



ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION

Vidyut Niyantana Bhavan, Adjacent to 220/132/33 kV AP Carbides SS,
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MONDAY, THE TWENTY SECOND DAY OF DECEMBER
TWO THOUSAND AND TWENTY FIVE

(22.12.2025)

: Present :

Sri P.V.R.Reddy,
Member & Chairman *i/c*

**In the matter of True-down of Transmission Business for
4th Control Period (FY2019-20 to FY2023-24)**

in

O. P. No 72 of 2024

Transmission Corporation of Andhra Pradesh Ltd.

.... Petitioner

and

**Eastern Power Distribution Company of Andhra Pradesh Ltd,
Southern Power Distribution Company of Andhra Pradesh Ltd,
A P Central Power Distribution Corporation Ltd.**

.... Respondents

This petition was taken up for final hearing on 09.07.2025, both online and in person, in the presence of Sri M. Venugopala Rao, Senior Journalist; Ms Saumya Vaishnava (WRI India); Sri. T.S. Rajashekar Reddy, EE/APSPDCL, representing APDISCOMs & Sri G.V.Brahmananda Rao, counsel representing Sri P.Shiva Rao, learned Standing Counsel for APTRANSCO. After hearing all the stakeholders and material on record, the Commission passes the following:

Order

1. Transmission Corporation of Andhra Pradesh Ltd. (in short, “the APTRANSCO”) has filed a petition dated 30.09.2024 for the true-up of its transmission business for the 4th Control Period (FY2019-20 to FY2023-24). This petition has been taken on the record of the Commission as O.P.No. 72 of 2024. Notice issued to the Respondent DISCOMS.

APTRANSCO filings

2. APTRANSCO’s filings, in brief, are as follows.

(a) True down for Transmission Business for 4th control period.

The ARR/Cost approved by APERC and the actual cost during the period F.Y.2019-20 to F.Y.2023-24 are INR 13782.05 Crs and INR 13786.84 Crs, respectively. Whereas, the approved Revenue and the actual revenue earned, including Non-Tariff Income, are INR 13782.05 Crs and INR 14689.78 Crs. Thus, there is a surplus of INR 902.94Cr of Revenue in the 4th control period. The item-wise, year-wise details are given in the following Table:

Table 1: Fillings by APTRANSCO in the OP No 72 of 2024.

Rs in Crores

Sl No.	Parameter	Actuals as per Filings 2019-20	Actuals as per Filings 2020-21	Actuals as per Filings 2021-22	Actuals as per Filings 2022-23	Actuals as per Filings 2023-24	Approved in 4 CP	Actuals as per Filings in 4 CP	Variation
1	Expenditure	1627.48	2131.77	2080.90	2145.72	2299.59	8794.08	10285.46	1491.38
2	Gross O&M Costs	942.00	1358.45	1265.79	1231.36	1377.59	4446.96	6175.19	1728.23
3	O&M Carrying Costs	0	0	0	0	0	0	0	0
4	Depreciation	678.24	723.91	751.99	783.71	809.38	3885.00	3747.23	-137.77
5	Taxes incl. MAT	7.24	49.41	63.12	130.65	120.41	461.74	370.83	-90.91
6	Special Appropriation	0	0	0	0	0	0	0	0
7	Other Expenditure	0	0	0	0	0	0	0	0
8	Terminal Benefits	0	0	0	0	0	0	0	0
9	Expenses Capitalized	92.47	90.95	115.59	92.48	92.89	662.73	484.38	-178.35
10	IDC Capitalized	0	0	0	0	0	0	0	0
11	O&M Expenses Capitalised	92.47	90.95	115.59	92.48	92.89	662.73	484.38	-178.35
12	Net Expenditure	1535.02	2040.82	1965.30	2053.24	2206.70	8131.25	9801.08	1669.83
13	ROCE	781.45	802.18	798.58	761.04	842.62	5650.82	3985.87	-1664.95
14	Gross ARR	2316.47	2843.00	2763.88	2814.29	3049.20	13782.05	13786.84	4.79
15	Total Revenue	2161.13	2668.74	2691.33	3164.52	4004.06	13782.05	14689.78	907.73
16	Non-Tariff Income	199.67	186.54	186.07	195.46	366.66	350.00	1134.40	784.40
17	Revenue from Tariff	1791.96	2112.56	2452.40	2969.06	3637.40	12623.05	12963.38	340.33

Sl No.	Parameter	Actuals as per Filings 2019-20	Actuals as per Filings 2020-21	Actuals as per Filings 2021-22	Actuals as per Filings 2022-23	Actuals as per Filings 2023-24	Approved in 4 CP	Actuals as per Filings in 4 CP	Variation
18	Tariff from others (ISTS lines)	169.50	369.64	52.86	5.01	435.85	809.00	1032.86	223.86
19	Revenue received against the true-up order 2019-20 to 2023-24	0	0	0	-5.01	-435.85	0	-440.86	-440.86
20	Surplus / (Deficit)	-155.34	-174.26	-72.55	350.23	954.86	0.00	902.94	902.94

The detailed calculations are shown in Annexure-II.

b) The methodology of calculation of depreciation component varies from the Companies Act to the APERC Regulation, as detailed below.

- **Companies Act:** Depreciation is charged from the date of acquisition *or* the date the asset is put to use (COD).
- **APERC Regulation 15.3:** Depreciation is charged from the 1st April of the *following year* after the asset is put to use.

Due to the above, the difference in Depreciation works out to Rs. 156.81Crores. The details are as follows.

Table 2: Fillings by APTRANSCO in OP

Fiscal year	Rs in INR	
	Acquisition Value	Depreciation
2018	22,00,95,98,560.97	63,35,19,544.09
2019	5,54,08,91,960.93	7,40,60,611.95
2020	8,36,77,82,829.35	23,79,49,744.95
2021	6,80,41,45,899.99	13,81,85,140.45
2022	10,07,24,24,217.58	27,04,99,067.27
2023	7,65,30,21,092.85	21,39,25,438.57
Total	6044,78,64,561.67	156,81,39,577.29 or Rs.156.81Crs

3. Considering the above, the Total True-down amounts to Rs. 902.94 crores + Rs. 156.81 crores = Rs. 1059.75 crores. This True-down represents a revenue surplus and needs to be reimbursed to DISCOMs. APTRANSCO proposes to distribute as per the AP Govt. G.O.Ms No.13 dated 06th April 2020 or as decided by the Commission, as shown in the table below.

Distribution Company	Allocation ratio (%)	Amount (Cr.)
APEPDCL	36.22	383.84
APSPDCL	40.44	428.57
APCPDCL	23.34	247.35
Total		1059.76

APTRANSCO stated that the global COVID-19 pandemic, which lasted from March 2020 to March 2022 in three waves, restricted people from leaving their homes and halted all transport services. That all construction activities were suspended due to the non-availability of workers and lockdown restrictions. Hence, the capital works could not be commenced/taken up/completed as projected/approved, leading to a gap between Approved and Actuals.

Public Notice and Public Hearing

4. A public notice, along with a copy of the original APTRANSCO petition, was placed on the Commission's website on 28.02.2025, inviting objections/views/suggestions from stakeholders, with a last date on or before 28.03.2025. The Commission directed APTransco to submit its replies on or before 11.04.2025 and informed it that the public hearing on the petition would be held on 09.07.2025. Accordingly, the public hearing was held on 09.07.2025. Views/Objections/Suggestions were received from a few stakeholders (Annexure-1). The DISCOMs stated that they have no objections to the petition.

Views/Objections/Suggestions and Replies of APTRANSCO

5. The brief summary of the objections and APTRANSCO's response is as follows.

The views presented by stakeholders (Sri M. Venugopala Rao and others, and Ms Suamya Vaishnava and WRI India) on three main areas: inflated financial projections, unfair regulatory practices, and lack of transparency.

A. Financial and Capital Expenditure Concerns (CapEx)

Inflated Tariffs: The persistent "true-down" results across multiple control periods strongly suggest that APTRANSCO's financial projections and the Commission's approved tariffs were inflated.

Massive CapEx Shortfall: The Commission approved a Regulated Rate Base (RRB) of Rs. 50,341.44 Crores, but APTRANSCO's achieved RRB was Rs. 37,862.98 Crores. This results in a staggering Rs. 12,477.46 Crores deficit in asset capitalisation (uncompleted or undeployed works).

Financial Paradox: Despite the huge shortfall in investment, APTRANSCO's

actual Annual Revenue Requirement (ARR) remained almost equal to the approved Rs. 13,782.05 Crores, and its revenue from tariff and other sources actually increased by over Rs. 560 Crores, leading to a suspicion that the utility collected more than was due.

Unexplained Overspending: APTRANSCO's actual expenditure of Rs. 10,285.46 Crores exceeded the approved Rs. 8,794.08 Crores by Rs. 1,491.38 Crores. This overspending, coupled with under-capitalisation, suggests higher costs and accrued Interest During Construction (IDC) due to project delays, thereby requesting that the Commission should have a prudence check.

Project Delay Details: Stakeholders noted a massive shortfall across all voltage lines (e.g., only 147.39 CKM commissioned out of 1201 CKM approved for 400kV lines) and demanded specific disclosure of the affected projects and the resulting effect on the current control period's resource plan.

B. Regulatory and Accounting Discrepancies

Unfair True-Down Practice: The current APERC practice is criticised for being unfair: "true-up" (additional revenue claimed by utilities) is immediately reflected in consumer bills, but "true-down" (excess revenue collected by utilities) is only determined at the end of the entire Multi-Year Tariff (MYT) period, allowing the utility to retain the amount. They advocate for annual true-down determination and direct monthly deduction from consumer bills.

Pension Liability: Stakeholders object to APTRANSCO passing on a significant pension liability of Rs. 1,396.96 Crores (part of the higher O&M costs) to consumers, which they view as a legacy of past institutional failures, suggesting that the government should take over the liability.

Typographical Error: A Rs. 300 Crores discrepancy was identified in Table 4 of the filing for FY 2023-24 Total Revenue, leading to an overstated calculated Surplus.

Unexplained O&M Balance: An approximate Rs. 331 Crores balance in O&M expenditure remains unexplained after accounting for the Rs. 1,396.96 Crores pension provision, which, as a 'controllable' factor, requires a detailed explanation.

C. Compliance and Transparency

APTRANSCO failed to adhere to two key transmission tariff regulations: submitting a statement on the status of compliance with all prior Commission directives (Clause 8.1) and ensuring the prominent public display of the regulatory filings and accompanying spreadsheets on its official website

(Clause 8.2).

Summary of APTRANSCO's Reply

APTRANSCO defends its performance by attributing the shortfalls to external factors, clarifying financial figures, and asserting compliance with existing regulations.

A. Justification for CapEx Shortfall and True-Down

COVID-19 Impact: The primary cause for the True-Down amount of Rs. 1059.76 Crores (including a provisional Rs. 510 Crores considered earlier) and the CapEx shortfall is the Global Covid Pandemic (March 2020-March 2022). Lockdowns and worker shortages led to the non-materialisation of projected expenses.

No Adverse Impact: APTRANSCO argues that the non-completion of capital works did not cause an adverse impact because the power demand also did not increase as expected due to lockdowns and reduced economic growth. They successfully met the actual demand using their existing network and contingency plans.

CapEx Claim: They maintain their proposed CapEx was not inflated, noting that the 3rd Control Period resulted in a "true-up."

B. Financial Clarifications

Typographical Error Corrected: APTRANSCO confirmed the typographical error in the Total Revenue for FY 2023-24 and stated the correct Revenue from Tariff for that year is Rs. 3,637.40 Crores.

Non-Tariff Income: The major increase in Non-Tariff Income is attributed to the temporary, one-time collection of Development and Supervisory charges from Bulk Load Consumers and Developers, which ultimately benefits consumers.

O&M Expenditure Increase: The increase in O&M is due to the mandated allocation to the Pension Trust, and the balance of Rs. 331 Crores is due to the 2022 Pay Revision, which was claimed based on actual expenditure during the True-down process as stated in the original ARR filing.

CERC Orders: The increase in tariff from others is primarily due to the CERC passing pending orders for both the 3rd and 4th Control Periods in respect of InSTS lines carrying interstate power.

C. Compliance and Regulatory Position

Existing Procedures: APTRANSCO affirms that its tariff determinations and ARR filings strictly comply with APERC Regulations/Guidelines. The MYT

framework provides stability through uniform transmission charges over five years, with the Commission conducting an Annual Review.

Reports and Posting: They stated that the True-Down petition filings, along with Excel sheets, were posted on the APTRANSCO website; that the directions issued by the Commission in the 4th Control period MYT order were complied with; and that a compliance report was submitted.

Project Review: They clarified that project execution is not solely based on the approved Resource Plans but is periodically reviewed against system studies and actual field conditions to ensure capacity additions are made only as genuinely needed. They also stated that they furnish details of new EHT Substations and lines, submit reports to APERC, and post them on their website in accordance with APERC Regulation 1 of 2007.

COMMISSION's Views/Analysis/Decision

6. The Commission has carefully examined the views/objections/suggestions and the reply of APTRANSCO. The Commission is broadly satisfied with APTRANSCO's responses to the objections and is inclined to scrutinise the True-down petition in accordance with Regulation 5 of 2005. However, the Commission will express its views on the objections as and when necessary while examining the petition item-wise. The relevant clauses are shown below.

Clause 17 of Regulation 5 of 2005:

CORRECTIONS FOR "UNCONTROLLABLE" ITEMS AND "CONTROLLABLE" ITEMS AND SHARING OF GAINS/LOSSES OF "CONTROLLABLE" ITEMS

The Transmission Licensee shall file its proposals for pass-through as well as sharing of gains/losses on variations in "uncontrollable" items of ARR and "controllable" items (indexed to external parameters) in accordance with clause 10 of this Regulation.

Clause 10 of Regulation 5 of 2005:

MULTI-YEAR TARIFF FRAMEWORK AND APPROACH

10.1 The multi-year tariff framework shall be based on the following approach for calculation of ARR and expected revenue from tariff and charges.

10.2 Base Year:- Values for the Base Year of the Control Period will be determined based on the audited accounts available, the best estimate for the relevant years and other factors considered appropriate by the Commission, and after applying the tests for determining the controllable or uncontrollable nature of various items. The Commission will normally not revisit the performance

targets even if the targets are fixed on the basis of base values of un-audited accounts.

10.3 Targets:- Targets will be set for items that are deemed by the Commission as “controllable”. The trajectory for specific variables may be stipulated by the Commission, where the performance of the applicant is sought to be improved upon through incentives and disincentives.

10.4 Controllable and Uncontrollable items of ARR:- The expenditure of the Transmission Licensee, considered as “controllable” and “uncontrollable”, shall be as follows:

TRANSMISSION BUSINESS

Sl.No	ARR Item	“ Controllable” /“Uncontrollable”
1	Operation & Maintenance expenses	Controllable
2	Return on Capital Employed	Controllable
3	Depreciation	Controllable
4	Taxes on Income	Uncontrollable
5	Non-tariff income	Controllable

10.5 Pass-through of gains and losses on variations in “uncontrollable” items of ARR:- The Transmission Licensee shall be eligible to claim variations in “uncontrollable” items in the ARR for a Control Period in the filings for the subsequent Control Period, depending on the availability of data as per actuals with respect to the 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.

10.6 Gains and losses on variations in “controllable” items of ARR:- The Transmission Licensee in its filings for a Control Period shall present a statement of gains and losses for each controllable item of the ARR for the previous control period. The gains and losses for each item shall be presented after adjusting for any variations, if any, on account of uncontrollable factors, with details thereof.

10.7 For the purpose of sharing gains and losses with the users, 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 ARR and make appropriate adjustments wherever required.

10.8 Notwithstanding anything contained in this Regulation, the gains or losses in the controllable items of ARR on account of force majeure factors shall be passed on as an additional charge or rebate in ARR over such period as may be specified in the Order of the Commission.

7. The Commission's analysis of each item of the Petition, in accordance with the above regulatory clauses, keeping the views/objections/suggestions in view, is set out infra.

O & M Costs:

8. The APTransco filed the Gross O&M expenditure as 6175.19 crores for the 4th Control period. The gross O&M costs filed exceed the approved amount in the MYT Order by Rs 1728.23 crores, as shown below.

Table 3 : Gross O&M - Filings vs MYT Order for 4th control period(Cr)

FY	2019-20	2020-21	2021-22	2022-23	2023-24	Total
Gross O&M as per filings	942.006	1358.45	1265.79	1231.36	1377.59	6175.19
Gross O & M as per MYT	695.39	789.29	885.09	987.84	1089.35	4446.96

However, on examination of the Books of Accounts, the actual gross O&M expenditure for the 4th Control Period is found to be as shown below.

Table 4 : Actual gross O&M expenditure for 4th CP as per books (Rs.Cr)

Financial Year	Employee Cost	Adm & General	R&M Expenses	Total
2019-20	653.89	75.36	212.71	941.96
2020-21	1071.66	80.34	206.45	1358.45
2021-22	985.78	72.80	207.21	1265.79
2022-23	957.07	77.19	197.10	1231.36
2023-24	880.52	81.83	250.61	1212.96
Total	4548.92	387.52	1074.08	6010.52

The Commission is inclined to examine the above expenditure in light of the O&M norms approved in its MYT Order for 4th CP. The O&M Norms approved by the Commission are as shown in the table below.

Table No. 05: Norms for O&M expenditure as per MYT Transmission order for 4th CP

Sl.No	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
1	SS Norm (Rs./ bay)	1079186	1115015	1152034	1190281	1229798
2	LL Norm (Rs./ ckt.km)	79366	82000	84723	87536	90442

With a view to examining the deviation of norms, the Commission has obtained the actual length of lines and bays from APTRANSCO during the 4th control period, which are shown in the table below:

Table No. 06: Actual length of lines and bays of APTRANSCO during the 4th CP

Sl.No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
1	No of Bays	4678	4913	5108	5300	5488
2	Circuit Kilometre length CKM (400KV, 220KV, 132KV)	29140.7	30051.12	30766.2	31383.047	32432.6

Based on the approved O&M norms and the actual asset base, viz., the number of bays and the circuit kilometres of transmission lines, the Commission has computed the permissible O&M expenses for APTRANSCO for each year of the 4th Control Period, as shown below.

Table 07: Permissible O&M costs as per norms for the 4th CP.

Sl.No.	Particulars		2019-20	2020-21	2021-22	2022-23	2023-24	Total
1	SS Norm (Rs./ bay)	(In Rs.)	1079186	1115015	1152034	1190281	1229798	
2	LL Norm (Rs./ ckt.km)	(In Rs.)	79366	82000	84723	87536	90442	
3	No of Bays	Nos.	4678	4913	5108	5300	5488	
4	Number of CKM (400KV, 220KV, 132KV)	Nos.	29140.70	30051.12	30766.21	31383.05	32432.66	
5	As per APERC Norms, Bays' expenditure (1*3)	(Rs.In Cr)	504.84	547.81	588.46	630.85	674.91	2946.87
6	As per APERC Norms Lines (CKM) Expenditure (2*4)	(Rs.In Cr)	231.28	246.42	260.66	274.71	293.33	1306.40
7	Total expenditure (5+6)		736.12	794.23	849.12	905.56	968.24	4253.27

As shown in the table above, the total permissible O&M expenditure for the 4th Control Period, as per the norms specified in the MYT Order, amounts to **Rs. 4,253.27 crore**. However, the actual O&M expenses of Rs. 6,010.52 crore, as per the audited accounts, exceed the normative O&M expenses of Rs. 4,253.27 crore computed by the Commission for the 4th Control Period by Rs. 1757.25 crore.

Further information obtained from APTRANSCO regarding the examination of the above excess expenditure has revealed significant pension liabilities in claims, as shown in the table below.

Table 08: Pension liabilities of the Employees- 4th Control period (in Rs.Cr)

Financial Year	P&G Liability recorded in books	P&G Liability deposited in Trusts
2019-20	562.23	67.27
2020-21	296.00	70.00
2021-22	520.56	90.00
2022-23	1079.25	535.00
2023-24	-144.34	710.00
Total	2313.70	1472.27

As shown in the table above, APTRANSCO has deposited Rs. 1,472.27 crore into Pension and Gratuity Trusts during the 4th Control Period, as against a provision of Rs. 2,313.70 crore.

Had there been no pension liability, the actual gross O&M cost could have been within the norms approved by the Commission. APTRANSCO provides a defined benefit retirement plan for pension and gratuity, covering eligible employees recruited before 01.02.1999. Liabilities for pension and gratuity are determined by actuarial valuation, and APTRANSCO contributes these amounts to P&G Trusts. Stakeholders are urging the State Government to assume this responsibility. It is not under the purview of the Commission. It is inclined to process as per the earlier practice. The Commission allowed such amounts in the earlier orders.

In this regard, it is also pertinent to note the judgment of the Apex Court in West Bengal Electricity Regulatory Commission vs. CESC Limited (2002) 8 SCC 715, wherein it was held that prudently incurred employees' costs need to be reimbursed to the utility. The Hon'ble APTEL followed the said judgment of the APEX Court in its Order dated 24.03.2015 in Appeal Nos. 55 of 2003, 77 of 2013, 194 of 2013, 259 of 2012, 63 of 2013, 143 of 2013, 158 of 2013, and 43 of 2014. Therefore, in the light of the above, the Commission is of the opinion that it is legally imperative for the licensee to make appropriate provision for payment of pension and retirement benefits and transfer the required amounts to meet this expenditure to the appropriate trust. Although O&M expenses are controllable, the liability for pension payments undoubtedly falls within the realm of uncontrollable factors. Therefore, the Commission is of the opinion that the additional expenditure incurred by the APTRANSCO under this item is liable to be admitted as per the Regulation. However, the Commission is inclined to recognise only the actual amount deposited into pension Trusts during the control period. Accordingly, if the amount of Rs. 1,472.27 crore is added to the normative O&M expenditure of Rs. 4,253.27 crore as per the approved norms, the total comes to Rs. 5,725.52 crore. The remaining amount of Rs. 449.67 crore is disallowed.

Based on the above discussion, the year-wise O&M costs filed by APTRANSCO and those approved by the Commission for the 4th Control Period are shown in the table below.

Table 09: The Gross O&M costs, Filed Vs Approved in Rs. Crores

O&M Costs	2019-20	2020-21	2021-22	2022-23	2023-24	Total
Filed	942.006	1358.45	1265.79	1231.36	1377.59	6175.19
Approved	884.96	1301.45	1208.79	1174.35	1155.96	5725.52

Depreciation

- APTRANSCO has claimed depreciation at the rates notified by the MoP. However, the regulation states that depreciation shall generally be at the rates and terms specified by the CERC. The C&AG also noted this variation in the Audit Books for FY2023-24. The depreciation claimed is 138.15 crores less than that approved by the Commission in the MYT Order. APTRANSCO proposes to pass this amount as a True down. Hence, after examining the books of accounts, the Commission is inclined to approve the depreciation shown in the table below.

Table 10: Depreciation MYT Order Vs Filings Vs Approved for the 4th CP (Rs. Crs.)

Financial Year	As per MYT	Filed	Approved	Variance (filled vs Approved)
2019-20	558.31	678.24	678.24	0.00
2020-21	623.37	723.91	723.91	0.00
2021-22	733.15	751.99	751.85	0.14
2022-23	889.58	783.71	783.71	0.00
2023-24	1080.97	809.38	806.28	3.10
Total	3885.38	3747.23	3743.99	3.24

Keeping in view the C&AG observations, APTRANSCO is directed to follow the APERC Regulation for accounting purposes regarding depreciation.

Taxes:

- The taxes are uncontrollable items under the Regulation. Clause 16 of Regulation 5 of 2005 specifies that Taxes on Income, if any, on the licensed business's income stream are recoverable through ARR, limited to tax on the Return on Equity component of the Return on Capital Employed. But, Hon'ble APTEL by Order dated 03.07.2025 in O.P.No. 13 of 2015 has directed this Commission to include tax paid on Non-Tariff Income also in the Aggregate Revenue Requirement while dealing with the True up for the second control period. Accordingly, the Commission is inclined to admit the Tax expenses as per the books of accounts, since the tax on Non-Tariff Income plus RoE exceeds the Tax shown in the books.

Table 11: Taxes- MYT Order Vs Filings Vs Approved for the 4th CP (Rs. Crs.)

FY	As per MYT	Tax Expenditure filed by Transco.	Tax Expenditure Approved by Commission	Variance (filled vs approved)
2019-20	62.23	7.24	0.00	7.24
2020-21	71.94	49.41	106.91	-57.50
2021-22	88.48	63.12	63.12	0.00
2022-23	110.23	130.65	130.65	0.00
2023-24	128.86	120.41	142.57	-22.16
Total	461.74	370.83	443.25	-72.42

The Actual Tax paid is Rs 18 crores less than that approved by the Commission.

Return On Capital Employed

11. APTRANSCO has stated that the return on capital employed (ROCE) is computed based on the Regulated Rate Base (RRB). The RRB is calculated by deducting accumulated depreciation and consumer contributions from the value of gross fixed assets, and adding the working capital requirements for each year of the control period, plus the change in RRB for each year. The APTRANSCO has taken the cost of debt based on its records from the debt profile and considered the return on equity (ROE) as 14 per cent and the debt/equity ratio as 75:25, as approved in MYT Order, for computing the weighted average cost of capital (WACC) to multiply it with RRB to arrive at ROCE. As there is no error in the methodology computed by APTRANSCO, the Commission is inclined to verify and compute RoCE based on the figures in the books of accounts, as per the procedure mentioned above.

The Commission has compared the Original cost of fixed assets (OCFA), RRB, WACC and ROCE as shown in the tables below:

Table 12: Comparison of Original Cost of Fixed Assets during the 4th CP (Rs. Crs)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24	Total
OCFA as per MYT Order of 4 CP	11488.00	12724.00	14809.00	17780.00	21415.00	
OCFA filed by the APTransco	12829.63	13587.96	14551.35	15248.79	16074.70	
Additions to OCFA as per MYT Order	1236.00	2085.00	2971.00	3635.00	2723.00	12,650.00
Additions to the OCFA filed by the APTransco	758.33	963.39	697.44	825.91	919.58	4,164.65

As seen in the table above, the additions to assets are much lower than the MYT Order, and hence the ROCE is much lower than the MYT Order, as stated by APTRANSCO. The Commission has verified the figures filed by APTRANSCO against the audited books of accounts and found them to be in order. Accordingly, based on the books of accounts, the Commission has computed RRB. The RRB calculated by the Commission, filings, and the MYT Order are shown in the table below.

Table 13: Change in Rate Base & RRB MYT Vs Filings Vs Approved for the 4th CP
(Rs. Crs.)

FY	Change in Rate base filed by the Transco	Change in Rate Base Approved by the Commission	Variance(filled vs approved)	RRB as per MYT	RRB filed by the Transco	RRB Approved by the Commission	Variance (filled vs approval)
2019-20	-77.85	-77.84	-0.01	6785.47	7404.34	7404.34	0.00
2020-21	131.04	131.03	0.01	7843.86	7509.07	7509.06	0.01
2021-22	-10.22	-10.15	-0.07	9647.15	7615.42	7615.49	-0.07
2022-23	39.05	39.05	0.00	12017.08	7642.85	7642.99	-0.14
2023-24	16.27	17.82	-1.55	14047.88	7692.30	7694.89	-2.59

Except for the first two years, RRB has been below the MYT Order due to fewer asset additions.

The working capital, as per the MYT filing and the Commission's estimate in this Order, is shown in the table below.

Table 14: Working Capital- MYT Order Vs Filings Vs Approved for the 4th CP
(Rs. Crs.)

FY	As per MYT	As per filings	Approved
2019-20	98.97	108.74	104.73
2020-21	108.96	156.27	156.27
2021-22	119.15	141.81	141.81
2022-23	130.08	140.41	140.41
2023-24	140.88	134.55	135.45
Total	597.94	677.78	678.67

The Cost of debt & WACC as per the MYT Order and filings, and the Commission's estimate in this Order, are shown in the table below.

Table 15: Cost of Debt & Weighted Average Cost of Capital (per cent)

Financial Year	MYT Order		True up filings		Commission Approved		WACC Variation over Tariff Order
	Cost of Debt	WACC	Cost of Debt	WACC	Cost of Debt	WACC	
1	2	3	4	5	6	7	8 = (5-3)
2019-20	10.30%	11.23%	9.41%	10.55%	9.25%	10.44%	0.68%
2020-21	10.30%	11.23%	9.58%	10.68%	9.18%	10.39%	0.55%
2021-22	10.30%	11.23%	9.32%	10.49%	9.14%	10.36%	0.74%
2022-23	10.30%	11.23%	8.61%	9.96%	7.92%	9.44%	1.27%
2023-24	10.30%	11.23%	9.94%	10.95%	8.90%	10.18%	0.28%

The RoCE as per the MYT Order and filings, and the Commission's estimate in this Order, are shown in the table below.

Table 16: ROCE- MYT Order Vs Filings Vs Approved for the 4th CP (Rs. Crs.)

Financial year	As per MYT Order	APTransco Filings for 4CP	Approved by Commission
2019-20	761.67	781.45	772.83
2020-21	880.47	802.18	779.82
2021-22	1082.89	798.58	788.58
2022-23	1348.92	761.04	721.5
2023-24	1576.87	842.62	782.96
Total	5650.82	3985.87	3845.69

As seen from the table above, the ROCE computed in the present order is lower by Rs. 1,805.13 crore than the MYT Order and by Rs. 140.18 crore than the filings. Hence, the Commission is inclined to approve the ROCE of Rs. 3845.69 crore. The difference between the filings and the Commission's computation is primarily due to the cost of debt considered by APTRANSCO and the Commission. The cost of debt is taken as certified by APTRANSCO after its filings.

Total Revenue

- The Commission is inclined to take the total Revenue as per the books of account. The Revenue from Tariffs, as per the MYT Order, Filings, and approved in this Order, is shown in the table below.

Table No. 17: Total Revenue - MYT Order Vs Filings Vs Approved for the 4th CP
(Rs. Crs)

Financial Year	Total Revenue as per MYT Order	APTransco filed Total Revenue in 4CP	Total Revenue Approved by Commission
1	2	3	4+2-3
2019-20	1973.88	2161.13	2161.18
2020-21	2247.4	2668.74	2668.74
2021-22	2657.65	2691.33	2691.33
2022-23	3189.37	3164.52	3164.21
2023-24	3713.75	4004.06	2715.45
Total	13782.05	14689.78	13400.91

As shown in the table above, Revenue from Tariffs approved is lower than what is filed by APTransco. This is primarily due to Rs 1132.31 tariff revenue being passed on to DISCOMS based on the Commission's true-down amounts shown in the RST Order for FY2024-25 and the FPPCA Order for FY2023-24, as reflected in the final accounts for FY2023-24. The figures for FY23-24 are provisional in filings. The Commission's estimated Revenue is based on the final accounts in books.

The Non-Tariff Income, as per the MYT Order, Filings, and approved in this Order, is shown in the table below.

Table 18: Non-Tariff Income - MYT Order Vs Filings Vs Approved for the 4th CP
(Rs. in Crores)

Financial Year	Approved in Tariff Order	As per filings	variation over the tariff order	Commission Approved for 4 CP	variation over the True up filings
1	2	3	4=(2-3)	5	6=(3-5)
2019-20	70.00	199.67	-129.67	199.72	-0.05
2020-21	70.00	186.54	-116.54	186.54	0.00
2021-22	70.00	186.07	-116.07	186.07	0.00
2022-23	70.00	195.46	-125.46	195.15	0.31
2023-24	70.00	366.66	-296.66	348.54	18.12
Total	350.00	1134.40	-784.40	1116.02	18.38

As can be seen from the above table, the Non-Tariff Income of APTRANSCO exceeded the approval by Rs. 766.02 Cr. as per the books of accounts. Hence, the Commission is inclined to accept the same without any modification.

13. As per the procedure discussed above, the Commission has arrived at a true-down (net aggregate gain) of Rs. 148.20 Cr as against Rs 902.94 Cr filed by the APTRANSCO. The detailed calculations are shown in Annexure-III. The summary of filings vs approval in the present Order is given in the table below:

Table 19: Commission's estimated True-down of APTRANSCO Vs Filings during the 4th CP (Rs. in Crores)

Financial Year	2019-20		2020-21		2021-22		2022-23		2023-24		4th CP	
Filed/ Approved	Filed	Apprvd	Filed	Apprvd	Filed	Apprvd	Filed	Apprvd	Filed	Apprvd	Filed	Apprvd
Expenditure	1627.48	1563.20	2131.77	2132.27	2080.90	2023.76	2145.72	2088.71	2299.59	2104.81	10285.46	9912.75
Gross O&M Costs	942.00	884.96	1358.45	1301.45	1265.79	1208.79	1231.36	1174.35	1377.59	1155.96	6175.19	5725.52
O&M Carrying Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation	678.24	678.24	723.91	723.91	751.99	751.85	783.71	783.71	809.38	806.28	3747.23	3743.99
Taxes incl. MAT	7.24	0.00	49.41	106.91	63.12	63.12	130.65	130.65	120.41	142.57	370.83	443.25
Special Appropriation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Expenditure	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Terminal Benefits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expenses Capitalized	92.47	92.47	90.95	90.95	115.59	115.57	92.48	92.49	92.89	114.25	484.38	505.73
IDC Capitalized	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
O&M Expenses Capitalised	92.47	92.47	90.95	90.95	115.59	115.57	92.48	92.49	92.89	114.25	484.38	505.73
Net Expenditure	1535.02	1470.73	2040.82	2041.32	1965.30	1908.19	2053.24	1996.22	2206.70	1990.56	9801.08	9407.02
Return on Capital Employed	781.45	772.83	802.18	779.82	798.58	788.58	761.04	721.50	842.62	782.96	3985.87	3845.69
Aggregated Revenue Requirement (ARR)	2316.47	2243.56	2843.00	2821.14	2763.88	2696.77	2814.29	2717.72	3049.20	2773.52	13786.84	13252.71
Total Revenue	2161.13	2161.18	2668.74	2668.74	2691.33	2691.33	3164.52	3164.21	4004.06	2715.45	14689.78	13400.90
Non-Tariff Income	199.67	199.72	186.54	186.54	186.07	186.07	195.46	195.15	366.66	348.54	1134.40	1116.02
Revenue from Tariff	1791.96	1961.46	2112.56	2482.20	2452.40	2505.26	2969.06	2974.07	3637.40	2802.76	12963.38	12725.74
Tariff from others (ISTS lines)	169.50		369.64		52.86		5.01		435.85		1032.86	
Revenue Received against the True-up order 2014-15 to 2018-19	0.00	0.00	0.00	0.00	0.00	0.00	-5.01	-5.01	-435.85	-435.85	-440.86	-440.86
Surplus/ Deficit	-155.34	-82.38	-174.26	-152.40	-72.55	-5.44	350.23	446.49	954.86	-58.07	902.94	148.20

14. It shall be noted that APTRANSCO has filed Rs. 902.94 Crores towards the True Down for the 4th Control Period. In addition, a depreciation adjustment of Rs. 156.81 Crores has been proposed as a true-down, arising from differences between the methodology prescribed under the Companies Act and that under the APERC Regulations. Accordingly, **the total amount filed by APTRANSCO is Rs.**

1,059.75 Crores. This total includes prior adjustments, with Rs 1132.31 (Rs 510 Cr in RST for FY25 and Rs 622.32 Cr in FPPCA Order for FY24) tariff revenue being passed on to DISCOMS based on the Commission's true-down amounts shown in the RST Order for FY2024-25 and the FPPCA Order for FY2023-24. However, **the Commission's estimate of the True down amount is Rs 305.01 crores** (Rs 148.20 crores plus Rs 156.81 crores), excluding Rs 1132.31 crores. If all adjustments, such as Rs 1132.31 crores discussed above and Rs 440.86 crores towards the 3rd control period true-up, are included, the total true-down amount for the Transmission Business of APTRANSCO works out to **Rs 1878.18 crores.**

15. Regarding Unfair True-Down Practice, as noted by some stakeholders, the aggregate loss or gain shall be passed on to consumers after the control period ended on 31.03.2024, as per Regulation in Vogue. Accordingly, the Commission adjusted the same, significantly in the RST Order for FY2024-25 issued on 11.03.2024 and the FPPCA Order dated 29.11.2024, at its discretion, in the absence of any specific regulatory provision in this regard. This resulted in a corresponding reduction in FPPCA recovery from consumers in FY2023-24. The Commission has already introduced, through its Regulation, annual performance and True up/down to expedite the recovery/pass-on from/to consumers.
16. Out of the Commission's estimate of the True down amount of Rs 305.01 crores in this Order, the APTRANSCO is permitted to retain Rs 119.77 crores towards true-up determined for the 2nd control period in the Commission Order dated 29.10.25 in O.P.No. 13 of 2015 in Compliance with Hon'ble APTEL Judgment dated 03.07.25 in Appeal No.37 of 2017 and balance true-up amount of the 3rd Control Period of Rs. 51.16 Crores (Rs. 492.02 Crores minus Rs. 435.85 Crores and Rs. 5.01 Crores). After retaining the amounts mentioned above, the remaining balance of Rs. 134.08 Crores out of Rs 305.01 crores shall be passed on to the DISCOMs in proportion to their respective total energy drawals during 4th CP.
17. Accordingly, the petition is disposed of in the above terms.

Sd/-
Sri P.V.R.Reddy
Member & Chairman i/c

ANNEXURE-I

List of objectors

S.No.	Name of the objector
1	Sri M.Venugopala Rao, Senior Journalist & Convener, Centre for Power Studies, Hyderabad.
2	Sri K.Murali, Secretariat member CPI(M), Tirupati District Committee, Tirupati
3	Sri K.Ramakrishna, State Secretary, CPI, Vijayawada.
4	Sri Ch.Baburao, State Secretariat Member, CPI(M), Vijayawada.
5	Saumya Vaishnava, WRI India



ANNEXURE - II

Fillings of APTRANSCO - True Down of Transmission business (APTRANSCO) for 4th CP (Rs. Crs.)

Sl.No	Item	2019-20	2020-21	2021-22	2022-23	2023-24	TOTAL
1	Assets (1.1 + 1.2)	13587.96	14551.35	15248.79	16074.70	16994.28	76457.08
1.1	Original Cost of Fixed Assets (OCFA)	12829.63	13587.96	14551.35	15248.79	16074.70	72292.43
1.2	Additions to OCFA	758.33	963.39	697.44	825.91	919.58	4164.65
2	Depreciation (2.1 + 2.2)	5022.47	5746.38	6498.37	7282.08	8091.46	32640.76
	Opening Balance	4344.23	5022.47	5746.38	6498.37	7282.08	28893.53
2.2	Depreciation during the year	678.24	723.91	751.99	783.71	809.38	3747.23
3	Consumer Contribution (3.1 + 3.2)	1343.73	1321.14	1287.03	1251.14	1328.80	6531.84
3.1	Opening Balance	1107.95	1343.73	1321.14	1287.03	1251.14	6310.99
3.2	Additions during the year	235.78	-22.59	-34.11	-35.89	77.66	220.85
	Ind AS Revaluation of Grants Reserve	0.00	0.00	0.00	0.00	0.00	0.00
4	Working Capital (4.1 + 4.2)	104.74	156.27	141.81	140.41	134.55	677.78
4.1	O&M (45 days Net O&M Expenses)	104.74	156.27	141.81	140.41	134.55	677.78
4.2	O&M Stores Inventory	0.00	0.00	0.00	0.00	0.00	0.00
5	Change in Rate Base (1.2-2.2-3.2)/2	-77.85	131.04	-10.22	39.05	16.27	98.29
6	Regulated Rate Base (1.1-2.1-3.1+4+5)	7404.34	7509.07	7615.42	7642.85	7692.30	37863.98
7	Capital Structure						
7.1	Debt @ 75%	75%	75%	75%	75%	75%	
7.2	Equity @ 25%	25%	25%	25%	25%	25%	
8	Cost of Funds (percent)						
8.1	Cost of Debt (percent)	9.41%	9.58%	9.32%	8.61%	9.94%	
8.2	Return on Equity(percent)	14%	14%	14%	14%	14%	
9	WACC (7.1x8.1)+(7.2x8.2)	10.55%	10.68%	10.49%	9.96%	10.95%	
10	Return on capital Employed (6 x 9)	781.45	802.18	798.58	761.04	842.62	3985.87
11	Expenditure (11.1 to 11.7)	1627.48	2131.77	2080.90	2145.72	2299.59	10285.46
11.1	Gross O&M Costs	942.00	1358.45	1265.79	1231.36	1377.59	6175.19
11.2	O&M Carrying Costs	0.00	0.00	0.00	0.00	0.00	0.00
11.3	Depreciation	678.24	723.91	751.99	783.71	801.59	3739.44
11.4	Taxes incl. MAT	7.24	49.41	63.12	130.65	120.41	370.83
11.5	Special Appropriation	0.00	0.00	0.00	0.00	0.00	0.00
11.6	Other Expenditure	0.00	0.00	0.00	0.00	0.00	0.00
11.7	Terminal Benefits	0.00	0.00	0.00	0.00	0.00	0.00
12	Expenses Capitalized (12.1 + 12.2)	92.47	90.95	115.59	92.48	92.89	484.38
12.1	IDC Capitalized	0.00	0.00	0.00	0.00	0.00	0.00
12.2	O&M Expenses Capitalized	92.47	90.95	115.59	92.48	92.89	484.38
13	Net Expenditure (11-12)	1535.01	2040.82	1965.31	2053.24	2206.70	9801.08
14	Aggregate Revenue Requirement (ARR) (10+13)	2316.46	2843.00	2763.89	2814.28	3049.21	13786.84
15	Total Revenue (15.1 + 15.2 + 15.3)	2161.13	2668.74	2691.33	3164.52	4004.06	14689.78
15.1	Non Tariff Income	199.67	186.54	186.07	195.46	366.66	1134.40
15.2	Revenue from Tariff	1791.96	2112.56	2452.40	2969.06	3637.40	12963.38
15.3	True Down as per APERC Order Dt:07.11.2015	0.00	0.00	0.00	0.00	0.00	0.00
15.4	Tariff from others (ISTS lines)	169.50	369.64	52.86	5.01	435.85	1032.86
15.5	Revenue Received against the True up order 2014-15 to 2018-19	0.00	0.00	0.00	-5.01	-435.85	-440.86
16	Net Revenue Gap (15-14)	-155.33	-174.26	-72.56	350.24	954.85	902.94

ANNEXURE - III

Computations of the Commission - True Down of Transmission business (APTRANSCO) for 4th CP.

(Rs. Crs.)

Sl.No	Item	2019-20	2020-21	2021-22	2022-23	2023-24	TOTAL
1	Assets (1.1 + 1.2)	13587.96	14551.35	15248.79	16074.70	16994.28	76457.08
1.1	Original Cost of Fixed Assets (OCFA)	12829.63	13587.96	14551.35	15248.79	16074.70	72292.43
1.2	Additions to OCFA	758.33	963.39	697.44	825.91	919.58	4164.65
2	Depreciation (2.1 + 2.2)	5022.47	5746.38	6498.23	7281.94	8088.22	32637.24
	Opening Balance	4344.23	5022.47	5746.38	6498.23	7281.94	28893.25
2.2	Depreciation during the year	678.24	723.91	751.85	783.71	806.28	3743.99
3	Consumer Contribution (3.1 + 3.2)	1343.73	1321.14	1287.03	1251.14	1328.80	6531.84
3.1	Opening Balance	1107.96	1343.73	1321.14	1287.03	1251.14	6310.99
3.2	Additions during the year	235.77	-22.59	-34.11	-35.89	77.66	220.85
4	Working Capital (4.1 + 4.2)	104.73	156.27	141.81	140.41	135.45	678.67
4.1	O&M (45 days Net O&M Expenses)	104.73	156.27	141.81	140.41	135.45	678.67
4.2	O&M Stores Inventory						0.00
5	Change in Rate Base (1.2-2.2-3.2)/2	-77.84	131.03	-10.15	39.05	17.82	99.91
6	Regulated Rate Base (1.1-2.1-3.1+4+5)	7404.34	7509.06	7615.49	7642.99	7694.89	37866.77
7	Capital Structure						
7.1	Debt @ 75%	75%	75%	75%	75%	75%	
7.2	Equity @ 25%	25%	25%	25%	25%	25%	
8	Cost of Funds (percent)						
8.1	Cost of Debt (percent)	9.25%	9.18%	9.14%	7.92%	8.90%	
8.2	Return on Equity(percent)	14%	14%	14%	14%	14%	
9	WACC (7.1x8.1)+(7.2x8.2)	10.44%	10.39%	10.36%	9.44%	10.18%	
10	Return on capital employed (6 x 9)	772.83	779.82	788.58	721.5	782.96	3845.69
11	Expenditure (11.1 to 11.7)	1563.20	2132.27	2023.76	2088.71	2104.81	9912.75
11.1	Gross O&M Costs	884.96	1301.45	1208.79	1174.35	1155.96	5725.52
11.2	O&M Carrying Costs	0.00	0.00	0.00	0.00	0.00	0.00
11.3	Depreciation	678.24	723.91	751.85	783.71	806.28	3743.99
11.4	Taxes incl. MAT	0.00	106.91	63.12	130.65	142.57	443.25
11.5	Special Appropriation	0.00	0.00	0.00	0.00	0.00	0.00
11.6	Other Expenditure	0.00	0.00	0.00	0.00	0.00	0.00
11.7	Terminal Benefits	0.00	0.00	0.00	0.00	0.00	0.00
12	Expenses Capitalized (12.1 + 12.2)	92.47	90.95	115.57	92.49	114.25	505.73
12.1	IDC Capitalized	0.00	0.00	0.00	0.00	0.00	
12.2	O&M Expenses Capitalised	92.47	90.95	115.57	92.49	114.25	505.73
13	Net Expenditure (11-12)	1470.73	2041.32	1908.19	1996.22	1990.56	9407.02
14	Aggregate Revenue Requirement (ARR) (10+13)	2243.56	2821.14	2696.77	2717.72	2773.52	13252.71
15	Total Revenue (15.1 + 15.2 + 15.3)	2161.18	2668.74	2691.33	3164.21	2715.45	13400.91
15.1	Non-Tariff Income	199.72	186.54	186.07	195.15	348.54	1116.02
15.2	Revenue from Tariff	1961.46	2482.20	2505.26	2974.07	2802.76	12725.74
15.3	True Down as per APERC Order Dt:07.11.2015	0.00	0.00	0.00	0.00	0.00	0.00
15.4	Tariff from others (ISTS lines)	0.00	0.00	0.00	0.00	0.00	0.00
15.5	Revenue Received against the True-up order 2014-15 to 2018-19	0.00	0.00	0.00	-5.01	-435.85	-440.86
16	Net Revenue Gap (15-14)	-82.38	-152.40	-5.44	446.49	-58.07	148.2