

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

- 1. Shri Bhanu Bhushan, Member**
- 2. Shri R. Krishnamoorthy, Member**

Petition No. 26/2007

In the matter of

Approval of tariff in respect of Khandong Power Station (2X25 MW) for the period from 1.4.2004 to 31.3.2009.

And in the matter of

North Eastern Electric Power Corporation Ltd.

....**Petitioner**

Vs

1. Assam State Electricity Board, Guwahati
2. Meghalaya State Electricity Board, Shillong
- 3 Tripura State Electricity Development Corporation, Agartala
4. Power and Electricity Department, Govt. of Mizoram, Aizawl
5. Electricity Deptt, Govt. of Manipur, Imphal
6. Department of Power, Govt. of Arunachal Pradesh, Itanagar
7. Department of Power, Govt. of Nagaland, Kohima
8. North Eastern Regional Power Committee, Shillong
9. North Eastern Regional Load Despatch Centre, Shillong

.....**Respondents**

The following were present:

1. Shri P. K. Borah, NEEPCO
2. Shri D. Dey, NEEPCO
3. Shri B. K. Chakraborty, NEEPCO
4. Shri D. Chaudhary, NEEPCO
5. Shri A. G. West, NEEPCO
6. Shri P. K. Agrawal, NEEPCO
7. Shri P. Mazumdar, NEEPCO
8. Shri P.K. Hazarika, ASEB
9. Shri K. Goswami, ASEB
10. Shri L. Priyakumar, Electricity Department, Manipur
11. Shri M. Jaduswami Singh, Electricity Department, Manipur
12. Shri W. Rehman, Department of Power, Arunachal Pradesh
13. Shri A. Gian Chaudhuri, TSECL
14. Shri K. N. War, MESEB
15. Shri T. Passah, MESEB
16. Shri L. K. Kanungo, NERLDC

17. Shri R. Sutradhar, NERLDC
18. Shri H. M. Sharma, Consumer
19. Ms. Seema Sharma, Advocate, Consumer

ORDER
(Date of Hearing: 2.8.2007)

The petitioner has filed this petition for approval of tariff in respect of Khandong Power Station (2X25 MW) (hereinafter referred to as “the generating station”) for the period 1.4.2004 to 31.3.2009 in accordance with the provisions of the Central Electricity Regulatory Commission (Terms & Conditions of Tariff) Regulations, 2004 (hereinafter referred to as “the Tariff Regulations, 2004”).

2. We have heard the representatives of the petitioner and the respondents present as well as Ms. Seema Sharma, Advocate and Shri H. M. Sharma, of ASEB for the consumer respondent. We observe that certain additional information and clarifications are required from the petitioner. Accordingly, the petitioner is directed to submit the following information on affidavit latest by 31.8.2007 with an advance copy to the respondents as well as the Advocate for the consumer respondent:

- (a) The petitioner has considered cumulative depreciation up to 31.3.2001 as Rs.3143 lakh, whereas the petitioner in its tariff petition for 2001-04, had considered cumulative depreciation for the corresponding period as Rs.3561 lakh. This needs clarification and reconciliation.
- (b) Reasons for claiming depreciation at the rate of 6% for assets such as 11 kV, 33 kV transmission lines and furniture-township, as against

the normative depreciation rate of 3.6% as per the tariff regulations, 2004.

- (c) O&M expenditure for the period 1998-99 to 2002-03 submitted in the petition needs to be certified by the Auditor.
- (d) A certificate to the effect that assets related to Associated Transmission System were transferred to PGCIL and corresponding transfer value was reduced from the Gross block of the generating station. Petitioner shall also certify that the same was accounted for in the tariff Petition No.36/2003 filed for the period 2001-04.
- (e) Total Ex-Gratia payments made to employees of the station during 1998-99 to 2002-03.

3. The petitioner has submitted certain information vide its affidavit dated 8.8.2007 in response to the Commission's letter dated 17.7.2007. In the said affidavit, the petitioner has given the reasons for increase of more than 20% in various heads of O&M expenses. Further information/clarification, is required as follows:

- (a) **Security Expenses-** It has been mentioned that increase in security expenses during the year 2002-03 is on account of reimbursement of bills amounting to Rs.65 lakhs for Kopili HEP which was raised by State Govt. for police battalion and security personnel engaged at the project during the years 1995-96, 1999-2000, 2000-01 and 2001-02. Out of this amount, the amount pertaining to the year 1995-96 should be

segregated as the same falls beyond the consideration period i.e 1998-99 to 2002-03. Further, security expenses incurred on Kopli Power Station (4x50 MW) and Khandong Power Station (2x25 MW) during the years 1999-2000, 2000-01 and 2001-02 should be submitted separately as the two stations are considered independent entities for the purpose of tariff.

(b) **Employee expenses** – It has been mentioned that the increase in employee expenses during the year 2000-01 was due to revision of pay and other benefits and payment of arrears to the employees. Arrears for an amount of Rs.7.38 lakh and 5.30 lakh were paid during 2000-01 and 2001-02 respectively to the employees of Kopili HEP. As the wage revision was effective from 1.1.1997, arrears paid for the period 1.1.1997 to 31.3.1998 (period not in the consideration zone) should be segregated from the arrears for the period 1998-99 to 1999-2000. Further, arrears paid for the period from 1998-99 to 1999-2000 should be submitted separately in respect of Kopili power Station and Khandong power station, as the two power stations are considered independent of each other for the purpose of tariff.

(c) Details of “other expenses” under the head of Administrative expenses.

4. Subject to submission of the above information, order is reserved.

Sd/-
(R. KRISHNAMOORTHY)
Member

Sd/-
(BHANU BHUSHAN)
Member

New Delhi, Dated the 21st August, 2007