

NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

(Distribution & Retail Supply Licensee)



Filing of Distribution Business True-up
for
FY 2024-25

November 2025

**BEFORE THE HONOURABLE TELANGANA ELECTRICITY REGULATORY
COMMISSION**

At its Office at Vidyut Niyamtran Bhavan, G.T.S. Colony, Kalyan Nagar,
Hyderabad – 500 045

FILING NO. _____/2025

CASE NO. _____/2025

In the matter of:

Filing of True-up for FY 2024-25 for Distribution Business under Multi-Year Tariff Principles in accordance with the Telangana Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2023 vide Regulation No. 2 of 2023 by the Northern Power Distribution Company of Telangana Limited (“TGNPDCL” or ‘the company’ or ‘the Licensee’) as the Distribution and Retail Supply Licensee.

NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

... Applicant

The Applicant respectfully submits as under:

The filing is made by the **NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED (TGNPDCL)** in accordance with *Clause 6* of Telangana State Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2023 (Regulation No. 2 of 2023) for True-up for 1st year of 5th Control Period i.e., FY 2024-25

1 True-up for FY 2024-25

1.1 True-up of FY 2024-25 summary

The ARR of the 1st year of 5th Control Period i.e., FY 2024-25 approved by the Hon'ble Commission vis-à-vis actuals incurred along with the deviations for respective heads is given in the table below:

(Rs. in Crs)

Aggregate Revenue Requirement			
Particulars	Approved	Actuals	Deviation (Actual – Approved)
FY 2024-25			
Operation & Maintenance expenses	2,623	2,783	159
Depreciation	317	414	97
Interest and Finance Charges on Loan	244	328	83
Interest on Working Capital	58	82	24
Return on Equity	84	177	93
Other Expenditure	0	25	25
Aggregate Revenue Requirement	3,327	3,808	482
Less: Non-Tariff Income	172	175	4
Less: Revenue from Open Access consumers (Wheeling charges)	6	0.24	-5.76
Net Aggregate Revenue Requirement	3,149	3,633	484
Gap Transferred to ARR for FY 2026-27		484	

There is a deviation in Approved Net Aggregate Revenue Requirement as compared with Actual Net Aggregate Revenue Requirement is Rs. **484** crores. The reasons for deviations for all the line items contributing to deviations in Net Aggregate Revenue are explained subsequently in the respected line items below.

1.2 Operation and Maintenance (O&M) Expenses

The O&M cost consists of the following items:

- Salaries, wages and other employee costs;

- Administrative and General costs including legal charges, audit fees, rent, rates and taxes;
- Repairs and maintenance costs.

It is observed that the Operations and Maintenance expenses are higher than the approval of the Hon'ble Commission by Rs. 159 crores for the FY 2024-25 of 5th Control period because the actual expenditure incurred is taken from the audited figures of annual report of FY 2024-25, whereas the ERC has approved the O&M expenditure computed as per Clause 81. The Hon'ble TGERC approved Employee cost and A&G expenses for FY 2024-25 which is arrived after escalating the average of the true-up expenses for the immediate preceding control period and duly escalating the same for 3 years is lower than the actuals of FY 2023-24.

Employee Expenses:

The major contributor to this variance is the employee cost, which was Rs. 2,496 Cr. against the approved Rs. 2,361 Cr., primarily due to statutory increments, DA adjustments, and pension obligations.

Another major factor was the rise in pension and gratuity provisioning for employees appointed prior to 01.02.1999. The company bears 26% of these obligations, and actuarial valuations during the year resulted in higher provisioning compared to the previous year.

In view of the above, actual employee expenses for FY 2024-25 are Rs. 2,496 Cr.

Admin & General Expenses

Administration and General Expenses for FY 2024–25 registered an increase compared to the previous year, primarily due to higher operational and service-related costs. Key contributors include legal charges and professional fees, vehicle hire charges and manpower hiring costs escalated, driven by expanded field operations and support activities. The actual Administrative & General expenses are Rs. 153 Cr. against Rs. 135 Cr. approved, which is an increase of Rs. 18 Cr.

Repairs & Maintenance Expenses:

Repairs and Maintenance expenses increased during FY 2024–25 mainly due to floods, and costs for restoring distribution infrastructure and operational assets. TGNPDCL has undertaken extensive maintenance of lines, cables, and transformers, which led to a rise in material and labour charges. Additionally, periodic servicing of plant and machinery, coupled with emergency repair works following outages and weather-related damages, contributed to the overall increase. The actual Repairs and Maintenance expenses are Rs. 134 Cr. against Rs. 127 Cr. approved, which is an increase of Rs. 7 Cr.

The O&M expenses for the 1st year (FY 2024-25) of 5th Control Period approved by the Hon'ble Commission vis-à-vis actuals incurred along with the deviations for respective heads is given in the table below:

Operation & Maintenance expenses Gross			Rs. in crore
Particulars	Approved	Actuals	Deviation
FY 2024-25			
Employee cost (A)	2,361	2,496	135
Admin & General expenses (B)	135	153	18
Repairs & Maintenance (C)	127	134	7
O&M Expenses Gross D = (A+B+C)	2,623	2,783	159

1.3 Depreciation Expenses

TGNPDCL has historically computed depreciation based on CERC norms, which were embedded in the accounting system. However, depreciation is now calculated as per MYT Regulations using the depreciation schedule notified by TGERC.

The depreciation expenses for FY 2024-25 of 5th Control Period approved by the Hon'ble Commission vis-à-vis actuals computed as per MYT Regulations along with the deviations is given in the table below:

Depreciation			Rs. in crore
Particulars	Approved	Computed as per MYT Regulation	Deviation
FY 2024-25			
Depreciation during the year	317.39	413.97	96.58

Amortised depreciation on Consumer Contribution assets is Rs. 154.56 Crore as per books of account is included in the actual depreciation. Depreciation as per books of accounts (CERC rates) for FY 2024-25 is Rs. 400.07 Cr.

TGNPDCL has projected Rs. 430 Cr. for FY 2024-25 of 5th Control Period, whereas Hon'ble TGERC has approved Rs. 317 Cr., Depreciation incurred for FY 2024-25 is similar to the projections made by TGNPDCL in the 5th Control Period. This difference is due lower approved depreciation by TGERC.

1.4 Interest and Finance Charges

TGNPDCL submit that the interest expenditure on account of long-term loans depends on the outstanding loan, repayments, and prevailing interest rates on the outstanding loans. Further, the projected capital expenditure and the funding of the same also have a major bearing on the long-term interest expenditure.

Clause 31.3 of the Telangana State Electricity Regulatory Commission (Multi Year Tariff) Regulation (Regulation No. 2 of 2023) states that

“The loan repayment during each year of the Control Period shall be deemed to be equal to the depreciation allowed for that year, up to the ceiling of seventy five percent (75%) of asset cost or actual debt component used for funding such asset in case the debt funding is higher than seventy five percent (75%) of the asset cost.”

Considering the normative opening loan, normative loan addition during the year and loan repayment equal to depreciation and the weighted average interest rates, TGNPDCL have computed the interest expenses on normative basis for FY 2024-25 as summarized in table below:

Figures in Rs Cr

Particulars	FY 2024-25
Opening Balance of Normative Loan	3,117
Receipt of New Loans (excl. consumer contributions)	541

Particulars	FY 2024-25
Repayment of loan (Depreciation for the year)	414
Equity portion of GFA of fully depreciated assets	26
Closing Balance of Normative Loan	3,270
Average Balance of Normative Loan	3,194
Rate of interest	10.26%
Interest and Finance Charges	328

Rs. in crore

Particulars	Approved	Actuals	Deviation
Interest and Finance Charges	244	328	84

TGNPDCL has projected its normative loan of Rs. 2,869 Cr. for FY 2024-25 of 5th Control Period, whereas Hon'ble TGERC has considered only 1,875 Cr., for computation of Interest and Finance Charges, which led to lower interest costs. The net assets considered by TGERC are lower than the actuals from our books of accounts. This has led to lower approvals for TGNPDCL.

1.5 Interest on Working Capital

TG Discoms submits that clause 33 of the Telangana State Electricity Regulatory Commission (Multi Year Tariff) Regulation (Regulation No. 2 of 2023) provides for Interest on Working Capital. Clause 33.3 (a) of the said Regulation provides for the norms of computation of Working Capital for Distribution Wires Business.

TG Discoms further submits that clause 33.6 of the said Regulations provides that the normative rate of interest on working capital shall be equal to Base Rate as on the date on which the Petition for determination of Tariff is filed, plus 150 basis points. The relevant extract of the said Regulations is reproduced below:

“Rate of interest on working capital shall be on normative basis and shall be equal to the Base Rate as on the date on which the Petition for determination of Tariff is filed, plus 150 basis points.”

Accordingly, TG Discoms have calculated Interest on Working Capital for the control period @ 10.50% for Distribution Business.

Accordingly, TGNPDCL has calculated Interest on working capital for Distribution Business as below:

Figures in Rs Cr

Particulars	FY 2024-25
O&M Expenses (One Month)	232
Maintenance Spares (1% of Opening GFA for FY 2024-25)	102
Receivables (45 days of the ARR)	448
Total Working Capital requirement	781
Interest rate %	10.50%
Interest on working capital to Distribution business	82

Rs. in crore

Particulars	Approved	Actuals	Deviation
Interest on Working Capital	58	82	24

The ARR based on actuals of TGNPDCL incurred for FY 2024-25 has increased than approved. The deviation in actual interest rate over approved.

1.6 Return on Equity (RoE)

TG Discoms submit that clauses 29 of Telangana State Electricity Regulatory Commission (Multi Year Tariff) Regulation (Regulation No. 2 of 2023), provides for Return on Equity (RoE) for Distribution Licensee which is reproduced as under:

“Return on Equity shall be computed at the following base rates:

(e) Distribution licensee: Base Return on Equity of 14% and additional Return on Equity up to 2% linked to Licensee’s performance towards meeting standards of performance:

Provided that the Commission at the time of true-up shall allow the additional Return on Equity up to 2% based on Licensee meeting the summary of overall performance standards as specified in Clause 1.11 of Schedule III of TGERC (Licensees’ Standards of Performance) Regulations, 2016

29.3 The Return on Equity shall be computed in the following manner:

(a) Return at the allowable rate as per this clause, applied on the amount of equity capital at the commencement of the Year; plus

(b) Return at the allowable rate as per this Regulation, applied on 50 per cent of the equity capital portion of the allowable capital cost, for the investments put to use in generation business or transmission business or distribution business or SLDC, for such Year.”

The return on equity has been computed as per the methodology specified in the Telangana State Electricity Regulatory Commission (Multi Year Tariff) Regulation (Regulation No. 2 of 2023) and, the DISCOM is expecting Return on Equity at 14% and additional return on equity up to 2% p.a linked to TGNPDCL's performance towards meeting standards of performance for FY 2024-25.

The tax on the return on equity as per the below clause

“Rate of pre-tax Return on Equity shall be rounded off to three decimal places and shall be computed as per the formula given below:

Rate of pre-tax return on equity = Base Rate / (1-t);

Where “Base Rate ” is the rate of Base Return on Equity in accordance with clause 29.2;

“t” is the effective Income Tax rate in accordance with clause 30.1.”

Figures in Rs Cr

Particulars	Actuals
Regulatory Equity at the beginning of the year	1,039
Additions during the year	721
Equity portion of capitalization during the year	180
Equity portion of fully depreciated assets added in that year	43
Reduction in Equity Capital on account of retirement / replacement of assets	-
Regulatory Equity at the end of the year	1,176
Base rate of Return on Equity	16%
Effective Income Tax rate	0%
Rate of Return on Equity	16%
Return on Regulatory Equity at the beginning of the year	166

Particulars	Actuals
Return on Regulatory Equity addition during the year	11
Total Return on Equity	177

Rs. in crore

Particulars	Approved	Actuals	Deviation
Return on Equity	84	177	93

Similar to depreciation and Interest costs discussed above, the net assets considered by TGERC are lower than the actuals from our books of accounts. This has again led to lower approvals of return on equity for TGNPDCL.

Further, the deviation in actuals of Return on Equity over approved is due to considering lower base rate on return on equity i.e., 11% instead of 14%. Additional 2% p.a is considered for compliance of TGNPDCL's performance towards meeting Standards Of Performance (SOP) for FY 2024-25 and further it is to submit that the TGNPDCL is in compliance with the quarterly report on "SOP" to Hon'ble TGERC in FY 2024-25 vide Letter No. Lr.No.CE(I&R)/GM/(I&R)/DE(RAC)/TGNPDCL/WGL/F.SOP/ D.No.58/25 dt. 12.05.2025.

1.7 Other Expenditure

According to the guidelines of the Hon'ble Commission of Proceedings No. TSERC/Secy/86 of 2015, Dt:28-12-2015, para no.3 is extracted as below.

*"After careful consideration of the information submitted and issues raised by the DISCOMs, the Commission hereby enhances **the ex-gratia sum payable, as a safety measure, in the case of a fatal accident** resulting in death of a non-departmental person and / or of an animal owing to electrocution and other issues connected therewith are dealt hereunder."*

The TGNPDCL is paying the compensation/ex-gratia amount to every Electrical accident to non- departmental person and / or of an animal with Department fault or without Department fault in every year but **this expenditure is booked under compensations account under A&G expenses in the licensee books of accounts.**

Ex gratia paid to Electrical Accidents for FY 2024-25 approved by the Hon'ble Commission vis-à-vis actuals incurred along with the deviations is given in the table below:

Other Expenses			Rs. in crore
Particulars	Approved	Actuals	Deviation
FY 2024-25			
(Compensation/Ex-gratia amount paid to Electrical Accidents)	-	25.14	25.14

1.8 Revenue from Open Access (Wheeling Charges):

The Revenue from OA for FY 2024-25 approved by the Hon'ble Commission vis-à-vis actuals incurred along with the deviations is given in the table below:

Revenue from Open Access			Rs. in crore
Particulars	Approved	Actuals	Deviation
FY 2024-25			
Revenue from Open Access (Captive)	6.00	0.24	(5.76)

1.9 Non-tariff income:

The non-tariff income for the FY 2024-25 of 4th Control Period approved by the Hon'ble Commission vis-à-vis actuals incurred along with the deviations is given in the table below:

Non-Tariff Income			Rs. in crore
Particulars	Approved	Actuals	Deviation
FY 2024-25			
Non-Tariff Income	171.69	175.41	3.72

Detailed break up of Non-Tariff Income is as follows (Rs. in Crore)

Sl. No.	Particulars	2024-25
1	Deferred Revenue Income (Amortized Depreciation from CC Assets)	154.56
2	Interest on Staff Loans and Advances	-0.01
3	Income from Investments	5.98
4	Security deposits / Bank Guarantee forfeited	-0.14
5	Fines/Penalties from Suppliers	7.95

Sl. No.	Particulars	2024-25
6	Other Miscellaneous Income	7.06
	NTI Total	175.41

1.9 Capital Investments and Capitalization:

The capital investments for FY 2024-25 approved by the Hon'ble Commission vis-à-vis actuals incurred along with the deviations is given in the table below:

Capitalization			Rs. in crore
Particulars	Approved	Actuals	Deviations
FY 2024-25			
Capital Investment	1,427	823	-604
New Investment	1,228	716	-512
O&M Expenses Capitalised	109	71	-38
Interest During Construction capitalised	91	37	-54
Investment capitalized (Transfer to fixed Assets)	1,652	889	-763

1.10 Prayer

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

- i. Approve Net ARR of **Rs. 3,632.94 Crores** for the Distribution Business for the 1st year (FY 2024-25) of 5th Control Period.
- ii. Approve Revenue gap of **Rs. 483.77 Crores** for the Distribution Business for the 1st year (FY 2024-25) of 5th Control Period.

NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED
(APPLICANT)

Through



CHIEF ENGINEER
IPC&RAC/TGNPDCL

Place: Hanumakonda

Dated: 29-11-2025.

**BEFORE THE HONOURABLE TELANGANA ELECTRICITY REGULATORY
COMMISSION**

At its Office at Vidyut Niyantran Bhavan, G.T.S. Colony, Kalyan Nagar,
Hyderabad – 500 045

FILING NO. _____/2025

CASE NO. _____/2025

In the matter of:

Filing of True-up for FY 2024-25 for Distribution Business under Multi-Year Tariff Principles in accordance with the Telangana Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2023 vide Regulation No. 2 of 2023 by the Northern Power Distribution Company of Telangana Limited ("TGNPDCL" or 'the company' or 'the Licensee') as the Distribution and Retail Supply Licensee.


NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

... Applicant

AFFIDAVIT OF APPLICANT VERIFYING THE ACCOMPANYING PETITION

I, Sri K. Venkata Ramana, S/o Sri K. Ratnakar Rao, aged 58 years, Occupation: Chief Engineer (IPC & RAC), TGNPDCL, Hanmakonda, R/o Hanmakonda do solemnly affirm and say as follows:

- 1) I am Chief Engineer (IPC & RAC)/TGNPDCL, I am competent and duly authorized by TGNPDCL to affirm, swear, execute and file this affidavit in the present proceedings.
- 2) I have read and understood the contents of the accompanying application drafted pursuant to my instructions. The statements made in the paragraphs of 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 Engineer
IPC & RAC, TGNPDCL
WARANGAL

VERIFICATION

The above named Deponent solemnly affirm at Hanmakonda on this 29th day of November, 2025 that the contents of the above Affidavit are true to my knowledge no part of it is false and nothing material has been concealed there from.

Loen P.

DEPONENT

Chief Engineer
IPC & RAC, TGNPDCL
WARANGAL.

Solemnly affirmed and signed before me.



General Manager
IPC & RAC, TGNPDCL
Warangal.