

CHAPTER-6

AGGREGATE ANNUAL REVENUE REQUIREMENT

6.1 POWER PURCHASE COST:

In the Chapter “Energy Sales Projections” MESCOM has elaborated the projections made in respect of the energy sales for the period from FY-19 to FY-24. 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-20 to FY-22 has been considered for estimations of power purchase cost to arrive at the aggregate annual revenue requirement for the control period.

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-20 to FY-22, PCKL has estimated that the cost of power purchase for MESCOM would be Rs.2215.35 Cr, Rs.2284.93 Cr and Rs.2356.71 Cr, respectively. Power purchase cost incurred by MESCOM in previous years and the projected for future years are indicated in the below table;

Rs. in Cr.	
Year	Amount
Fy-15 (Actuals)	1467.63
Fy-16 (Actuals)	2010.15
Fy-17 (Actuals)	2291.69
Fy-18 (As appd. In TO-2017)	1796.76
Fy-18 (Actuals)	2288.10
Fy-19 (Projection)	2224.60
Fy-20 (Projection)	2215.35
Fy-21 (Projection)	2284.93
Fy-22 (Projection)	2356.71

b. KPTCL Transmission Charges:

KPTCL is also filing its proposal before Hon'ble Commission for transmission charges for the control period from FY-20 to FY-22.

For the period from FY-20 to FY-22, KPTCL has intimated their proposed transmission charges which have been considered to arrive at the ARR of MESCOM. The transmission charges factored in the present filing is as below;

(KPTCL Transmission Charges: Rs. in Crores)

Year	Amount
FY 20 (Projection)	224.37
FY 21 (Projection)	247.99
FY 22 (Projection)	259.80

a. SLDC Charges: SLDC charges for FY-19 approved by the Hon'ble Commission in Tariff Order 2018 has been considered, which is Rs.2.09 Cr for all the years of control period FY-20 to FY-22.

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 control period FY-20 to FY-22 as detailed below;

In the Tariff Order 2018, Hon'ble Commission has projected the O&M Expenses for FY-19 with the following norms.

- Actual O&M Expenses in the year FY-16 as the base.
- Consumer growth index of 3.15%.
- Weighted average inflation index of 8.1059%
- Efficiency factor of 1%.

MESCOM has considered the same norms for projecting the various costs under the head 'O&M Expenses' but with the following rates of inflation, growth index and base year for projections for the years from FY-20 to FY-22.

- ✓ Actual O&M Expenses in the year FY-18 as the base.
- ✓ Consumer growth index of 3.25% (3 year CAGR).
- ✓ Weighted average inflation index of 8.28%
- ✓ Efficiency factor of 1%.

Weighted average inflation index of 8.28% is computed as follows:

Year	WPI	CPI	Comp. Series	Yt/Y1 =Rt	Ln Rt	Year (t-1)	Product [(t-1)*(LnRt)]
2006	70.20	122.90	112.36				
2007	73.60	130.80	119.36	1.06	0.06	1	0.06
2008	80.00	141.70	129.36	1.15	0.14	2	0.28
2009	81.90	157.10	142.06	1.26	0.23	3	0.70
2010	89.70	175.90	158.66	1.41	0.35	4	1.38
2011	98.20	191.50	172.84	1.54	0.43	5	2.15
2012	105.70	209.30	188.58	1.68	0.52	6	3.11
2013	111.10	232.20	207.98	1.85	0.62	7	4.31
2014	114.80	246.90	220.48	1.96	0.67	8	5.39
2015	110.30	261.40	231.18	2.06	0.72	9	6.49
2016	110.30	274.30	241.50	2.15	0.77	10	7.65
2017	114.10	280.20	247.78	2.21	0.79	11	8.70
A=Sum of the product column							40.23
B=6 times of A							241.40
C=(n-1)*n*(2n-1)							3036.00
D=B/C							0.079513
Annual Escalation rate (exponential of D)							8.28%

On the above elucidated norms / parameters, MESCOM has proceeded to project the O&M Expenses for the control period from FY-20 to FY-22 as below;

6.2.1 Employee Related Costs:

Rs. in Cr.

Particulars	FY-18	FY-19	FY-20
Actual Expenses in FY-18	355.68	-	-
Consumer Growth Index	-	3.25%	3.25%
Weighted Inflation Index	-	8.28%	8.28%
Efficiency Factor	-	1.00%	1.00%
Net Growth Rate	-	10.53%	10.53%
Expenses projected	-	393.13	434.53

Particulars	FY-20	FY-21
Actual Expenses in FY-18	-	-
Consumer Growth Index	3.25%	3.25%
Weighted Inflation Index	8.28%	8.28%
Efficiency Factor	1.00%	1.00%
Net Growth Rate	10.53%	10.53%
Expenses projected	480.29	530.86

6.2.2 Repairs and Maintenance Costs:

Rs. in Cr.

Particulars	FY-18	FY-19	FY-20
Actual Expenses in FY-18	39.39	-	-
Consumer Growth Index	-	3.25%	3.25%
Weighted Inflation Index	-	8.28%	8.28%
Efficiency Factor	-	1.00%	1.00%
Net Growth Rate	-	10.53%	10.53%
Expenses projected	-	43.54	48.12

Particulars	FY-21	FY-22
Actual Expenses in FY-18	-	-
Consumer Growth Index	3.25%	3.25%
Weighted Inflation Index	8.28%	8.28%
Efficiency Factor	1.00%	1.00%
Net Growth Rate	10.53%	10.53%
Expenses projected	53.19	58.79

6.2.3 Administrative and General Costs:

7.1

Rs. in Cr.

Particulars	FY-18	FY-19	FY-20
Actual Expenses in FY-18	93.60	-	-
Consumer Growth Index	-	3.25%	3.25%
Weighted Inflation Index	-	8.28%	8.28%
Efficiency Factor	-	1.00%	1.00%
Net Growth Rate	-	10.53%	10.53%
Expenses projected	-	103.46	114.35

8.1

Particulars	FY-21	FY-22
Actual Expenses in FY-18	-	-
Consumer Growth Index	3.25%	3.25%
Weighted Inflation Index	8.28%	8.28%
Efficiency Factor	1.00%	1.00%
Net Growth Rate	10.53%	10.53%
Expenses projected	126.39	139.70

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

(O&M Costs: Rs. in Cr)

Year	Employee Costs	R&M Costs	A&G Costs	Total O&M Costs
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
FY-16 (Actual)	249.24	33.04	67.41	349.69
FY-17 (Actual)	266.98	35.88	68.27	371.13
FY-18 (Appd. TO 2017)	-	-	-	429.30
FY-18 (Actual)	355.68	39.39	93.60	488.67
FY-19 (Appd. TO 2018)	-	-	-	491.33
FY-19 (Revised Projection)	393.13	43.54	103.46	540.13
FY-20 (Projection)	434.53	48.12	114.35	597.00
FY-21 (Projection)	480.29	53.19	126.39	659.87
FY-22 (Projection)	530.86	58.79	139.70	729.35

6.3 DEPRECIATION:

CAPEX program of MESOM for the years FY-19, FY-20, FY-21 & FY-22 are Rs.816.65 Cr, Rs.1091.44 Cr, Rs.809.55 Cr & Rs.695.85 Cr, respectively. In the year FY-18, MESCOM has categorized the assets amounting to Rs.434.79 Cr as against the CAPEX program of Rs.690.44 Cr which is about 63%. As such, MESCOM has expected that about 70% of the CAPEX program will be categorized during the years FY-19 & FY-20 and about 85% of the CAPEX program will be categorized during the years FY-21 & FY-22. Accordingly, sector wise categorization of assets have been arrived and indicated in the Format-D15.

Further, weighted average rate of depreciation in the year FY-18 is 4.45% on the average of the opening & closing balances of value of assets, which has been considered to project the depreciation for the years FY-19 to FY-22, as detailed below;

(Rs. in Cr.)

Particulars	Average of Opening & Closing Assets in FY-18 (Actuals)	Depreciation Provided in FY-18 (Actuals)	%
Land and rights	6.06	0.00	0.00%
Buildings	70.14	2.32	3.31%
Hydraulic Works	2.79	0.14	5.02%
Other Civil Works	0.72	0.03	4.17%
Plant & Machinery, Lines, Cables, Networks / Service Lines / Metering equipment	1,934.69	87.12	4.50%
Vehicles	5.83	0.25	4.29%
Furniture Fixtures	7.33	0.40	5.46%
Office Equipment	2.82	0.13	4.61%
Total:	2,030.36	90.39	4.45%

(Rs. in Cr.)

Particulars	Average of Opening & Closing Assets for FY-19 (Projections)	Weighted Average Deprecation (%)	Depreciation for FY-19 (Projections)
Land and rights	6.02	0.00%	-
Buildings	94.31	3.31%	3.12
Hydraulic Works	2.93	5.02%	0.15
Other Civil Works	0.72	4.17%	0.03
Plant & Machinery, Lines, Cables, Networks / Service Lines /Metering equipment	2,355.43	4.50%	106.07
Vehicles	8.06	4.29%	0.35
Furniture Fixtures	8.93	5.46%	0.49
Office Equipment	3.94	4.61%	0.18
Total:	2,480.33	4.45%	110.39

(Rs. in Cr.)

Particulars	Average of Opening & Closing Assets for FY-20 (Projections)	Weighted Average Deprecation (%)	Depreciation for FY-20 (Projections)
Land and rights	6.02	0.00%	-
Buildings	126.39	3.31%	4.18
Hydraulic Works	3.12	5.02%	0.16
Other Civil Works	0.72	4.17%	0.03
Plant & Machinery, Lines, Cables, Networks / Service Lines /Metering equipment	2,919.54	4.50%	131.47
Vehicles	11.01	4.29%	0.48
Furniture Fixtures	11.04	5.46%	0.61
Office Equipment	5.44	4.61%	0.25
Total:	3,083.28	4.45%	137.18

(Rs. in Cr.)

Particulars	Average of Opening & Closing Assets for FY-21 (Projections)	Weighted Average Deprecation (%)	Depreciation for FY-21 (Projections)
Land and rights	6.02	0.00%	-
Buildings	161.21	3.31%	5.33
Hydraulic Works	3.33	5.02%	0.17
Other Civil Works	0.72	4.17%	0.03
Plant & Machinery, Lines, Cables, Networks / Service Lines /Metering equipment	3,523.03	4.50%	158.65
Vehicles	14.15	4.29%	0.62
Furniture Fixtures	13.34	5.46%	0.74
Office Equipment	7.06	4.61%	0.32
Total:	3,728.86	4.45%	165.86

(Rs. in Cr.)

Particulars	Average of Opening & Closing Assets for FY-22 (Projections)	Weighted Average Deprecation (%)	Depreciation for FY-22 (Projections)
Land and rights	6.02	0.00%	-
Buildings	191.75	3.31%	6.34
Hydraulic Works	3.52	5.02%	0.18
Other Civil Works	0.72	4.17%	0.03
Plant & Machinery, Lines, Cables, Networks / Service Lines / Metering equipment	4,028.84	4.50%	181.43
Vehicles	16.78	4.29%	0.74
Furniture Fixtures	15.37	5.46%	0.85
Office Equipment	8.49	4.61%	0.38
Total:	4,271.49	4.45%	189.95

Abstract: (Rs. in Cr.)

Year	Depreciation Amount in different years
FY-13 (Actual)	50.84
FY-14 (Actual)	54.71
FY-15 (Actual)	63.68
FY-16 (Actual)	63.74
FY-17 (Actual)	78.45
FY-18 (Appd. TO 2017)	79.60
FY-18 (Actual)	90.91
FY-19 (Appd. TO 2018)	97.02
FY-19 (Revised Projection)	110.39
FY-20 (Projection)	137.18
FY-21 (Projection)	165.86
FY-22 (Projection)	189.95

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 MYT Order dated 30-03-2017, Hon'ble Commission has considered 70% of the CAPEX program as loan required for capital expenditure for the control period.

However, MESCOM has considered the following principle to estimate the loan requirement for CAPEX for the years FY-19 to FY-22.

- In the year FY-18, MESCOM's total CAPEX Plan, CAPEX achievement and New Loan availed are as follows;

CAPEX Plan	:	Rs.690.44 Cr
CAPEX Achievement	:	Rs.451.52 Cr
% w.r.t. CAPEX Plan	:	65%
New Loan Availed	:	Rs.313.54 Cr
% w.r.t. to CAPEX Achievement	:	70%

- With the above indicators, MESCOM has considered 75% as CAPEX achievement and 70% of estimated CAPEX achievement as loan requirement for the control period, as follows.

Rs. In Cr.

Year	CAPEX Plan	Estimated CAPEX Achievement (*)	Estimated Loan Requirement (**)
FY-19	816.65	612.49	428.74
FY-20	1091.44	818.58	573.01
FY-21	809.55	607.16	425.01
FY-22	695.85	521.89	365.32

(*) 75% of CAPEX Plan

(**) 70% of estimated CAPEX achievement

Capital Budget of MESCOM for FY-20 and FY-22 has been detailed in Business Plan, Chapter-5A.

Considering the above estimations, interest on loan capital has been projected as indicated below.

(Rs. in Cr.)

Particulars	FY-19	FY-20	FY-21	FY-22
Opening Balance of loans	774.31	1027.71	1400.38	1600.05
Add: New Loans	428.74	573.01	425.01	365.32
Less: Repayments	175.34	200.34	225.34	250.34
Closing Balance of loans	1027.71	1400.38	1600.05	1715.03
Average Loan	901.01	1214.05	1500.22	1657.54
Rate of interest	11.00%	11.00%	11.00%	11.00%
Interest on Capital Loan	99.11	133.55	165.02	182.33

6.4.2 Interest on Consumer Deposits:

Methodology adopted by the Hon'ble Commission in the Tariff Order 2018 has been followed for projecting the interest on consumer security deposit. Increase in consumer deposit in FY-18 with reference to security deposit in FY-17 is taken as the estimated additions for the years FY-19 to FY-22. Further, interest rate of 6.75%, as per RBI Notification dated 01-08-2018, has been considered for estimating the interest on consumer deposits.

Accordingly, Interest on Consumer Deposits is projected as below;

Rs.in Cr.				
Particulars	FY-19	FY-20	FY-21	FY-22
OB of the security deposits	573.83	638.57	703.31	768.05
Add: Collection during the year	64.74	64.74	64.74	64.74
CB of the security deposits	638.57	703.31	768.05	832.79
Average	606.20	670.94	735.68	800.42
Rate of interest	6.75%	6.75%	6.75%	6.75%
Interest on Consumer Security Deposits	40.92	45.29	49.66	54.03

6.4.3 Interest on Working Capital:

Interest on working capital has been projected for the year FY-19 as per the norms prescribed in the MYT regulations.

(Interest on Working Capital: Rs. in Crores)

Year	FY-19 (Proj.)	FY-20 (Proj.)	FY-21 (Proj.)	FY-22 (Proj.)
1/12th of O&M Expenses	45.01	49.75	54.99	60.78
Opening GFA	2,223.62	2,737.03	3,429.52	4,028.20
1% on opening GFA	22.24	27.37	34.30	40.28
1/6th of Revenue	563.44	578.34	594.06	610.4
Total Working Capital	630.69	655.46	683.35	711.46
Rate of Interest (%)	11.00%	11.00%	11.00%	11.00%
Interest on Working Capital	69.38	72.1	75.17	78.26

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-13 (Actual)	2.85
FY-14 (Actual)	3.33
FY-15 (Actual)	2.19
FY-16 (Actual)	1.21
FY-17 (Actual)	3.95
FY-18 (Appd. TO 2017)	1.21
FY-18 (Actual)	1.10
FY-19 (Appd. TO 2018)	3.95
FY-19 (Projection)	1.10
FY-20 (Projection)	1.10
FY-21 (Projection)	1.10
FY-22 (Projection)	1.10

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
FY-16 (Actual)	62.68	12.18	35.55	0.29	1.21	111.91
FY-17 (Actual)	53.43	33.38	35.68	2.87	3.95	129.31
FY-18 (As per TO-2017)	68.71	58.61	35.94	-	1.21	164.47
FY-18 (Actual)	51.62	32.76	34.02	-	1.10	119.50
FY-19 (As per TO-2018)	80.75	64.31	35.57	-	3.95	184.58
FY-19 (Projection)	99.11	69.38	40.92	-	1.10	210.51
FY-20 (Projection)	133.55	72.10	45.29	-	1.10	252.04
FY-21 (Projection)	165.02	75.17	49.66	-	1.10	290.95
FY-22 (Projection)	182.33	78.26	54.03	-	1.10	315.72

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-13 (Actual)	2.07
FY-14 (Actual)	2.51
FY-15 (Actual)	2.39
FY-16 (Actual)	1.30
FY-17 (Actual)	2.39
FY-18 (Appd. TO 2017)	1.30
FY-18 (Actual)	2.92
FY-19 (Appd. TO 2018)	2.39
FY-19 (Projection)	2.92
FY-20 (Projection)	2.92
FY-21 (Projection)	2.92
FY-22 (Projection)	2.92

6.5 OTHER DEBITS (including bad debts):

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

(Rs. in Crores)

Year	Amount
FY-13 (Actual)	4.19
FY-14 (Actual)	13.65
FY-15 (Actual)	6.46
FY-16 (Actual)	5.03
FY-17 (Actual)	20.20
FY-18 (Appd. TO 2017)	-
FY-18 (Actual)	(1.55)
FY-18 (Appd. TO 2018)	-
FY-19 (Projection)	-
FY-20 (Projection)	-
FY-21 (Projection)	-
FY-22 (Projection)	-

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-13 (Actual)	(11.93)
FY-14 (Actual)	(1.89)
FY-15 (Actual)	(28.62)
FY-16 (Actual)	(8.66)
FY-17 (Actual)	190.03
FY-18 (Appd. TO 2017)	-
FY-18 (Actual)	-
FY-19 (Appd. TO 2018)	-
FY-19 (Projection)	-
FY-20 (Projection)	-
FY-21 (Projection)	-
FY-22 (Projection)	-

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-19 as indicated below;

(Return on Equity: Rs. in Crores)

Year	FY-19	FY-20
Opening balance of paid up share capital	358.07	358.07
Share Deposit	14.00	14.00
Reserves & Surplus	237.64	269.06
Less: Recapitalized Security Deposit	(26.00)	(26.00)
Total:	583.71	615.13
Rate of ROE (grossed up with MAT) [*]	19.706%	19.706%
ROE (Projection)	115.03	121.22

(Return on Equity: Rs. in Crores)

Year	FY-21	FY-22
Opening balance of paid up share capital	358.07	358.07
Share Deposit	14.00	14.00
Reserves & Surplus	359.54	454.89
Less: Recapitalized Security Deposit	(26.00)	(26.00)
Total:	705.61	800.96
Rate of ROE (grossed up with MAT) [*]	19.706%	19.706%
ROE (Projection)	139.05	157.84

[*] 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 2017.

Status of Debt Equity Ratio:

Particulars	FY-19	FY-20	FY-21	FY-22
GFA Closing Balance	2,737.03	3,429.52	4,028.20	4,514.78
Debt	1,027.71	1,400.38	1,600.05	1,722.58
Equity	641.13	731.61	826.96	936.33
Normative Debt @ 70% of GFA	1915.92	2400.66	2819.74	3160.35
Normative Equity @ 30% of GFA	821.11	1,028.86	1,208.46	1,354.43
% of actual DEBT on GFA	37.55%	40.83%	39.72%	38.15%
% of actual EQUITY on GFA	23.42%	21.33%	20.53%	20.74%

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 are projections are considered duly factoring 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-19 to FY-22. In the year FY-18, actual amount incurred under this head is Rs.37 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-15		Fy-16	
	As per Accounts	As per Appd.APR	As per Accounts	As per Appd.APR
Power Purchase Cost	1,467.63	1,467.63	2,010.15	2,010.15
KPTCL Transmission charges	184.41	184.41	218.70	218.70
SLDC Charges	6.10	6.10	1.71	1.71
O&M Costs	321.77	303.12	349.69	338.46
Depreciation	63.68	63.95	63.74	64.08
Interest & Finance Charges	196.95	123.03	111.91	125.89
Interest & Finance Charges Capitalized	(2.39)	(3.40)	(1.30)	(2.32)
Other Debits	6.46	2.97	5.03	4.53
Extraordinary Items	(3.43)	-	(5.02)	(2.70)
Net prior period (credits) / charges	(28.62)	(4.95)	(8.66)	(8.66)
Provision for taxes	3.43	-	2.31	-
Funds towards consumer relations	0.05	0.05	0.11	0.11
TOTAL:	2,216.04	2,142.91	2,748.37	2,749.95
Return on Equity		42.74	-	49.20
Regulatory Asset	101.54	-	-	-
Carrying Cost Regulatory Asset	-	-	-	6.05
Prior period subsidy	-	-	-	-
APR (Surplus) / Deficit	-	-	-	-
Disallowance for imprudent capex	-	-	-	-
Other Income	(140.17)	(138.82)	(396.26)	(46.25)
ARR:	2,177.41	2,046.83	2,352.11	2,758.95

Particulars	Fy-17	
	As per Accounts	As per Appd.APR
Power Purchase Cost	2291.69	2291.69
KPTCL Transmission charges	248.38	248.38
SLDC Charges	1.64	1.64
O&M Costs	371.13	378.31
Depreciation	78.45	75.28
Interest & Finance Charges	129.31	138.45
Interest & Finance Charges Capitalized	(2.39)	(4.30)
Other Debits	20.20	18.75
Extraordinary Items	(3.07)	-
Net prior period (credits) / charges	190.13	193.30
Provision for taxes	3.07	-
Funds towards consumer relations	0.31	0.25
TOTAL:	3,328.85	3,341.75
Return on Equity	-	59.58
Regulatory Asset	-	-
Carrying Cost Regulatory Asset	-	-
Prior period subsidy	-	-
APR (Surplus) / Deficit	-	-
Disallowance for imprudent capex	-	(1.49)
Other Income	(531.88)	(27.71)
ARR:	2,796.97	3,372.13

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

Particulars	Fy-18		
	As per TO-2017	As per Accounts	Proposed for APR
Power Purchase Cost	1,796.76	2,288.10	2,288.10
KPTCL Transmission charges	216.20	218.04	218.04
SLDC Charges	1.94	1.87	1.87
O&M Costs	429.30	488.67	488.67
Depreciation	79.60	90.39	90.39
Interest & Finance Charges	164.48	119.50	136.10
Interest & Finance Charges Capitalized	(1.30)	(2.92)	(2.92)
Other Debits	-	(1.55)	-
Extraordinary Items	-	44.28	48.47
Net prior period (credits) / charges	-	-	-
Provision for taxes	-	-	-
Funds towards consumer relations	0.50	0.37	0.37
TOTAL:	2,687.48	3,246.75	3,269.09
Return on Equity	79.90	-	92.91
Regulatory Asset	-	-	-
Regulatory Asset carry forward	-	-	-
Prior period subsidy	-	-	-
APR (Surplus) / Deficit	395.74	-	395.74
Deficit of previous years	-	-	162.41
Disallowance for imprudent capex	(0.40)	-	-
Other Income	(39.87)	(35.30)	(35.30)
ARR:	3,122.85	3,211.45	3,884.85

Particulars	Fy-19		Fy-20
	As apprd. In TO-2018	Revised Projections	Projec.
Power Purchase Cost	1,640.56	2224.60	2215.35
KPTCL Transmission charges	224.37	224.37	224.37
SLDC Charges	2.09	2.09	2.09
O&M Costs	491.33	540.13	597.00
Depreciation	97.02	110.39	137.18
Interest & Finance Charges	184.58	210.51	252.04
Interest & Finance Charges Capitalized	(2.39)	(2.92)	(2.92)
Other Debits	-	-	-
Extraordinary Items	-	-	-
Net prior period (credits) / charges	-	-	-
Provision for taxes	-	-	-
Funds towards consumer relations	0.50	0.50	0.50
TOTAL:	2,638.06	3,437.78	3,623.40
Return on Equity	121.67	115.03	121.22
Regulatory Asset	-	-	-
Regulatory Asset carry forward	-	-	-
Prior period subsidy	-	-	-
APR (Surplus) / Deficit	553.84	-	641.98
Disallowance for imprudent capex	-	-	-
Other Income	(67.87)	(35.30)	(35.30)
ARR:	3,245.70	3,389.40	4,153.51

Particulars	Fy-21	Fy-22
	Projec.	Projec.
Power Purchase Cost	2284.93	2356.71
KPTCL Transmission charges	247.99	259.80
SLDC Charges	2.09	2.09
O&M Costs	659.87	729.35
Depreciation	165.86	189.95
Interest & Finance Charges	290.95	315.72
Interest & Finance Charges Capitalized	(2.92)	(2.92)
Other Debits	-	-
Extraordinary Items	-	-
Net prior period (credits) / charges	-	-
Provision for taxes	-	-
Funds towards consumer relations	0.50	0.50
TOTAL:	3,836.59	4,027.77
Return on Equity	139.05	157.84
Regulatory Asset	-	-
Regulatory Asset carry forward	-	-
Prior period subsidy	-	-
APR (Surplus) / Deficit	-	-
Disallowance for imprudent capex	-	-
Other Income	(35.30)	(35.30)
ARR:	3,753.02	3,973.74

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:**

Capital Investment Programme envisaged for FY-19 to FY-22 are detailed in Business Plan, Chapter-5A.

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