

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Record of Proceedings

Petition No.40/2009

Subject: Determination of impact of annual fixed charges on account of additional capital expenditure incurred during the years 2004-05 and 2005-06, in respect of Rangit HE Project.

Coram: Dr. Pramod Deo, Chairperson
Shri R.Krishnamoorthy, Member
Shri S.Jayaraman, Member
Shri V.S.Verma, Member

Date of Hearing: 14.5.2009

Petitioners: NHPC Ltd.

Respondents: WBSEDCL, DVC, JSEB, BSEB, Dept of Power, Govt of Sikkim.

Parties present: Shri Prashant Kaul, NHPC
Shri N.K.Chadda, NHPC
Shri M.S.Babu, NHPC
Shri V.N.Tripathi, NHPC
Shri S.K.Meena, NHPC
Ms. Niti Singh, NHPC
Shri R.B.Sharma, Advocate, BSEB

This petition has been filed by the petitioner, NHPC for determination of impact of annual fixed charges on account of additional capital expenditure incurred during the years 2004-05 and 2005-06, in respect of Rangit HE Project (hereinafter referred to as "the generating station")

2. The representative of the petitioner submitted that it had incurred additional capital expenditure on certain works which were required for successful operation of the generating station and prayed that the Commission allow the additional capital expenditure incurred for the purpose of tariff.

3. Learned counsel for the respondent, BSEB , submitted that the petitioner be directed to submit audited statement of accounts alongwith certificate that the additional capital expenditure claimed is in accordance with the provisions of clause 34 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff, Regulations, 2004 ("the 2004 regulations"). Learned counsel also pointed out that there was no provision in sub-clause (2) of clause 34 of the

2004 regulations for claim of capital spares and that capitalization of spares form part of O&M.

4. The petitioner was directed to submit the following information on affidavit, latest by 5.6.2009, along with soft copies, with advance copy to the respondents.

1. Investment approval in support of the additional capital expenditure incurred during the years 2004-05 and 2005-06;
2. Clarification as to the mismatch in the reconciliation of additional capital expenditure with that of books of accounts for the year 2004-05;
3. Categorisation of each asset for which additional capital expenditure has been claimed under different sub-clauses of clause Regulation 34 of the 2004 regulations with supporting details;
4. Certificate to the effect that additional capital expenditure claimed has actually been paid for and does not include any undischarged liability;
5. In case additional capitalisation includes any undischarged liability, the details thereof as on 1.4.2004, 1.4.2005 and 1.4.2006;
6. Details of corresponding de-capitalization alongwith the amount capitalized in respect of replaced assets, with proper linkages, date on which the replaced assets were put in service and taken out of service and the cumulative depreciation recovered in tariff on these assets;
7. Date on which the deleted assets and assets not in use were put in service and taken out of service and the cumulative depreciation recovered on these assets;
8. Clarification in respect of the items considered for 'adjustment of cumulative depreciation'.

5. The respondents were directed to file their response, if any, on the information to be filed by the petitioner, latest by 19.6.2009, with a copy to the petitioner, who may file its rejoinder, if any, by 26.6.2009.

6. The petition shall be fixed for hearing on 16.7.2009.

Sd/-
(K.S.Dhingra)
Chief (Legal)