

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 years FY-21 and FY-22. 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 years FY-21 and 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:

In the Tariff Order-2020, Hon’ble Commission has approved the power purchase quantum and related costs for FY-21 as follows;

Sl. No.	Source	Quantum (MU)	Cost (Rs.in Cr)
1	KPCL Thermal	1199.46	758.55
2	CGS	1675.64	784.55
3	UPCL	468.00	318.24
4	KPCL Hydel	1081.57	91.82
5	Other Hydro	15.42	5.18
6	RE sources	1258.82	457.45
7	Bundled Power	291.92	115.20
8	Medium Term (Co-gen)	106.27	55.37
	Total:	6097.10	2586.36

Average power purchase cost, excluding Tr. Chrges & other charges, works out to Rs.4.24 per unit.

Whereas, MESCOM has estimated the energy requirement at generation point for FY-21 as 5699.47 MU which is 397.63 MU less than the approved quantum for FY-21. Hence, MESCOM has reduced the power purchase cost for 397.63 MU @ Rs.4.24 / unit and projected the power purchase cost of Rs.2637.34 Cr (includes PGCIL charges of Rs.219.39 Cr and POSOCO charges of Rs.0.19 Cr.)

For FY-22, as per PCKL statement source wise energy availability and power purchase cost has been considered.

Source wise details are made available in Format D-1 of the filing.

Rs. in Cr.

Year	Approved	Actuals	Revised
Fy-17 (Actuals)	2,291.75(*)	2,291.75	-
Fy-18 (Actuals)	2,288.10(*)	2,288.10	-
Fy-19 (Actuals)	1,994.99(*)	1,994.99	-
Fy-20 (Actuals)	2,347.11	2,572.68	-
Fy-21 (Appd. in TO-2020)	2,805.94	-	2,637.34
Fy-22 (Projection)	2,596.96	-	3,195.82

(*) Approved in APR.

Write-up provided by PCKL on power purchase is enclosed as Annexure-7

b. KPTCL Transmission Charges:

In the KPTCL Tariff Order 2020, Hon'ble Commission has approved the transmission charges for MESCOM for FY-21 as Rs.319.22 Cr which has been considered by MESCOM for projecting the revised ARR for FY-21.

However, for FY-22 MESCOM has considered the Tr. Charges, in line with Tariff Order-2020 of KPTCL, as follows;

Sl. No.	Particulars	Amount
1	Approved ARR for FY-22 as per MYT Order dated 30-05-2019.	Rs.3910.48 Cr.
2	Amortized Regulatory Asset for 12 months as per KERC Order No. N/33/2020 dated 19.10.2020.	Rs.331.414 Cr.
3.	Total ARR for KPTCL for FY-22	Rs.4241.894 Cr.
	Transmission capacity considered for MESCOM, out of the total transmission capacity of 23, 063 MW, in KPTCL tariff order for FY-21.	1715 MW
	Accordingly, Tr. Charges for FY-22 for MESCOM	Rs.315.43 Cr.

a. SLDC Charges: SLDC charges of Rs.1.99 Cr approved by Hon'ble Commission for FY-21 been considered for the years FY-22 also.

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.

In the Tariff Order-2019, Hon'ble Commission has approved the O&M charges for the control period FY-20 to FY-22 considering the actuals of FY-18. However, as finalized accounts of FY-19 are available it is required to consider FY-19 as base year for the years control period FY-20 to FY-22.

Accordingly, the O&M Charges have been revised for FY-21 and FY-22 in line with the norms adopted by the Hon'ble Commission in Tariff Order-2019, but with the following rates of inflation, growth index and base year.

- ✓ Actual O&M Expenses in the year FY-19 as the base.
- ✓ Consumer growth index of 3.24% (3 year CAGR).
- ✓ Weighted average inflation index of 7.96%
- ✓ Efficiency factor of 1%.

Weighted average inflation index of 8.26% is computed as follows:

Year	WPI	CPI	Comp. Series	Yt/Y1 =Rt	Ln Rt	Year (t-1)	Product [(t-1)*(LnRt)
2008	80.00	141.70	129.36				
2009	81.90	157.10	142.06	1.10	0.09	1.00	0.09
2010	89.70	175.90	158.66	1.23	0.20	2.00	0.41
2011	98.20	191.50	172.84	1.34	0.29	3.00	0.87
2012	105.70	209.30	188.58	1.46	0.38	4.00	1.51
2013	111.10	232.20	207.98	1.61	0.47	5.00	2.37
2014	114.80	246.90	220.48	1.70	0.53	6.00	3.20
2015	110.30	261.40	231.18	1.79	0.58	7.00	4.06
2016	110.30	274.30	241.50	1.87	0.62	8.00	4.99
2017	114.10	281.20	247.78	1.92	0.65	9.00	5.85
2018	118.90	294.80	259.62	2.01	0.70	10.00	6.97
2019	121.20	317.40	278.16	2.15	0.77	11.00	8.42
A=Sum of the product column							38.75
B=6 times of A							232.49
C=(n-1)*n*(2n-1)							3036
D=B/C							0.076577
Annual Escalation rate (exponential of D)							7.96%

On the above explicated norms / parameters, MESCOM has estimated the O&M Expenses for FY-21 & FY-22.

6.2.1 Employee Related Costs:

Actual employees' related expenditure during FY-19 is Rs.392.40 Cr. This includes Pension & Gratuity contribution @ 42.53% & 6.08%, respectively as per KPTCL P&G Trust Order No. ಕೆಇಪಿಜಿಟಿ / ಕೆಸಿಬಿ123 / ಪಿ7 / 2018-19 / ಸಿವೈಎಸ್-07 /Dt.22-11-2018 which had been in effect from 01-04-2016. With effect from 01-04-2017 the rates of Pension & Gratuity contribution has been revised to 57.30% and 6.08%, respectively, in the KPTCL P&G Trust Order No. ಕೆಇಪಿಜಿಟಿ / ಕೆಸಿಬಿ123 / ಪಿ7 / 2018-19 / ಸಿವೈಎಸ್-13 /Dt.30-10-2019. However, the actual liability for the year 2018-19, for the difference contribution, has been discharged in the year 2019-20. As such, MESCOM has considered the employee cost for the year 2018-19, for the base year, as follows;

(Rs.in Cr)	
Actual Employee cost incurred in FY-19	392.40
Difference of P&G Trust contribution @ 14.77% (57.30% - 42.53%) pertaining to FY-19 but paid to the Trust in FY-20	18.86
Base data for projecting the employee cost for the years FY-21 and FY-22	411.26

Further, ESCOMs had centrally initiated for recruitment of Jr. Power men, AEE(E)s, AE(E)s, JEEs and JPAs through KPTCL. However, the process of recruitment for all the cadres, except Jr Power men, has been cancelled vide KPTCL Notification dated 06-05-2020 and 21-11-2020. In respect of the recruitment of Jr. Power men, it is expected that by June / July-2020 the recruitment process may be completed and the new employees will join the Company. As such, MESCOM anticipated the additional employee cost of Rs.9.89 Cr, for 9 months period of the financial year 2021-22 as indicated below;

Sl. No.	Designation	No. of Employees	Average Expenditure per Annum (Rs. In Cr.)
1.	Junior Power men	667	8.00
	Pension Contribution @ 10%		0.80
	TOTAL:		8.80
	For 9 months:		6.60

As such, the Hon'ble Commission is requested to allow the employee cost as estimated below;

Rs. in Cr.

Particulars	FY-19	FY-21	FY-22
Actual Expenses in FY-19	411.26	-	-
Consumer Growth Index	-	3.24%	3.24%
Weighted Inflation Index	-	7.96%	7.96%
Efficiency Factor	-	1.00%	1.00%
Net Growth Rate	-	10.20%	10.20%
Expenses projected for the year	-	499.43	550.37
Addl. Cost in respect of new recruitment		-	6.60
Total Employee cost	-	499.43	556.97

6.2.2 Repairs and Maintenance Costs:

MESCOM has considered the actuals of FY-19 i.e. Rs.59.14 Cr as base year data for revision of R&M expenditure.

Estimations are detailed below;

Rs. in Cr.

Particulars	FY-19	FY-21	FY-22
Actual Expenses in FY-19	59.14	-	-
Consumer Growth Index	-	3.24%	3.24%
Weighted Inflation Index	-	7.96%	7.96%
Efficiency Factor	-	1.00%	1.00%
Net Growth Rate	-	10.20%	10.20%
Expenses projected	-	71.83	79.16

6.2.3 Administrative and General Costs:

MESCOM has considered the actuals of FY-19 i.e. Rs.106.84 Cr as base year data for revision of A&G expenditure.

Estimations are detailed below;

Rs. in Cr.

Particulars	FY-19	FY-21	FY-22
Actual Expenses in FY-19	106.84	-	-
Consumer Growth Index	-	3.24%	3.24%
Weighted Inflation Index	-	7.96%	7.96%
Efficiency Factor	-	1.00%	1.00%
Net Growth Rate	-	10.20%	10.20%
Expenses projected	-	129.72	142.96

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

Rs. in Cr.

Year	Approved	Actuals	Revised
Fy-17 (Actuals)	378.31(*)	371.13	-
Fy-18 (Actuals)	483.52(*)	488.67	-
Fy-19 (Actuals)	491.33	558.38	-
Fy-20 (Actuals)	595.62	684.26	-
Fy-21 (Revise projections)	702.32	-	700.98
Fy-22 (Revise projections)	726.20	-	779.09

(*) Approved in APR.

6.3 DEPRECIATION:

In the MYT Tariff Order 2019 dated 30th May 2019, Hon’ble Commission has recognizes the capex of MESCOM at 75% of Capex plan proposed by MESCOM, as below, subject to prudence check.

Year	MESCOM Capex Plan (Rs.in Cr.)	75% of Capex Plan (Rs.in Cr.)
FY20	1091.44	818.58
FY21	809.55	607.16
FY22	695.85	521.89

Thus, MESCOM has considered the capex amount recognized by the Hon’ble Commission for projecting the assets additions in the years FY-21 & FY-22 and applied the weighted average rate of depreciation of FY-20 i.e. 5.28% on the average of the opening & closing balances of value of assets for projecting the depreciation amount for the years FY-21 and FY-22.

Weighted average rate of depreciation in FY-20: (Rs. in Cr.)

(a) Tangible Assets (Actuals FY-20):

Particulars	Average of Opening & Closing Assets in FY-20 (Actuals)	Depreciation Provided in FY-20 (Actuals)	%
Land and rights	8.35	0.09	1.08%
Buildings	107.56	3.72	3.46%
Hydraulic Works	3.22	0.16	4.97%
Other Civil Works	0.82	0.03	3.66%
Plant & Machinery	2,888.80	154.17	5.34%
Vehicles	11.54	0.96	8.32%
Furniture Fixtures	8.33	0.45	5.40%
Office Equipment	12.78	0.89	6.96%
Total:	3,041.40	160.47	5.28%

Note:

1. The assets created out of Government grants and consumer contribution till 31-03-2016 is Rs.515.17 Cr which is not included in the gross block assets shown in the financial statements since FY-17. As such, the depreciation charged on these assets is being reduced in the total depreciation.

Accordingly, the above mentioned depreciation amount of Rs.160.47 Cr is after deducting the depreciation amount of Rs.26.74 Cr which is related to the depreciation component in respect of the assets created out of Government grants and consumer contribution upto 31-03-2016.

2. Further, the assets created out of Government grants and consumer contribution from FY-17 to FY-20 is Rs.630.25 Cr and the same is included in the gross block assets indicated in the financial statements of FY-20.

As per the prevailing policy, depreciation amount of Rs.25.95 Cr on the assets created out of grants and consumer contribution from FY-17 to FY-20 is not considered under the head 'Depreciation' but considered under the head 'Other Income'.

(b) In-Tangible Assets (Actuals FY-20):

Particulars	Average of Opening & Closing Assets in FY-20 (Actuals)	Depreciation Provided in FY-20 (Actuals)	%
Software Acquired	17.38	6.27	36.08%

For estimating the depreciation for the years FY-21 and FY-22, the following norms have been adopted;

1. Weighted average of the depreciation with reference to average of the opening and closing gross block assets of FY-20 is considered.
2. Since the assets created out of Government grants and consumer contribution till 31-03-2016 i.e. Rs.515.17 Cr is not included in the gross block assets shown in the financial statements since FY-17, obviously the depreciation amount on these assets is not included in the depreciation estimations for the years FY-21 and FY-22.
3. The assets created out of Government grants and consumer contribution from FY-17 to FY-20 is Rs.630.25 Cr and the additions considered for each years of FY-21 and FY-22 is Rs.91.57 Cr, which is the average of FY-17 & FY-18. The same is indicated and deducted in Format D-15 (Gross Block Assets) for clarity.
4. Further, as per the prevailing policy, depreciation estimated on the assets created out of grants and consumer contribution is indicated and deducted in Format D-8.

Estimated depreciation for FY-21:

(Rs. in Cr.)

(a) Tangible Assets (Projections FY-21)

Particulars	Average of Opening & Closing Assets in FY-21 (Projections)	%	Depreciation Provided in FY-21 (Projections)
Land and rights	8.37	1.08%	-
Buildings	128.72	3.46%	4.45
Hydraulic Works	3.39	4.97%	0.17
Other Civil Works	0.82	3.66%	0.03
Plant & Machinery	3469.52	5.34%	185.27
Vehicles	14.21	8.32%	1.18
Furniture Fixtures	8.77	5.40%	0.47
Office Equipment	19.89	6.96%	1.38
Total:	3653.69	5.28%	192.95
Less: Assets created out of Government grants and consumer contributions	676.04	5.28%	35.67
Net Dep. Charged	2977.65	5.28%	157.28

(b) In-Tangible Assets (Projections FY-21):

Particulars	Average of Opening & Closing Assets in FY-21 (Actuals)	%	Depreciation Provided in FY-21 (Projections)
Software Acquired	20.78	36.08%	7.50

Estimated depreciation for FY-22:

(Rs. in Cr.)

(a) Tangible Assets (Projections FY-22):

Particulars	Average of Opening & Closing Assets in FY-22 (Projections)	%	Depreciation Provided in FY-22 (Projections)
Land and rights	8.37	1.08%	-
Buildings	147.21	3.46%	5.09
Hydraulic Works	3.54	4.97%	0.18
Other Civil Works	0.82	3.66%	0.03
Plant & Machinery	3,938.54	5.34%	211.92
Vehicles	16.46	8.32%	1.37
Furniture Fixtures	9.16	5.40%	0.49
Office Equipment	26.12	6.96%	1.82
Total:	3789.65	5.28%	220.90

Less: Assets created out of Government grants and consumer contributions	767.61	5.28%	40.50
Net Dep. Charged	3,383.94	5.28%	180.40

(b) In-Tangible Assets (Projections FY-22):

Particulars	Average of Opening & Closing Assets in FY-22 (Actuals)	%	Depreciation Provided in FY-22 (Projections)
Software Acquired	20.78	36.08%	7.50

Abstract of Depreciation:

Year	Rs. in Cr.		
	Approved	Actuals	Revised
Fy-17 (Actuals)	75.38(*)	78.45	-
Fy-18 (Actuals)	90.39(*)	90.39	-
Fy-19 (Actuals)	97.02	125.69(**)	-
Fy-20 (Actuals)	122.99	166.65(**)	-
Fy-21 (Projection)	153.53	-	164.78(**)
Fy-22 (Projection)	154.54	-	187.90(**)

(*) Approved in APR.

(**) including depreciation on non-tangible assets.

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 2019, Hon'ble Commission has considered Rs.325 Cr and Rs.300 Cr as capital loan amount for CAPEX for FY-21 and FY-22, respectively. MESCOM has considered the same for FY-21 and FY-22. However, considering the actuals of FY-20 MESCOM has considered the repayment of loan as Rs.149.57 Cr and Rs.159.57 Cr for FY-21 and FY-22.

Accordingly, computation of interest on capital loan for FY-21 and FY-22 are as follows;

(Rs. in Cr.)

Particulars	As approved		Revised	
	FY-21	FY-22	FY-21	FY-22
Opening Balance of loans			998.79	1174.22
Add: New Loans			325.00	300.00
Less: Repayments			149.57	159.57
Closing Balance of loans			1174.22	1314.65
Average Loan			1086.51	1244.44
Rate of interest			11%	11%
Interest on Capital Loan	109.84	130.25	119.52	136.89

6.4.2 Interest on Consumer Deposits:

Methodology adopted by the Hon'ble Commission in the Tariff Order 2019 has been followed for projecting the interest on consumer security deposit. Increase in consumer deposit in FY-20 with reference to security deposit in FY-19 is taken as the estimated additions for the years FY-21 and FY-22. Further, interest rate of 6.50% has been considered for estimating the interest on consumer deposits.

Accordingly, Interest on Consumer Deposits is projected as below;

Rs.in Cr.

Particulars	As approved		Revised	
	FY-21	FY-22	FY-21	FY-22
OB of the security deposits			674.09	723.10
Add: Collection during the year			49.01	49.01
CB of the security deposits			723.10	772.11
Average			698.60	747.61
Rate of interest			6.50%	6.50%
Interest on Consumer Security Deposits	38.34	50.14	44.41	48.59

6.4.3 Interest on Working Capital:

Interest on working capital has been projected for the years FY-21 and FY-22 as per the norms prescribed in the MYT regulations.

(Interest on Working Capital: Rs. in Crores)

Year	As approved		Revised	
	FY-21	FY-22	FY-21	FY-22
1/12th of O&M Expenses			58.42	65.20
Opening GFA			3367.62	3939.75
1% on opening GFA			33.68	39.40
1/6th of Revenue			633.94	657.57
Total Working Capital			726.04	762.17
Rate of Interest (%)			11.00%	11.00%
Working Capital Interest	79.80	80.71	79.86	83.84

6.4.4 Cost of raising finance:

In FY-20, total charges incurred on raising finance are Rs.1.08 Cr. The same amount has been retained for FY-21 and FY-22 also.

6.4.5 ABSTRACT of Interest and Finance Costs:

(a) Interest on Capital Loan: Rs. in Cr.

Year	Approved	Actuals	Revised / APR proposed
Fy-17 (Actuals)	53.43(*)	53.43	-
Fy-18 (Actuals)	50.87(*)	51.62	-
Fy-19 (Actuals)	80.75	67.80	67.79
Fy-20 (Actuals)	101.38	84.96	84.96
Fy-21 (Projection)	109.84	-	119.52
Fy-22 (Projection)	130.25	-	136.89

(*) Approved in APR.

(b) Interest on Consumers Security Deposits: Rs. in Cr.

Year	Approved	Actuals	Revised / APR proposed
Fy-17 (Actuals)	35.68(*)	35.68	-
Fy-18 (Actuals)	34.02(*)	34.02	-
Fy-19 (Actuals)	35.57	34.15	34.15
Fy-20 (Actuals)	42.34	39.85	39.85
Fy-21 (Projection)	38.34	-	44.41
Fy-22 (Projection)	50.14	-	48.59

(*) Approved in APR.

(c) Interest on Working Capital: Rs. in Cr.

Year	Approved	Actuals	Revised / APR proposed
Fy-17 (Actuals)	45.39(*)	36.25	-
Fy-18 (Actuals)	49.19(*)	32.76	-
Fy-19 (Actuals)	64.31	30.95	49.99
Fy-20 (Actuals)	71.23	26.76	52.45
Fy-21 (Projection)	79.80	-	79.86
Fy-22 (Projection)	80.71	-	83.84

(*) Approved in APR.

(d) Cost of raising Finance:

Rs. in Cr.

Year	Approved	Actuals	Revised / APR proposed
Fy-17 (Actuals)	3.95(*)	3.95	-
Fy-18 (Actuals)	1.10(*)	1.10	-
Fy-19 (Actuals)	3.95	1.84	1.84
Fy-20 (Actuals)	1.10	1.08	1.08
Fy-21 (Projection)	1.84	-	1.08
Fy-22 (Projection)	1.10	-	1.08

(*) Approved in APR.

(e) Total of Interest & Finance Charges (a+b+c+d):

Rs. in Cr.

Year	Approved	Actuals	Revised / APR proposed
Fy-17 (Actuals)	138.45(*)	129.31	0
Fy-18 (Actuals)	135.18(*)	119.50	0
Fy-19 (Actuals)	184.58	134.74	153.77
Fy-20 (Projection)	216.05	-	178.34
Fy-21 (Projection)	229.82	-	244.87
Fy-22 (Projection)	262.20	-	270.40

(*) Approved in APR.

6.4.6 Interest & Other expenses capitalized:

In FY-19, total interest & finance charge capitalized is Rs.2.10 Cr. The same amount has been retained for FY-21 and FY-22 also.

6.5 OTHER DEBITS (including bad debts):

In FY-20, the total 'Other Debits' booked is Rs.13.99 Cr. The same amount has been retained for FY-21 and FY-22 also.

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 years FY-21 and FY-22 as indicated below;

(Return on Equity: Rs. in Crores)

Year	FY-21	FY-22
Opening balance of paid up share capital	558.68	558.68
Share Deposit	43.48	43.48
Reserves & Surplus (#1)	231.39	343.90
Less: Recapitalized Security Deposit	(26.00)	(26.00)
Total:	807.55	920.06

Rate of ROE (grossed up with MAT) [#2]	19.7575%	19.7575%
ROE (Projection)	159.55	181.78

(#1) excluding Reserve for Material Cost Variance, Capital Reserve and Net worth Adjustments.

[#2] Considered 15.50% of return on equity duly grossed up with the applicable MAT of 21.5488% which works out to 19.7575%, as approved in Tariff Order 2019.

Status of Debt Equity Ratio:

Particulars	FY-21	FY-22
GFA Closing Balance	3,939.75	4,420.67
Debt	1174.22	1314.65
Equity	995.17	1120.34
Normative Debt @ 70% of GFA	2757.83	3094.47
Normative Equity @ 30% of GFA	1181.92	1326.20
% of actual DEBT on GFA	29.80%	29.74%
% of actual EQUITY on GFA	25.26%	25.34%

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-21 and FY-22 also.

6.9 (A) Regulatory Asset as per KERC Tariff Order dated 04-11-2020:

In the Tariff Order -2020 dated 04-11-2020, Hon'ble Commission has earmarked Rs.122.93 Cr as Regulatory Asset to be recovered over next two years in FY-22 and FY-23 out of FY-21 ARR gap of Rs.210.74 Cr. Accordingly, MESCOM has claimed Rs.61.47 Cr of Regulatory Asset in the ARR for FY-22.

6.10 (A) OTHER INCOME:

In FY-20, the total ‘Other Income’ booked is Rs.72.71 Cr, as narrated in Chapter-4 (APR for FY-20). This amount includes Rs.25.95 Cr relating to depreciation on the assets created out of Government grants and consumer contribution. Leaving Rs.25.95 Cr, the net ‘Other Income’ will be Rs.46.76 Cr which has been considered for FY-21 and FY-22.

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;

(Rs. In Cr.)

Particulars	FY-20		
	As apprd. In TO-2019	As per Provisional Accounts	As proposed for APR
Power Purchase Cost	2347.11	2572.68	2572.68
KPTCL Transmission charges	259.00	259.00	259.00
SLDC Charges	1.41	1.41	1.41
subtotal:	2607.52	2833.09	2833.09
O&M Costs	595.62	684.26	684.26
Depreciation	122.99	166.65	166.65
Interest & Finance Charges	216.04	152.64	178.34
Interest & Fin.charges Capitalized	(6.00)	-	-
Other Debits	-	13.99	13.99
Extraordinary Items	-	-	-
Net prior period (credits) / charges	-	-	-
Provision for taxes	-	0.03	0.03
Funds towards consumer relations	0.50	0.35	0.35
TOTAL:	3536.67	3851.02	3876.71
Return on Equity	122.20	-	112.51
Net movement of Regulatory Asset	-	(65.47)	-
APR (Surplus) / Deficit	28.22	-	-
Regulatory Asset as per TO-2020	-	-	-
Carrying cost on Regulatory Asset as per TO-2020	-	-	-
Other Income	(52.02)	(72.71)	(72.71)
ARR:	3635.07	3712.84	3916.51

(Rs. In Cr.

Particulars	FY-21		FY-22	
	As apprd. In TO-2020	Revised	As apprd. In TO-2019	Revised
Power Purchase Cost	2805.94	2637.34	2596.96	3195.82
KPTCL Transmission charges	319.22	319.22	291.32	315.43
SLDC Charges	1.99	1.99	2.18	1.99
subtotal:	3127.15	2958.55	2890.46	3513.24
O&M Costs	702.32	700.98	726.20	779.09
Depreciation	153.53	164.78	154.54	187.90
Interest & Finance Charges	229.82	244.87	262.20	270.40
Interest & Fin.charges Capitalized	(2.10)	(2.10)	(8.00)	(2.10)
Other Debits	-	13.99	-	13.99
Extraordinary Items	-	-	-	-
Net prior period (credits) / charges	-	-	-	-
Provision for taxes	-	-	-	-
Funds towards consumer relations	0.50	0.50	0.50	0.50
TOTAL:	4211.22	4081.57	4025.90	4763.02
Return on Equity	167.04	159.55	122.20	181.78
Regulatory Asset Carry forward	-	-	-	-
APR (Surplus) / Deficit	(233.55)	(233.55)	-	160.10
Regulatory Asset as per TO-2020				61.47
Other Income	(95.34)	(46.76)	(100.04)	(46.76)
ARR:	4049.37	3960.81	4048.06	5119.61

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:

In the MYT Tariff Order 2019 dated 30th May 2019, Hon'ble Commission has recognizes the capex of MESCOM at 75% of Capex plan proposed by MESCOM, as below, subject to prudence check.

Year	MESCOM Capex Plan (Rs.in Cr.)	75% of Capex Plan (Rs.in Cr.)
FY20	1091.44	818.58
FY21	809.55	607.16
FY22	695.85	521.89

Thus, MESCOM has considered the capex amount recognized by the Hon'ble Commission for projecting the assets additions in the years FY-21 & FY-22.

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