



SOUTHERN POWER DISTRIBUTION COMPANY OF A.P. LIMITED
19-13-65/A, Vidyut Nilayam, Srinivasapuram, Tirupati (www.apspdcl.in)

From
The Chief General Manager,
RAC, APSPDCL, 19-13-65/A,
Vidyut Nilayam, Srinivasapuram,
Tirupati – 517501.

To
The Secretary,
APERC, #11-4-660, 4th Floor,
Singareni Bhavan, Red Hills,
Lakdi-ka-pul, Hyderabad.

Lr No. CGM/RAC/SPDCL/TPT/GM/RAC/F:MYT True-up/D.No.387/20 dt.11-06-2020

Sir,

Sub:- APSPDCL/Tirupati – Filing of True-up Petition for distribution business for 3rd control period (FY 2014-15 to FY 2018-19) – Submitted – Regarding.

The licensee submits the true-up Petition for distribution business for 3rd control period (FY 2014-15 to FY 2018-19) for seeking approval / orders of the Honourable Commission please.

Yours faithfully,

M. Jayaram
11/06/2020

**Chief General Manager (i/c)
RAC**

Encl : 1) Petition in Original
2) e-Pay Order (No.CTJ6788009, dt.09-06-20)
for Rs.10,000-00

6/9/2020

State Bank of India

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Echeque Confirmation

e-PayOrder authorized successfully. Echeque will be processed shortly.

e-PayOrder Details

e-PayOrder Number

CTJ6788009

Scheduled Time

09-Jun-2020 [12:00 AM] IST

09-Jun-2020

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Ten Thousand only

10,000.00

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MALLEBOYENA RAVI

Maker

V BHASKAR REDDY

Authorizer 1

TIRUPATHI

BEFORE THE

**HONOURABLE ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION
AT ITS OFFICE AT 4th FLOOR, SINGARENI BHAVAN, RED HILLS, HYDERABAD 500 004**

FILING NO. ____/2020

CASE NO. ____/2020

IN THE MATTER OF:

Filing of Petition for Determination of the True up for distribution business for 3rd control period (FY 2014-15 to FY 2018-19) under Clause 19, Pg 11 of the 'Andhra Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Wheeling and Retail Sale of Electricity)' Regulation No. 4 of 2005

Filed by:

SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

... Petitioner

MOST RESPECTFULLY SHOWETH THE SUBMISSION:

The APDISCOMS humbly submit the following:

Petition for True up for distribution business for 3rd control period (FY 2014-15 to FY 2018-19)

This filing is made by the Distribution Licensee, SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED (APSPDCL) under Clause 19, Pg 11 of the 'Andhra Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination Of Tariff For Wheeling and Retail Sale of Electricity)' Regulation No. 4 of 2005 for corrections for "uncontrollable" and "controllable" items and as well as sharing of gains/losses for the 3rd control period (FY2014-15 to FY2018-19)

This filing has been prepared as per the provisions of the above mentioned Regulation. The Licensee is submitting the following as part of the correction filings for the 3rd Control Period (FY2014-15 to FY2018-19)

- a) Statement of Variance with Tariff Order approved figures pertain to items under Distribution Business for the 3rd Control Period (FY2014-15 to FY2018-19)
- b) Corrections for Uncontrollable items under Distribution Business along with reasons for variation
- c) Corrections for Controllable items under Distribution Business along with reasons for variation

As per the 'Andhra Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Wheeling and Retail Sale of Electricity)' Regulation No. 4 of 2005, Clause 10, Pg 7 –

"1.

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4. Controllable and Uncontrollable items of ARR:- The expenditure of the Distribution Licensee considered as "controllable" and "uncontrollable" shall be as follows:

Table1: Controllable/Uncontrollable ARR Items in Distribution Business

Distribution Business	
ARR Item	"Controllable"/"Uncontrollable"
Operation & Maintenance expenses	Controllable
Return on Capital Employed	Controllable
Depreciation	Uncontrollable
Taxes on Income	Uncontrollable
Non-tariff income	Controllable

In addition to the above items the retail supply business shall include the following:

Table 2: Controllable/Uncontrollable ARR Items in Retail Business

Retail Business	
ARR Item	"Controllable"/"Uncontrollable"
Cost of power purchase	Uncontrollable

5. Pass-through of gains and losses on variations in "uncontrollable" items of ARR:- The Distribution Licensee shall be eligible to claim variations in "uncontrollable" items in the ARR for the year succeeding the relevant year of the Control Period depending on the availability of data as per actuals with respect to effect of uncontrollable items:

Provided that the Commission shall allow the financing cost on account of the time gap between the time when the true-up becomes due and when it is actually allowed and the corrections shall not be normally revisited.

6. Sharing of gains and losses on variations in "controllable" items of ARR:

The Distribution Licensee in its annual filings during the Control Period shall present gains and losses for each controllable item of the Aggregate Revenue Requirement

A statement of gain and loss against each controllable item will be presented after adjusting for any variations on account of uncontrollable factors.

7. For the purpose of sharing gains and losses with the consumers, only aggregate gains or losses for the Control Period as a whole will be considered. The Commission will review the gains and losses for each item of the ARR and make appropriate adjustments wherever required:

Provided that for the first Control Period, insofar as the gains and losses from the Retail Supply Business of the Distribution Licensee are concerned, these will be shared with the consumers on yearly basis."

Hence, this Petition details the total truing up gap arising out of the deviations in both "uncontrollable" and "controllable" items for the 3rd MYT Control Period in subsequent sections of this Petition.

APERC approved MYT order for 3rd Control Period had considered only 6 circles under APSPDCL. However, as per section 92 read with the Twelfth Schedule of the Andhra Pradesh Reorganization Act, 2014, (Central Act No.6 of 2014) the districts of Ananthapur and Kurnool which fall within the jurisdiction of Andhra Pradesh Central Power Distribution Company Limited (APCPDCL) was reassigned to the Andhra Pradesh Southern Power Distribution Company Limited (APSPDCL). Accordingly, the proportionate share of power has to be transferred from allocated share of APCPDCL to APSPDCL. It was observed that around 17.45% of APCPDCL share of power is average consumption over the last 5 years in respect of Ananthapur and Kurnool districts. Accordingly, 17.45% of power should be transferred from APCPDCL to APSPDCL. Thus, the True Up considers composite ARR for APSPDCL (including 17.45% ARR of APCDCL) vs actuals.

1.1 True-up of Aggregate Revenue Requirement (ARR) Components & Total Revenue Gap

APSPDCL is filing for the truing-up of Rs. 5,889 Crs. including carrying cost for the 3rd MYT Control Period from FY2014-15 to FY2019-20. Cost of debt approved by the commission has been taken as the interest rate for computing the carrying cost. Summary of ARR line items and revenue for FY2014-15 to FY2018-19 is shown in the table below:

Table 3: Summary of True-up line items for 3rd Control Period (FY15, FY16, FY17) (Rs. Cr.)

Name of the Parameter	FY 2014-15			FY 2015-16			FY 2016-17		
	Approved	Actuals	Variation	Approved	Actuals	Variation	Approved	Actuals	Variation
O & M Expenses (Net of O&M Expenses Capitalized)	1,315.24	2,074.44	759.20	1,533.69	1,859.92	326.23	1,729.96	1,741.42	11.46
Return on Capital Employed	303.12	360.15	57.03	328.25	439.09	110.84	325.09	473.88	148.78
Depreciation during the year	514.65	586.40	71.75	693.73	716.19	22.46	763.52	783.76	20.24
Taxes on Income	28.01	0.00	-28.01	30.33	0.00	-30.33	30.04	0.00	-30.04
Special Appn. for Safety measures	5.73	0.42	-5.31	5.87	0.61	-5.26	5.87	0.75	-5.12
Other Expenditure	0.32	27.35	27.03	0.37	34.10	33.73	0.34	33.44	33.10
Gross ARR	2,167.07	3,048.76	881.69	2,592.24	3,049.91	457.67	2,854.84	3,033.25	178.41
Revenue	1,481.60	1,481.60	0.00	2,153.24	2,153.24	0.00	2,383.14	2,383.14	0.00
True up adjustment of 1st control period	578.12	578.12	0.00						
Non-Tariff Income	107.35	239.04	131.69	438.99	321.99	-117.00	471.68	393.93	-77.75
Total Revenue	2,167.07	2,298.76	131.69	2,592.23	2,475.23	-117.00	2,854.82	2,777.07	-77.75
Total Gap	0.01	750.00	749.99	0.01	574.68	574.67	0.01	256.17	256.16
Carrying Cost (for the years FY 2014-15 to FY 2018-19)			45.00			129.88			195.32
Carrying Cost (for the years FY 2019-20 to FY 2020-21)									
Total Gap including Carrying Cost			795.00			704.55			451.48

Table 4 : Summary of True-up line items for 3rd Control Period (FY18, FY19, Total) (Rs. Cr.)

Name of the Parameter	FY 2017-18			FY 2018-19			Total		
	Approved	Actuals	Variation	Approved	Actuals	Variation	Approved	Actual	Variation
O & M Expenses (Net of O&M Expenses Capitalized)	1,944.67	2,159.05	214.38	2,196.49	3,899.09	1,702.60	8,720.05	11,733.92	3,013.87
Return on Capital Employed	319.84	451.24	131.40	326.32	519.87	193.55	1,602.63	2,244.23	641.61
Depreciation during the year	829.19	720.59	-108.60	907.31	826.77	-80.54	3,708.40	3,633.71	-74.69
Taxes on Income	29.55	0.00	-29.55	30.15	0.00	-30.15	148.08	0.00	-148.08
Special Appn. for Safety measures	5.87	0.46	-5.41	5.87	2.95	-2.92	29.22	5.19	-24.03
Other Expenditure	0.41	35.40	34.99	0.34	40.05	39.71	1.78	170.34	168.56
Gross ARR	3,129.53	3,366.74	237.22	3,466.49	5,289.73	1,822.25	14,210.16	17,787.39	3,577.23
Revenue	2,622.76	2,622.76	0.00	2,919.66	2,919.66	0.00	11,560.41	11,560.41	0.00
True up adjustment of 1st control period							578.12	578.12	0.00
Non-Tariff Income	506.77	392.99	-113.78	546.82	641.77	94.95	2,071.61	1,989.72	-81.89
Total Revenue	3,129.53	3,015.75	-113.78	3,466.49	3,561.43	94.95	14,210.14	14,128.25	-81.89
Total Gap	0.00	350.99	350.99	0.00	1,727.30	1,727.30	0.00	3,659.15	3,659.15

Name of the Parameter	FY 2017-18			FY 2018-19			Total		
	Approved	Actuals	Variation	Approved	Actuals	Variation	Approved	Actual	Variation
Carrying Cost (for the years FY 2014-15 to FY 2018-19)			255.18			410.50			1,025.33
Carrying Cost (for the years FY 2019-20 to FY 2020-21)									1,194.41
Total Gap including Carrying Cost			606.17			2,137.80			5,889.43

As shown in the table above, total Gross ARR considered for truing-up is Rs. 17,787.44 Crs. as against APERC approved value of Rs. 14,210.16 Crs. The gross ARR is observed to be 25.17% higher than the APERC approved value.

Following table shows the percentage contribution of different line items to Gross ARR:

Table 5: % Contribution of different line items on Actual Gross ARR

Name of the Parameter	% Contribution on Actual Gross ARR
O & M Expenses	66.00%
Return on Capital Employed	12.62%
Depreciation during the year	20.43%
Taxes on Income	0.0%
Special Appn. For Safety measures	0.0%
Other Expenditure	0.95%
Gross ARR	100.0%

1.1.1 Operation & Maintenance (O&M) Expenses

APSPDCL's actual O&M Expenses (net of capitalization) for the 3rd Control period is Rs. 11739.11 Crs. Summary of Operation & Maintenance (O&M) Expenses for FY2014-2015 to FY2018-2019 is as shown below:

Table 6: Summary of O&M expenses for 3rd Control Period (Rs. Crs.)

Name of the Parameter	FY15	FY16	FY17	FY18	FY19	Total	% Contr.	Actuals CAGR (FY15 to FY19)
	Act.	Act.	Act.	Act.	Act.	Act.		
Net O & M Expenses	2,074	1,860	1,741	2,159	3,899	11,734	100%	17.10%
-Employee Expenses	1,813	1,508	1,347	1,662	3,263	9,592	82%	15.83%
-A&G Expenses	83	87	97	179	159	606	5%	17.65%
-Repairs & Maintenance	178	265	298	318	477	1,536	13%	27.97%

From the above table, it can be observed that employee expenses contribute to about 82% of the total net O&M expenses (net of capitalization). Below are the factors that led to increase in O&M expenses.

a) Employee Expenses:

➤ **Wage revision impact**

There are two pay revisions which occurred during 3rd Control period. One revision was effective from 01.04.2014 and another revision is effective from 01.04.2018. Further, the licensee has provided provisions for terminal benefits. The CAGR between FY2014-15 to FY2018-19 is increased by 15.83% due to implementation of pay hikes in FY2014-15 and FY 2018-19. Major element wise Employee Cost details are placed below showing the wage revision impact:

Table 7: Wage Revision Details

Sr.	Particulars	FY15	FY16	FY17	FY18	FY19	CAGR
1	Salaries	626	856	857	1,280	1791	30%
2	Additional Pay / Dearness Allowance (DA)	158	81	135	0	0	-100%
3	Other Allowances & Relief	360	297	305	115	209	-13%
4	Medical Expenses Reimbursement	10	13	12	9	8	-5%
5	Leave Travel Assistance	0.27	0.05	0.03	0.01	0.01	-56%
6	Pension Contribution & Terminal Benefits	746	352	161	393	1385	17%
7	Employees Welfare expenses	3.3	4.5	3.9	2.8	3.3	0%
8	Less: Employees Cost Capitalized	(91)	(95)	(127)	(138)	(132.79)	10%
Total		1,813	1,508	1,347	1,662	3,263	16%

- Further, there is an increase in provision for gratuity pension and earned leave encashment for FY 2018-19 as APSPDCL has to maintain fund in respect of employees future terminal benefits as per AS-15 based on actuarial valuation report which was furnished by M/s.Global Risk Consultants

b) Repair & Maintenance (R&M) expenses

Repair & Maintenance (R&M) expenses increased ~28% over 5-year period (FY15 to FY18) majorly due to additions in the Gross Fixed Assets (GFA) during the period. Below are the various components of the R&M expenses for the 3rd control period.

Table 8 - Components of R&M expenses for 3rd Control Period

Sr.	Particulars	FY15	FY16	FY17	FY18	FY19	CAGR
1	R&M to Plant & Machinery	175.4	230.6	237.5	263.2	433.46	25%
2	R&M Buildings	0.4	0.7	0.8	0.7	1.29	34%
3	R&M Others	3.0	34.1	60.5	54.6	44.92	97%
Total		179	265	299	319	480	28%

It can be seen that R&M to Plant and Machinery component contributes around 87% to the R&M expenses.

Table 9 - GFA Opening balance for 3rd Control Period

Sr.	Particulars	FY15	FY16	FY17	FY18	FY19	CAGR
1	GFA Opening Balance	6,565	9,582	11,454	12,663	13896.35	21%

It can be seen that as GFA opening balance has increased by 21%, R&M expense increased at a CAGR of 28%.

c) Administrative and General (A&G) expenses

Administrative and General (A&G) expenses increased ~18% over 5-year period (FY15 to FY19). Below table shows the component wise A&G expenses for 3rd Control period.

Table 10 - Components of A&G expenses for 3rd Control Period

Sr.	Particulars	FY15	FY16	FY17	FY18	FY19	CAGR
1	Rent	1.2	1.1	1.1	1.5	1.39	3.74%
2	Telephone Expenses	6.2	7.3	9.5	10.2	14.67	24.03%
3	Consultancy Charges	37.6	45.1	52.6	70.0	73.43	18.21%
4	Rates & Taxes	1.7	1.4	1.5	2.0	11.51	61.31%
5	Licensee Fee	3.0	3.8	4.0	4.1	4.25	9.10%
6	Insurance	0.1	0.1	0.1	0.1	0.17	14.19%
7	Postage & Telegrams	0.2	0.3	0.3	0.3	0.22	2.41%
8	Audit Expenses and Fees	0.2	0.2	0.2	0.2	0.27	7.79%
9	Legal Charges	0.2	1.0	1.0	0.5	3.06	97.78%
10	Printing and Stationery	3.2	4.0	4.5	5.6	5.20	12.91%
11	Advertisement Expenses	0.4	1.1	0.3	1.2	2.62	59.98%
12	Electricity Charges	10.8	12.7	13.0	14.8	15.72	9.84%
13	Travelling Allowance(Conveyance Allowance)	24.8	24.8	33.1	30.2	25.59	0.79%
14	Other Expenses & Miscellaneous losses and write off	9.1	1.3	(2.2)	62.9	24.81	28.50%
15	Less: Adm Exp Charges to Capitalized	(16.0)	(16.8)	(22.5)	(24.3)	(23.43)	10.01%
Total		82.9	87.3	96.7	179.5	159.49	18%

A&G expenses typically can be attributed to number of consumers, number of substations, number of DTRs and total line length. Licensee tried to analyze the effect of number of consumers, number of substations, number of DTRs and total line length on A&G expenses. Below table shows the increase the trend in the number of consumers, SS, DTRs and line lengths in 3rd Control period.

Table 11 - A&G expenses and other asset details for 3rd Control period

Parameter	Unit	FY15	FY16	FY17	FY18	FY19	CAGR
A&G Expenses	Rs. Crs.	83	87	97	179	159	17.65%
No. of Consumers	Nos.	102,72,545	107,01,263	113,79,916	118,22,731	122,78,356	4.56%
Number of DTRs	Nos.	421593	512619	585750	634713	698636	13.46%
Line Lengths	Kms	374,153	384,460	432,220	445,500	469,852	5.86%
Number of SS	Nos.	1,982	2015	2,045	2,157	2189	2.51%

Administrative and General (A&G) expenses also depend on the inflation rate. As mentioned in the section above (section 1.1.1), the observed inflation in 3rd Control Period is 3.34% which led to increase in A&G expenses.

1.1.2 Regulated Rate Base

APSPDCL's actual RRB for the 3rd Control period is Rs. 20,435 Crs. whereas the Hon'ble Commission approved RRB of Rs. 12,821 Crs. resulting in a deviation of Rs. 7,614 Crs. Key components affecting RRB line items for FY2014-15 to FY2018-19 is shown as below:

Table 12: Summary of RRB line items for 3rd Control Period (Rs. Crs.)

Name of the Parameter	FY15	FY16	FY17	FY18	FY19	CAGR (FY15 to FY19)
	Act.	Act.	Act.	Act.	Act.	
Regulated Rate Base	3,511	3,579	4,161	4,256	4,928	8.84%
GFA Opening balance	6,565	9,582	11,454	12,663	13,896	20.62%
-Additions to GFA	3,017	1,872	1,209	1,233	2,227	-7.31%
-Net Additions to Consumer Contribution /Grants	457	207	210	611	254	-13.66%
-Working Capital	182	164	158	193	338	16.74%

As per the above table, RRB (actuals) has increased at a CAGR of 8.84 % in the 3rd Control Period. The parameters to this increase can be attributable to opening balance of GFA which increased at CAGR of 20.62% and the net additions in consumer contributions which decreased at a CAGR of 13.66%.

Table 13: RRB Deviations for 3rd Control Period (Rs. Crs.)

Year	Approved	Actuals	Variation
FY15	2,425	3,511	1,086
FY16	2,626	3,579	953
FY17	2,601	4,161	1,560
FY18	2,559	4,256	1,697
FY19	2,611	4,928	2,317
Total	12,821	20,435	7,614

During the 3rd Control Period, the approved RRB is Rs. 12,821 Crs. against the actual RRB of Rs. 20,435 Crs. The reasons for deviations in RRB are explained in detail as below:

a) Additions to GFA:

Details of GFA additions for the 3rd Control Period is shown in the table below:

Table 14: GFA Deviations for 3rd Control Period (Rs. Crs.)

Year	Approved	Actuals	Variation
FY15	904	3,017	2,113
FY16	851	1,872	1,021
FY17	1,013	1,209	196
FY18	1,182	1,233	51
FY19	2,227*	2,227	0
Total	6,176	9,558	3,382

*in absence of the approved GFA addition numbers for FY19, licensee has considered FY19 actual GFA addition number as the approved number.

Due to increased capitalization in all the years of the 3rd Control Period, the actual GFA additions is observed to be higher than approved GFA additions (calculated as difference in the opening and closing balance of approved numbers). GFA addition during FY 2014-15 was higher due to assignment of Anantapuram and Kurnool districts to APPSPDCL as a part of re-organization of combined state of Andhra Pradesh.

b) Additions to Consumer Contribution:

The licensee has continued its sustained efforts in regularizing the additional loads by conducting regular inspection of the services. Following table shows the details for Consumer Contribution for 3rd Control Period:

Table 15: Consumer Contribution Actuals for 3rd Control Period (Rs. Crs.)

Year	Additions
FY15	457
FY16	207
FY17	210
FY18	611
FY19	254
Total	1,739

c) Working Capital:

Working Capital is required to carry O&M activities and the same has been incurred & shown in the table below. It depends on the O&M expenses incurred during the year.

Table 16: Working Capital Deviations for 3rd Control Period (Rs. Crs.)

Year	Approved	Actuals	Variation
FY15	115	102	05
FY16	133	164	63
FY17	150	158	08
FY18	169	193	24
FY19	191	338	147
Total	757	1,036	279

1.1.3 Return on Capital Employees (ROCE)

APSPDCL's actual ROCE for the 3rd Control period is Rs. 2,324 Crs. as against the Hon'ble Commission approved expenses of Rs. 1,603 Crs. resulting in a deviation of Rs. 721 Crs. The computation of RoCE is as follows:

Table 17: Computation of ROCE line items for 3rd Control Period (Rs. Crs.)

YEAR	RATE DEBT % (A)	RATE EQUITY % (B)	WACC % = (0.75*A+0.25*B)	RRB	RoCE = RRB*WACC
FY15	9.01%	14%	10.26%	3511	360
FY16	11.69%	14%	12.27%	3579	439
FY17	10.52%	14%	11.39%	4161	474
FY18	9.47%	14%	10.60%	4256	451
FY19	9.40%	14%	10.55%	4928	520
TOTAL				20,435	2,244

Summary of Return on Capital Employed (ROCE) for FY2014-15 to FY2018-19 is as below:

Table 18: Summary of ROCE line items for 3rd Control Period (Rs. Crs.)

Year	Approved	Actuals	Variation
FY15	303	360	57
FY16	328	439	111
FY17	325	474	149
FY18	320	451	131
FY19	326	520	194
Total	1,603	2,244	641

Below are the reasons for deviations in ROCE:

a) Regulated Rate Base (RRB)

The increased Regulated Rate Base as shown in section 1.1.2 is due to combination of additions to GFA, Consumer Contributions and Working Capital Requirements. The total deviation is Rs. 7,614 Crs. for 3rd Control Period.

b) Weighted Average Cost of Capital (WACC):

The licensee has obtained cost of debt at average debt rate of the CAPEX loans of the particular year of control period, against the approved debt value of 12%. The WACC for the respective years of control period is as follows

Table 19: Summary of WACC for 3rd Control Period (Rs. Crs.)

YEAR	RATE OF DEBT	RATE OF EQUITY	WACC
FY15	9.01%	14%	10.26%
FY16	11.69%	14%	12.27%
FY17	10.52%	14%	11.39%
FY18	9.47%	14%	10.60%
FY19	9.40%	14%	10.55%

Thus while RRB has deviated by Rs. 7,614 Cr. in comparison to approved numbers. The net increase in RoCE is attributed by the net increase of RRB, even though there was net decrease in WACC when compared with approved value i.e.13%. Thus, in overall there is a net increase in ROCE(Actual).

1.1.4 Depreciation

The total actual depreciation (yearly) for the 3rd Control Period is Rs. 3,634 Crs. as compared to Rs. 3,709 Crs. approved by the Hon'ble Commission. Summary of Depreciation for FY2014-15 to FY2018-19 has been provided below:

Table 20: Summary of Depreciation for 3rd Control Period (Rs. Crs.)

Year	Approved	Actuals	Variation
FY15	515	586	71
FY16	694	716	22
FY17	764	784	20
FY18	829	721	(108)
FY19	908	827	(81)
Total	3,709	3,634	(75)

1.1.5 Taxes on Income

The Hon'ble Commission approved Rs. 148.8 Crs. as taxes on income for the 3rd Control period. Summary of Taxes on Income for FY2014-15 to FY2018-19 is provided below:

Table 21: Summary of Taxes on Income for 3rd Control Period

Year	Approved	Actuals	Variation
FY15	28.1	0	(28.1)
FY16	30.3	0	(30.3)

Year	Approved	Actuals	Variation
FY17	30.0	0	(30.0)
FY18	29.6	0	(29.6)
FY19	30.1	0	(30.1)
Total	148.1	0	(148.1)

The taxes on income are arrived as per the tax amounts paid during the years.

1.1.6 Special Appropriation for Safety Measures

The Hon'ble Commission approved Rs. 5.87 crores for every year towards Special Appropriation for Safety Measures for the 3rd Control Period for which the licensee has incurred the expenditure of Rs.5.19 crores for the control period.

1.1.7 Other Expenditure

Actual Other Expenditure for the 3rd Control Period is Rs. 170.3 Crs. against approved value of Rs. 1.8 Cr. Summary of Other Expenditure for FY2014-15 to FY2018-19 is illustrated below:

Table 22: Summary of Other Expenditure for 3rd Control Period

Year	Approved	Actuals	Variation
FY15	0.32	27.4	27.0
FY16	0.37	34.1	33.7
FY17	0.34	33.4	33.1
FY18	0.41	35.4	35.0
FY19	0.34	40.0	39.7
Total	1.78	170.3	168.6

1.1.8 Non-Tariff Income

The Non-Tariff Income for the 3rd Control Period is Rs. 1,990 Crs. which is less by Rs. 82 Crs. than the approved value of Rs. 2,072 Crs. Following table shows the year-wise break-up of the same:

Table23: Summary of Non-Tariff Income for 3rd Control Period

Year	Approved	Actuals	Variation
FY15	107	239	132
FY16	439	322	(117)
FY17	472	394	(78)
FY18	507	393	(114)
FY19	547	642	95
Total	2,072	1,990	(82)

1.1.9 Carrying Cost

The gap arising in the ARR and Revenue is met by short term loans. APSPDCL incurred interest (carrying cost) of Rs. 2230 Crs. on these short terms. The licensee has taken the cost of debt approved by the commission for the calculation of carrying cost. Summary of Carrying Cost for FY2014-15 to FY2020-21 is as follows

Table 24: Details of Interest (Carrying cost)

Particulars	FY15	FY16	FY17	FY18	FY19	FY20	FY 21
Opening Balance of the gap	0	795	1,500	1,951	2,557	4,695	5,258
Additions to the gap	750	575	256	351	1,727	0	0
Interest rate on ST loans	12%	12%	12%	12%	12%	12%	12%
Interest on ST loans	45	130	195	255	411	563	631
Closing balance of the gap	795	1,500	1,951	2,557	4,695	5,258	5,889

The licensee has computed carrying cost up to FY 2020-21 by taking the time of approval into account.

1.2 Prayer

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

- Approve the true-up of expenses and revenue for the Distribution Business for the 3rd Control Period (FY2014-15 to FY2018-19).
- Approve Rs. 3,659 Crs., which is the total gap in the between approved and actual amount for Net ARR (Gross ARR – Revenue) during the 3rd Control Period.
- Approve Rs. 2,230 Crs. as carrying cost for total revenue gap from the Distribution Business for the 3rd Control Period.
- Approve Rs. 5,889 Crs. as total gap including carrying cost filed before the Hon'ble Commission for truing-up of the Distribution Business for the 3rd Control Period.

SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

(Petitioners)

Through


Chief General Manager/RAC (i/c)
APSPDCL: Tirupathi

Place: Tirupathi
Date: 11-06-2020

**BEFORE THE HONOURABLE ANDHRA PRADESH ELECTRICITY
REGULATORY COMMISSION**

At its office at 4th Floor, Singareni Bhavan, Red Hills, Hyderabad-500 004

File No. /2020

Case No. /2020

IN THE MATTER OF:

Filing of Petition for Determination of the True up for distribution business for 3rd control period (FY 2014-15 to FY 2018-19) under Clause 19, Pg 11 of the 'Andhra Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Wheeling and Retail Sale of Electricity)' Regulation No. 4 of 2005

AND

IN THE MATTER OF:

SOUTHERN POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED

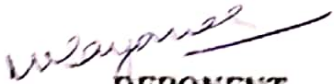
- Petitioner

Affidavit

I, N. Nagasayana Rao, S/o N.Singaraiah, aged 59 years, working for gain at the Southern Power Distribution Company of Andhra Pradesh Ltd do solemnly affirm and say as follows:

1. I am the Chief General Manager (i/c)/RAC/APSPDCL, the body corporate that has been awarded Distribution License by the Honourable Commission. I am competent and duly authorized by APSPDCL to affirm, swear, execute and file this affidavit in the present proceedings.
2. I have read and understood the contents of the accompanying petition. The statements made in the paragraphs of the accompanying application 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.

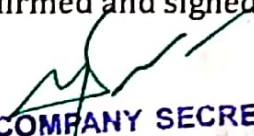

DEPONENT
CHIEF GENERAL MANAGER
RAC
APSPDCL :: TIRUPATI

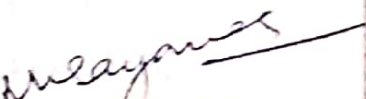
VERIFICATION:

I, the above named deponent do hereby verify & affirm the contents of this affidavit as true & correct.

Verified and attested at Tirupati on this 11th day of June, 2020

Solemnly affirmed and signed before me


COMPANY SECRETARY
APSPDCL :: TIRUPATI


DEPONENT
CHIEF GENERAL MANAGER
RAC
APSPDCL :: TIRUPATI