

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
	Total Employee Expenses	129.00	157.15	152.93	169.71

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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
	Total A&G Expenses	22.19	37.19	66.57	36.48

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
	Total R&M Expenses	38.66	43.41	47.39

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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
D	O&M Expenses	229.05	258.95	249.62
E	Efficiency Factor	1%	1%	1%
F	Net O&M Expenses	226.76	256.36	247.12
G	Additional Exp. on GIS s.stn (allowed as per ARR 2011-12 order)	3.96	3.96	3.96
	Total O&M Expenses	230.72	260.32	251.07

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	
	Total	333.51	279.39	825.94

- 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.

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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 2nd 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 Depreciation	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
	Total		136.72	152.77	181.80

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

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	(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%
	Return on Capital Employed	259.05	280.15	321.05

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
	Expenses Capitalised	68.22	97.96	164.99

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

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	equity			
B	Income Tax due to DVB arrear		113.50	
	Total	29.44	145.64	37.00

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 nd Control Period Order	True up Petition	Approved in Revised ARR order	True up Petition	Approved in MYT 2 nd 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
	Revenue Requirement	585.68	628.35	593.22	829.45	734.76	759.32

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%

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D	Carrying Cost	2.40	18.01	33.84	38.85
	Total	45.06	299.30	357.71	396.55

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
	Total	9.18	10.23	1289.22	1437.48

* 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.

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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
	Total Employee Expenses		193.92

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
	Total A&G Expenses		40.24

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%

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	Total R&M Expenses	55.19
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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)

Sl. No.	Particulars	FY 2014-15
A	Employee Expenses	193.92
B	A&G Expenses	40.24
C	R&M Expenses	55.19
D	O&M Expenses	289.36
E	Efficiency Factor	1%
F	Net O&M Expenses	286.46

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)

Sl. 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
	Total	1013.49

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)

Sl. No.	Particulars	Rate of Deprecation	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

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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
	Total		224.90

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%
	Return on Capital Employed	321.05	397.81

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

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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)

Sl. 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)

Sl. 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	Net ARR for FY 2015-16	3257.06