

## CHAPTER-6

### AGGREGATE ANNUAL REVENUE REQUIREMENT for FY-18

#### 6.1 POWER PURCHASE COST:

In the Chapter "Energy Sales Projections" MESCOM has elaborated the projections made in respect of the energy sales for FY-18. Further, the energy requirement at generation point has also been arrived considering the projected distribution loss and transmission loss for the respective years.

In this Chapter, the energy requirement projected for the year FY-18 has been considered for estimations of power purchase cost to arrive at the aggregate annual revenue requirement for FY-18.

a. Cost of power at generation point:

M/s PCKL has made available the source wise energy availability and related cost which has been considered in the filing.

For FY-18, PCKL has estimated that the cost of power purchase for MESCOM as Rs.2150.69 Cr. Power purchase cost incurred by MESCOM in different years are indicated in the below table;

Rs. in Cr.

Year	Amount
Fy-12 (Actual)	1137.07
Fy-13 (Actuals)	1378.27
Fy-14 (Actuals)	1484.68
Fy-15 (Actuals)	1467.63
<b>Fy-16 (As appd. In TO-2015)</b>	<b>1767.35</b>
Fy-16 (Actuals)	2010.15
<b>Fy-17 (As appd. In TO-2016)</b>	<b>1949.45</b>
Fy-17 (Projection)	1949.45
<b>Fy-18 (As appd. In TO-2016)</b>	<b>2003.82</b>
Fy-18 (Projection)	1863.68

b. KPTCL Transmission Charges: Transmission charges for FY-18 approved by the Hon'ble Commission in Tariff Order 2016 has been considered, which is Rs.238.16 Cr.

- a. SLDC Charges: SLDC charges for FY-18 approved by the Hon'ble Commission in Tariff Order 2016 has been considered, which is Rs.1.94 Cr.

## 6.2 Operation and Maintenance (O&M) Costs:

The Operation and Maintenance (O&M) costs includes employee-related costs, repairs & maintenance costs and administrative & general costs. All the above sub components of the O&M costs are projected for the year FY-18 as detailed below;

In the Tariff Order 2016, Hon'ble Commission has projected the O&M Expenses for the 4<sup>th</sup> Control period i.e. from FY-17 to FY-19 with the following norms.

- Actual O&M Expenses in the year FY-15 as the base value.
- Consumer growth index of 4.04% and 4.13% for FY-17 and FY-18, respectively.
- Weighted average inflation index of 7.24% for the years of the control period.
- Efficiency factor of 1% for all the years of the control period.

MESCOM has considered the same norms for projecting the various costs under the head 'O&M Expenses' but with the following additions.

- ✓ In MESCOM's proposal dated 15-12-2015 for approval of ARR for FY-17 to FY-19, MESCOM has proposed for inclusion of additional employee cost of Rs.55.35 Cr anticipating recruitment of about 1400 officers / employees in the year FY-17. But the same was not materialized due to certain administrative reasons. Hon'ble Commission was not considered the proposal stating that MESCOM has not furnished any additional justified reasons. However, MESCOM is resurrecting its proposal to recruit the employees in the following cadres in FY-18 and the additional employee cost in FY-18 would be as indicated below.

Sl. No.	Designation	No. of Employees	Average Expenditure per Annum (Rs. In Cr.)
1.	Asst. Engineer (Ele.)	56	4.22
2.	Asst. Engineer (Civil)	4	0.30
3.	Asst. Accounts Officer	40	3.02
4.	Junior Engineer (Ele.)	112	6.00
5.	Assistant	122	5.32
6.	Junior Assistant	74	2.81
<b>TOTAL:</b>		<b>408</b>	<b>21.67</b>
Pension Contribution @ 10%			2.17
<b>TOTAL:</b>			<b>23.84</b>

- ✓ In the application dated 19-03-2016, MESCOM has submitted before the Hon'ble Commission to include additional ARR of Rs.239.88 Cr for funding the pension and other liabilities of the personnel as on the date of second transfer scheme i.e. 31-05-2002. The proposal was based on the GoK's directions to recover the same through tariff. But, the Hon'ble Commission has rejected the proposal stating that the GoK is liable to meet the pension and gratuity requirement of existing pensions as per Rule 4 (13) of the Karnataka Electricity Reforms (Transfer of Undertakings of KPTCL and its Personnel to Electricity Distribution and Retail Supply Companies) Rules, 2002.

Pertinently, MESCOM is bringing the following developments on the above issue to the kind notice of the Hon'ble Commission.

- In the letter No.EN 26 PSR 2016/P3 dated 16-09-2016, the Additional Chief Secretary to the Government, Energy Department, GoK, Bengaluru has stated that *"As such, after examining the issue in detail and taking all the facts into account, KPTCL and ESCOMs are hereby directed to take into cognizance the liability pertaining to their companies as worked out as intimated by KEPGT, assume and account the same as a special case and one time measure in the Annual Accounts of FY 2015-16 being finalized pending further appraisal of the issue to Finance Department and requesting for re-examining the decision communicated in the past with regard to availability of funds on this account"*. **[Copy of the letter enclosed as Annexure-2]**

- o Further, in the letter No.KEPGT/KCO123/P46/2015-16/881-94/ Dt.16-09-2016, the KEPGT has communicated the following;

*“As the said liability is neither agreed to be made good by the GoK nor allowed by the KERC in the Tariff Order as a pass through in the tariff, the Corpus of Fund held by the Trust which has already been eroded cannot be restored back unless liabilities are assumed by KPTCL and ESCOMs to the extent of their respective portion. It is also a matter of concern that if same trend continuous, the existence and further functioning of P&G Trust will be in question as the Corpus is gradually and constantly being diminishing.*

*It is learnt that KPTCL has taken action to consider its portion of liability and account the same by making a suitable provision in the Accounts for FY 2015-16. Similar action also needs to be taken by all the ESCOMs in the interest of ensuring the financial viability of KEPGT's in so far as discharge of pension liabilities and protecting the interest of Pensioner and Employee.*

*The above facts and recent developments make the issue crystal clear and the alarming situation in which KEPGT is managing the contributions and disbursements. In view of the above facts, it is requested to take cognizance of the events happened recently and make provision for the liability already intimated in this office letter dated 09/03/2016 in the Annual Account for FY 2016-17 and arrange to fund the same to KEPGT during FY 2016-17 as a special case and one time measure. Such an action is absolutely necessary to ensure functioning of the KPTCL and ESCOMs Pension & Gratuity Trust without giving room for any default in discharging pension liabilities.”*

**[Copy of the letter enclosed as Annexure-3]**

- o From the above development, it is certain that the ESCOMs are to shoulder the burden of bearing funding the pension and other liabilities of the personnel as on the date of second transfer scheme i.e. 31-05-2002.
- o As the Hon'ble Commission is kindly aware that the revenue requirements of ESCOMs can only be sourced either from consumer tariff or from the Government subsidy. The recent developments, narrated above, indicate that there is hardly any possibility of funding the requirement by the Government and the ultimate alternative available is to consider the liability amount for a pass through in the tariff.

- o Hence, Hon'ble Commission is requested kindly to consider the MESCOM's portion of liability of Rs.239.88 Cr towards funding the pension and other liabilities of the personnel as on the date of second transfer scheme i.e. 31-05-2002 as a pass through in the tariff.

On the above elucidated norms / parameters, MESCOM has proceeded to project the O&M Expenses for FY-18 as below;

#### 6.2.1 Employee Related Costs:

Particulars	Rs. in Cr.		
	FY-15	FY-17	FY-18
Actual Expenses in FY-15	226.41	-	-
Consumer Growth Index	-	4.04%	4.13%
Weighted Inflation Index	-	7.24%	7.24%
Efficiency Factor	-	1.00%	1.00%
Net Growth Rate	-	10.28%	10.37%
<b>Expenses projected</b>	-	<b>275.35</b>	<b>303.91</b>
Add: Additional Employee cost towards new recruitment	-	-	23.84
Add: Additional ARR for pension and other liabilities of the personnel as on the date of second transfer scheme i.e. 31-05-2002	-	-	239.88
<b>TOTAL:</b>		<b>275.35</b>	<b>567.63</b>

#### 6.2.2 Repairs and Maintenance Costs:

Particulars	Rs. in Cr.		
	FY-15	FY-17	FY-18
Actual Expenses in FY-15	34.94	-	-
Consumer Growth Index	-	4.04%	4.13%
Weighted Inflation Index	-	7.24%	7.24%
Efficiency Factor	-	1.00%	1.00%
Net Growth Rate	-	10.28%	10.37%
<b>Expenses projected</b>	-	<b>42.49</b>	<b>46.89</b>

### 6.2.3 Administrative and General Costs:

Rs. in Cr.

Particulars	FY-15	FY-17	FY-18
Actual Expenses in FY-15	60.47	-	-
Consumer Growth Index	-	4.04%	4.13%
Weighted Inflation Index	-	7.24%	7.24%
Efficiency Factor	-	1.00%	1.00%
Net Growth Rate	-	10.28%	10.37%
<b>Expenses projected</b>	<b>-</b>	<b>73.54</b>	<b>81.17</b>

### 6.2.4 ABSTRACT of Operation and Maintenance (O&M) Costs:

(O&M Costs: Rs. in Crores)

Year	Employee Costs	R&M Costs	A&G Costs	Total O&M Costs
FY-12 (Actual)	187.79	13.36	30.74	231.89
FY-13 (Actual)	208.55	15.12	36.40	260.07
FY-14 (Actual)	222.84	20.11	46.33	289.28
FY-15 (Actual)	226.41	34.94	60.42	321.77
<b>FY-16 (Appd. TO 2015)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>344.83</b>
FY-16 (Actual)	249.24	33.04	67.41	349.69
<b>FY-17 (Appd. TO 2016)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>391.78</b>
FY-17 (Revised Projection)	275.35	42.49	73.54	391.38
<b>FY-18 (Appd. TO 2016)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>432.39</b>
FY-18 (Revised Projection)	567.63	46.89	81.17	695.69

### 6.3 DEPRECIATION:

In the Tariff Order 2016, Hon'ble Commission has adopted the norms prescribed in the MYT Regulations for projecting the depreciation. MESCOM has adopted the same analogy considering the actuals of FY-15 as base. The computation of depreciation for FY-18 is narrated in the below given table;

(Rs. in Cr.)

Particulars	Avg. value of Gross Block Assets in FY-15	Depreciation Amount	%
Land and rights	4.89	-	0.00%
Buildings	29.93	1.01	3.37%
Hydraulic Works	2.32	0.13	5.60%
Other Civil Works	0.53	0.02	3.77%
Plant & Machinery	216.78	12.62	5.82%
Lines, Cables, Networks	890.53	40.68	4.57%
Service lines	35.06	0.81	2.31%
Metering equipment	145.90	8.13	5.57%
Vehicles	3.94	0.08	2.03%
Furniture Fixtures	3.17	0.17	5.36%
Office Equipment	0.73	0.03	4.11%
<b>Total:</b>	<b>1,333.78</b>	<b>63.68</b>	

(Rs. in Cr.)

Particulars	Estimated Avg. value of Gross Block Assets in FY-17	Depreciation for FY-17 (Revised Projection)
Land and rights	9.43	0.00
Buildings	38.18	1.29
Hydraulic Works	2.59	0.15
Other Civil Works	0.74	0.03
Plant & Machinery	270.68	15.75
Lines, Cables, Networks	1,133.28	51.79
Service lines	36.33	0.84
Metering equipment	158.44	8.83
Vehicles	5.01	0.10
Furniture Fixtures	3.76	0.20
Office Equipment	0.88	0.04
<b>Total:</b>	<b>1,659.32</b>	<b>79.02</b>

(Rs. in Cr.)

Particulars	Estimated Avg. value of Gross Block Assets in FY-18	Depreciation for FY-18 (Revised Projection)
Land and rights	12.58	0.00
Buildings	43.25	1.46
Hydraulic Works	2.7	0.15
Other Civil Works	0.81	0.03
Plant & Machinery	299.59	17.44
Lines, Cables, Networks	1272.08	58.13
Service lines	36.75	0.85
Metering equipment	161.82	9.01
Vehicles	5.72	0.12
Furniture Fixtures	4.1	0.22
Office Equipment	0.97	0.04
<b>Total:</b>	<b>1,840.37</b>	<b>87.45</b>

**Abstract:**

(Rs. in Crores)

Year	Depreciation Amount in different years
FY-12 (Actual)	58.89
FY-13 (Actual)	50.84
FY-14 (Actual)	54.71
FY-15 (Actual)	63.68
<b>FY-16 (Appd. TO 2015)</b>	<b>72.37</b>
FY-16 (Actual)	63.74
<b>FY-17 (Appd. TO 2016)</b>	<b>77.38</b>
FY-17 (Revised Projection)	79.02
<b>FY-18 (Appd. TO 2016)</b>	<b>86.12</b>
FY-18 (Revised Projection)	87.45

#### 6.4 INTEREST AND FINANCE COSTS:

Interest and Finance costs include interest on capital loan, interest on working capital, interest on consumer deposits and other finance costs.

##### 6.4.1 Interest on Capital Loan:

In the Tariff Order 2016, Hon'ble Commission has approved the capex requirement of MESCOM as Rs.288.90 Cr and Rs.289.40 Cr for FY-17 and FY-18, respectively. MESCOM has considered the Loan requirement on the 70% of approved capex amount i.e. Rs.202.30 Cr and Rs.202.58 Cr for FY-17 and FY-18, respectively.

(Rs. in Cr.)

Particulars	FY-17	FY-18
Opening Balance of loans	477.37	575.27
Add: New Loans	202.23	202.58
Less: Repayments	104.33	114.33
Closing Balance of loans	575.27	663.52
<b>Average Loan</b>	<b>526.32</b>	<b>619.40</b>
Rate of interest	11.75%	11.75%
<b>Interest on Capital Loan</b>	<b>61.85</b>	<b>72.78</b>

##### 6.4.2 Interest on Consumer Deposits:

In the Tariff Orders, the Hon'ble Commission is allowing interest only on the consumer deposits held at the beginning of the year which does not include the deposits collected during the respective years. In this connection, it is to be submitted that 'Interest on Security Deposit' regulations provides for payment of interest on consumer deposits which are collected during the course of the year for the months following the month in which such security deposit is collected also. Hence, it is requested to consider average of the opening and closing balance of the consumer deposits in the respective years for computation of interest on consumer deposits.



Accordingly, Interest on Consumer Deposits for the year FY-18 is projected as below;

Particulars	FY-17	FY-18
Opening Balance of the security deposits	467.44	505.63
Add: Collected during the year	38.19	41.31
Closing Balance of the security deposits	505.63	546.94
<b>Average</b>	<b>486.54</b>	<b>526.29</b>
Rate of interest	7.75%	7.75%
<b>Interest on Capital Loan</b>	<b>37.71</b>	<b>40.79</b>

#### 6.4.3 Interest on Working Capital:

Interest on working capital has been projected for the year FY-18 as per the norms prescribed in the MYT regulations.

(Interest on Working Capital: Rs. in Crores)

Year	FY-17 (Revised Projection)	FY-18 (Revised Projection)
1/12th of O&M Expenses	32.62	57.97
Opening GFA	1,567.18	1,751.44
!% on opening GFA	15.67	17.51
1/6th of Revenue	451.40	476.27
<b>Total Working Capital</b>	<b>499.69</b>	<b>551.75</b>
Rate of Interest (%)	11.75%	11.75%
<b>Interest on Working Capital</b>	<b>58.71</b>	<b>64.83</b>

#### 6.4.4 Cost of raising finance:

Actual / projected cost of raising finance for different years is tabulated below;

(Rs. in Crores)

Year	Amount
FY-12 (Actual)	0.28
FY-13 (Actual)	2.85
FY-14 (Actual)	3.33
FY-15 (Actual)	2.19
<b>FY-16 (Appd. TO 2015)</b>	<b>3.33</b>
FY-16 (Actual)	1.21
<b>FY-17 (Appd. TO 2016)</b>	<b>2.19</b>
FY-17 (Revised Projection)	1.21
<b>FY-18 (Appd. TO 2016)</b>	<b>2.19</b>
FY-18 (Revised Projection)	1.21

#### 6.4.5 ABSTRACT of Interest and Finance Costs:

(Interest and Finance Costs: Rs. in Crores)

Year	Interest on Capital Loan	Working Capital Interest	Interest on consumer Deposit	Interest on belated payment of power purchase bills	Cost of raising finance	Total
<b>FY-16 (As apprd. in TO-2015)</b>	<b>67.17</b>	<b>51.11</b>	<b>38.30</b>	<b>0</b>	<b>3.33</b>	<b>159.91</b>
FY-16 (Actual)	62.68	12.18	35.55	0.29	1.21	111.91
<b>FY-17 (As apprd. in TO-2015)</b>	<b>67.07</b>	<b>55.64</b>	<b>38.22</b>	<b>0</b>	<b>2.19</b>	<b>163.12</b>
FY-17 (Actual)	61.85	58.71	37.71	0	1.21	159.48
<b>FY-18 (As apprd. in TO-2015)</b>	<b>70.33</b>	<b>59.25</b>	<b>41.55</b>	<b>0</b>	<b>2.19</b>	<b>173.32</b>
FY-18 (Actual)	72.78	64.83	40.78	0	1.21	179.61

#### 6.4.6 Interest & Other expenses capitalized:

Actual / projected interest & other expenses capitalized in different years is tabulated below;

(Rs. in Crores)

Year	Amount
FY-12 (Actual)	2.25
FY-13 (Actual)	2.07
FY-14 (Actual)	2.51
FY-15 (Actual)	2.39
<b>FY-16 (Appd. TO 2015)</b>	<b>2.51</b>
FY-16 (Actual)	1.30
<b>FY-17 (Appd. TO 2016)</b>	<b>2.39</b>
FY-17 (Revised Projection)	1.30
<b>FY-18 (Appd. TO 2016)</b>	<b>2.39</b>
FY-18 (Revised Projection)	1.30

#### 6.5 OTHER DEBITS (including bad debts):

Actual / projected 'Other Debits' charges for different years are tabulated below;

(Rs. in Crores)

Year	Amount
FY-12 (Actual)	3.58
FY-13 (Actual)	4.19
FY-14 (Actual)	13.65
FY-15 (Actual)	6.46
<b>FY-16 (Appd. TO 2015)</b>	<b>-</b>
FY-16 (Actual)	5.03
<b>FY-17 (Appd. TO 2016)</b>	<b>-</b>
FY-17 (Revised Projection)	5.03
<b>FY-18 (Appd. TO 2016)</b>	<b>-</b>
FY-18 (Revised Projection)	5.03

### 6.6 PRIOR PERIOD (CREDITS) / CHARGES:

Actual / projected 'Net prior period (credits) / charges' charges for different years is tabulated below;

(Rs. in Crores)

Year	Amount
FY-12 (Actual)	(113.92)
FY-13 (Actual)	(11.93)
FY-14 (Actual)	(1.89)
FY-15 (Actual)	(28.62)
<b>FY-16 (Appd. TO 2015)</b>	-
FY-16 (Actual)	(8.66)
<b>FY-17 (Appd. TO 2016)</b>	-
FY-17 (Revised Projection)	(11.58)
<b>FY-18 (Appd. TO 2016)</b>	-
FY-18 (Revised Projection)	(11.58)

### 6.7 RETURN ON EQUITY:

Paid up share capital, share deposit and reserves & surplus, at the beginning of the year, considered for projection of 'Return on Equity' for the year FY-18 as indicated below;

(Return on Equity: Rs. in Crores)

Year	FY-17	FY-18
Opening balance of paid up share capital	266.36	266.36
Share Deposit	14.00	14.00
Reserves & Surplus	143.94	204.41
<b>Total:</b>	<b>424.30</b>	<b>484.77</b>
Rate of ROE (grossed up with MAT) [*]	19.706%	19.706%
<b>As approved in TO-2016</b>	<b>71.61</b>	<b>82.71</b>
<b>RoE (Revised projection)</b>	<b>83.61</b>	<b>95.53</b>

[\*] Considered 15.50% of return on equity duly grossed up with the applicable MAT of 21.342% which works out to 19.706%, as approved in Tariff Order 2016.

#### Status of Debt Equity Ratio:

Particulars	FY-17	FY-18
GFA Closing Balance	1751.44	1929.28
Debt	575.27	663.52
Equity	424.30	484.77
Normative Debt @ 70% of GFA	1226.01	1350.50
Normative Equity @ 30% of GFA	525.43	578.78
<b>% of actual DEBT on GFA</b>	<b>32.85 %</b>	<b>34.39 %</b>
<b>% of actual EQUITY on GFA</b>	<b>24.23 %</b>	<b>25.13 %</b>

From the above table, it is clear that the debt equity amount lies within the normative debt equity ratio of 70:30 on the closing balances of GFA.

**6.8 PROVISION FOR TAX:**

In line with the norms adopted by the Hon'ble Commission in the Tariff Orders, MESCOM has not claimed separately any amount towards income tax as the RoE has been computed & projected considering MAT.

**6.9 FUNDS TOWARDS CONSUMER RELATIONS:**

Hon'ble Commission has allowed an amount of Rs.50 lakhs towards Consumer Education / Relations activities. The same amount has been projected for FY-18. In the year FY-16, actual amount incurred under this head is Rs.11.00 lakhs.

**6.10 ABSTRACT – Annual Revenue Requirement (Rs. In Cr.):**

Projections of the expenditures in all the sub heads are detailed in the respective prescribed formats D1 to D21 and the values are abstracted in the below table;

Particulars	Fy-12		Fy-13	
	As per Accounts	As per APR	As per Accounts	As per APR
Power Purchase Cost	1137.07	1136.90	1,378.27	1,378.34
KPTCL Transmission charges	137.37	137.37	158.89	158.89
SLDC Charges	1.82	1.99	0.25	0.20
O&M Costs	231.82	234.64	260.07	260.07
Depreciation	58.89	58.89	50.84	24.24
Interest & Finance Charges	121.43	84.33	184.66	102.76
Interest & Finance Charges Capitalized	(2.25)	(2.25)	(2.07)	(2.07)
Other Debits	3.58	1.40	4.19	2.53
Extraordinary Items	-	-	(78.43)	(43.20)
Net prior period (credits) / charges	(113.92)	(113.91)	(11.93)	(11.94)
Provision for taxes	2.15	2.15	1.73	(6.64)
Funds towards consumer relations	0.07	-	0.05	-
<b>TOTAL:</b>	<b>1578.03</b>	<b>1,541.51</b>	<b>1,946.52</b>	<b>1,863.18</b>
Return on Equity	-	32.51	-	35.79
Regulatory Asset	-	-	-	-
Regulatory Asset carry forward	-	-	-	-
Prior period subsidy	-	-	-	122.48
APR (Surplus) / Deficit	-	-	-	-
Disallowance for imprudent capex	-	-	-	-
Other Income	(2.05)	(44.32)	(210.40)	(24.15)
<b>ARR:</b>	<b>1,575.98</b>	<b>1,529.70</b>	<b>1,736.12</b>	<b>1,997.30</b>

Particulars	FY-14		FY-15	
	As per Accounts	As per APR	As per Accounts	As per APR
Power Purchase Cost	1,484.68	1,484.68	1,467.63	1,467.63
KPTCL Transmission charges	182.87	182.87	184.41	184.41
SLDC Charges	1.33	1.33	6.10	6.10
O&M Costs	289.28	286.50	321.77	303.12
Depreciation	54.71	19.88	63.68	63.95
Interest & Finance Charges	182.64	105.68	196.95	123.03
Interest & Finance Charges Capitalized	(2.51)	(2.51)	(2.39)	(3.40)
Other Debits	13.65	11.58	6.46	2.97
Extraordinary Items	(0.47)	-	(3.43)	-
Net prior period (credits) / charges	(1.89)	(1.11)	(28.62)	(4.95)
Provision for taxes	0.47	-	3.43	-
Funds towards consumer relations	0.23	0.23	0.05	0.05
<b>TOTAL:</b>	<b>2,204.99</b>	<b>2,089.13</b>	<b>2,216.04</b>	<b>2,142.91</b>
Return on Equity		28.61		42.74
Regulatory Asset	-	-	101.54	-
Regulatory Asset carry forward	-	-	-	-
Prior period subsidy	-	-	-	-
APR (Surplus) / Deficit	-	-	-	-
Disallowance for imprudent capex	-	-	-	-
Other Income	(252.42)	(250.97)	(140.17)	(138.82)
<b>ARR:</b>	<b>1,952.57</b>	<b>1,866.77</b>	<b>2,177.41</b>	<b>2,046.83</b>

(ABSTRACT – Annual Revenue Requirement -Rs. In Cr.)

Particulars	FY-16		
	As approved In TO-2015	As per Accounts	As proposed for APR
Power Purchase Cost	1,767.35	2,010.15	2,010.15
KPTCL Transmission charges	217.21	218.70	218.70
SLDC Charges	2.52	1.71	1.71
O&M Costs	344.83	349.69	349.69
Depreciation	72.37	63.74	63.74
Interest & Finance Charges	159.90	111.91	137.47
Interest & Finance Charges Capitalized	(2.51)	(1.30)	(1.30)
Other Debits	-	5.03	5.03
Extraordinary Items	-	(5.02)	-
Net prior period (credits) / charges	-	(8.66)	-
Provision for taxes	-	2.31	2.31
Funds towards consumer relations	0.50	0.11	0.11
<b>TOTAL:</b>	<b>2,562.17</b>	<b>2,748.37</b>	<b>2,787.61</b>
Return on Equity	61.71	-	76.87
Regulatory Asset	101.02	-	-
Regulatory Asset carry forward	(92.25)	-	-
Prior period subsidy	-	-	-
APR (Surplus) / Deficit	(86.00)	-	-
Disallowance for imprudent capex	(1.89)	-	-
Other Income	(95.97)	(396.26)	(47.74)
<b>ARR:</b>	<b>2,448.79</b>	<b>2,352.11</b>	<b>2,816.74</b>

Particulars	Fy-17		Fy-18	
	As apprd. In TO-2016	Revised Projections	As apprd. In TO-2016	Revised Projections
Power Purchase Cost	1,949.45	2,042.90	2,003.82	2,150.69
KPTCL Transmission charges	246.90	246.90	238.16	238.16
SLDC Charges	1.64	1.64	1.94	1.94
O&M Costs	391.78	391.38	432.39	695.69
Depreciation	77.38	79.02	86.12	87.45
Interest & Finance Charges	163.12	159.48	173.32	179.61
Interest & Finance Charges Capitalized	(2.39)	(1.30)	(2.39)	(1.30)
Other Debits	-	5.03	-	5.03
Extraordinary Items	-	-	-	-
Net prior period (credits) / charges	-	(11.58)	-	(11.58)
Provision for taxes	-	-	-	-
Funds towards consumer relations	0.50	0.50	0.50	0.50
<b>TOTAL:</b>	<b>2,828.38</b>	<b>2,815.55</b>	<b>2,933.86</b>	<b>3,054.16</b>
Return on Equity	71.61	83.61	82.71	95.53
Regulatory Asset	-	-	-	-
Regulatory Asset carry forward	92.25	-	-	-
Prior period subsidy	-	-	-	-
APR (Surplus) / Deficit	(144.52)	-	-	453.52
Disallowance for imprudent capex	-	-	-	-
Other Income	(73.77)	(45.12)	(80.54)	(45.12)
<b>ARR:</b>	<b>2,773.95</b>	<b>2,853.99</b>	<b>2,936.03</b>	<b>3,558.09</b>

6.11 It is to be submitted before the Hon'ble Commission to consider the projected Aggregate Annual Revenue Requirement of MESCOM as elaborated above. The enclosed formats from A1 to D24 have contained the costs under each sub heads of income / expenditure.

6.12 **CAPITAL INVESTMENT PROGRAMME FOR FY-15:**

Capital Investment Programme envisaged for Fy-17 & FY-18 are detailed in **Annexure-4.**

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