Before the Odisha Electricity Regulatory Commission
Plot No-4, Chunokoli, Shailashree Vihar, Bhubaneswar-751021

Case No: ______________ of 2023

File No TPSODL/Regulatory /2023/6/959

In the Matter of	An Application for approval of Business Plan of FY 2023-24 of TP Southern Odisha , Distribution Ltd under Regulation 2.1 of OERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations 2022
	And
In the Matter of	TP Southern Odisha Distribution Ltd. (Formerly Southco Utility), Corporate Office, represented by its Chief –Regulatory Affairs Regd./Corp Office: Kamapally, Courtpeta, Berhampur, Ganjam, Odisha- 760004
	...Petitioner
	And
In the Matter of	All Stake Holders
	…Respondents

In line with Regulation 2.1 of the OERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations 2022 ("Tariff Regulations) , TPSODL is required to file a Long Term Business Plan by 31st January 2022 . The relevant extracts from the Tariff Regulations are as under

2.1.1. The Distribution Licensee shall file for the Commission's approval, not less than 120 days before the commencement of the first year of the Control Period or such other date as may be directed by the Commission, a Long-Term Business Plan prepared in accordance with these regulations for the entire Control Period.

The Hon'ble Commission has in Annexure I specified a date of 31st January 2022 for submission of the Business Plan. In compliance with the same, TPSODL is filing the

Business Plan for FY 2023-24 through this petition. It is humbly submitted that due to various changes in the state particularly with reference to expected increase in Sales on account of interest shown by various industries to invest in Odisha, liberalisation of Tariff for incentivising the industries to move their consumption to Distribution Licensee (from Captive), the sales estimates for FY 2024-25 to FY 2027-28 are difficult to project. Further, the company is only 2 years old and the O&M activities are getting stabilised. Hence in view of the above, the projections for FY 2024-25 to FY 2027-28 is taking more time than stipulated under the Tariff Regulations

In the meantime however, we have made the projections for FY 2023-24 which would predominantly be based on the present trend. Accordingly, the Business Plan for FY 2023-24 is presented in this petition. The preparation of Business Plan for the balance four (4) years would take some time. The following prayers are therefore made

A. Prayers

TPSODL prays that the Hon'ble Commission may kindly be pleased to;

1. Approve the Business Plan for FY 2023-24
2. Grant extension till April 2023 for filing of Business Plan for the remaining 4 years i.e FY 2024-25 to FY 2027-28
3. Permit making additional submission required in this matter
4. Grant any other relief as deemed fit & proper in the facts and circumstances of the case.

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1. Business Plan for FY 2023-24

1.1. Business of TPSODL

1. Tata Power South Odisha Distribution Limited (TPSODL) is incorporated as a joint venture of The Tata Power Company (51%) and Odisha Government (49%) on the Public-Private Partnership (PPP) model. TPSODL which was formed after the successful completion of competitive bidding process was tiven the license to distribute electricity in the southern part of Odisha comprising districts of Ganjam, Gajapati, Boudh, Kandhamal, Rayagarda, Koraput, Nabarangapur and Malkanagiri, which was earlier served by erstwhile Southco Utility.
2. The core business activities of TPSODL are summarized as follows:

- Operation and maintenance of distribution network
- Expansion of distribution network
- Electricity supply and after sales services
- Connection of new customers to the distribution network
- Meter reading, billing and revenue collection
- Customer complaint resolution
- Restoration of power after interruptions
- General customer care including provision of information on services
- Customer sensitization on energy efficiency, energy losses and safety

1.2. Operation of TPSODL and its Asset Base

3. TPSODL's licensed area is spread over a geographical area of 48751 sq. Km. and it serves a registered consumer base of around 23.7 lakhs. TPSODL procures power from GRIDCO through Odisha Power Transmission Corporation Limited (OPTCL)'s 220/132/33 kV grid substations at sub transmission voltage level of 33 kV and then distributes the power at 33 kV/11 kV/440 V/230 V depending on the demands of the consumers.

4. In this process, TPSODL operations include several electrical equipment such as Power Sub Stations (PPS), 33 KV Lines, 11 KV lines , 415 V network and all the associated apparatus. The summary of the various electrical equipment operated by TPSODL is provided in the table below:

Table 1 : TPSODL Equipment Statistics (as on 31st October 2022)

Sl.No	Description	Units	Circles Names: *Berhampur City Circle*	Berhampur Circle	*Aska Circle*	*Bhanjanagar Circle*	*Rayagada Circle*	*Jeypore Circle*	TPSODL Total
1	No of 33 KV/11 KV PSS	No	20	31	22	45	53	75	246
A	**Transformes at PSS**								
2	No.of 33/11KV PowerTrans. Capacity	MVA	47	73	58	97	101	159	535
B	**Distribution Transformers**								
3	No.of 33/.4 kv Distribution Transformer	No	16	27	16	13	22	65	159
4	No.of 11/.4 kv Dist.Transformers	No	2194	4582	3432	7510	5527	15898	39143
5	No. of 11/0.23Kv Dist. Transformer Capacity	No	312	709	696	6058	3377	6970	18122
	Total Distribution Transformers	No	2522	5318	4144	13581	8926	22933	57424
C	**HV Lines**								
7	33 KV Lines and Cable	Ckt Km	147	383	244	885	814	1409	3882
8	11 KV Lines	Ckt Km	1241	3500	2746	10274	8252	17233	43247
D	**LV Lines**								
9	LT Lines	Ckt Km	556	1088	706	1511	2738	2559	9158
10	LT Cables (ABC)	Ckt Km	1025	3454	2014	7126	3923	13503	31046
	Total LT	**Ckt Km**	**1581**	**4542**	**2720**	**8637**	**6662**	**16062**	**40204**

5. TPSODL serves a population of 94.4 Lakhs with a customer base of 23.7 Lakhs. The area of operation of TPSODL is spread over an area of 48751 Square Km

1.3. Requirement of filing the present petition

6. As per the Regulation 2.1 of the Tariff Regulations, TPSODL is required to file the Business Plan by 31st January 2023. The extracts related to this provided in **Annexure 1- Extracts from Tariff Regulations related to Business Plan for FY 2023-24** . In compliance with this requirement ,we are filing the Business Plan for FY 2023-24

7. The Business Plan of FY 2023-24 has been worked out on the present activity level of sales and expenditure . TPSODL has accordingly the considered H1 FY 2022-23 data that is available with TPSODL. Based on the same , the Projections for H2 FY 2022-23 has been made to arrive at the estimates for FY 2022-23 Further based on this estimates for FY 2022-23 and on the basis of the present situation , the projections for FY 2023-24 have been made

1.4. Projection of Sales and Revenue for FY 2023-24

- **<u>Sales for FY 2022-23</u>**

8. There was considerable increase in the Sales in FY 2022-23 as compared to FY 2021-22 post recovery from slowdown due to Covid 19. In addition, due to the special tariff (Rs 4.30 per KVAH) for consumers with Captive Generation Plant, the EHT load of some of the consumers had increased considerably. Further there was an increasing trend shown even for HT and LT Category of sales Based on the past trend for H2 over H1 in a particular year, expected continuation availing supply under the special Tariff, the projected sales for FY 2022-23 have been worked out. Similarly considering the applicable tariff to various tariff categories, the revenue for the entire year has been made.

9. The estimated sales and expected revenue at the existing Tariff for FY 2022-23 would be as follows:

Table 2 : Estimation of Sales for FY 2022-23

Sr No	Category	Sales - H1		Sales -H2 (Projections)		Total FY 2022-23	
		Mus	Rs Cr	Mus	Rs Cr	Mus	Rs Cr
1	EHT	336	222	283	187	619	408
2	HT	216	156	151	109	367	266
3	LT	1175	589	1210	607	2385	1196
5	**Total**	**1727**	**967**	**1644**	**902.34**	**3372**	**1869**
6	Less Discount						-18.7
7	Net Revenue						1850.7

- **<u>Sales for FY 2023-24</u>**

10. The projection of sales for FY 2023-24 have been based on the estimated sales for FY 2022-23 and the projection of Revenues have been made on the basis of these estimated sale and the average tariff achieved for individual category. Accordingly, the projections for FY 2023-24 are as follows:

Table 3 : Estimation of Sales and Revenue for FY 2023-24

Sr No	Category	Avg Tariff considered for Projections	Projections of Sales	Estimated Revenue
		Rs/Kwh	Mus	Rs Cr
1	EHT	6.59	642	423
2	HT	7.23	391	283
3	LT	5.01	2553	1280
4	**Total**	**5.54**	**3586**	**1986**
5	Less Estimated Discount			-19.86
6	**Net Revenue**			**1965.85**

1.5. Distribution Loss for FY 2023-24

11. TPSODL has made a commitment of reduction of Distribution Loss and the same is presented in the Vesting Order . The Targets committed by TPSODL over the various years is as presented in the extracts from the Vesting Order

Table 3: AT&C Loss Trajectory Commitment by TPCL

AT&C Loss Trajectory (%)									
FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31
35.29	34.29	32.80	30.00	26.75	22.00	20.00	18.00	16.25	14.80

12. The AT&C loss target for FY 2023-24 is 32.80 %. Based on the present performance of TPSODL and the various initiatives taken , TPSODL would be able to achieve the target of 32.80% committed in the Vesting Order. However, the Vesting Order has ensured that the performance of Distribution Licensee with respect to AT&C loss is not passed on the consumer. Accordingly, the target specified by Vesting Order for Tariff Determination ("AT&C losses for Tariff Determination ") is different and more stringent compared to the commitments above. The Power Purchase requirement to be passed on to the consumers is based on this *AT&C losses for Tariff Determination* . The trajectory specified for AT&C losses for Tariff Determination is as given

TPSODL

Table 4: 10-year AT&C Loss Trajectory for Tariff Determination

AT&C Loss Trajectory for Tariff Determination (%)									
FY22	**FY23**	**FY24**	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**	**FY31**
25.75	25.75	25.75	25.35	25.00	22.57	20.38	18.40	16.61	15.00

1.6. Power Purchase Requirement

13. Considering the applicable AT&C loss for FY 2023-24 and collection efficiency of 99 % , the power purchase expenses required has been worked out. For the purpose of working out the Power Purchase Cost, the present BSP and Transmission Charges applicable to TPSODL is considered. The computations are as follows :

Table 4 : Estimation of Power Purchase Expenses for FY 2023-24

Sr No	Particulars	Units	Value
A	**Estimation of Distribution (or Billing) Loss for True Up**		
1	AT&C Loss for Tariff	%	25.75%
2	Collection Efficiency	%	99%
3= (100% -1)/ 2	Billing Efficiency	%	75.00%
4= 100% -3	Distribution Loss	%	25.00%
B	**Computation of Normative Power Purchase Quantum**		
5	Sales	Mus	3586
6= 5/3	Normative PP	MUs	4781
C	**Computation of Normative Power Purchase Amount**		
7	BSP	Rs/Kwh	2.27
8=6x7/10	Normative Power Purchase Costs	Rs Cr	1085.3
D	**Computation of Normative Transmission Charges**		
9	Rate of Transmission Charges	Rs/Kwh	0.28
10= 6x9/10	Normative Transmission Charges	Rs Cr	133.9
E	**SLDC Charges**		
11	Monthly SLDC Charges	Rs L/Month	5.90
12=11x12	Annual SLDC Charges	Rs Cr	0.708
F	**Total Power Purchase Costs**	**Rs Cr**	**1220**

1.7. Capex and Capitalisation

14. The Hon'ble Commission has approved capital expenditure for two years viz FY 2021-22 and FY 2022-23 in Case no 08 of 2021 and Case No 13 of 2022. Further as per the Tariff Regulations 2014 as well as the Vesting Order, the Capital Expenditure for each year is required to be approved. It is further submitted that the order relating to capital expenditure in FY 2022-23 was passed after considerable time (on 14th July 2022) had elapsed in this financial year and hence the schemes envisaged for FY 2022-23 have to be carried forward to the next year.

15. For the FY 2023-24, TPSODL has filed a petition dated 3rd January 2023 with the Hon'ble Commission for their approval. The schemes proposed are after considering the requirement of the Business, its challenges faced and activities/expenditure required to meet the reliability of power supply to the consumers and improvement in services. The proposal submitted to the Hon'ble Commission has been summarised in the table below

Table 5 : Capital Expenditure proposal for FY 2023-24

TPSODL

PROPOSED PROJECTS FOR CAPEX FY- 24			
S. No.	**Capex Head**	**Activity**	**Total proposed Cost (Rs. Cr)**
1	**Statutory & Safety**	Safety & Electrical Testing Equipment	8.50
		Network refurbishment for Safety enhancement	26.45
		Sub Total- Statutory & Safety (1)	**34.95**
2	**Loss Reduction**	Feeder Meter for Energy Audit	39.71
		LT Bare to ABC Conversion	18.98
		GIS Implementation	38.32
		Sub Total- Loss Reduction (2)	**97.01**
3	**Network Reliability**	Network and Equipment Assessment Study	4.00
		Refurbishment of 33/11kV Primary Substations (Station Transformer & Bus coupler arrangements)	1.96
		Mitigation of Single PTR (N-1 arrangement) & Replacement of Old PTR	17.85
		PSS refurbishment for SCADA implementation in Conventional Non ODSSP PSS	81.39
		Upgradation of 33 KV & 11 KV Line	12.87
		33 & 11 KV New Lines for reliable power supply	27.32
		Life enhancement of 33 KV & 11 KV Network	31.33
		DSS Refurbishment (Replacement of damaged AB Switch, HG Fuse, LA, Earting, Plinth) & Installation of LV protection at DSS	28.08
		Capacitor Bank and Voltage regulator for Low voltage mitigation)	7.39
		Sub-Total Network Reliability (3)	**212.20**
4	**Load Growth**	Augmentation / addition of Power and Distribution Transformer	20.61
		Augmentation and addition of LT ABC line	29.27
		Sub Total- Load Growth (4)	**49.88**
5	**Infrastructure - Technology**	Build & Strengthen End user IT Infrastructure	4.03
		Strengthen Network Connectivity across TPSODL	4.54
		Disaster Recovery Centre - Hardware and Software	24.89
		Augmentation of Data Centre - additional Hardware and Software	13.12
		Sub Total- Technology (5)	**46.58**
6	**Infrastructure - Civil and Admin**	Security Surveillance System and Employee Welfare	3.37
		Restructuring / Refurbishment of Infrastructures at Stores and Offices	15.87
		Development of New DTR Work Shop	3.71
		Development of Hostel building for Trainees	12
		Sub Total – Civil Infrastructure & Admin (6)	**34.95**
		Total (1+2+3+4+5+6)	**475.56**
7		Differential CAPEX to recover cost of new connection	5.00
		GRAND TOTAL	**480.56**

16. At this point of time of submission, it is difficult to project the contribution of the Capitalisation in these schemes for incorporating the impact on ARR as such approval is pending. We have in the table below considered Areas of Capitalisation from Schemes being proposed for FY 2023-24 and estimated the capitalisation for FY 2023-24.

Table 6 Areas of Capitalisation from Schemes being proposed for FY 2023-24 (Rs Cr)

Sr No	Head of Capitalisation	Carry Forward of FY 2022-23	Capex-Proposed for FY 2023-24	Fraction of Capital Expenditure of FY 24 for Capitalisation	Additional Capitalisation from anticipated approval for FY 2023-24	Total Capitalisatoin for FY 2023-24
a	b	c	d	e	f=exd	g=f+c
1	Statutory & Safety	0.00	34.95	60%	20.97	20.97
2	Loss Reduction	10.93	97.01	65%	63.06	73.99
3	Reliability	40.84	212.20	65%	137.93	178.76
4	Load Growth	3.74	54.88	40%	21.95	25.70
5	Technology	1.66	46.58	90%	41.92	43.58
6	Civil Infrastructure	0.00	34.95	50%	17.48	17.48
	Total Capitalisation from OERC Approved Capex	**57.17**	**480.56**		**303.30**	**360.47**

1.8. Proposed Funding of the Capex

17. The Capital Expenditure is proposed to be funded through a Debt to Equity mix in the ratio of 70:30. The Debt raised for this Capital Expenditure would be long term debt and the Equity would be subscribed by Tata Power and Gridco in the ratio of 51% and 49% respectively. Further, Gridco is expected to subscribe to its share of 49% through transfer of assets owned by the Government i.e make contribution in kind and Tata Power would subscribe in the form of cash to the extent of its share of 51%. Accordingly, since cash resources need to be raised in the form of cash to meet the expenditure, the resources need to be raised additionally for compensating the Gridco Equity in Kind. Accordingly, the Debt and Equity required for meeting the capital expenditure (without considering employee cost and IDC that would be capitalized is as follows:

Table 7 : Proposed funding of Capital Expenditure

Sr No	Particulars	Amount (Cr)
1	A. Proposed Capex Plan –	480.56
2	B. Add- GRIDCO capex (in Kind) (i.e. equivalent to GRIDCO share of 49% in 30% Equity) @ 17.23 % of Sr No 1	82.82
3	Total Capex (A+B)	563.38
	Funding of the above Capex	
4	70% through Debt	394.4
5	30% through Equity	169.0
5a	TPC share @ 51%	86.197
5b	GRIDCO share @ 49%	82.82

1.8.1. Comparison with Capital Investment proposed in the Vesting Order

18. As per the Vesting Order for TPSODL, it is required to incur certain trajectory of Capital Expenditure. Based on the same, it had proposed the Capital Investment proposal for FY 2021-22 and FY 2022-23. Continuing the same it has now proposed the capital expenditure for FY 2023-24. The extracts of the Vesting Order relating to the minimum Capital Expenditure is as follows:

Table 1: Capital Expenditure Commitment by TPCL

Capex Commitment (INR Cr)					
FY22	**FY23**	**FY24**	**FY25**	**FY26**	**Total**
227	316	241	233	150	**1,166**

Table 2: TPCL Cumulative Capital Expenditure for 5 years

Cumulative Capex Expenditure (INR Cr)				
Upto 31-Mar-2022	**Upto 31-Mar-2023**	**Upto 31-Mar-2024**	**Upto 31-Mar-2025**	**Upto 31-Mar-2026**
227	543	783	1,016	1,166

19. The progress of the Capital Expenditure of TPSODL by 31st March 2024 considering the proposal made in this petition would be as follows:

Table 8 : Comparison of Capital Expenditure vis a vis commitments in the Vesting Order

Sr No	Particulars	Unit	Value
1	Capital Expenditure approved for FY 2021-22	Rs Cr	184.65
2	Capital Expenditure approved for FY 2022-23	Rs Cr	294.83
3	Capital Expendirture proposed for FY 2023-24	Rs Cr	480.56
4	**Total upto 31st March 2024**	**Rs Cr**	**960.04**

20. As can be seen from the above, the expenditure proposed to be incurred by TPSODL by 31st March 2024 is higher than commitment made by TPSODL in the vesting order

1.9. Capitalisation for the purpose of estimation of Aggregate Revenue Requirement

21. As per the Tariff Regulations, the impact on the Tariff would be considered on the basis of the assets put into use i.e after the Assets are capitalised. On the basis of the same after considering the source of funding from Gridco in kind, the estimated Capitalisation for FY 2023-24 is as follows:

Table 9 : Estimated Capitalisation for FY 2023-24

Sr No	Category of Capitalisaion	Amt (Rs Cr)
1	Assets created from OERC approved Capex prior to FY 2023-24	57.17
2	Assets created from OERC approved Capex for FY 2023-24	303.30
3	Asset towards contribution of Gridco Share of Equity	62.00
	Total	**422.47**

1.10. O&M Expenditure

22. The O&M Expenditure is the most critical expenditure required to maintain efficient operation and adequate amount towards this head needs to be incurred and the same needs to be reimbursed through ARR for providing satisfactory services to consumer. Hence in this regard, it is submitted that the past trend at times (i.e the period prior to privatisation) may not be relevant and the same needs to be revisited. This is particularly so when there has been a phase of privatisation. One of the important reasons for privatisation is that the incumbent government discom has not be been maintaining reliability and providing consumer services to the required extent. The Expenditure is also not reflecting the cost of preventive maintenance. Further the billing and collection processes need improvement as the AT&C losses are quite high.

23. TPSODL has taken over the assets of erstwhile Southco Utility on "as is where is" basis. Majority of these assets are not in good operating condition and in a large number of cases, the required safety equipment is not in place. Further the network was old and in majority of cases not compliant with the statutory guidelines and poses threat to safety of employees, public at large and animals. One of the major reasons is absence of structured preventive maintenance and systematic investment for past many years. The interruption at 11 kV feeder level is too high with respect to present Indian utility standards.

24. Further, due to lack of maintenance, failure rate of Distribution Transformer is also very high at 3.5%. The scarce resources and lack of preventive maintenance have led to delay in response on Safety Hazards reported by Public and employees.

25. In order to address the issues required to maintain high reliability, TPSODL put in place a dedicated team through Annual Maintenance Contract (AMC) which takes care for the entire 33 KV and 11 KV and LT (415 V and 230 V) network circle wise so that utmost focus can be given to this network for optimised availability.

26. TPSODL has established Performance Based Annual Maintenance Contract (AMC) for Maintenance of 33kV Lines and 33kV/11kV PSS and also attending to the breakdowns from June 2021 onwards. This AMC is carrying out periodic inspection and maintenance of these 33KV feeders, and equipment of 33/11KV PSS including the breakdown maintenance. This has helped in improving the reliability by reducing the downtime as well as number of tripping's.

27. As regards the 11kV and LT Network: The Performance Based Maintenance Contract includes 24X7 Breakdowns Crews for restoration of 11KV & LT Lines and DSS equipment. AMC Staff is available at FCC Centre (Complaint Centre) for attending no current complaints in shifts (24X7 for MC, 16X7 for NAC and 8 x 7 for Rural). Besides, preventive maintenance activities are being performed as per the maintenance plan and schedule prepared by TPSODL. Annual Maintenance Plan along with standard check list for inspection of 11KV & LT Lines and DSS is being prepared and rolled out in the current FY. Condition based maintenance systems is being carried out to identify the maintenance requirements.

28. In this way maintenance management TPSODL is in the process of improving availability of network to a large extent. This has entailed expenditure for TPSODL in the FY 2021-22 and FY 2022-23 on account of the same and hence the actual expenditure is higher than that approved by the Hon'ble Commission.

29. It is submitted that the Hon'ble Commission has approved certain quantum of expenditure under three heads viz a) Employee Expenditure b) R&M Expenditure and c) A&G Expenditure. TPSODL has commenced its operation on 1st January 2021 and has gained expereience of the situation over the period. Hence it is submitted that in FY 2021-22, the operations and maitenance practices were getting stabilised over the year, new contracts were being placed during the year and employees were recruited in the phased manner. Hence the expenditure of FY 2021-22 is not a representative or base for determination of yearly expenditure.

30. In this regard it is further submitted that for R&M Expenditure and A&G Expenditure there has been a spurt in activities in FY 2022-23 and accordingly the expenditure estimated to be incurred would be much higher than that approved by the Hon'ble Commission in FY 2022-23 itlself. Keeping in mind the vastness of the area, the stark mix of loads, the present network conditions, the stabilisation of expenditure would require 2-3 years more. In the mean time we request the Hon'ble Commission to approve the expenditure for FY 2023-24 which has been proposed by TPSODL due to reasons explaned in this section

1.11. Employee Expenditure in FY 2023-24

31. The expenditure under this head covers a) Erstwhile Employees and b) New Employees. In addition, this head also covers the Outsourced manpower required for operation and maintenance.

32. The Hon'ble Commission in its letter dated 15th October 2022 had approved recruitment of 528 Employees for TPSODL to be recruited in FY 2022-23. The extracts from this letter of the Hon'ble Commission is as follows

Extracts 1-1 : Extracts from the Letter of the Hon'ble Commission dated 15th October 2022

Sl. No.	Description	TPWODL	TPSODL	TPNODL	TPCODL
1	Employee strength as on 31.3.2022 (inherited+ CTC)	2629	2346	2585	5265
2	Less retirees during FY 2022-23	109	78	93	195
3	Employee strength as on 31.3.2023 (without recruitments in FY 23)	2520	2268	2492	5070
4	No. of consumers as on 31.3.2022	22.3	23.86	20.9	28.97
5	Estimated No. of consumers as on 31.3.2023 (Growth @ of 4%)	23.15	24.81	21.75	30.07
6	Allowed employee strength as on 31.3.23 (1.4 employees per '000 consumers)	3241	3473	3043	5070
7	Gap to be filled through new recruitments in FY 2023. (proposed)	700	636	551	100
8	Original Sanctioned strength	6702	5625	5859	9773
9	Now allowed 8% of the sanctioned strength	536	450	469	Not Relevant
10	No. of retiring employees allowed	109	78	93	Not Relevant
11	Total employees allowed for FY 2022-23	645	528	551	100

33. As can be seen, the Hon'ble Commission had approved recruitment of 528 employees for FY 2022-23. In H1 of FY 2022-23, TPSODL has recruited 357 employees and is proposing to recruit the balance in H2 of FY 2022-23. TPSODL is proposing to recruit the following for FY 2023-24 after considering the norms of 1.4 per Thousand consumer and also considering the requirement in various areas. Based on the same, the proposed manpower to be recruited for FY 2023-24 is as follows:

Table 10 :Proposed Addition for FY 2023-24

Sr No	Particulars	Units	Value
1	Present No of Consumers (30th Sep 2022)	Lakhs	24.18
2	Estimated Number of addition @ 4000 per Month at the end of FY 2023-24	Lakhs	0.72
3	Estimated Number of consumer at the end of FY 2023-24	Lakhs	24.90
4	Employee Strength at the end of FY 2023-24 with a norm of 1.4 per Thousand consumers	No	3486
5	Expected Employees as on 31st Mar 2023 without any addition	No	2782
6	Addtion required to maintain the norm in FY 2023-24	No	704
7	Proposed Addition in FY 2023-24= On the basis of of the approval by the Hon'ble Commission for FY 2022-23	No	526

34. While TPSODL is proposing to recruit manpower for FY 2022-23 and FY 2023-24, at the same time, there are many erstwhile employees are retiring over this period. Accordingly, after considering the approved addition, proposed addition and retirement of employees, the movement of Employee strength is as follows:

Table 11 :Movement of employee strength upto FY 2023-24

	FY 2021-22	H1 FY 23	H2 FY 23	FY 2022-23	FY 2023-24
Opening Balance	1970	1858	1794	1858	1779
Retirement/Deaths	112	64	15	79	76
Closing Balance	1858	1794	1779	1779	1703
Employee Count- New Employees					
	FY 2021-22	**H1 FY 23**	**H2 FY 23**	**FY 2022-23**	**FY 2023-24**
Opening Balance	128	475	832	475	1003
Addition (Net of Attrition)	347	357	171	528	526
Closing Balance	475	832	1003	1003	1529

- **Employee expenditure FY 2023-24**

35. The New Tariff Regulations specify a trajectory for approval of the Employee Costs. The cost for employees recruited after the Effective Date are required to be approved for the control period through the Business Plan. In addition, the employee cost for erstwhile employees has been worked out keeping in mind the projected DA, increase in Salary and projections of payment to trust. Accordingly, the projected employee expenditure for FY 2023-24 for all types of employees is as follows:

Table 12 : Projected Employee costs for FY 2023-24 (Rs Cr)

Sr No	Particulars	Erstwhile Employees	New Employees	Total
1	Salary (i.e Basic, Allowances, Performance Pay,Employer Contribution to PF)	174.98	111.55	286.53
2	Payment to Trusts (Retirals)	131.47		131.47
3	Staff Welfare			20.33
4	Outsourced Employees			200.8
5	**Total Employee Expenditure**			**639.14**
6	Less Employee Cost Capitalised			-30.24
7	**Net for ARR**			**608.90**

36. The various details and breakup of the heads is provided in **Annexure 2- Employee Costs break up for FY 2023-24**

37. It is submitted that a large part of the employee cost is also on account of Outsourced Manpower. Such Outsourced manpower is used for Repairs and Maintenance of the network, Operations of PSS, Collection of money through Gram Panchayat, attending to Rural Complaints, Bill Correction and maintaining of IT infrastructure in TPSODL. It is further submitted that such manpower requirement has been carefully planned and has been gainfully employed for providing higher reliability and also improving the Billing and Collection amounts and providing services to consumers. Further, in our humble opinion such manpower is essential for efficient operation of the company.

38. We therefore request the Hon'ble Commission to approve the projected Employee Costs

1.12. R&M Expenditure for FY 2023-24

39. TPSODL has completed about 2 years of Operation and gained experience on the condition of the network and challenges that are being faced . One of the reasons for inadequate reliability as well as the high technical loss is that sufficient quantum is not spent on R&M Expenditure. It is noted that the due to shortage of funds under these heads, the erstwhile discom had resorted to only breakdown maintenance which takes its toll on the reliability of the Network. Unless sufficient amounts are allowed by the State Regulatory Commissions in this head, the Distribution licensee is reluctant to take up any preventive maintenance and condition based maintenance.

40. In the pursuit of improving reliability, it is necessary to resort to preventive maintenance instead of Breakdown maintenance., as was done in the past. Such preventive maintenance is achieved through outsourcing of such work by placement of performance based Annual Maintenance Contract (AMC). Such contracts involve the selected Business Associate (BAs) to carry out regular surveillance in their operational area for timely detection of abnormal operating conditions of the equipment and report the findings to respective Area-in-Charge so that corrective actions can be initiated, implemented and monitored to prevent failures. It also involves rectification and maintenance of Overhead System, repairing/replacement of equipments. This activity also includes extensive trimming of trees, Daily and weekly registration of complaints and their closures.

41. Such R&M also include improved complaint handling as BAs are responsible for receiving and forwarding the call center and walk-in complaints, maintaining the records in the stipulated registers and complaint folios and escalate the complaints attended or apprehended to be attended beyond PA norms

42. It is further submitted that in addition to above AMC, in house expenditure is required to be incurred for Power Transformer repairs, DTS repairs, DSS Maintenance, DTR Replacement, 33 KV Line repairs and Maintenance, HT Line Maintenance, LV Line Maintenance and maintenance of other equipment.

43. It is therefore submitted that there would be substantial increase in the R&M Expenditure after the privatisation process as this expenditure was not incurred in the past on account of AMC as well as on account of other factors. The amount spent over in the past by erstwhile Southco Utility and by TPSODL is as follows :

Table 13 : R&M Expenditure trend over past period (Rs Cr)

	SOUTHCO / TPSODL	
FY	Approved	Audited
99-00	12.63	13.39
00-01	12.63	7.31
01-02	15.57	9.29
02-03	16.82	6.43
03-04	16.38	9.93
04-05	13.25	8.43
05-06	18.55	6.07
06-07	17.35	5.54
07-08	18.38	5.5
08-09	19.08	7.79
09-10	20.73	11.59
10-11	26.11	13.09
11-12	28.47	8.28
12-13	28.28	8.97
13-14	43.53	15.02
14-15	39.19	12.02
15-16	31.93	16.82
16-17	33.18	9.74
17-18	34.91	6.74
18-19	39.19	6.78
19-20	44	4.59
20-21	45.96	6.2
21-22	88.57	90.68
22-23	90.24	145.40

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44. The Hon'ble Commission had approved an expenditure of Rs 30 Crores on Government Funded assets. It is submitted that asset base of Government Assets is about Rs 2406 Crores. This is clearly about 2 times the asset base of TPSODL as on 1st April 2022. Hence the amount of Rs 30 Crores is not adequate to maintain such large asset base. The break up of the Government Assets being maintained by TPSODL is as follows

Table 14 : Government Asset Base maintained by TPSODL (Rs Cr)

Sr No	Name of the Scheme	(Rs. in crores)
1	Odisha Distribution System Strengthening Project (ODSSP)	748
2	Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY)	273
3	Integrated Power Development Scheme (IPDS)	212
4	Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) 12TH PLAN (POWER GRID)	273
5	Odisha Dedicated Agricultural Feeder Fishery Project (ODAFFP)	7
6	Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) 12TH PLAN (NTPC)	332
7	Renovation long term action Plan (RLTAP)- executed through district Collector	26
8	PGCIL	535
	Total	**2406**

45. It is submitted that TPSODL would continue to carry out the required R&M of the Network in FY 2023-24 to maintain and improve the reliability and the budget for R&M Expenditure presented above is appropriate. Further, as per the New Tariff Regulations 2022, the R&M Expenditure is at 5.4% of the Opening GFA for FY 2023-24 for own assets and @ 3% of the Assets created by the Government but maintained by us. The norm on this basis works out to Rs **155.40 Crores** as shown in the table below:

Table 15 : Amount of R&M based on Norm of draft Tariff Regulations 2022

Sr No	Particulars	Units	Value
A	**Estimation of GFA for R&M**		
1	GFA as on 1st Jan 2021	Rs Cr	1000
2	GFA Added till 31st March 2022	Rs Cr	186
3	Assets proposed to be added in FY 2022-23	Rs Cr	355
4= 1+2+3	Opening Block for FY 2023-24	Rs Cr	1541
5	Assets of Government maintained by TPSODL	Rs Cr	2406
B	**Estimation of R&M Expenditure as per proposed Norm**		
6	Own Assets @ 5.4%	Rs Cr	83
7	Government Asset @ 3%	Rs Cr	72
8=6+7	**Total**	**Rs Cr**	**155.40**

46. TPSODL in the previous section has explained in detail the expenditure required to be incurred under R&M for maintain adequate reliability of network. This is not withstanding the normative expenditure allowed by the Hon'ble Commission. Based on the present level of expenditure for H1 FY 2022-23 and the required contracts placed by TPSODL for proper reliability of the network, we have projected the R&M Expenditure for FY 2023-24 as follows:

Table 1-16 : Projection of R&M for FY 2023-24 for TPSODL (Rs Cr)

Sr No	Particulars	Total	Basis for working
1	R&M- Buildings and Civil Works	11.64	Escalated the Expenditue for FY 2022-23 by 5 %
2	R&M-P&M	61.13	Escalated the Expenditue for FY 2022-23 by 5 %
3	R&M- Furniture,Vehicle	2.06	Escalated the Expenditue for FY 2022-23 by 5 %
4	AMC Costs	77.93	Based on the various Contrcsts placed by TPSODL
	Total R&M	**152.77**	

47. As can be seen from the above, the expenditure budgeted by TPSODL is in line with the norm provided. In line with the New Tariff Regulations, we are seeking approval for normative expenditure of **Rs 155.40 Crores** and we request the Hon'ble Commission to kindly approve the above expenditure for FY 2023-24

1.13. A&G Expenditure for FY 2023-24

48. Administrative and General Expenditure (A&G) is an essential part of the operations of a Distribution Company like TPSODL. While it may be called as "A&G", the broad categories under this head will indicate that the expenditure is imperative for efficient running of the operation particularly for the initial few years. This head includes

a) Customer related expenditure such as Meter Reading, Billing and Collection Expenditure, and for Meter Testing

b) Statutory and Mandatory Finance Expenditure such as Auditors Remuneration, Bank Charges, Consultant Fees , Insurance , License Fees and Legal and Professional Charges

c) IT Related expenses for maintaining proper communication links, maintaining licenses, data base and data centre and providing a firewall for protection of data

d) Administrative Expenses towards rents of offices, electricity consumption, maintaining of Guest House, Travelling, Facility Management and House Keeping and Office Expenses and finally

e) Other expenses for advertisement for inviting tenders, objections and suggestions in ARR, and Food and conveyance

49. The present Tariff Regulations categorises the expenditure under two heads viz a) normal A &G and b) Special A&G expenditure In our view, the normal A&G include those under c) , d) and e) above . Such expenditure may need to be optimised and controlled. Hence the quantum approved for FY 2023-24 may be escalated by 7%. This head also includes Statutory and Mandatory A&G (Sr No b of Para 140 above) As regards the Statutory A&G expenses given above, such expenditure is compulsory and governed by various statutes and is not controllable as such. Hence the same should be allowed at actuals.

50. The estimates for FY 2023-24 are based on the estimates which have been made for FY 2022-23. The estimates for FY 2022-23 in turn are based on the actual expenditure for H1 of FY 2022-23.

51. The Expenditure for A&G for TPSODL in the FY 2022-23 is estimated as follows:

Table 17 : Estimation of A&G Expenditure for FY 2022-23 (Rs Cr)

Sr No	Head of Expenditure	Amount H1-FY 23	H2-FY 23 (Projected)	Total	Approved
1	A&G- Normal	27.22	27.23	54.45	
2	A&G- Statutory	4.52	4.52	9.03	
3	A&G- Special	27.42	32.50	59.92	
	Total	**59.15**	**64.24**	**123.40**	**77.25**

52. Further adequate O&M Expenditure ensures that the AT&C losses are below the target committed by TPSODL in the Vesting Order. As regards the improvement in AT&C losses for FY 2022-23 and based on the present trend, the same is estimated to be lower than 30% , much lower than the target of 34.29 % committed by TPSODL in the vesting order.

53. TPSODL has provided the justification for seeking adequate A&G expenditure in Paragraphs above. Based on the estimated actuals for FY 2022-23, TPSODL has projected the expenditure for FY 2023-24 as follows:

Table 18 : Estimation of A&G Expenditure for FY 2023-24 (Rs Cr)

Sr No	Head of A&G Expenditure	Amt (Rs Cr)	Basis for Projections
1	A&G Normal	58.38	Escalated the Statutory Expenditure of FY 2022-23 by 7%
2	A&G Statutory	9.66	Escalated the Statutory Expenditure of FY 2022-23 by 7%
3	A&G Special	69.55	Estimated based on the various contracts placed for Meter Billing and Collection
	Total	**137.59**	

1.14. Depreciation

54. The New Tariff Regulations do not clearly specify the rate for assets capitalised from Effective date till the commencement of Regulations. We have considered that such capitalisation would be depreciated at the rates provided in the Vesting Order. Further, the New Regulation specify that assets capitalised after 1st April 2023 would be depreciated at the rates provided in the Annexure II of the New Tariff Regulations.

55. The projections of Depreciation for FY 2023-24 are based on the expected capitalisation by the end of FY 2022-23 and planned capitalisation for FY 2023-24. Further for projections for FY 2023-24, we have considered a rate of 4.67% per annum as this a rate applicable for majority of the assets for those assets which are planned to be capitalised in FY 2023-24. We have also considered half of this rate for assets which have been capitalised in FY 2023-24. The Depreciation for FY 2023-24 thus works out as provided in the table below

Table 19 :Estimation of Depreciation for FY 2023-24

Sr No	Description	Total FY 2023-24
1	Depreciation on Opening GFA (i.e as on 1st Jan 2021)- Net of Consumer contribution and Grant	25.32
2	Depreciation on Assets added after 1st January 2021	
a	Asset added upto 1st April 2023	26.91
b	Asset added during the year	9.86
3	**Total Depreciation**	**62.09**

1.15. Interest on Debt for FY 2023-24

56. Based on the capitalisation presented earlier, the projection of Debt and the projection of Interest for FY 2023-24 is as follows:

Table 20 :Projection of Debt and Interest for FY 2023-24

Sr No	Particulars	Units	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
A	**Capitalisation for determination of Debt**					
1	Capitalisation for the year	Rs Cr	0	121.57	302.73	360.47
2= 17.2 % of 1	Add Capitalisation due to Gridco Contribution in Kind	Rs Cr	0	23.55	52.07	62.00
3=1+2	Total Capitalisation for Debt and Equity	Rs Cr	0	145.11	354.80	422.47
b	**Debt Capital for Capitalisation**					
5	Opening Debt	Rs Cr	0	0.0	96.4	317.9
6=70%x 3	Addition	Rs Cr	0.0	101.6	248.4	222.5
7	Repayment= Depc	Rs Cr		5.14	26.91	36.78
8=5+6-7	Closing Debt	Rs Cr	0.0	96.4	317.9	503.6
9=(5+8)/2	Average Balance	Rs Cr	0.0	48.2	207.2	410.8
b	**Interest on Debt**					
10	Rate of Interest	%		6.9%	6.9%	6.9%
11	Interest on Debt	Rs Cr		3.33	14.29	28.34

1.16. Interest on Working Capital for FY 2023-24

57. For the FY 2023-24, the New Tariff Regulations specify the following

Extracts 1-2 : Extracts from New Regulations for Interest on Working Capital

1.17. Interest on Working Capital

3.10.1. The Distribution Licensee shall be allowed interest on the estimated level of working capital for the Wheeling and Retail supply business for the Financial Year. The working capital for the purpose of ARR calculation shall be computed as follows:

a. Operation and maintenance expenses for one month; plus
b. Maintenance spares @ twenty (20) % of average R&M expense for one month; plus
c. Power Purchase Cost for one (1) month

Working Capital requirement of the Distribution Licensees may be met through depreciation allowed by the Commission on the assets of erstwhile DISCOMs in a manner mentioned in the Vesting Orders and as approved by the Commission. Shortfall in meeting the working capital requirement as mentioned above shall be allowed. The interest on the working capital shall be at a rate equal to the SBI Base Rate or any replacement thereof by SBI from time to time (being in effect applicable for 1 year period) as applicable as on 1stApril of the Financial Year (for which Truing Up shall be done) plus 300 basis points or actual weighted average rate of interest towards loan for *meeting working capital requirement availed by the Distribution Licensee(s), whichever is lower:*

58. We have for the purpose of projections considered the interest rate as available on the date of filing (i.e on 1st January 2023) this submission. The SBI Base rate presently at 8.30% and accordingly, the Interest on Working Capital for FY 2023-24 is projected as follows:

Table 21 :Projection of Interest on Working Capital for FY 2023-24

FY 2023-24

Sr No	Particulars	Unit	Amount
A.	**Computation of Working Capital**		
1	Power Purchase Costs (1 Month)	Rs Cr	101.7
2	O&M Expenditure (1 Month)	Rs Cr	75.16
3	Maintenance Spares (20% of R&M Expenditure for month)	Rs Cr	2.59
4	Total	Rs Cr	179.41
B.	**Applicable Rate of Interest**		
5	Interest on Working Capital	%	11.3%
6	SBI Base Rate as on 1st January 2023	%	8.30%
C	**Interest on Working Capital**		
7	Interest on Working Capital	Rs Cr	20.273

1.18. Interest on Security Deposit for FY 2023-24

59. The New Tariff Regulations specify the following with regards to Interest on Security Deposits

Extracts 1-3 : Extracts from New Regulations for Interest on Security Deposits

3.7.11. The Distribution Licensee(s) shall adjust interest on the amount held as security deposit (held in cash or cash equivalent) from Distribution System Users and Retail consumers at the Bank Rate as on 1st April of the Financial Year in which the Petition is filed in their monthly bills.

Provided that Interest on security deposits, in excess of the above rate specified by the Commission shall be considered as non-Tariff income of the Licensees.

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Provided further that Interest on security deposits, in deficit of the above rate specified by the Commission shall be considered as Uncontrollable Cost of the Licensees and shall accordingly be allowed in their ARR.

60. As can be seen from the above extracts, the Bank Rate as on 1st April 2023 is required to be considered as the applicable rate for projections of Security Deposits. It is noted that in the last few months, there has been rise in the interest rates. Based on the present repo rate provided on the RBI Site, the estimated Bank Rate would be about 6.15% p.a . We have considered this rate for projections in FY 2023-24 and accordingly, the interest on Security Deposit for the FY 2023-24 has been worked out at **Rs 18.13 Crores**

1.19. Return on Equity

61. Based on the Capitalisation proposed in this Business Plan for FY 2023-24 and also the expected capitalisation in the past, the projection of ROE for FY 2023-24 is as follows:

Table 22 : Projection of Return on Equity for FY 2023-24 (Rs Cr)

Sr No	Particulars	Units	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
A	**Capitalisation for determination of Equity**					
1	Capitalisation for the year	Rs Cr	0	121.57	302.73	360.47
2= 17.2 % of 1	Add Capitalisation due to Gridco Contribution in Kind	Rs Cr	0	23.546	52.069	62.001
3=1+2	Total Capitalisation for Debt and Equity	Rs Cr	0	145.11	354.80	422.47
B	**Equity**					
5	Opening Equity	Rs Cr	200	200.0	243.5	350.0
6=30%x 3	Addition	Rs Cr	0.0	43.53	106.44	126.74
7=5+6	Closing Equity	Rs Cr	200.0	243.5	350.0	476.7
C	**Return on Equity**					
8	On Opening Equity @ 16%	Rs Cr	32	32	35.5	44.0
9	On addition (16%/2=8%)	Rs Cr	0	3.48	8.52	10.14
10=8+9	Total ROE	Rs Cr	32	35.48	44.00	54.14

1.20. Non Tariff Income

62. The Non-Tariff Income is quite difficult to project as the same is not based or dependent on any business activity. TPSODL has therefore relied on the quantum of actual Non Tariff Income for FY 2022-23 for projecting the future. Further adjustments have been made to such projections of Non Tariff Income on account of DPS, Rebate on Power and Rebate offered to consumers. Accordingly, considering the Non Tariff Income of FY 2022-23 and the adjustments mentioned above, the Non Tariff Income projected for FY 2023-24 is at **Rs 55.57 Crores**.

1.21. ARR for FY 2023-24

63. On the basis of the above projections, the ARR for FY 2023-24 with Gap works out as given in the tables below:

Table 23 : ARR and Gap estimations for FY 2023-24 (Rs Cr)

Sr No	Particulars	Amount (Rs Cr)
1a	Power Purchase Costs (Including Transmission Cost and SLDC)	1219.9
1b	Less Rebate on Power Purchase (Considered in NTI)	
1	Net Power Purchase Costs	1219.9
2	Interest on Long Term Debt	28.34
3	Interest on Working Capital	20.27
4	Interest on Consumer Security Deposit	18.13
5	Depreciation	62.09
6	O&M Expenditure -Employee Expenditure	608.9
7	O&M Expenditure -R&M Expenditure	155.4
8	O&M Expenditure - A&G Expenditure	137.6
9	Provision for Doubtful Debt	19.86
10	Income Tax	20.80
11	Return on Equity	54.14
12	Less Non Tariff Income	-55.57
13	**Total ARR**	**2289.89**
14	Revenue Earned (Prior to Prompt Payment Discount)	1985.71
15	**Gap/(Surplus)**	**304.18**

2 Annexure 1- Extracts from Tariff Regulations related to Business Plan for FY 2023-24

The Distribution Licensee shall file for the Commission's approval, not less than 120 days before the commencement of the first year of the Control Period or such other date as may be directed by the Commission, a Long-Term Business Plan prepared in accordance with these regulations for the entire Control Period. The Business Plan shall be filed for the wheeling and retail supply business and shall, inter alia, contain:

1) *Sales/Demand Forecast for each consumer category and sub-category for each year of the Control Period;*

2) *Distribution loss reduction trajectory and collection efficiency for each year of the Control Period;*

3) *Power Procurement Plan including details of availability of power from renewable energy source as concurred by GRIDCO for each year of the business plan period as per the terms of Vesting Orders. [The Distribution Licensee shall project the power purchase requirement based on the Quantum of Renewable Purchase Obligation (RPO), and the target set, if any, for Energy Efficiency (EE) and Demand Side Management (DSM) schemes. GRIDCO shall intimate the DISCOMs of its ability and readiness to procure power to meet the forecasted / projected Demand of electricity and the energy requirement of the State, failing which the DISCOMs shall provide their Plan to the Commission for meeting their demand.];*

4) *The Capital Investment Plan of the Distribution Licensee shall be prepared in accordance with the sales/demand forecast, power procurement plan, distribution loss trajectory, targets for quality of supply etc. The Capital investment plan shall be consistent with the perspective plan developed by the State Transmission Utility (STU) based on the data submitted by the Distribution Licensees and Load Flow studies conducted in line with the requirements of the State Grid Code. The planning of Distribution network, based on load flow study, shall be carried out for minimum five (5) year time frame and shall form the basis for capital investment. The investment plan should also include yearly phasing of capital expenditure along with the financing plan and corresponding capitalization schedule with due consideration of capital expenditure as per the Vesting Order. The capital investment plan shall show separately, on-going projects that will spill over into the Control Period, and new projects (along with justification) that will commence in the Control Period but may be completed within or beyond the Control Period. The Commission shall consider and approve the capital investment plan for the Wheeling Business and Retail Supply Business of the Distribution Licensee. The Commission, for its satisfaction, may require the Distribution Licensee to provide relevant technical and commercial details.*

5) *The purpose of investment shall be strengthening of distribution network, creation of new assets or augmentation / replacement of existing assets, meeting load growth, technical loss reduction, non-technical loss reduction including improvement in collection efficiency, meeting energy requirement, custom service improvement in terms of quality & reliability of supply including energy audit, asset mapping and consumer indexing, etc.*

6) *The Distribution licensee shall focus on (a) safety of human, animal and equipment including implementation of protection system (b) strengthening of distribution network (c) standardisation of equipment & material and standardisation of technical specification in line with national regulations & national standards to ensure use of good quality equipment & material, facilitate interchangeability and faster delivery (d) optimum utilisation of assets i.e. avoid underutilisation of assets (e) adoption of state-of-art technology including SCADA & Automation system, smart metering and use of modern diagnostic tools for monitoring of health of distribution assets etc. with objective to improve reliability, safety, providing uninterrupted (24x7) quality power to all and better customer service*

7) *The appropriate capital structure and cost of financing (interest on debt) and return on equity, terms of the existing loan agreements, etc;*

8) *The Operation and Maintenance (O&M) costs estimated for each year of the Business Plan Period based on the proposed efficiency in operating costs, norms for O&M cost allowance including indexation and other appropriate mechanism, if any;*

9) *Details of depreciation based on useful life of the assets and capitalization schedule for each year of the control period.*

10) *A set of targets proposed for other controllable items such as working capital, quality of supply etc. The targets shall be consistent with the capital investment plan proposed by the Licensee;*

11) *Proposals for other items such as external parameters used for indexation (inflation, etc);*

12) *The Distribution Licensee shall forecast expected revenue from prevailing tariff and charges based on the estimates of quantum of electricity to be supplied to consumers and to be wheeled on behalf of Distribution System Users for ensuing Financial Year within the Control Period as on the date of making the application.*

13) *The Distribution Licensee shall provide voltage wise cost of supply for each year of the control period.*

14) *The filings in addition to the Business Plan period shall also contain the data for the cost and revenue parameters for the previous five years period.*

15) *The Applicant shall provide full details, supporting the forecast, including but not limited to details of past performance, proposed initiatives for achieving efficiency or productivity gains, technical studies, contractual arrangements and/or secondary research, to enable the Commission to assess the reasonableness of the forecast.*

3 Annexure 2- Employee Costs break up for FY 2023-24

Table 3-1 Projection of Erstwhile Employees for FY 2023-24

Sr No	Particulars	%	Units	Value
1	No of Employees as on 31st March 2023		No	1779
2	No of Employees as on 31st Mar 2024		No	1703
3	Average No of Employees		No	1741
	Projections of Salary			
4	Present Basic Salary		Rs Cr/Year	93.73
5	Projected Basic Salary for FY 2023-24	3%	Rs Cr/Year	94.48
6	Dearness Allowance	44%	Rs Cr/Year	41.6
7	HRA (Average)	19%	Rs Cr/Year	18.9
8	Medical Allowance	5%	Rs Cr/Year	4.7
9	Other Allowances		Rs Cr/Year	7.74
10	PF Contribution	8%	Rs Cr/Year	7.559
11	Total		Rs Cr/Year	174.98
12	Estimated Cashflow to Trust for Terminal Benefits		Rs Cr/Year	131.47
13	Total Salary of Erstwhile Employees		Rs Cr/Year	306.45

Table 3-2 Estimated movement of DA (%) over the period

2022	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
	34%	34%	34%	34%	34%	34%	38%	38%	38%	38%	38%	38%
2023	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
	41%	41%	41%	41%	41%	41%	44%	44%	44%	44%	44%	44%
2024	Jan-24	Feb-24	Mar-24									
	47%	47%	47%									
	Average for FY 2023-24				44%							

Table 3-3 Cost of New Employees for FY 2023-24

Sr No	Pariculars	Units	Value
1	No of Employees on 30th Sep 2022	No	832
2	No of Employees on 30th Sep 2024	No	1529
3	Avg No of Employees	No	1180.5
4	**Estimated Salary of CTC Employees**	**Rs Cr**	**111.55**

Table 3-4 Breakup of Welfare Costs for FY 2023-24

Sr No	Pariculars	Units	Value
1	Insurance Premium for Health and Life Cover	Rs Cr	12.38
2	Annual Health Check-up	Rs Cr	2.21
3	Medical Facility	Rs Cr	0.25
4	Employee Enagement	Rs Cr	1.65
5	Employee R &R	Rs Cr	0.60
6	Learning & Development	Rs Cr	3.24
	Total	**Rs Cr**	**20.33**