

5000.116/2023

OP NO. 38/2023



**నార్తర్న్ పవర్ డిస్ట్రిబ్యూషన్ కంపెనీ ఆఫ్ తెలంగాణ లిమిటెడ్**  
**NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED**

(A Govt. of Telangana Undertaking) CIN:U40109TG2000SGC034119

From  
Chief General Manager,  
IPC & RAC, TSNPDCL,  
Corporate Office, Vidyuth Bhavan,  
HANUMAKONDA, WARANGAL

To  
The Commission Secretary,  
TSERC, #11-4-660, 5<sup>th</sup> Floor,  
Singareni Bhavan, Red Hills,  
HYDERABAD.

Lr.No.CGM(I&R)/GM(I&R)/DE(RAC)/TSNPDCL/WGL/RAC/F.32/D.No.276,Dt:22.11.2023.

Sir,

**SUB :-** TSNPDCL/WGL – Filing of Petition for Annual Performance Review FY 2022-23  
4<sup>th</sup> year of 4th Control Period (FY 2019-20 to FY 2023-24) for Distribution  
Business – Submission – Regarding.

\* \* \*

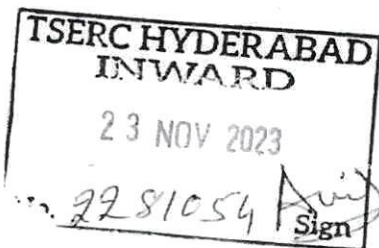
In compliance to the Directive No.2 of the Tariff Order dated 29.04.2020 on the ARR & Wheeling Tariffs for the Distribution business for the 4th Control period (FY 2019-20 to FY 2023-24), the TSNPDCL herewith submits the petition for Annual Performance Review for FY 2022-23 in six sets along with petition fee of Rs. 25,000/- (Rupees Twenty-Five Thousand only) in the form of cheque drawn in favour of the Secretary/TSERC in sealed cover.

Hence, it is requested to place the petition before the Hon'ble Commission for consideration and approval.

- Encl: 1. Annual Performance Review Petition for FY 2022-23 (6 sets).  
2. SBI Cheque Number bearing "471761"/Dt: 22.11.2023 for Rs. 25,000/-.

Yours faithfully,

CHIEF GENERAL MANAGER  
IPC & RAC/TSNPDCL/WGL



SR no- 116/2023  
DP NO. 38/2023

BEFORE THE HONOURABLE TELANGANA STATE ELECTRICITY REGULATORY  
COMMISSION

Office at 5<sup>th</sup> Floor, Singareni Bhavan, Red Hills, Hyderabad - 500 004

FILING NO. \_\_\_\_/2023

OP CASE NO. 38/2023

In the matter of:

Filing of the Annual Performance Review FY 2022-23 under Multi-Year Tariff principles in accordance with the "Andhra Pradesh Electricity Regulatory Commission (Terms And Conditions For Determination Of Tariff For Wheeling And Retail Sale Of Electricity) Regulation, 4 of 2005" as adopted by Telangana State Electricity Regulatory Commission vide Regulation No. 1 of 2014 by the Northern Power Distribution Company of Telangana Limited ('TSNPDCL' or 'the Company' or 'the Licensee') as the Distribution and Retail Supply Licensee.

In the matter of:

**NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED**

... Applicant

The Applicant respectfully submits as under: -

This filing is made by the **NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED (TSNPDCL)** under clause 19 of the "Andhra Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Wheeling and Retail Sale of Electricity) Regulation, 4 of 2005" as adopted by Telangana State Regulatory Commission through its Regulation No. 1 of 2014 for Annual Performance Review 2022-23 in compliance to the directive No. 2 (Annual Performance Review for each year of the 4<sup>th</sup> Control period) issued by the Hon'ble TSERC in the Wheeling Tariff Order dated 29.04.2020 for Distribution Business for 4<sup>th</sup> Control period (FY 2019-20 to FY 2023-24).

## 1 Annual Performance Review for FY 2022-23

### 1.1 Annual Performance Review FY 2022-23 summary

The ARR for the 4<sup>th</sup> year (2022-23) of 4<sup>th</sup> Control Period approved by the Hon'ble Commission vis-à-vis actuals incurred along with the deviations for respective heads is given in the table below:

(Rs. in Crs)

Aggregate Revenue Requirement			
Particulars	Approved	Actuals	Deviations
<b>FY 2022-23</b>			
Operation & Maintenance expenses	2582.55	2303.85	(278.70)
Return on Capital Employed	566.92	280.43	(286.49)
Depreciation	568.64	348.89	(219.75)
Taxes on Income	38.58	0.00	(38.58)
Special appropriations	20.00	24.72	4.72
Other Expenditure	0.00	16.54	16.54
<b>Aggregate Revenue Requirement</b>	<b>3776.69</b>	<b>2974.42</b>	<b>(802.27)</b>
Less: Non-Tariff Income	175.46	150.50	(24.96)
Less: Revenue from OA	0.00	2.77	2.77
<b>Net Aggregate Revenue Requirement</b>	<b>3601.23</b>	<b>2821.14</b>	<b>(780.09)</b>
ARR transferred to RSB	3601.23	3601.23	0.00
<b>Net Regulatory Gap True-up/(true-down)</b>	<b>0.00</b>	<b>(780.09)</b>	<b>(780.09)</b>

There is a deviation in Approved Net Aggregate Revenue Requirement as compared with Actual Net Aggregate Revenue Requirement of Rs. **(780.09)** crores. The reasons for deviations for all the line items contributing to deviations in Net Aggregate Revenue are explained subsequently in the respected line items below.

### 1.2 Operation and Maintenance (O&M) Expenses

The O&M cost consists the following items:

- Salaries, wages and other employee costs;
- Administrative and General costs including legal charges, audit fees, rent, rates and taxes;
- Repairs and maintenance costs.

The O&M expenses for the 4<sup>th</sup> year (2022-23) of 4<sup>th</sup> Control Period approved by the Hon'ble Commission vis-à-vis actuals incurred along with the deviations for respective heads is given in the table below:

Operation & Maintenance expense Gross			Rs. in crore
Particulars	Approved	Actuals	Deviations
<b>FY 2022-23</b>			
<b>O&amp;M Expenses Gross</b>	<b>2739.83</b>	<b>2354.55</b>	(385.28)
Employee cost	2484.05	2096.92	(387.13)
Admin & General expenses	128.34	141.18	12.85
Repairs & Maintenance	127.44	116.44	(11.00)
Expense capitalized	157.28	50.70	(106.58)
<b>Net O&amp;M expenses</b>	<b>2582.55</b>	<b>2303.85</b>	(278.70)
Operation & Maintenance expense Capitalized			Rs. in crore
Particulars	Approved	Actuals	Deviations
<b>FY 2022-23</b>			
Employee Expenses	149.55	43.10	(106.46)
A&G Expenses	7.73	7.61	(0.12)
<b>Total expense capitalized</b>	<b>157.28</b>	<b>50.70</b>	(106.58)
Operation & Maintenance expenses (Net of expenses capitalized)			Rs. in crore
Particulars	Approved	Actuals	Deviations
<b>FY 2022-23</b>			
Employee cost	2334.50	2053.82	(280.67)
Admin & General expenses	120.61	133.58	12.97
Repairs & Maintenance	127.44	116.44	(11.00)
<b>Net O&amp;M expenses</b>	<b>2582.55</b>	<b>2303.85</b>	(278.70)

From the above table, it is observed that the Operations and Maintenance expenses are lower than the approval of the Hon'ble Commission by Rs. 278.70 crores for the FY 2022-23 of 4<sup>th</sup> Control period. In the Tariff Order for the 4<sup>th</sup> Control period, the Hon'ble Commission approved the normative O&M expenses based on the methodology as approved in the 3<sup>rd</sup> control period.

### 1.3 Depreciation Expenses

The depreciation expenses for the 4<sup>th</sup> year (2022-23) of 4<sup>th</sup> Control Period approved by the Hon'ble Commission vis-à-vis actuals incurred along with the deviations is given in the table below:

Depreciation expenses as per books of account (CERC rates) is given below:

Depreciation			Rs. in crore
Particulars	Approved	Actuals	Deviations
FY 2022-23			
Depreciation during the year	568.64	348.89	(219.75)

\*Amortised dep. On CC assets is Rs. 123.54 Crore as per books of account

#### 1.4 Return on Capital Employed (RoCE)

The RoCE for the 4<sup>th</sup> year (2022-23) of 4<sup>th</sup> Control Period approved by the Hon'ble Commission vis-à-vis actuals incurred along with the deviations for respective heads is given in the table below:

WACC Calculations				Rs. Crore
Particulars	Opening Balance	Closing Balance	Interest Expenditure	Cost of Debt
FY 2022-23				
Long term capex loans	2008.57	2188.83	178.61	8.51%
Particulars	Approved	Actuals	Deviations	
FY 2022-23				
Debt	75.00%	75.00%	0.00%	
Equity	25.00%	25.00%	0.00%	
Cost of Debt	9.85%	8.51%	-1.34%	
Return on Equity	14.00%	14.00%	0.00%	
<b>WACC</b>	<b>10.89%</b>	<b>9.88%</b>	<b>-1.00%</b>	

Regulated rate base calculations			Rs.in crore
Particulars	Approved	Actuals	Deviations
FY 2022-23			
<b>Assets</b>	<b>12343.59</b>	<b>9602.59</b>	(2741.00)
OCFA Opening Balance	10709.48	9054.74	(1654.74)
Additions to OCFA	1634.11	547.85	(1086.26)
<b>Depreciation</b>	<b>5407.54</b>	<b>4941.35</b>	(466.19)
Opening Balance	4838.90	4603.28	(235.62)
Depreciation during the Year	568.64	338.07	(230.57)
<b>Consumer Contributions</b>	<b>1474.01</b>	<b>2036.94</b>	562.93
Cons Contributions Opening Balance	1348.90	1784.69	435.79
Additions to Cons Contributions	125.11	252.24	127.14
<b>Working Capital</b>	<b>215.21</b>	<b>191.99</b>	(23.23)

<b>Change in Rate Base</b>	<b>470.18</b>	<b>(21.23)</b>	<b>(491.41)</b>
<b>Regulated Rate Base</b>	<b>5207.07</b>	<b>2837.52</b>	<b>(2369.55)</b>
<b>Return on Capital Employed</b>			<b>Rs. in crore</b>
<b>Particulars</b>	<b>Approved</b>	<b>Actuals (CERC)</b>	<b>Deviations</b>
FY 2022-23			
RoCE	<b>566.92</b>	<b>280.43</b>	<b>(286.49)</b>

The deviations in Regulated Rate Base (actuals against approved) is due to less capitalization in fixed assets compared to approved numbers. i.e., Rs. 547.85 crores against approved amount of Rs. 1,634.11 crores.

### 1.5 Tax on Income

The Taxes on Income for the 4<sup>th</sup> year (2022-23) of 4<sup>th</sup> Control Period approved by the Hon'ble Commission vis-à-vis actuals incurred along with the deviations is given in the table below:

<b>Tax on Income</b>			<b>Rs. in crore</b>
<b>Particulars</b>	<b>Approved</b>	<b>Actuals</b>	<b>Deviations</b>
FY 2022-23			
Tax on Income	38.58	0.00	(38.58)

The deviations in Taxes on Income (actuals against approved) are due to following reasons:

- TSNPDCL incurred a loss of Rs. 2955.96 crores for financial year 2022-23 as such no Income Tax.

### 1.6 Special Appropriations

The Hon'ble Commission approved **Rs. 20 Crs.** towards Special Appropriation for Safety Measures the 4<sup>th</sup> year (2022-23) of 4<sup>th</sup> Control Period. The Licensee has incurred the following capital works expenses towards safety measures. Accordingly, the Licensee has spent an amount of Rs. 7.55 Crores towards the above safety measures. As the expenditure incurred towards safety measures is considered in the capital expenditure, the same has not reflected under this head, the licensee has incurred the following capital works expenses towards safety measures.

- Erection of intermediate poles for proper clearance
- Providing of Earthing
- Providing of fencing

- iv. Reconstruction of damaged DTR plinth
- v. Plinth Raisings
- vi. Providing of SMC Distribution boxes
- vii. Providing of foot Cross arms
- viii. Rectification of DTR structures
- ix. Replacement of damaged AB cable
- x. Providing of safety materials viz. Gum boots, Helmets, Safety belt, Earth rods, Gloves etc.

As per the guidelines of the Hon'ble Commission, the compensation paid towards electrical accidents is shown under this head of Special Appropriation. The Special Appropriations for the 4<sup>th</sup> year (2022-23) of 4<sup>th</sup> Control Period approved by the Hon'ble Commission vis-à-vis actuals incurred along with the deviations is given in the table below:

Special appropriations			Rs. in crore
Particulars	Approved	Actuals	Deviations
FY 2022-23			
Special appropriations (Compensation amount paid)	20.00	24.72	4.72

#### 1.7 Other Expenditure:

The Other Expenditure for the 4<sup>th</sup> year (FY 2022-23) of 4<sup>th</sup> control period approved by the Hon'ble Commission vis-à-vis actuals incurred along with the deviations is given in the table below:

Other Expenditure			Rs. in crore
Particulars	Approved	Actuals	Deviations
FY 2022-23			
Other Expenditure	0.00	16.54	16.54

The break-up of other expenditure incurred during FY 2022-23 is shown below

Particulars	Rs. In crores
Materials cost Variance	16.54

#### 1.8 Revenue from Open Access:

The Revenue from OA for the 4<sup>th</sup> year (2022-23) of 4<sup>th</sup> Control Period approved by the Hon'ble Commission vis-à-vis actuals incurred along with the deviations is given in the table below:

Revenue from Open Access			Rs. in crore
Particulars	Approved	Actuals	Deviations
FY 2022-23			

Revenue from Open Access(Captive)	0.00	2.77	2.77
-----------------------------------	------	------	------

### 1.9 Non-tariff income:

The Non-Tariff income for the 4<sup>th</sup> year (2022-23) of 4<sup>th</sup> Control Period approved by the Hon'ble Commission vis-à-vis actuals incurred along with the deviations is given in the table below:

Non-Tariff Income			Rs. in crore
Particulars	Approved	Actuals	Deviations
<b>FY 2022-23</b>			
Non-Tariff Income	175.46	150.50	(24.96)

Detailed break up of Non-Tariff Income is as follows (Rs. in Crore)

Sl. No.	Particulars	2022-23
1	Interest on Staff Loans and Advances	1.02
2	Income from Investments	6.15
3	Interest on Advances to Suppliers/Contractors	0.00
4	Security deposits / Bank Guarantee forfeited	5.82
5	Fines/Penalties from Suppliers/Mat Cust.	4.72
6	Other Miscellaneous Income	9.26
7	Deferred Revenue Income (Amortized Depreciation from CC Assets)	123.54
	<b>NTI Total</b>	<b>150.50</b>

### Capital Investments and Capitalization:

The capital investments for the 4<sup>th</sup> year (2022-23) of 4<sup>th</sup> Control Period approved by the Hon'ble Commission vis-à-vis actuals incurred along with the deviations is given in the table below:

Capitalization			Rs. in crore
Particulars	Approved	Actuals	Deviations
<b>FY 2022-23</b>			
<b>Capitalization</b>	<b>1840</b>	<b>595</b>	(1244.25)
New Investment	1573	512	(1060.48)
O&M Expenses Capitalised	157	51	(106.58)
Interest During Construction capitalised	109	32	(77.19)
<b>Investment capitalized</b>	<b>1634</b>	<b>548</b>	(1086.26)

The capital investments during the year are lower than the approved during FY 2022-23 by Rs. 1,244 crores.




### 1.10 Prayer

The Petitioner (Distribution Licensee) prays that the Hon'ble Commission may:

- i. Approve Net ARR of **Rs. 2821.14 Crores** for the Distribution Business for the 4<sup>th</sup> year (2022-23) of 4th Control Period.
- ii. Approve Revenue gap of **Rs. (780.09) Crores** for the Distribution Business for the 4<sup>th</sup> year (2022-23) of 4th Control Period.

**NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED**  
**(APPLICANT)**

Through

  
CHIEF GENERAL MANAGER  
IPC&RAC/TSNPDCL

Place: Hanumakonda

Dated: 22-11-2023.

Sr no- 116/2023  
OP NO. 38/2023

BEFORE THE HONOURABLE TELANGANA STATE ELECTRICITY  
REGULATORY COMMISSION

Office at 5<sup>th</sup> FLOOR, SINGARENI BHAVAN, RED HILLS, HYDERABAD 500004

FILING NO. \_\_\_\_\_/2023

OF CASE NO. 38/2023

In the matter of:

Filing of the Annual Performance Review FY 2022-23 under Multi-Year Tariff principles in accordance with the "Andhra Pradesh Electricity Regulatory Commission (Terms And Conditions For Determination Of Tariff For Wheeling And Retail Sale Of Electricity) Regulation, 4 of 2005" as adopted by Telangana State Electricity Regulatory Commission vide Regulation No. 1 of 2014 by the Northern Power Distribution Company of Telangana Limited ('TSNPDCL' or 'the Company' or 'the Licensee') as the Distribution and Retail Supply Licensee.

In the matter of:

**NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED**

... Applicant

**AFFIDAVIT OF APPLICANT VERIFYING THE ACCOMPANYING PETITION**

I, T. Madhusudhan, S/o T. Laxmipathi, aged 58 years, Occupation: Chief General Manager (IPC&RAC), TSNPDCL, Hanumakonda, R/o Hanumakonda do solemnly affirm and say as follows:

1. I am Chief General Manager (IPC & RAC)/ TSNPDCL, I am competent and duly authorized by TSNPDCL to affirm, swear, execute and file this petition.
2. I have read and understood the contents of the accompanying Affidavit drafted pursuant to my instructions. The statements made in the accompanying Affidavit now shown to me are true to my knowledge derived from the official records made available to me and are based on information and advice received which I believe to be true and correct.


*T. Madhusudhan*  
DEPONENT  
Chief General Manager  
IPC & RAC, TSNPDCL  
WARANGAL

VERIFICATION:

I, the above named Deponent solemnly affirm at Hanumakonda on this 22<sup>nd</sup> day of November, 2023 that the contents of the above affidavit are true to my knowledge, no part of it is false and nothing material has been concealed there from.

  
DEPONENT  
**Chief General Manager**  
**IPC & RAC, TSNPDCL**  
**WARANGAL**

Solemnly affirmed and signed before me.

  
**SUPERINTENDING ENGINEER**  
**Energy Audit & Assessments, MRT**  
**TSNPDCL/WARANGAL**