ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION

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THURSDAY, THE SEVENTHDAY OF MAY
TWO THOUSAND AND TWENTY-SIX

(07.05.2026)

Present

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

In the matter of Performance Review for the works approved in the Resource Plan for the FY 2024-25 and True-down of Transmission Business for the 1st Year of the 5th Control Period (FY 2024-25 to FY 2028-29)

in

O. P. No 82 of 2025 & O. P. No 83 of 2025

Transmission Corporation of Andhra Pradesh Ltd. .... **Petitioner**

These petitions were taken up for final hearing on 04.03.2026, both online and in person, in the presence of Sri M. Venugopala Rao, Senior Journalist; Sri Ch. Babu Rao, CPI (M); Sri. R.Shivkumar, APTMA; Sri. B. Ramesh Kumar, Member, SAC, APERC; Sri N.Samuel Raju, SE/ER&S/APSLDC; Sri A.S.R. Murthy, GM/Accounts; Sri A.V.L.K. Jagannadha Sharma, DGM/APPCC; and Smt. P.Jyostna Rani, DGM/ 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 two petitions dated 30.11.2025 for the true-down of its transmission business for the 1st Year of 5th Control Period (FY2024-25 to FY2028-29) and an Annual Performance Review for the works approved in the Resource Plan for the Financial Year 2024-25. These petitions have been taken on the record of the Commission as O.P.No. 82 of 2025 and O.P.No. 83 of 2025.

2. The Commission issued Public Notices dated 29.01.2026 on its website, inviting stakeholders' views/objections/suggestions on the above petition. As per the said notices, stakeholders were requested to submit their views/objections/suggestions on or before 13.02.2026, and the Petitioner was directed to submit its replies to any objections received on or before 20.02.2026. The Public Notices also indicated that the matter would be taken up for Public Hearing on 27.02.2026. However, upon requests received from certain stakeholders/objectors seeking additional time to examine the petition and submit their views, the Commission rescheduled the Public Hearing. Accordingly, the Public Hearing was conducted on 04.03.2026. Views/Objections/Suggestions received from stakeholders are shown in **Annexure-1.**

A. Performance Review for the works approved in the Resource Plan for the FY 2024-25

3. The APTRANSCO, duly furnishing the status of each Scheme, has made the following submissions in their filings:

a) The physical progress of the works as per the Resource plan, proposed during the FY2024-25:

Substations:

S.No	Description	No. of SS proposed	Name of the Substation Proposed	Commissioned	Works under Progress
1	400KV Substations	1No.	1.Gudivada SS	0	1 No.
2	220KV Substations	3Nos.	1.Kothapatnam (dropped) 2. Cherivi (Racherla) 3. Punganur	2 Nos. Racherla and Punganur	2nd 100MVA PTR at Racherla to be commissioned
3	132KV Substations	6Nos.	1. Dharmajigudem 2. Reddyganapavaram 3. Routhugudem 4.V.Kota 5. Routhusuramala 6. O.D.Cheruvu	1No. V.Kota	5 Nos

Lines:

S.No	Description	Proposed in the Resource Plan	Commissioned	Completed Stringing	Works under Progress
1	400 KV Lines (CkM)	299.162	196.962	19.25	Works for balance length are in progress.
2	220kV & 132kV Lines (CkM)	631.99 (1 No. 34.5CKM work proposal dropped.)	182.123	23.2	

Augmentation and RMI:

S.No	Description	Proposed in the Resource Plan	Completed	Works under Progress
1	Aug. of 400kV PTRs and Other works	1. Maradam 2. Kalikiri 3.Rachagunneri- 2 nos PTRs 4. KV Kota-63 MVA Bus Reactor	02 (500MVA PTR at Maradam& 63MVA Bus reactor at KV Kota)	Balance works are in progress.
2	Aug. of 220kV PTRs	40	09	
3	Aug. of 132kV PTRs	64	12	
4	RMI Works	Works list not specified in the filing	79Nos. (Replacement of Old Equipment)	

In addition to the proposed works as per the Resource Plan for FY 2024-25, APTransco has submitted that it has taken up the following works in FY 2024-25.

The expenditure incurred for the additional works is as detailed below:

S.No	Name of the Work	Amount incurred in Crs.
1	220kV and 132kV line Works	23.64
2	Augmentation of PTR Works at 220kV and 132kV Substations	14.10
	Total	**37.74**

The comparative statement of investments for the FY2024-25 is as follows (Rs.Crs):

S.No	Name of the work	Approved by APERC in Resource Plan	Actual expenditure incurred
1	Evacuation and System Improvement	2089.19	892.9
2	Augmentation and R & M Works	576.53	74.47
3	Additional Works	-	37.74
	Total	**2665.72**	**1005.11**

b) Transmission Loss:

The approved vs actual transmission losses for FY2024-25 are shown below.

Approved	**2.75%**
Actuals	**2.6%**

Views/Objections/Suggestions and Replies of APTRANSCO

4. **Sri M. Venugopala Rao and Sri Ch. Baburao** stated that expenditure for FY 2024-25 was Rs. 1005.11 crore against an approved Rs. 2665.72 crore, resulting in a shortfall of Rs. 1660.61 crore (about 62.28%). They criticised the lack of a detailed item-wise comparison or adequate justification for failing to execute the approved works. They argued that basing corrections to the Resource Plan on abstract data, without a detailed prudence check, weakens regulatory oversight and transparency.

APTRANSCO's Reply: APTRANSCO maintains that projects are executed through transparent, established procedures, with abstract and scheme-wise expenditure details provided. The expenditure was audited by the Accountant General of India. Project delays were attributed to various external factors, including Right-of-Way (RoW) issues, delays in clearances, cyclones in coastal regions, existing crops, limited working seasons, deviations from the latest developments, changes in priorities, and delays in the supply of power transformers. Despite the delays, APTRANSCO affirmed that it is maintaining a reliable and high-quality supply to end-consumer loads.

5. **Commission Analysis and Decision:** The Commission has carefully examined APTRANSCO's submissions regarding the performance of works approved in the Resource Plan for FY 2024-25, including the physical progress of substations, transmission lines, augmentation, and R&M works, as well as the comparative statement of approved and actual expenditure. The Commission has also examined carefully the views/objections/suggestions received. The Commission notes that APTRANSCO undertook certain additional works during FY 2024-25 for which investment approval was not required, as the estimated cost of each work was less than Rs. 20 crore.

The Commission notes that transmission planning and execution are dynamic and subject to ground realities and system requirements, which may necessitate deferment, modification, or reprioritisation of works. Every stakeholder shall note that the investments approved in the Resource Plan are only a roadmap for the next five years, and that scheme-specific approvals are to be obtained from the Commission in accordance with the investment guidelines and applicable regulations. Therefore, the actuals may vary with the above-approved investments. APTRANSCO submitted the actual investments incurred, vis-à-vis the approved investments, with justified reasons for variations.

The Commission notes that the actual transmission losses for FY 2024-25 are lower than the approved level (2.6% as against 2.75%), indicating efficient operation and better utilisation of the existing network.

The Commission also notes that only one year of the current Control Period has elapsed. The Resource Plan approved for the Control Period is based on long-term system requirements, and variations in a single year may not provide a sufficient basis to revise the approved plan. Accordingly, the Commission is of the view that the corrections to the Resource Plan at this stage are not required. However, the Commission directs APTRANSCO to continue executing the approved schemes in a time-bound manner and to furnish, in subsequent filings, detailed scheme-wise progress, expenditure, and reasons for any deviations to enable a comprehensive review. APTransco shall also file other performance parameters as stipulated in the Transmission licensee Standards of Performance Regulation, APERC Regulation 1 of 2007, in addition to the State Peak demands, coincident and non-coincident demands of each DISCOM in the State, while filing the performance petition for FY2025-26.

6. Having analysed the performance of the APTransco works supra, the Commission proposes to examine the True Down application filed by APTransco as detailed below.

B. True down for Transmission Business for FY2024-25 for 5th CP

7. APTRANSCO's filings, in brief, are as follows.

The ARR/Cost approved by APERC and the actual cost during the FY 2024-25 are INR 3370.26 Crs and INR 2942.69 Crs, respectively. Whereas, the approved Revenue and the actual revenue earned, including Non–Tariff Income, are INR 3370.26 Crs and INR 3873.80 Crs. Thus, there is a surplus of INR 931.11 Cr of Revenue in the 1st Year of the 5th Control Period (FY2024-25 to FY2028-29). The detailed calculations of true-down shown by APTRANSCO are shown in Annexure II, and a summary of the same is given in the table below:

Table 1: Filings by APTRANSCO in the OP No 82 of 2025.

Rs in Crores

Sl No.	Parameter	Approved in 5th CP	Actuals as per Filings in 4 CP	Variation
1	Expenditure	2569.63	2323.65	245.71
2	Gross O&M Costs	1568.46	1359.57	208.89
3	O&M Carrying Costs	0	0	0
4	Depreciation	890.320	850.82	39.50
5	Taxes incl. MAT	110.58	113.26	-2.68
6	Special Appropriation	0	0	0
7	Other Expenditure	0	0	0
8	Terminal Benefits	0	0	0
9	Expenses Capitalized	261.46	114.70	146.76
10	IDC Capitalized	0	0	0
11	O&M Expenses Capitalised	261.46	114.70	146.76
12	Net Expenditure	2307.90	2208.96	98.94
13	ROCE	1062.36	733.73	328.63
14	Gross ARR	3370.17	2942.69	427.33
15	Total Revenue	3370.17	3873.80	-503.63
16	Non-Tariff Income	100.00	49.64	50.36
17	Revenue from Tariff	3170.17	3513.79	-343.62
18	Tariff from others (ISTS lines)	100.00	310.37	-210.37
19	**Surplus / (Deficit)**	**0.00**	**931.11**	**-931.11**

The True-down amounts to Rs. 931.11 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 (%)
APEPDCL	36.22
APSPDCL	40.44
APCPDCL	23.34

APTRANSCO has also stated reasons for the deviations item-wise, and the same would be discussed in the Commission's analysis in the subsequent paragraphs.

Views/Objections/Suggestions and Replies of APTRANSCO

8. The views/objections/suggestions submitted by **Sri M. Venugopala Rao, Sri Kandharapu Murali and Sri Ch. Baburao**, and the corresponding replies of **APTRANSCO** are presented below.

i. **True-down Claim for FY 2024-25**

- **Stakeholders' View:** APTRANSCO sought approval for a true-down of Rs. 931 crore to reimburse the three DISCOMs (APEPDCL: 36.22%, APSPDCL: 40.44%, APCPDCL: 23.34%). Stakeholders noted a resulting surplus (actual revenue of Rs. 3873.80 crore versus actual expenditure of Rs. 2942.69 crore against an approved Aggregate Revenue Requirement (ARR) of Rs. 3370.26 crore). They contended that the surplus arose from lower expenditure and the non-capitalisation of approved works, rather than from efficiency improvements.
- **APTRANSCO's Reply:** The petition is based on audited accounts and applicable APERC Regulations, and the Rs. 931 crore surplus reflects the difference between recorded actual revenue and expenditure.

ii. **Previous True-down Adjustments**

- **Stakeholders' View:** Suggested the Commission must clearly determine final true-up/true-down amounts by considering pending adjustments, including Rs. 510.15 crore already adjusted for the 4th control period, Rs. 1059.76 crore pending for the 4th control period, and Rs. 119.77 crore receivable from DISCOMs relating to the 2nd control period.
- **APTRANSCO's Reply:** Stated that the final determination rests with the Commission, and they will comply with the directions issued.

iii. **Lack of Scheme-wise Details and Prudence Check**

- **Stakeholders' View:** Argued that the petition's aggregate expenditure figures prevent proper verification of the veracity and prudence of the claimed expenditure and justification of deviations from approved values, due to the lack of scheme-wise or project-wise details.
- **APTRANSCO's Reply:** Confirmed that expenditure figures are derived from audited books and submitted that scheme-wise expenditure details have been provided as requested.

iv. **Excess Revenue and Recurring Claims from Inflated Projections**

- **Stakeholders' View:** Contended that actual tariff revenue (Rs. 3513.79 crore) exceeded the approved level (Rs. 3170.17 crore) by Rs. 343.62 crore, suggesting the expenditure and revenue projections were inflated and the true-down amount should be higher. They also raised concerns that recurring true-down claims stem from delays in approved works and lower capitalisation, which results in inflated ARR, higher transmission charges, and excess recovery from consumers.

- **APTRANSCO's Reply:** Projections are based on load flow studies, expected load growth, and prevailing field conditions. Delays in project execution are attributed to factors such as changes in project proposals (due to new industries/loads), changes in locations (due to land availability/feasibility), evolving system priorities, practical constraints such as Right-of-Way (RoW) issues, limited participation in bidding, and court cases. They continuously monitor project implementation to ensure end consumers' load requirements are met.

v. Return on Equity (RoE)

- **Stakeholders' View:** Suggested limiting the RoE to 14%, as previously determined by APERC, instead of the 15.5% sought by APTRANSCO based on CERC norms.
- **APTRANSCO's Reply:** Requested the Commission to consider a 15.5% RoE on a post-tax basis for the transmission tariff under the ROCE methodology, but stated they would abide by the rate specified in the applicable APERC Regulations if the request is not acceded to.

vi. Adjustment of True-down Amount and Carrying Cost

- **Stakeholders' View:** Suggested the true-down amount should be passed on directly to DISCOM consumers, not just adjusted in DISCOM accounts or subsequent tariffs. They also suggested APTRANSCO should pay the carrying cost on the true-down amount until the adjustment is effected.
- **APTRANSCO's Reply:** Stated that it would abide by the Commission's directions.

vii. Concerns regarding Projections, Transparency, and Detailed Prudence Verification

- **Stakeholders' View:** Argued that reliance on APTRANSCO's projections without considering past project execution trends leads to inflated ARR. They stated that there is insufficient publicly available information on the bidding and procurement processes. They suggested that the Commission conduct a detailed prudence check, arguing that the true-down surplus is mainly due to lower capitalisation than projected, rather than genuine savings.

- **APTRANSCO's Reply:** All procurement and execution follow applicable procedures/guidelines. Projections are scientific, based on load flow studies, expected load growth, field conditions, and determined in accordance with the Multi-Year Tariff (MYT) framework. They confirmed that project delays are due to constraints such as RoW, reduced participation in bidding, and court cases.

viii. Concerns regarding the MYT Framework and Regulatory Approach

- **Stakeholders' View:** Contended that the MYT framework has failed to address unrealistic capital expenditure projections, as annual reviews are largely limited to true-up/true-down determinations. They suggested that tariff determination be conducted annually, rather than under MYT, and proposed that the Commission obtain periodic performance reports to align transmission charges with actual performance.
- **APTRANSCO's Reply:** Stated it would abide by the directions issued in this regard.

COMMISSION’s Views/Analysis/Decision

9. The Commission has carefully examined the views/objections/suggestions as well as 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 each item of expenditure and revenue. 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	*O & M 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.

10. The Commission proposes to examine variations in each item of the ARR and Revenue, in accordance with the above regulatory clauses, while appropriately taking into account the views/objections/suggestions and replies of APTransco, as follows.

O & M Costs:

11. The APTransco filed the Gross O&M expenditure at 1359.57 crores for the 1st year of the 5th Control period, i.e., FY2024-25. The gross O&M costs filed are within the approved amount of Rs 1568.46 crores under the MYT Order. However, on examination of the Books of Accounts, the actual gross O&M expenditure for the 1st year of the 5th Control period, i.e., for FY2024-25, is found to be as shown below.

Table 2: Actual gross O&M expenditure for 5th CP as per books (Rs.Cr)

FY	Employee Cost	Adm & General	R&M Expenses	Total
FY2024-25	906.89	88.7	286.26	1281.85

The Commission proposes to examine the above expenditure in light of the O&M norms approved in its MYT Order for 5th CP. The O&M Norms approved by the Commission are as shown in the table below.

Table 3: Norms for O&M expenditure as per MYT Transmission order for 5th CP

Sl.No	Particulars	For FY 2024-25
1	SS Norm (Rs./ bay)	1988310.69
2	LL Norm (Rs./ ckt.km)	143909.57

With a view to examining the deviation of norms, the Commission has obtained the actual length of lines and bays from APTRANSCO during the FY2024-25, which are shown in the table below:

Table 4: Actual length of lines and bays of APTRANSCO during the FY2024-25

Sl.No.	Particulars	FY 2024-25
1	No of Bays	5598
2	Circuit Kilometre length CKM (400KV, 220KV, 132KV)	33168.00

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 FY2024-25, as shown below.

Table 5: Permissible O&M costs as per norms for the FY2024-25.

Sl.No.	Particulars		2024-25
1	SS Norm (Rs./ bay)	(In Rs.)	1988310.69
2	LL Norm (Rs./ ckt.km)	(In Rs.)	143909.57
3	No of Bays	Nos.	5598
4	Number of CKM (400KV, 220KV, 132KV)	Nos.	33168.00
5	As per APERC Norms, Bays' expenditure (1*3)	(Rs.In Cr)	1113.06
6	As per APERC Norms Lines (CKM) Expenditure (2*4)	(Rs.In Cr)	477.32
7	Total expenditure (5+6)		**1590.38**

As shown in the table above, the total permissible O&M expenditure for FY 2024-25, the first year of the 5th Control Period, as per the norms specified in the MYT Order, amounts to Rs. 1590.38 crore. However, the actual O&M expenses are Rs. 1281.85 crore, as per the audited accounts, and are within norms. The actual O&M costs as per the audited books are lower than the norms prescribed by the Commission vide MYT Order for the 5th Control Period. Hence, the Commission is inclined to accept the actual O&M expenditure as per the Audited Book, amounting to Rs. 1281.85 crore.

Depreciation

12. APTRANSCO has claimed depreciation at the rates notified by the MoP. The Commission has verified and found that the depreciation amounts claimed are in accordance with the books of account. However, as per the applicable APERC Regulations, depreciation for tariff purposes shall be computed at the rates and in accordance with the terms specified by the CERC. The depreciation computed as per CERC rates is Rs. 785.78 crore. Accordingly, the Commission approves Rs. 785.78 crore towards depreciation for FY 2024–25. The depreciation, as per MYT filings and approved in the present Order, is shown in the table below.

Table 6: Depreciation MYT Order Vs Filings Vs Approved for FY 2024-25 (Rs.Crs.)

FY	As per MYT	Filed	As per AA books(MoP)	As per CERC	Approved
2024-25	890.32	850.82	850.82	785.78	785.78

Taxes:

13. 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. The Tax, as per MYT filings and approved in the present Order, is shown in the table below.

Table 7: 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 (filed vs approved)
2024-25	110.58	113.26	113.26	0

The Actual Tax paid is Rs 2.68 crores, higher than the amount approved by the Commission in the MYT Order.

Return On Capital Employed

14. APTRANSCO has stated that the return on capital employed (ROCE) is calculated using the Regulated Rate Base (RRB). The RRB is calculated by deducting accumulated depreciation and consumer contributions from the value of gross fixed assets, then adding the working capital requirements for each year of the control period and 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 8: Comparison of Original Cost of Fixed Assets during the FY2024-25(Rs. Crs)

Particulars	Total
OCFA as per MYT Order for 1st year of 5th CP i.e 2024-25	17309.00
OCFA filed by the APTransco	16994.29
Additions to OCFA as per MYT Order	2996.86
Additions to the OCFA filed by the APTransco	1804.48

As seen in the table above, additions to assets are much lower than under the MYT Order, and hence ROCE is much lower than under 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 9: Change in Rate Base & RRB MYT Vs Filings Vs Approved for FY 2024-25(Rs. Crs.)

FY	Change in Rate base filed by the Transco	Change in Rate Base Approved by the Commission	Variance(filed vs approved)	RRB as per MYT	RRB filed by the Transco	RRB Approved by the Commissi on	Variance (filed vs approval)
2024-25	481.45	513.97	-32.52	9041.33	8209.60	8232.55	-22.95

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

Table 10: Working Capital -MYT Order Vs Filings Vs Approved for FY 2024-25(Rs. Crs)

FY	As per MYT	As per filings	Approved
2024-25	193.00	167.61	158.04

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

FY	MYT Order		True up filings		APER Approved		WACC Variation over MYT
	Cost of Debt	WACC	Cost of Debt	WACC	Cost of Debt	WACC	
2024-25	11	11.75	7.25	8.94	7.25	8.94	-2.81

The RoE has been taken at 14 per cent for WACC computation, and the APTransco's request to consider it at 15.5 per cent has been rejected, as the Commission has fixed the RoE at 14 per cent in the MYT Order after considering the CERC norms and other parameters in accordance with its Regulation.

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

Table 12: ROCE- MYT Order Vs Filings Vs Approved for the 1st year of 5th CP(Rs. Crs.)

Financial year	As per MYT Order	APTransco Filings for 4CP	Approved by Commission
2024-25	1062.40	733.73	735.78

As seen in the table above, the ROCE computed for the present order is lower by Rs. 326.62 crore than that of the MYT Order. The difference between the filings and the Commission's computation is primarily due to the variation of RRB.

Total Revenue

15. APTRANSCO has submitted a reconciliation statement explaining the difference between the revenue claimed in the True-up Petition and the revenue reflected in the audited books of accounts. After examining the reconciliation and the regulatory treatment of true-up/true-down adjustments, the Commission has considered the Total Revenue, as reported in the filings. The Revenue from Tariffs, as per the MYT Order, filings, and as approved in this Order, is shown in the table below.

Table No. 13: Total Revenue - MYT Order Vs Filings Vs Approved for the 1st year of 5th CP
(Rs. Crs)

Financial Year	Total Revenue as per MYT Order	APTransco filed Total Revenue for FY 2024-25	Total Revenue Approved by Commission	Variation
1	2	3	4	5=2-4
2024-25	3370.26	3873.80	3873.80	-503.54

The Other Income (Non-Tariff Income and Income from ISTS Charges), as per the MYT Order, Filings, and approved in this Order, is shown in the table below.

Table 14: Other Income - MYT Order Vs Filings Vs Approved for the 1st year of 5th CP
(Rs. Crs)

Financial Year	Approved in Tariff Order	As per filings	variation over the tariff order	Commission Approved for 5th CP	variation over the True up filings
1	2	3	4=(2-3)	5	6=(3-5)
2024-25	200.00	360.01	160.01	360.01	-160.01

As shown in the table above, APTRANSCO's Other Income exceeded the approved amount by Rs. 160.01 Cr.

16. As discussed above, the Commission has determined a true-down (net aggregate gain) of Rs. 1,071.84 Crores for FY 2024–25 as against Rs. 931.11 Crores filed by APTRANSCO. The detailed computations are shown in Annexure II. A summary of the filings vis-à-vis the Commission’s approval in the present Order is furnished in the table below:

Table 15: Commission's estimated True-down of APTRANSCO Vs Filings during the 1st year of 5th CP

(Rs. in Crores)

Financial Year	2024-25			
Items	**MYT Order**	**As per filings**	**Approved by APERC**	**Deviation**
Expenditure	2569.36	2323.65	2180.89	388.47
Gross O&M Costs	1568.46	1359.57	1281.85	286.61
O&M Carrying Costs	0.00	0.00	0.00	0.00
Depreciation	1044.17	850.82	785.78	258.39
Taxes incl. MAT	110.58	113.26	113.26	-2.68
Special Appropriation	0.00	0.00	0.00	0.00
Other Expenditure	0.00	0.00	0.00	0.00
Terminal Benefits	0	0	0	0.00
Expenses Capitalized	261.46	114.70	114.71	146.75
IDC Capitalized	0.00	0.00	0.00	0.00
O&M Expenses Capitalised	261.46	114.70	114.71	146.75
Net Expenditure	2307.90	2208.95	2066.18	241.72
Return on Capital Employed	1062.36	733.73	735.78	326.58
Aggregated Revenue Requirement (ARR)	3370.26	2942.69	2801.96	568.30
Total Revenue	3370.26	3873.80	3873.80	-503.54
Non-tariff Income	100.00	49.64	49.64	50.36
Revenue from Tariff	3170.26	3513.79	3513.79	-343.53
Tariff from others (ISTS lines)	100.00	310.37	310.37	-210.37
Revenue Received against the True-up order 2014-15 to 2018-19				
Surplus/Deficit	0.00	931.11	1071.84	-1071.84

17. As shown above, the Commission determines the true-down amount at Rs. 1,071.84 Crores for FY 2024–25. Out of the said amount, Rs. 892.09 Crores was provisionally adjusted against the transmission charges payable by APDISCOMs as disclosed under Note 16A of the audited accounts books. Accordingly, after considering the above provisional adjustment, APTRANSCO is directed to pass on the balance amount of Rs. 179.75 Crores to the APDISCOMs in proportion to their respective total energy drawals during FY 2024–25. As the majority of the true down amount has already been passed on to the DISCOMS, interest on the true down amount does not arise, as requested by some stakeholders.

18. Further, as per the Regulation, for the purpose of sharing gains and losses with the users, only the aggregate gains or losses for the Control Period as a whole shall be considered. Therefore, APTransco is at liberty to claim any variation in the expenditure of the controllable item, considering cumulatively in the subsequent year's true-up/down filings. Any grievance in this Order may also be brought to the

notice of the Commission in the True-up/down filings for FY2025-26 for an appropriate decision by the Commission based on the merits.

19. Regarding stakeholders' requests to directly adjust True-down amounts on consumer bills, transmission costs are one of several components of the ARR for Distribution Licensees. The true down determined in this Order is already appropriately factored into the revenue gap estimate in the RST Order for FY2026-27 to pass on the benefit to the consumers. Hence, no adjustments to consumers' bills arise.

20. Accordingly, the petitions are disposed of.

Sd/-
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.
2	Sri. Kandarapu Murali, Secretariat member CPI(M), Tirupati District Committee.
3	Sri Ch. Babu Rao, State Secretariat Member, CPI (M).

ANNEXURE-II

APTRANSCO - True-down of Transmission Business - MYT Vs Filings Vs Approved for FY 2024-25

Sl.No	Items	Tariff Order (MYT)	As per the filings, OP 82 of 2025	True up actuals as per AA(approved) by APERC	Deviation
1	**Assets (1.1 + 1.2)**	**20305.86**	**18798.77**	**18798.77**	**1507.09**
1.1	Original Cost of Fixed Assets (OCFA)	17309.00	16994.29	16994.29	314.71
1.2	Additions to OCFA	2996.86	1804.48	1804.48	1192.38
2	**Depreciation (2.1 + 2.2)**	**9230.05**	**8955.77**	**8890.73**	**339.32**
2.1	Opening Balance	8185.88	8104.95	8104.95	80.93
2.2	Depreciation during the year	1044.17	850.82	785.78	258.39
3	**Consumer Contribution (3.1 + 3.2)**	**1251.14**	**1319.57**	**1319.57**	**-68.43**
3.1	Opening Balance	1251.14	1328.80	1328.80	-77.66
3.2	Additions during the year	0.00	-9.23	-9.23	9.23
	Ind AS Revaluation of Grants Reserve				0.00
4	**Working Capital (4.1 + 4.2)**	**193.00**	**167.61**	**158.04**	**34.96**
4.1	O&M (45 days Net O&M Expenses)	193.00	167.61	158.04	34.96
4.2	O&M Stores Inventory	0.00			0.00
5	**Change in Rate Base (1.2-2.2-3.2)/2**	**976.35**	**481.45**	**513.97**	**462.38**
6	**Regulated Rate Base (1.1-2.1-3.1+4+5)**	**9041.33**	**8209.60**	**8232.55**	**808.78**
7	**Capital Structure**				
7.1	Debt @ 75%	75%	75%	75%	
7.2	Equity @ 25%	25%	25%	25%	
8	**Cost of Funds (per cent)**				
8.1	Cost of Debt (per cent)	11.00%	7.25%	7.25%	
8.2	Return on Equity(percent)	14%	14%	14%	
9	**WACC (7.1x8.1)+(7.2x8.2)**	11.75%	**8.94%**	**8.94%**	
10	**Return on capital employed (6 x 9)**	1062.36	**733.73**	**735.78**	**326.58**
11	**Expenditure (11.1 to 11.7)**	**2569.36**	**2323.65**	**2180.89**	**388.47**
11.1	Gross O&M Costs	1568.46	1359.57	1281.85	**286.61**
11.2	O&M Carrying Costs	0.00	0.00	0.00	0.00
11.3	Depreciation	890.32	850.82	785.78	104.54
11.4	Taxes incl. MAT	110.58	113.26	113.26	-2.68
11.5	Special Appropriation	0.00	0.00	0.00	0.00
11.6	Other Expenditure	0.00	0.00	0.00	0.00
11.7	Terminal Benefits	0	0	0	0.00
12	**Expenses Capitalized (12.1 + 12.2)**	**261.46**	**114.70**	**114.71**	**146.75**
12.1	IDC Capitalized	0.00	0.00	0.00	0.00
12.2	O&M Expenses Capitalised	261.46	114.70	114.71	146.75
13	**Net Expenditure (11-12)**	**2307.90**	**2208.95**	**2066.18**	**241.72**
14	**Aggregate Revenue Requirement (ARR) (10+13)**	**3370.26**	**2942.69**	**2801.96**	**568.30**

15	**Total Revenue (15.1 + 15.2 + 15.3)**	**3370.26**	**3873.80**	**3873.80**	**-503.54**
15.1	Non-Tariff Income	100.00	49.64	49.64	50.36
15.2	Revenue from Tariff (operations)	3170.26	3513.79	3513.79	-343.53
15.3	Provisionally adjustments				0.00
15.4	Tariff from others (ISTS lines)	100.00	310.37	310.37	-210.37
15.5	As per the order of the 4th control period (True up)				
16	**Net Revenue Gap (15-14)**	**0.00**	**931.11**	**1071.84**	**-1071.84**