



ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION

Vidyut Niyamtrana Bhavan, Adjacent to 220/132/33 KV AP Carbides SS,
Dinnedevarapadu Road, Kurnool - 518 002, Andhra Pradesh.
Phones: 08518 - 294823,24,25,26

WEDNESDAY, THE TWENTY-NINTH DAY OF OCTOBER
TWO THOUSAND AND TWENTY-FIVE

(29.10.2025)

:Present:

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

Order in Compliance with Hon'ble [APTEL Judgment dated 03.07.25](#)

in

Appeal No.37 of 2017

in

O.P.No. 13 of 2015

Transmission Corporation of Andhra Pradesh Ltd....

Applicant

APTRANSCO, established in 2000, became the State Transmission Utility (STU) in 2005. The APERC's 2005 Regulations introduced a Multi-Year Tariff (MYT) framework for transmission, requiring licensees to file Aggregate Revenue Requirement (ARR) and proposed tariffs. Regulation 10 of the 2005 Regulations categorises ARR items as "Controllable" (Operation & Maintenance expenses, Return on Capital Employed, Depreciation, Non-tariff income) and "Uncontrollable" (Taxes on Income). It outlines how gains and losses on these items are treated. Regulation 16 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. The ARR and Tariffs were determined for five control periods: 2006-07 to 2008-09 (1st), 2009-10 to 2013-14 (2nd), 2014-15 to 2018-19 (3rd), 2019-20 to 2023-24 (4th), and 2025-25 to 2028-29(5th). For the 2nd Control Period, APERC approved an

ARR of Rs 6038 crores. After reducing the NTI of Rs. 126.30 crores, the net ARR was Rs. 5911.66 cr.

In 2014, the erstwhile State of Andhra Pradesh was bifurcated into the new States of Andhra Pradesh and Telangana. Accordingly, a new APERC was constituted for the new State of Andhra Pradesh, and all the regulations, orders, etc., issued by the erstwhile APERC were adopted by the new APERC. APTRANSCO's jurisdiction was also limited to the 13 districts of the new state of Andhra Pradesh. APTRANSCO filed a true-up petition in 2015, claiming a deficit/true-up of Rs.619 crores. The APERC, in its [order dated 07.11.2015](#), rejected APTRANSCO's deficit/true-up claim and determined a surplus/true-down amount of Rs. 271.34 crores payable by APTRANSCO to the two distribution companies in the new state of Andhra Pradesh. APTRANSCO filed a Review Petition (R. P. No. 2 of 2016), citing errors in the computation of Cost of Debt, Income Tax, and Carrying Cost, and seeking a relaxation of Rs.187 crores. This petition was [dismissed by APERC on 26.08.2016](#). Aggrieved by the APERC's order, APTRANSCO preferred an Appeal (Appeal No.37 of 2017) to the Hon'ble Appellate Tribunal for Electricity (APTEL). The Hon'ble APTEL, in its Judgment dated 03.07.2025, allowed the appeal to the extent of remanding the matter to this Commission for

- Re-computation of RoCE based on the actual Weighted Average Cost of Capital incurred;
- And the inclusion of tax paid on Non-Tariff Income in the Aggregate Revenue Requirement for the second control period.

Accordingly, after notice to APTRANSCO and APDISCOMS, the matter was posted for hearing on 10.09.2025. Sri John, CGM/Commercial & Smt. P. Jyostna Rani, DGM/Regulatory Affairs, representing APTRANSCO; and Sri G.V. Brahmananda Rao, Assistant Legal Advisor, representing APSPDCL & APEPDCL, were present at the hearing. APSPDCL & APEPDCL were directed to file their respective counters/submissions, if any, within 10 days. The DISCOMS have not filed any submissions; however, APTRANSCO furnished its computations. After hearing the parties and based on the material available, the Commission passes the following:

ORDER

In terms of the Hon'ble APTEL judgment dated 03.07.2025, the revised True-up has been [determined by the Commission](#) by substituting the actual cost of debt in the RoCE calculation, incorporating the income tax as per the filings of APTRANSCO, and accordingly revising the carrying cost in the original True-up computation, as shown in the table below.

S.No.	Item	2009-10	2010-11	2011-12	2012-13	2013-14	Total
1	Assets (1.1+1.2)	6398.67	7110.22	7849.05	8979.24	9726.24	
1.1	Opening balance of OCFA	5819.91	6398.67	7110.22	7849.05	8979.24	
1.2	Additions during the year	578.76	711.55	738.83	1130.19	747	3906.33
2	Depreciation (2.1+2.2)	2684.74	2972.02	3299.57	3663.23	4062.12	
2.1	Opening balance	2412.45	2684.74	2972.02	3299.57	3663.23	
2.2	Depreciation during the year	272.29	287.28	327.55	363.66	398.89	1649.67
3	Consumer Contribution (3.1+3.2)	481.68	790.56	1168.67	1342.52	1500.38	5283.81
3.1	Opening balance	435.42	481.68	790.56	1168.68	1342.52	
3.2	Additions during the year	46.26	308.88	378.11	173.84	157.86	1064.95
4	Working Capital(4.1+4.2)	31.77	41.41	45.78	50.62	55.97	225.55
4.1	O&M (45 days Net O&M Expenses)	31.77	41.41	45.78	50.62	55.97	225.55
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}	130.11	57.70	16.59	296.35	95.13	
6	Regulated Rate Base (1.1-2.1-3.1+4+5)	3133.92	3331.36	3410.01	3727.77	4124.59	
7	Capital Structure						
7.1	Debt(percent)	75.00%	75.00%	75.00%	75.00%	75.00%	
7.2	Equity (percent)	25.00%	25.00%	25.00%	25.00%	25.00%	
8	Cost of Funds (percent)						
8.1	Cost of Dept (percent)	9.59%	10.12%	10.45%	10.96%	10.87%	
8.2	Return on Equity (percent)	14.00%	14.00%	14.00%	14.00%	14.00%	
9	WACC((7.1*8.1)+(7.2*8.2))	10.69%	11.09%	11.34%	11.72%	11.65%	
10	Return on Capital Employed (6*9)	335.09	369.45	386.61	436.89	480.62	2008.66
11	Expenditure (11.1+....+11.5)	633.13	738.53	867.42	937.88	1016.24	4193.20
11.1	Operation & Maintenance Cost	284.22	376.1	414.04	475.37	497.22	2046.95
11.2	Depreciation	272.29	287.28	327.55	363.66	398.89	1649.67
11.3	Income Tax taxes	76.62	75.15	125.83	98.85	120.13	496.58
11.4	Other Expenses	0	0	0	0	0	0
11.5	Terminal benefits	0	0	0	0	0	0
12	Expenses Capitalised (12.1+12.2)	26.55	40.24	42.69	64.76	43.21	217.45
12.1	IDC Capitalised	0	0	0	0	0	0
12.2	O&M Expenses Capitalised	26.55	40.24	42.69	64.76	43.21	217.45
13	Net Expenditure (11-12)	606.58	698.29	824.73	873.12	973.03	3975.75

S.No.	Item	2009-10	2010-11	2011-12	2012-13	2013-14	Total
14	Aggregate Revenue Requirement (ARR)(10+13)	941.67	1067.74	1211.34	1310.01	1453.65	5984.41
15	Total Revenue (15.1+15.2)	852.71	1013.86	1398.71	1642.05	1358.81	6266.14
15.1	Non-Tariff Income	67.03	94.52	176.67	196.68	89.87	624.77
15.2	Revenue from Transmission Tariff	785.68	919.34	1222.04	1445.37	1268.94	5641.37
16	Net Revenue Gap (15-14)	-88.96	-53.88	187.37	332.04	-94.84	281.73
17	Carrying cost @ 10% per annum						47.00
18	True up amount (16+17)						328.733
19	APTRANSCO share (46.11%)						151.58

As shown in the table above, the revised True down amount in light of the Hon'ble APTEL judgment is Rs.151.58 crores. The difference between the True down determined in the APERC Order dated 07.11.2025 and the True down in this Order is presented in the table below.

S.No.	Particulars	Amount
1	True down amount determined by APERC in order dated 07-11-2015	271.34 Crores
2	In terms of the Hon'ble APTEL judgment dated 03.07.25, True-down determined by APERC in the present order	151.58 Crores
3 = (1) - (2)	Difference	119.77Crores

Since APTRANSCO has already transferred Rs.271.34 crores to the DISCOMS as per the Order dated 07.11.2015, the difference in the amount shown in the above table shall be recovered from the DISCOMS in light of the Hon'ble APTEL judgment. The Commission decides that recovery from the DISCOMS shall be adjusted in the True down Order of APTRANSCO for the fourth control.

This Order is issued in compliance with Hon'ble APTEL Judgment dated 03.07.2025, and accordingly, OP No.13 of 2015 is disposed of.

Sd/-
Sri P.V.R.Reddy
Member & Chairman_{1/c}