

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Coram:**

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

**Petition No. 76/2007**

**In the matter of**

Approval of tariff in respect of Kopili Hydro Electric Project - Kopili Power Station (4x50MW) 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. Department of Power, Govt. of Tripura, 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 Electricity Board, 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. Priyaokumar, 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 Kopili Power Station (4x50MW) (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) Auditor’s certificate in respect of the O & M expenditure for the period 1998-99 to 2002-03 submitted in the petition.
- (b) It is observed from the Auditor’s certificate that the additional capital expenditures in books of accounts for the year 2004-05 and 2005-06 are Rs.61.13 lakh and Rs.9.07 lakh respectively. However, the corresponding additional capital expenditures claimed in the petition

are Rs.57 lakh and Rs.22 lakh respectively. This discrepancy needs clarification. The petitioner should also certify that there is no undischarged liability in the additional capital expenditure.

- (c) 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.
- (d) Ex-gratia payments made to the employees of the station during 1998-99 to 2002-03.
- (e) Funding pattern for additional capital expenditure for periods 2001-04 and 2004-09 including the details of the loans, if any, raised for the purpose.
- (f) The petitioner has considered cumulative depreciation up to 31.3.2001 as Rs.6244 lakh, whereas the petitioner had earlier considered cumulative depreciation for the corresponding period as Rs.5826 lakh in its tariff petition for 2001-04. This needs clarification.
- (g) Reasons for claiming depreciation at the rate of 6% for assets such as 11 kV and 33 kV transmission lines as against the normative depreciation of 3.6% as per the tariff regulations, 2004.
- (h) Details of the changes in the interest rates of the syndicated loan carrying floating rates of interest, effective dates of such changes and supporting documents therefor.

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. Further information/clarification is required as under:

- (a) The following variation observed between Gross block as per Auditor's certificate and Gross block indicated in affidavit dated 08.08.2007 needs reconciliation:

(Rs. lakhs)

	As per auditor's certificate	As per affidavit dt 8.8.2007
Gross block as on 31.3.2005	26097.13	26130
Gross block as on 31.03.2006	26106.20	26152

- (b) As regards the explanation given for increase of more than 20% on various heads of O&M expenses, the petitioner is directed to submit further information in respect of the following:

- (i) **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 for the years 1995-96, 1999-2000, 2000-01 and 2001-02. Out of this, the amount pertaining to the year 1995-96 should be segregated as the same is beyond the consideration period i.e 1998-99 to 2002-03. Further, security expenses incurred on Kopili 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.

(ii) **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 21<sup>st</sup> August, 2007**