

MIAL/VPR/2017-18/03

15th May, 2017

The Secretary,
Airports Economic Regulatory Authority of India,
AERA Building, Administrative Complex, Safdarjung Airport,
New Delhi – 110 003.

Madam,

Sub: - Multi Year Tariff Proposal and Annual Tariff Proposal for the Second Control Period in respect of M/s Indian Oil Skytanking Private Limited (IOSL) for providing Into Plane Services at CSI Airport, Mumbai

Ref: - Consultation Paper No. 1/2017-18 dated 11th April, 2017

At the outset, we thank the Authority for the opportunity given to provide our comments on the abovementioned Consultation Paper.

IOSL proposed an increase of 34% from the existing tariff for 2016-17 and 8% increase on year over year for subsequent years of second Control Period. However, the Authority has proposed only 10% Increase in existing tariff for 2016-17.

However, as submitted by IOSL, there has been considerable increase in operating expenses due to additional manpower cost for meeting the DGCA requirement, increase in expenses for offices and Portacabin, necessitated due to operations at two sites as against earlier envisaged single operating site, apart from annual cost escalation. Though Authority has decided to adopt "Light Touch Approach" for determination of tariffs in light of service provided being "material but competitive" it has considered return on average RAB for tariff determination, which is not the right approach.

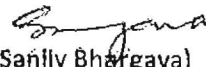
Further, a notional 10% increase for FY 2016-17 with no further increase for FY 2017-18 is not at all appropriate. Authority should consider allowing a suitable increase for FY 2017-18 as well. Even if the Authority approves the revision for FY 2016-17, IOSL shall not be able to recover the same and such increase proposed is already lost before being approved.

In view of increase proposed for FY 16-17 already lost and increased expenses due to special requirements by DGCA, the Authority is requested to approve suitably enhanced increase in ITP charges from the proposed 10% increase.

Thanking you,

Yours sincerely,

For Mumbai International Airport Pvt. Ltd.


(Sanjiv Bhargava)

Vice President Regulatory

