

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Coram:**

- 1. Shri Ashok Basu, Chairman**
- 2. Shri K.N. Sinha, Member**
- 3. Shri Bhanu Bhushan, Member**

**Petition No. 80/2004**

**In the matter of**

Approval of abnormal operation and maintenance expenses on account of additional security for the year 2003-2004 in Northern Region.

**And in the matter of**

Power Grid Corporation of India Ltd.

..... **Petitioner**

**Vs**

1. Rajasthan Rajya Vidyut Prasaran Nigam Ltd., Jaipur
2. Himachal Pradesh State Electricity Board, Shimla
3. Punjab State Electricity Board, Patiala
4. Haryana Vidyut Prasaran Nigam Ltd., Panchkula
5. Power Development Department, J&K
6. Uttar Pradesh Power Corporation Ltd., Lucknow
7. Delhi Transco Ltd., New Delhi
8. Chandigarh Administration, Chandigarh
9. Uttaranchal Power Corporation Ltd., Dehradun

..... **Respondents**

**The following were present:**

1. Shri U.K. Tyagi, DGM, PGCIL
2. Shri P.C. Pankaj, AGM, PGCIL
3. Shri C. Kannan, PGCIL
4. Shri U Chandra, ED, PGCIL
5. Shri G. N.Srivastava, GM, UPPCL
6. Shri A.K. Tandon, UPPCL
7. Shri R. K. Arora, HPVPL

**ORDER  
(DATE OF HEARING: 21.9.2004)**

This petition has been filed for approval of abnormal security expenses for the year 2003-2004 in respect of Northern Region.

2. In accordance with the Commission's notification dated 26.3.2001 on terms and conditions of tariff, applicable for the period from 1.4.2001 to 31.3.2004, operation and maintenance expenses, including insurance, if any, are to be calculated as under:

- i) Where O&M expenses, excluding abnormal O&M expenses, if any, on sub-station (OMS) and line (OML) are separately available for each region, these shall be normalised by dividing them by number of bays and line length respectively. Where data as aforesaid is not available, O&M expenses in the region are to be apportioned to the sub-station and lines on the basis of 30:70 ratio and these are to be normalised as below:

$$\text{O\&M expenses per Unit of the line length in Kms (OMLL)} = \frac{\text{Expenses for lines (OML)}}{\text{Average line length in Kms (LL)}}$$

$$\text{O\&M expenses for sub-stations (OMBN)} = \frac{\text{O\&M expenses for substations (OMB)}}{\text{Average number of bays (BN)}}$$

- ii) The five years average of the normalised O&M expenses for lines and for bays for the period 1995-96 to 1999-2000 is to be escalated at 10% per annum for two years (1998-99 and 1999-2000) to arrive at normative O&M expenses per unit of line length and per bay for 1999-2000.
- iii) The normative O&M per unit length and normative O&M per bay for the year 1999-2000 for the region derived in the preceding paragraph is to be escalated @ 6% per annum to obtain normative values of O&M expenses per unit per line length and per bay in the relevant year. These normative values are to be multiplied by line length and number of bays (as the case may be) in a given system in that year to compute permissible O&M expenses for the system.

- iv) The escalation factor of 6% per annum is to be used to revise normative base figure of O&M expenses. Any deviation of the escalation factor computed from the actual inflation data that lies within 20% of the notified escalation factor of 6% shall be absorbed by utilities/beneficiaries.

3. While calculating allowable normative O&M expenses for Northern Region based on 5-year data furnished by the petitioner for the tariff period 1.4.2001 to 31.3.2004, the abnormal O&M expenses, including special security expenses have been deducted. The petitioner seeks approval for reimbursement of Rs. 162.36 lakh as the special security expenses incurred for providing additional security at Wagoora sub-station under Uri Transmission System during 2003-04.

4. It has been stated that Wagoora sub-station in Kashmir Valley is facing severe law and order problem and is under constant threat of militancy and terrorism. In order to counter the threat, the petitioner has deployed Central Industrial Security Force (CISF) at Wagoora sub-station since the construction of Uri Transmission System. It is stated that J&K Police had shown its inability to provide security to the sub-station. The petitioner has listed a number of instances to justify deployment of CISF at Wagoora sub-station. The petitioner's claim for reimbursement of special security expenses is supported by auditors' certificate dated 15.7.2004.

5. No serious objection to reimbursement of the expenditure incurred by the petitioner is raised in the replies filed on behalf of the respondents. The

apprehensions expressed are regarding further claim by the petitioner on account of abnormal security expenses in future.

6. The Commission, by order dated 24.9.2004 had directed the petitioner to file a comparative statement (under the heads salary, uniform, ammuniton, no. of persons employed etc.) giving break up of expenses claimed during 2001-02, 2002-03 and 2003-04 with reasons for increase in expenses during 2003-04.

7. The petitioner has accordingly submitted following break up of year-to-year expenses:

Ser No.	Description	Amount (Rs in lakh)			Remarks
		2002-02	2002-03	2003-04	
1	Salary	114.60	119.50	130.34	The amount in 2003-04 includes leave encashment to the extent of Rs 6.02 lakh paid in 2003-04 for the FY 2001-02, 2002-03 and 2003-04.
2	Medical	2.56	2.62	3.41	
3	Vehicle expenses	2.70	3.48	3.48	
4	Others	21.06	20.03	25.13	Others include expenditure on account of Uniform, Ammunitions, Hardcoke, Printing & stationery, repairs of Barracks, providing sand bags, special meals on Republic Day and Independence Day, telephone expenses etc.
	<b>Total</b>	<b>140.92</b>	<b>145.63</b>	<b>162.36</b>	

8. The petitioner has explained the year-to-year variation on account of normal increases in salary, DA, allowances and the escalation.

9. The petitioner has stated that total number of 108 employees are deployed at Wagoora sub-station, which includes one Assistant Commandant, one Inspector, 8 Sub-Inspectors, 3 Asstt. Sub-Inspectors, 24 Head Constables, 62 Constables and 8 other staff.

10. The petitioner has further submitted an affidavit on 19<sup>th</sup> November, 2004 justifying presence of additional security forces, like CISF. The petitioner has stated that its working personnel are in a state of regular threat from the militants of which there had been incidents in the past. So far normal operation and maintenance of Wagoora sub-station, associated lines and various constructional activities had been possible because of the deployment of organised and professional security forces. The petitioner has further stated that continuation of the security force is required to give a sense of security/safety to the personnel working in the area. In support of continued requirement of CISF at Wagoora sub-station and the fact that militancy related incidents in the valley have not completely abated, the petitioner has placed on record cuttings from the newspapers.

11. We have considered the submissions made. The normative O&M expenses for Northern Region have been calculated in accordance with methodology specified in the notification dated 26.3.2001 and summarised above. As noted above, the abnormal security expenses were not taken into account by the Commission while working out normalised O&M expenses for the purposes of tariff for the tariff period 1.4.2001 to 31.3.2004. We are satisfied that the expenditure has been incurred by the petitioner on making special security arrangements at Wagoora sub-station for the reasons beyond its control and in the overall interest of security of the transmission

system. Therefore, in our view, the petitioner becomes entitled to reimbursement of the expenses incurred. We accordingly direct that the expenses for the year 2003-2004 as claimed by the petitioner shall be reimbursed by the respondents and shall be shared in the ratio of transmission charges for Uri Transmission System approved by the Commission vide its order dated 5.8.2003 in Petition No. 18/2002.

12. With this order, the present petition stands disposed of.

Sd/-  
**(BHANU BHUSHAN)**  
**MEMBER**

Sd/-  
**(K.N. SINHA)**  
**MEMBER**

Sd/-  
**(ASHOK BASU)**  
**CHAIRMAN**

**New Delhi dated the 22<sup>nd</sup> February 2005**