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From
Chief Engineer (IPC &RAC),
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Hyderabad – 500 063.

To
The Commission Secretary,
TGERC,Vidyuth Niyantan Bhavan,
GTS Colony, Kalyan Nagar,
Hyderabad – 500 045.

Lr.No.CE(IPC&RAC)/SE(IPC&RAC)/AO(RAC)/F.No.ARR 26-27/D.No. 4495/25,Dt: 20-01-2026

Sir,

Sub:-TGSPDCL – RAC – Additional Information on the Petitions filed by TGSPDCL for True-up for FY 2024-25 and Revised Aggregate Revenue Requirement for Distribution Business for FY 2026-27 – Submitted – Reg.

Ref:- Lr.No.TGERC/Secy/F.No.SP.Wheeling/D.No.26/26, Dt: 09.01.2026

In the reference cited above, the Hon'ble TGERC has sought additional information on the filings made by TGSPDCL for True-up for FY 2024-25 and Revised Aggregate Revenue Requirement for Distribution Business for FY 2026-27. The replies along with annexures are herewith submitted. Further it is to submit that the abstract of Circle wise/Division wise compensation paid during the FY 2024-25 sought in phase – 1 query I(f) is also enclosed.

Encl: As Above.

Yours faithfully,


Chief Engineer (IPC &RAC)
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TGSPDCL Distribution Business – True-up for FY 2024-25

- 1. The Employee and A&G cost capitalised shown under Note: 24, 25 in audited accounts as Rs. 136.77 Cr are claimed in Employee expense and also in Net capitalisation during the year. Justification to be provided.*

Reply:

The amount of Rs. 136.77 Cr shown under Note 24 & 25 in the audited accounts represents the portion of Employee and A&G costs that have been capitalised during the year. This capitalisation is reflected under “Net Capitalisation” in the filings, as per the accounting standards and regulatory practice. The same costs are initially booked under Employee and A&G expenses and subsequently apportioned to capital works based on actual deployment of resources for capital projects.

In the MYT Order, the Hon’ble Commission has considered the gross expenses of Employee and A&G costs for the purpose of determining the ARR. Accordingly, TGSPDCL has filed Employee expenses and A&G costs in line with the Tariff Order.

Therefore, the net capitalisation considered for ARR purposes, in line with the 5th Control Period MYT Order issued by the Hon’ble TGERC.

- 2. The details of GFA of fully depreciated assets class wise at the beginning of the year and during the year as per the audited accounts to be provided.*

Reply:

The audited Annual Accounts present details of Gross Fixed Assets (GFA), capitalisation during the year, and accumulated depreciation as per the Schedule of Fixed Assets. However, the statutory financial statements do not contain a separate disclosure identifying assets that have become fully depreciated during the year or those already fully depreciated at the beginning of the year.

To furnish the information sought by the Hon’ble Commission, TGSPDCL has extracted the class-wise list of fully depreciated assets from the SAP Asset Accounting (AA) module, which maintains asset-level depreciation history, useful life tracking, and accumulated depreciation records. The details of fully depreciated assets are provided below:

Fully Depreciated Assets	2024-25	2025-26	2026-27
Land & land rights	-	-	-
Buildings	0.49	0.85	1.13
Intangible assets	-	-	-
Hydraulic Works	-	-	-
Other civil works	-	-	-
Plant and Machinery	242.23	260.49	303.32
Plant and Machinery - 33 KV	2.40	2.77	3.73
Plant and Machinery - 11 KV	55.25	59.34	69.79
Plant and Machinery - LT	184.58	198.37	229.80
Lines and Cable Network etc.	214.31	219.29	250.45
Line Cable Network - 33KV	32.31	33.14	38.26
Line Cable Network - 11KV	82.02	84.52	97.72
Line Cable Network - LT	99.99	101.63	114.46
Category			
Meters and Metering equipment	91.64	93.60	102.66
33KV	0.14	0.15	0.16
11KV	6.21	6.39	7.07
LT	85.29	87.07	95.43
Vehicles	0.67	0.66	0.70
Furniture and Fixtures	0.80	0.84	0.92
Office Equipments	1.96	2.07	2.42
Computers and IT Equipments	9.82	12.89	14.21
Airconditioners	0.14	0.14	0.15
Low Value Assets	-	-	-
Total	562.07	590.82	675.96

3. *The details of the depreciation claimed for the FY 2024-25, indicating the breakup of the amount considered within the 75% of the asset cost or actual debt component and the details of depreciation claimed beyond the above limit to be furnished.*

Reply:

Depreciation for FY 2024-25 has been computed asset-class wise, strictly following the useful lives notified under Annexure-I (Depreciation Schedule) of the MYT Regulations. The total depreciation claimed for the year is 809.32 crore. The actual loan repayment during FY 2024-25 is Rs. 1,866.79 crore, which means that the depreciation claimed represents approximately below 50% of the principal repayment made during the year. Thus, the depreciation claim does not exceed the actual debt serviced.

In the present case, the depreciation claimed does not exceed 75% normative debt portion, or (b) the actual debt component, as the depreciation amount is significantly lower than the actual debt repayment. Therefore, no depreciation has

been claimed beyond the regulatory limits, and no depreciation requires reclassification for equity reduction.

4. *In the IOL computation sheet the consumer contributions at the beginning of the year is considered as Rs. 7,599.84 Cr — clarification may be provided with supporting data of audited accounts.*

Reply:

The difference between the amount shown in the audited accounts and the amount considered in the IOL computation sheet is due to the fact that not all consumer contributions received during the year are capitalised immediately during the same year. Out of the total consumer contribution received, only Rs. 7,599.84 crore in the beginning of the year has been capitalised, based on the completion of related works and recognition of assets in the books.

The remaining amount pertains to advances or works-in-progress, which will be capitalised in subsequent periods upon completion of the associated projects. In view of the above, only the capitalised portion is considered for computation of Return on Equity, since ROE is calculated on the actual asset base.

5. *The details of the actual debt, equity component shall be furnished for the opening loan portion, equity portion and the addition of loan, equity during the year.*

Reply:

The details of the actual debt component for FY 2024-25 have been compiled based on the audited financial statements and loan-wise schedules maintained in SAP. There were no equity additions made during FY 2024-25. The opening balances, along with additions/repayments during the year, are furnished below.

Sl. No.	Financial Institution	FY 2024-25				
		Opening Balance as on 01-04-2024	Principal Repayment	Drawls	Interest	Opening Balance as on 01-04-2025
1	REC LTD	6,836.03	606.64	465.62	686.26	6,695.01
2	PFC LTD.	6,017.52	402.02	4,465.62	713.59	10,081.12
3	PFS LTD	360.47	80.49	-	38.74	279.98
4	FRP Bonds	2,024.65	-	-	201.74	2,024.65
5	IREDA	263.98	364.00	2,000.00	99.96	1,899.98
6	TGTRANSCO	871.56	413.63	-	74.99	457.93
LONG TERM TOTAL		16,374.22	1,866.79	6,931.24	1,815.28	21,438.67

6. *Justification for claiming price variation of Rs. 2.54 shall be provided.*

Reply:

The Rs. 2.54 claimed under Price Variation (PV) / Price Escalation pertains to contractual price adjustment payable on supply and works contracts executed during FY 2024-25. The PV has been computed strictly in accordance with the Price Variation formulae specified in the respective bid documents and Agreements, and in the case of electrical equipment, IEEEMA-notified indices for major raw materials such as steel, aluminium, copper, transformer oil, insulation materials, and labour components.

For materials governed by IEEEMA Price Variation clauses, the Discom has used the IEEEMA PV Calculator, which automatically applies the notified index values issued by IEEEMA (Indian Electrical & Electronics Manufacturers' Association) for the billing month.

Accordingly, the claim of Rs. 2.54 represents the legitimate and contractually admissible PV arising from index variations during the period and has been computed in a transparent, formula-based manner using the IEEEMA PV Calculator.

7. *Component-wise break-up of revenue (including income from open access wheeling charges) of the company for FY 2024-25 duly tallying with the audited accounts to be provided.*

Reply:

The detailed breakup of Non-Tariff Income considered for Distribution Business is provided below:

Sl. No.	Particulars	2024-25
1	Deferred Revenue Income (Amortized Depreciation from CC Assets)	265.61
2	Incidental Charges – Work	98.96
3	Sales of Scrap	11.73
4	Penalties from Supplier	10.61
5	SDs and BGs forfeited	-9.46
6	Miscellaneous Income	30.48
7	Meter Testing Charges	0.88
8	Interest on Staff Loans & Advances	0.24
9	Penalty from Employees	0.50
10	Incentives and Rebates	25.00
11	Rental Income	6.22
12	Interest on Bank Deposits	8.77
	NTI Total	449.54

The detailed breakup of Open Access revenue for Distribution Business is provided below:

Sl. No.	SC No.	Category		Grand Total
		1	2	
1	BJH1015	0.00	0.08	0.08
2	BJH1262	0.00	0.05	0.05
3	BJH1304	0.00	0.21	0.21
4	BJH141	0.00	0.05	0.05
5	BJH1416	0.00	0.35	0.35
6	BJH393	0.00	0.34	0.34
7	BJH612	0.00	0.30	0.30
8	BJH698	0.00	0.13	0.13
9	BJH718	0.36	0.00	0.36
10	BJH922	0.06	0.00	0.06
11	BJH936	0.16	0.00	0.16
12	CBC1285	0.00	0.43	0.43
13	CBC1291	0.00	0.01	0.01
14	CBC1400	0.17	0.00	0.17
15	CBC176	0.08	0.00	0.08
16	CBC1820	0.00	0.26	0.26
17	CBC2608	0.00	0.26	0.26
18	CBC384	0.00	1.38	1.38
19	CBC946	0.02	0.00	0.02
20	HBG1035	0.24	0.00	0.24
21	HBG1076	0.06	0.00	0.06
22	HBG1304	0.12	0.00	0.12
23	HBG143	0.22	0.00	0.22
24	HBG1509	0.00	0.41	0.41
25	HBG164	0.26	0.00	0.26
26	HBG1934	0.04	0.00	0.04
27	HBG2169	0.11	0.00	0.11
28	HDC048	0.00	0.07	0.07
29	HDS195	0.23	0.00	0.23
30	MBN1139	0.01	0.00	0.01
31	MBN719	0.10	0.00	0.10
32	MBN725	0.11	0.00	0.11
33	MBN765	0.00	0.00	0.00
34	MCL1034	0.07	0.00	0.07
35	MCL1044	0.28	0.00	0.28
36	MCL1070	0.21	0.00	0.21
37	MCL1357	0.00	0.22	0.22
38	MCL300	0.00	0.00	0.00
39	MCL696	0.47	0.00	0.47
40	MCL713	0.53	0.00	0.53
41	MCL766	0.01	0.00	0.01
42	MCL848	0.40	0.00	0.40
43	MCL906	0.09	0.00	0.09

Sl. No.	SC No.	Category		Grand Total
		1	2	
44	MDK1060	0.00	0.00	0.00
45	MDK1150	0.00	0.00	0.00
46	MDK735	0.00	0.00	0.00
47	MDK893	0.00	0.00	0.00
48	NLG225	0.34	0.00	0.34
49	NLG585	0.13	0.00	0.13
50	RJN1739	0.06	0.00	0.06
51	RJN1910	0.12	0.00	0.12
52	RJN1957	0.12	0.00	0.12
53	RJN1973	0.00	0.00	0.00
54	RJN371	0.00	0.00	0.00
55	RJN502	0.09	0.00	0.09
56	RJN506	0.14	0.00	0.14
57	RJN557	0.06	0.00	0.06
58	RJN773	0.00	0.00	0.00
59	RJN890	0.00	0.00	0.00
60	SDP1140	0.14	0.00	0.14
61	SDP306	0.04	0.00	0.04
62	SEC1290	0.07	0.00	0.07
63	SEC520	0.00	0.15	0.15
64	SGR008	0.02	0.00	0.02
65	SGR034	0.00	0.00	0.00
66	SGR1203	0.01	0.00	0.01
67	SGR123	0.34	0.00	0.34
68	SGR127	0.31	0.00	0.31
69	SGR1278	0.00	0.15	0.15
70	SGR1308	0.01	0.00	0.01
71	SGR188	0.02	0.00	0.02
72	SGR1953	0.04	0.00	0.04
73	SGR208	0.01	0.00	0.01
74	SGR213	0.20	0.00	0.20
75	SGR217	1.14	0.00	1.14
76	SGR230	0.26	0.00	0.26
77	SGR264	0.05	0.00	0.05
78	SGR488	0.00	0.00	0.00
79	SGR512	0.02	0.00	0.02
80	SGR555	0.02	0.00	0.02
81	SGR556	0.14	0.00	0.14
82	SGR569	0.01	0.00	0.01
83	SGR590	0.06	0.00	0.06
84	SGR602	0.02	0.00	0.02
85	SGR634	0.10	0.00	0.10
86	SGR644	0.23	0.00	0.23
87	SGR666	0.66	0.00	0.66
88	SGR693	0.31	0.00	0.31
89	SGR694	0.45	0.00	0.45

Sl. No.	SC No.	Category		Grand Total
		1	2	
90	SGR920	0.26	0.00	0.26
91	SGR934	0.26	0.00	0.26
92	SPT351	0.00	0.00	0.00
93	SPT641	0.06	0.00	0.06
94	SRN093	0.21	0.00	0.21
95	SRN705	0.00	0.22	0.22
96	SRN750	0.00	0.25	0.25
97	SRN866	0.00	0.42	0.42
98	VKB1247	0.00	0.00	0.00
99	VKB1737	0.05	0.00	0.05
100	VKB708	0.00	0.00	0.00
Grand Total		10.97	5.73	16.70

TGSPDCL Distribution Business – Revised ARR for FY 2026-27

1. *In the excel working submitted it is noticed that Expenses capitalised are taken at 0.75% of total capex, IDC is considered as 0.1% of total capex and transfer to fixed asset is considered as 59.33% of total capex and expenses capitalised. Justification shall be provided.*

Reply:

In the MYT Order, the Hon'ble Commission has approved the capitalisation percentage at 59.33% of the total capital expenditure for the relevant year. Accordingly, TGSPDCL has adopted the same approach in its filings.

Further, expenses capitalised and IDC have been considered proportionately based on the methodology approved by the Hon'ble Commission in the 5th Control Period MYT Order. These components are applied as a percentage of the base approved by the Commission, ensuring consistency approach considered by Hon'ble TGERC in its MYT Order.

Therefore, the computation aligns with the MYT principles and the Tariff Order provisions, and there is no deviation from the methodology prescribed by the Hon'ble Commission.

2. *The details of the actual debt, equity component shall be furnished for the opening loan portion, equity portion and the addition of loan, equity during the year.*

Reply:

The details of the debt component for FY 2026-27 have been compiled based existing loans and new loans and loan-wise schedules maintained in SAP. No equity additions are considered for FY 2026-27. The opening balances, along with additions/repayments during the year, are furnished below.

Sl. No.	Financial Institution	Opening Balance as on 01-04-2026	Principal Repayment	Interest	Closing Balance as on 31-04-2027
1	REC LTD	11,799.95	1,750.00	1,107.57	10,049.95
2	PFC LTD.	14,249.28	1,814.00	1,305.00	12,435.28
3	PFS LTD	199.48	80.50	19.45	118.98
4	FRP Bonds	2,024.65	-	201.74	2,024.65
5	IREDA	2,549.98	1,400.00	187.44	1,149.98
6	TGTRANSCO	138.37	123.96	9.04	14.41
LONG TERM TOTAL		30,961.72	5,168.46	2,830.24	25,793.25

3. *In IoWC the O&M expenses are claimed as Rs. 382 Cr and Receivables are claimed as Rs. 835 Cr in the petition but in the excel working submitted it is noticed that O&M expenses are considered as Rs. 377 Cr and Receivables are claimed as Rs. 827 Cr. Justification to be provided.*

Reply:

In the Interest on Working Capital (IoWC) computation submitted with the petition, the O&M expenses (Rs. 382 Cr) and Receivables (Rs. 835 Cr) have been considered at 100%, in line with the values reflected in the ARR formats submitted to the Hon'ble Commission.

However, in the initial working excel sheet, the corresponding values appeared as Rs. 377 Cr (O&M) and Rs. 827 Cr (Receivables) because that working model applied a 90% factor on selected parameters. This reduced-base calculation was earlier used only for internal scenario analysis and does not represent the values proposed in the ARR filing.

For the purpose of tariff determination, and specifically for computing IoWC:

- The Discom has adopted the full (100%) O&M requirement of ₹ 382 Cr, and full receivables requirement of ₹ 835 Cr, as these are the amounts claimed in the petition and reflected in the approved ARR formats.

Further, since the Return on Equity (RoE) for the RSB business is negative, TGSPDCL has claimed the full 100% IoWC requirement under the Distribution Business.

The corrected IoWC computation is therefore aligned with the petitioned values and has no impact arising from the earlier 90% internal working file, which is superseded by the final petition submission.

**ABSTRACT OF COMPENSATION PAID FOR FY 2024-25 as per AUDITED
ACCOUNTS OF TGSPDCL**

(Rs. in Crores)

Circle/Division Name	Animal		Human		Grand Total
	FATAL		FATAL	NON-FATAL	
	Department Fault	Non-Department Fault	Non-Department Fault	Non-Department Fault	
DE Op Bhongir	0.000	0.012	0.250	0.000	0.262
DE Op Choutuppal	0.000	0.004	0.050	0.000	0.054
DE Op Deverkonda	0.000	0.004	0.195	0.000	0.199
DE OP Gadwal	0.000	0.012	0.286	0.000	0.298
DE OP Gajwel	0.000	0.024	0.050	0.000	0.074
DE OP Husnabad	0.000	0.004	0.050	0.000	0.054
DE OP Huzurnagar	0.000	0.033	0.158	0.000	0.191
DE OP Jadcherla	0.000	0.000	0.150	0.000	0.150
DE Op Jogipet	0.000	0.020	0.058	0.000	0.078
DE OP Mahaboobnagar	0.000	0.012	0.050	0.000	0.062
DE OP Medak	0.000	0.000	0.170	0.000	0.170
DE OP Miryalaguda	0.000	0.136	0.377	0.000	0.513
DE OP Nagarkurnool	0.000	0.038	0.234	0.000	0.272
DE OP Nalgonda	0.000	0.016	0.171	0.000	0.187
DE OP Narayanpet	0.000	0.012	0.100	0.000	0.112
DE OP Sangareddy	0.000	0.004	0.000	0.000	0.004
DE OP Siddipet	0.000	0.028	0.240	0.000	0.268
DE OP Suryapet	0.000	0.001	0.000	0.000	0.001
DE OP Tandur	0.000	0.008	0.058	0.000	0.066
DE OP Vikarabad	0.000	0.012	0.100	0.000	0.112
DE OP Wanaparthy	0.000	0.022	0.055	0.000	0.077
DE OP Zaheerabad	0.000	0.001	0.000	0.000	0.001
SE OP Cybercity	0.000	0.008	0.000	0.000	0.008
SE OP Habsiguda	0.000	0.000	0.050	0.000	0.050
SE OP Medchal	0.000	0.000	0.108	0.000	0.108
SE OP Rajendranagar	0.000	0.028	0.124	0.000	0.152
SE OP Saroornagar	0.000	0.004	0.012	0.000	0.016
SE/Op/Banjara Hills	0.000	0.000	0.194	0.000	0.194
SE/Op/Cybercity	0.004	0.008	0.308	0.000	0.320
SE/Op/Gadwal	0.000	0.028	0.740	0.000	0.768
SE/Op/Habsiguda	0.000	0.004	0.195	0.000	0.199
SE/Op/Mahaboobnagar	0.032	0.068	0.728	0.000	0.828
SE/Op/Medak	0.000	0.097	1.584	0.000	1.681
SE/Op/Medchal	0.000	0.004	0.326	0.000	0.330
SE/Op/Nagarkurnool	0.000	0.329	1.464	0.000	1.793
SE/Op/Nalgonda	0.000	0.391	1.903	0.000	2.294
SE/Op/Narayanpet	0.000	0.125	0.408	0.000	0.533
SE/Op/Rajendranagar	0.000	0.072	0.406	0.035	0.513
SE/Op/Sangareddy	0.000	0.046	0.244	0.000	0.290
SE/Op/Saroornagar	0.000	0.020	0.062	0.000	0.082
SE/Op/Secunderabad	0.000	0.000	0.100	0.000	0.100
SE/Op/Siddipet	0.012	0.263	1.931	0.000	2.206
SE/Op/South	0.000	0.000	0.286	0.000	0.286
SE/Op/Suryapet	0.000	0.279	1.284	0.000	1.563
SE/Op/Vikarabad	0.000	0.112	0.764	0.000	0.876
SE/Op/Wanaparthy	0.013	0.064	0.800	0.000	0.877
SE/Op/Yadadri	0.002	0.154	0.848	0.000	1.004
Grand Total	0.063	2.506	17.671	0.035	20.275