calculated on the basis of actual value of assets capitalisation for FY 2007-08 to FY 2011-12 & FY 2012-13 to FY 2013-14 already submitted to the Commission and projected value of assets capitalisation for FY 2014-15 and considering the “K” factor as approved by the Commission in MYT order for FY 2012-13 to FY 2014-15.
- 1.9 The details of R&M expenses for FY 2012-13 to FY 2014-15 are shown as below:

**Table 3: R&M Expenses for FY 2012-13 to FY 2014-15 (Rs. Crore)**

Sl. No.	Particulars	FY 2012-13	FY 2013-14	FY 2014-15
A	GFA Opening (Actual Capitalisation)	2437.03	2770.54	3049.93
B	K Factor	1.424%	1.424%	1.424%
C	R&M Expenses	34.70	39.45	43.43
D	Additional Exp. on GIS s.stn (allowed as per ARR 2011-12 order)	3.96	3.96	3.96
	<b>Total R&amp;M Expenses</b>	<b>38.66</b>	<b>43.41</b>	<b>47.39</b>

**Executive Summary of DTL's Petition for True up of FY 2012-13 to FY 2014-15  
(Provisional) and ARR of FY 2015-16**

**O&M Expenses:**

1.10 The summary of Operation & Maintenance expenses for FY 2012-13 to FY 2014-15 is as tabulated below:

**Table 4: O&M Expenses for FY 2012-13 to FY 2014-15 (Rs. Crore)**

Sl. No.	Particulars	FY 2012-13	FY 2013-14	FY 2014-15
A	Employee Expenses	157.15	152.93	169.71
B	A&G Expenses	37.19	66.57	36.48
C	R&M Expenses	34.70	39.45	43.43
<b>D</b>	<b>O&amp;M Expenses</b>	<b>229.05</b>	<b>258.95</b>	<b>249.62</b>
E	Efficiency Factor	1%	1%	1%
<b>F</b>	<b>Net O&amp;M Expenses</b>	<b>226.76</b>	<b>256.36</b>	<b>247.12</b>
<b>G</b>	Additional Exp. on GIS s.stn (allowed as per ARR 2011-12 order)	3.96	3.96	3.96
	<b>Total O&amp;M Expenses</b>	<b>230.72</b>	<b>260.32</b>	<b>251.07</b>

**Asset Capitalisation**

1.11 The details of assets capitalized for the FY 2012-13 & FY 2013-14 have already been submitted to the Commission in the desired formats. The details of the assets capitalised during the FY 2012-13 to FY 2014-15 are also given below:

**Table 5: Assets Capitalisation for FY 2012-13 to FY 2014-15 (Rs. Crore)**

Sl. No.	Particulars	FY 2012-13	FY 2013-14	FY 2014-15
A	Land	0	2.5353	
B	Land under lease	0	0	
C	Building	0.0848	0.3256	
D	Meters	0	0	
E	Lines Network	154.94	156.94	336.05
F	Other Civil Works	8.84	4.13	13.74
G	Plant & Machinery	169.51	112.29	475.15*
H	Office Equipment	0.0038	1.6686	0.25
I	Computer	0.0695	1.0923	0.25
J	Furniture	0.09	0.0187	0.4
K	Misc Assets	0.00	0.05	0.1
L	Vehicles	-0.0284	0.341	
M	SCADA	0	0	
	<b>Total</b>	<b>333.51</b>	<b>279.39</b>	<b>825.94</b>

- Rs. 22.70 Crore has been added in FY 2014-15 towards Balance works of 220 KV DSIDC Bawana as per Hon'ble Commission's order dated 05.11.2004 in Review Petition No.69/2004.

**Executive Summary of DTL's Petition for True up of FY 2012-13 to FY 2014-15  
(Provisional) and ARR of FY 2015-16**

**Depreciation**

1.12 The depreciation for FY 2012-13 & FY 2013-14 is computed by considering the rates of depreciation as specified in the MYT Regulations for 2<sup>nd</sup> control period and assets capitalised for FY 2012-13 to FY 2013-14 submitted to Commission and projections for FY 2014-15.

1.13 The details of depreciation for FY 2012-13 to FY 2014-15 are also given below:

**Table 6: Depreciation for FY 2012-13 to FY 2014-15 (Rs. Crore)**

Sl. No.	Particulars	Rate of Deprecation	FY 2012-13	FY 2013-14	FY 2014-15
A	Land		0.00	0.00	0.00
B	Land under lease	3.34%	0.33	0.33	0.33
C	Building	3.34%	1.25	1.26	1.27
D	Meters	5.28%	0.09	0.09	0.09
E	Lines Network	5.28%	42.19	50.42	63.44
F	Other Civil Works	3.34%	4.96	5.18	5.48
G	Plant & Machinery	5.28%	75.78	83.22	98.73
H	Office Equipment	6.33%	0.30	0.36	0.42
I	Computer	15.00%	7.42	7.51	7.61
J	Furniture	6.33%	0.31	0.31	0.33
K	Misc Assets	6.33%	0.07	0.07	0.08
L	Vehicles	9.50%	0.61	0.61	0.63
M	SCADA	6.33%	3.38	3.38	3.38
	<b>Total</b>		<b>136.72</b>	<b>152.77</b>	<b>181.80</b>

**Return on Capital Employed**

1.14 The RoCE is carried out as per the MYT Regulations and by considering the debt: equity ratio of 70:30 on the assets capitalised during the period from FY 2012-13 to FY 2014-15

**Table 7: RoCE for FY 2012-13 to FY 2014-15 (Rs. Crore)**

Sl. No.	Particulars	FY 2012-13	FY 2013-14	FY 2014-15
A	Regulated Rate Base	2146.59	2348.70	2720.27
B	Original Costs of Fixed Assets			
C	Accumulated Depreciation			
D	Addition in Regulated Rate Base	196.79	126.62	644.14
E	Investments during the year	333.51	279.39	825.94

**Executive Summary of DTL's Petition for True up of FY 2012-13 to FY 2014-15  
(Provisional) and ARR of FY 2015-16**

	(Addition in Fixed Assets)			
F	Depreciation	136.72	152.77	181.80
G	WC	76.35	40.40	-13.81
H	Equity (Closing)	1053.27	1137.09	1384.87
I	Equity (Average)	1003.24	1095.18	1260.98
J	Debt (Closing)	1586.77	1782.35	2360.51
K	Debt (Average)	1470.05	1684.57	2071.43
L	Rate of Return on Equity	14.00%	14.00%	14.00%
M	Rate of Return on Debt	11.24%	11.04%	10.86%
N	Weighted Avg Cost of Capital (WACC)	12.07%	11.93%	11.80%
	<b>Return on Capital Employed</b>	<b>259.05</b>	<b>280.15</b>	<b>321.05</b>

**Non Tariff Income**

1.15 The Non Tariff Income for FY 2012-13 to FY 2014-15 has been taken as per details given below:

**Table 8: Non Tariff Income for FY 2012-13 to FY 2014-15 (Rs. Crore)**

Sl. No.	Particulars	FY 2012-13	FY 2013-14	FY 2014-15
A	Non Tariff Income	3.53	1.10	1.10

**Capitalisation of Expenses**

1.16 The summary of Employee expenses, A&G expenses capitalised in FY 2012-13 to FY 2014-15 is provided in table below

**Table 9: Capitalisation of Expenses for FY 2012-13 to FY 2014-15 (Rs. Crore)**

Sl. No.	Particulars	FY 2012-13	FY 2013-14	FY 2014-15
A	Interest & Finance Charges Capitalised	42.00	88.44	131.99
B	Employee Expenses	20.43	7.20	28.05
C	A&G Expenses	5.79	2.32	4.95
	<b>Expenses Capitalised</b>	<b>68.22</b>	<b>97.96</b>	<b>164.99</b>

**Income Tax Expenses**

1.17 The Income tax expenses for FY 2012-13 to FY 2014-15 are provided in table below

**Table 10: Income Tax Expenses for FY 2012-13 to FY 2014-15 (Rs. Crore)**

Sl. No.	Particulars	FY 2012-13	FY 2013-14	FY 2014-15
A	Income tax on the return on	29.44	32.14	37.00

**Executive Summary of DTL's Petition for True up of FY 2012-13 to FY 2014-15 (Provisional) and ARR of FY 2015-16**

	equity			
B	Income Tax due to DVB arrear		113.50	
	<b>Total</b>	<b>29.44</b>	<b>145.64</b>	<b>37.00</b>

**True up of Annual Revenue Requirement (ARR) for FY 2012-13 to FY 2014-15.**

1.18 The Truing up of ARR for FY 2012-13 to FY 2014-15 are tabulated below

**Table 11: Details of Approved ARR vis-a-vis Truing up for FY 2012-13 to FY 2014-15 (Rs. Crore)**

Sl. No.	Particulars	FY 2012-13		FY 2013-14		FY 2014-15	
		Approved in MYT 2 <sup>nd</sup> Control Period Order	True up Petition	Approved in Revised ARR order	True up Petition	Approved in MYT 2 <sup>nd</sup> Control Period Order	True up Petition
A	Total O&M expenses	180.72	230.72	190.48	260.32	211.17	251.07
B	Depreciation	141.15	136.72	146.49	152.77	183.32	181.80
C	Income Tax Provisions	20.51	29.44	23.87	145.64	27.23	37.00
D	Rebate of Sale/Wheeling of power	0	2.16	0	1.18	0	2.5
E	RoCE	275.52	259.05	274.89	280.15	325.92	321.05
F	Less: A&G and Employee expenses capitalised	-29.72	-26.21	-40.01	-9.52	-10.38	-33.00
G	Less: Non tariff income	-2.5	-3.53	-2.5	-1.10	-2.5	-1.10
H	Less: income from Other business	0	0	0	0	0	0
	<b>Revenue Requirement</b>	<b>585.68</b>	<b>628.35</b>	<b>593.22</b>	<b>829.45</b>	<b>734.76</b>	<b>759.32</b>

**Table 12: True up of ARR from FY 2012-13 to FY 2014-15 (Rs. Crore)**

Sl. No.	Particulars	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
A	Opening Gap	0.00	45.06	299.30	357.71
B	Addition during the year	42.65	236.21	24.55	0.00
C		11.24%	11.04%	10.86%	10.86%

**Executive Summary of DTL’s Petition for True up of FY 2012-13 to FY 2014-15  
(Provisional) and ARR of FY 2015-16**

D	Carrying Cost	2.40	18.01	33.84	38.85
	<b>Total</b>	<b>45.06</b>	<b>299.30</b>	<b>357.71</b>	<b>396.55</b>

**Impact of ATE Order in Appeal Nos – 133/2007, 28/2008, 184/2011 and Treatment of Surplus of Rs. 196.17 crore as per MYT order dated 20.12.2007**

**Treatment of DVB arrears:**

1.19 As per direction of ATE in appeal no 133/2007, 28/2008 and 184/2011, Commission has allowed the impact of DVB arrears in the ARR order dated 31.07.2013 and has approved the impact of DVB arrear to be Rs. 1687.52 crore in FY 2013-14. However, the Commission has allowed Rs. 541.50 crore in FY 2013-14 and balance remaining amount of Rs. 1146.02 crore to be recovered through amortization of revenue gap in subsequent years.

**Readjustment of Surplus of Rs. 196.17 crore approved in MYT order dated 20.12.2007 and as per ATE judgement in appeal No. 184/2011:**

1.20 The impact and readjustment of surplus of Rs. 196.17 crore as per direction of ATE in appeal no 184/2011 is detailed below:

**Table 13: Balance Impact Readjustment of Surplus & DVB Arrears (Rs. Crore)**

Sl. No.	Particulars	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
A	Opening GAP	8.23	9.18	1156.25*	1289.22
B	Rate of carrying cost	11.50%	11.50%	11.50%	11.50%
C	Carrying Cost	0.95	1.06	132.97	148.26
	<b>Total</b>	<b>9.18</b>	<b>10.23</b>	<b>1289.22</b>	<b>1437.48</b>

\* The opening balance of FY 2014-15 includes Rs. 1146.02 crore towards balance impact of DVB arrear

**ARR for FY 2015-16**

**Operation & Maintenance Expenses**

**Employee Expenses:**

1.21 DTL has considered the inflation factor for the FY 2015-16 as approved by the Commission in the MYT order for FY 2012-13 to FY 2014-15 for calculation of Employee expenses and A&G expenses.

**Executive Summary of DTL’s Petition for True up of FY 2012-13 to FY 2014-15 (Provisional) and ARR of FY 2015-16**

1.22 The details of employee expenses for FY 2015-16 as shown below:

**Table 14: Employee Expenses for FY 2015-16 (Rs. Crore)**

Sl. No.	Particulars	FY 2014-15	FY 2015-16
A	Escalation Factor		1.0806
B	Employee Expenses	143.84	155.43
C	Additional Manpower due to new assets addition @5%		7.77
D	Actuarial valuation (Gratuity and Leave Encashment)		3.86
E	Employee Expenses for 220 KV IP Substation		1.86
F	Ex Gratia		10.00
G	Pension Trust Dues		15.00
	<b>Total Employee Expenses</b>		<b>193.92</b>

**A&G Expenses:**

1.23 DTL has considered the A&G expenses for FY 2015-16 adding the man power additional 5% for the new assets creation during FY 2015-16.

1.24 The details of A&G expenses for FY 2015-16 as shown below:

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

Sl. No.	Particulars	FY 2014-15	FY 2015-16
A	Escalation Factor		1.0806
B	A&G Expenses	27.98	30.23
C	Additional Manpower due to new assets addition @5%		1.51
D	Property Tax		8.00
E	Transmission License Fee		0.50
	<b>Total A&amp;G Expenses</b>		<b>40.24</b>

**R&M Expenses:**

1.25 R&M Expenses have been computed for FY 2015-16 by considering the Opening GFA (Calculated on the basis of actual value of assets capitalisation for FY 2007-08 to FY 2011-12 & FY 2012-13 to FY 2013-14 already submitted to the Commission) and projected value of assets capitalisation for FY 2014-15 and considering the “K” factor as approved by the Commission in MYT order for FY 2012-13 to FY 2014-15.

1.26 The details of R&M expenses for FY 2015-16 as shown below:

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

Sl. No.	Particulars	FY 2015-16
A	GFA Opening (Actual Capitalisation)	3875.87
B	K Factor	1.424%

**Executive Summary of DTL's Petition for True up of FY 2012-13 to FY 2014-15  
(Provisional) and ARR of FY 2015-16**

	<b>Total R&amp;M Expenses</b>	<b>55.19</b>
--	-------------------------------	--------------

**O&M Expenses:**

1.27 The summary of Operation & Maintenance expenses for FY 2015-16 is as tabulated below:

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

SI. No.	Particulars	FY 2014-15
A	Employee Expenses	193.92
B	A&G Expenses	40.24
C	R&M Expenses	55.19
<b>D</b>	<b>O&amp;M Expenses</b>	<b>289.36</b>
E	Efficiency Factor	1%
<b>F</b>	<b>Net O&amp;M Expenses</b>	<b>286.46</b>

**Asset Capitalisation**

1.28 The details of assets capitalized for the FY 2015-16 are given below:

**Table 18: Assets Capitalisation for FY 2015-16 (Rs. Crore)**

SI. No.	Particulars	FY 2015-16
A	Lines Network	542.81
B	Other Civil Works	11.50
C	Plant & Machinery	453.08
D	Misc Assets, Computers etc	4.50
E	Office Equipment	0.50
F	Computer	0.50
G	Furniture	0.50
H	Small value assets	0.01
	<b>Total</b>	<b>1013.49</b>

**Depreciation**

1.29 The details of depreciation for FY 2015-16 considering the rates of Depreciation as specified in MYT Regulations 2011, the existing GFA and assets proposed to be capitalised are given below:

**Table 19: Depreciation for FY 2012-13 to FY 2014-15 (Rs. Crore)**

SI. No.	Particulars	Rate of Depreciation	FY 2015-16
A	Land		0.00
B	Land under lease	3.34%	0.33
C	Building	3.34%	1.27
D	Meters	5.28%	0.09

**Executive Summary of DTL's Petition for True up of FY 2012-13 to FY 2014-15  
(Provisional) and ARR of FY 2015-16**

E	Lines Network	5.28%	81.36
F	Other Civil Works	3.34%	5.90
G	Plant & Machinery	5.28%	123.24
H	Office Equipment	6.33%	0.44
I	Computer	15.00%	7.66
J	Furniture	6.33%	0.35
K	Misc Assets	6.33%	0.22
L	Vehicles	9.50%	0.65
M	SCADA	6.33%	3.38
	<b>Total</b>		<b>224.90</b>

**Return on Capital Employed**

1.30 The RoCE is computed out as per the MYT Regulations 2011 by considering the debt: equity ratio of 70:30 on the assets capitalised during the period from FY 2012-13 to FY 2014-15

**Table 20: RoCE for FY 2012-13 to FY 2014-15 (Rs. Crore)**

Sl. No.	Particulars	FY 2014-15	FY 2015-16
A	Regulated Rate Base	2720.27	3370.72
A	Addition in Regulated Rate Base	644.14	588.59
B	Investments during the year (Addition in Fixed Assets)	825.94	813.49
C	Depreciation	181.80	224.90
D	WC	-13.81	34.09
E	Equity (Closing)	1384.87	1628.91
F	Equity (Average)	1260.98	1506.89
G	Debt (Closing)	2360.51	2929.95
H	Debt (Average)	2071.43	2645.23
I	Rate of Return on Equity	14.00%	14.00%
J	Rate of Return on Debt	10.86%	10.86%
K	Weighted Avg Cost of Capital (WACC)	11.80%	11.80%
	<b>Return on Capital Employed</b>	<b>321.05</b>	<b>397.81</b>

**Non Tariff Income**

1.31 The Non Tariff Income for FY 2015-16 is given below:

**Table 21: Non Tariff Income for FY 2015-16 (Rs. Crore)**

Sl. No.	Particulars	FY 2015-16
A	Non Tariff Income	1.10

**Executive Summary of DTL’s Petition for True up of FY 2012-13 to FY 2014-15  
(Provisional) and ARR of FY 2015-16**

---

**Capitalisation of Expenses**

1.32 The capitlization of expenses for FY 2015-16 computed on the basis of projected asstes capitalised is as tabulated below:

**Table 22: Capitalisation of Expenses for FY 2015-16 (Rs. Crore)**

SI. No.	Particulars	FY 2015-16
A	Interest & Finance Charges Capitalised	161.90
B	Employee Expenses	6.07
C	A&G Expenses	34.41

**Income Tax Expenses**

1.33 The Income tax provisions for FY 2015-16 computed by considering the MAT rate of 20.96% on the Return on Capital Employed is Rs. 44.22 crore for FY 2015-16.

**Annual Revenue Requirement (ARR) for FY 2015-16**

1.34 The ARR for FY 2015-16 is tabulated as below:

**Table 23: ARR for FY 2015-16 (Rs. Crore)**

SI. No.	Particulars	FY 2015-16
A	O&M expenses	286.46
B	Depreciation	224.90
C	Income Tax Provisions	44.22
D	Rebate of Sale/Wheeling of power	2.50
E	RoCE	397.81
F	Less: A&G and Employee expenses capitalised	-40.48
G	Less: Non tariff income	-1.10
H	Less: income from Other business	0.00
I	Revenue Requirement	914.32
J	Balance Impact of DVB arrears & readjustments of Surplus	1437.48
K	Impact of True up for I control period	508.71*
L	Impact of True up of FY 2012-13 to FY 2014-15	396.55
M	<b>Net ARR for FY 2015-16</b>	<b>3257.06</b>