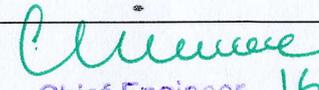


Sl.No.	PCKL Objections	TSGENCO Response
1	<p>The Petitioner has not furnished the details regarding the utilization of grants received from Karnataka and Andhra Pradesh with respect to the expenditure of each asset wise. Petitioner has furnished in the Petition that asset wise capital cost only for Rs. 702.56 as on 31.3.2014.</p> <p>The Government grant shall not be considered in the capital cost for the purpose of tariff. CERC's in its order dated 20.8.2002 in the Petition No. 46/2000 and order dated 31.3.2003 in Review petition No. 145/2002 in petition No. 46/2000 has not considered the grants received from GOI for meeting the project expenditure towards R&amp;M of units I&amp;II. On similar lines the grants received by TSGENCO from Karnataka and Andhra Pradesh shall not be considered in the capital cost.</p>	<p>a. The Capital cost of PJHES amounted to Rs.687.11Crs (i.e. FY 2009-13 is 670.15 Crs and FY 2013-14 is 16.96 Crs) approved by Hon'ble APERC is exclusive of Power block cost.</p> <p>b. In this connection it is to inform that the expenditure towards power block was incurred by Irrigation department of the then Andhra Pradesh Government.</p>
	<p>Petitioner has not submitted the details for additional capital expenditure in the Petition. Further, these expenditure are in the original scope of work are also not stated.</p> <p>The Petitioner has not submitted the details for additional capital expenditure incurred after cutoff date.</p>	<p>Combined APGENCO capitalized an amount of Rs.702.76 Crores in 2009-2014, however Hon'ble APERC approved an amount of Rs.687.11 Crores (i.e. FY 2009-13 is 670.15 Crs and FY 2013-14 is 16.96 Crs) vide Orders Dt.31.05.2014. It was understood that the commission reduced the capital cost towards liquidated damages on estimated basis. In this connection, it is confirmed that there are no liquidated damages withheld by company towards PJHES.</p> <p>Hence, the balance amount of Rs.15.65 Crs (Rs 32.61 Crs Additional cap 2009-14- Rs.16.96Crs approved 2013-14) may be considered as additional capital cost during 2009-14 as there no penalties recovered and withheld by AP/TSGENCO towards PJHES.</p> <p>The details of Additional capital expenditure incurred during FY 2014-15 and FY2015-16 submitted to the Hon'ble Commission along with auditor certificate.</p>

2	<p>O&amp;M expenses as per the Clause 12.3.2 of APERC (Terms and Condition for determination of Tariff for supply of Electricity by a generating company to a distribution licensee and purchase of electricity by distribution licensee) Regulation 2008 shall be allowed.</p>	<p>The O&amp;M expenses provided in the Regulation 1 of 2008 was based upon the CERC 2004 Regulation and as amended in 2006 for the control period 2004-2009. As per the Clause 10 of the APERC Regulation 1 of 2008 provides for the application of further amendments to the CERC Regulation upon adoption by the Hon'ble Commission by special or general order.- The CERC has subsequently issued revised Regulation for the control period 2009-2014 and 2014-2019 which, inter alia, provided also for allowing pay revision as the pay revision was due for Central PSUs during that period. b) Hon'ble APERC admitted O&amp;M expenses based on the CERC 2014 regulations for the control period 2014-19 and also admitting the pay revision 2014 and other fixed charge components are considered as per the 1 of 2008 APERC Regulations</p>																				
3	<p>Depreciation amount considered by erstwhile APERC in its order dated 31.5.2014 vide OP No. 15 of 2009 is without reducing grants given by both States in the capital cost. Hence, it may be considering before workout the depreciation for the project.</p>	<p>Depreciation amounts was considered as per erstwhile APERC order dated 31.05.2014 in OP 15 of 2009</p>																				
4	<p>As per Part-1 Form 7, the applicable interest rate for loan drawn from PFC and State Bank of Hyderabad is 12.50% and 11.75% respectively. As per the Part-1 Form 13 the Petitioner has considered interest rate for PFC loan for the year 2014-15 to 2018-19 is as follows:</p> <table border="1" data-bbox="215 1456 845 1534"> <tr> <td>2014-15</td> <td>2015-16</td> <td>2016-17</td> <td>2017-18</td> <td>2018-19</td> </tr> <tr> <td>12.80</td> <td>12.90</td> <td>12.06</td> <td>13.75</td> <td>13.98</td> </tr> </table> <p>Similarly, interest rate considered by State Bank of Hyderabad for the year 2014-15 and 2015-16 is as below:</p> <table border="1" data-bbox="215 1691 845 1769"> <tr> <td>2014-15</td> <td>2015-16</td> <td>2016-17</td> <td>2017-18</td> <td>2018-19</td> </tr> <tr> <td>19.29</td> <td>13.98</td> <td></td> <td></td> <td></td> </tr> </table> <p>It could be seen in the above table that, there is a variation in percentage indicated at Part-1 Form 7 and Part-1 Form 13.</p>	2014-15	2015-16	2016-17	2017-18	2018-19	12.80	12.90	12.06	13.75	13.98	2014-15	2015-16	2016-17	2017-18	2018-19	19.29	13.98				<p>a) As per 12.1 of APERC regulations 1 of 2008, the Debt-Equity ratio as determined at the beginning of the control period has to be considered for arriving at WACC commencing from 70:30 from the date of COD as per the clause No.10.13 of APERC Regulation 1 of 2008. The debit equity ration as on 01.04.2014 i.e. at the beginning of control period is 53:47 for TSGENCO as a whole accordingly the WACC works out to 13.92 % rounded to 14%. b) Interest on Debt was considered as a 12.5% for purpose of arriving RoCE based on the interest rates charged by PFC &amp; REC, which are the prime lenders to the Power sector. c) Return on Equity rates was considered as a 15.5% for purpose of arriving RoCE as notified by CERC in line with 12.1 of APERC Regulations.</p>
2014-15	2015-16	2016-17	2017-18	2018-19																		
12.80	12.90	12.06	13.75	13.98																		
2014-15	2015-16	2016-17	2017-18	2018-19																		
19.29	13.98																					

  
 Chief Engineer 16/3/17  
 (Coal & Commercial)  
 TSGENCO, Vidyut Soudha,  
 HYDERABAD - 500 082.