

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

1. Shri Ashok Basu, Chairman
2. Shri G.S. Rajamani, Member
3. Shri K.N. Sinha, Member

Petition No. 27/2002

In the matter of

Tariff for Korba I & II Transmission System from 1.4.2001 to 31.3.2004

Petition No. 28/2002

And in the matter of

Tariff for Kawas Transmission System for the period from 1.4.2001 to 31.3.2004

Petition No. 46/2002

And in the matter of

Tariff for Kakarpara Transmission System for the period from 1.4.2001 to 31.3.2004

Petition No. 47/2002

And in the matter of

Tariff for Vindhyachal Stage I Transmission System for the period from 1.4.2001 to 31.3.2004

Petition No. 48/2002

And in the matter of

Tariff for 53 MVAR Bus Reactor associated with Chandrapur sub-station for the period from 1.4.2001 to 31.3.2004

Petition No. 49/2002

And in the matter of

Tariff for Korba-Budhipadar Transmission Line for the period from 1.4.2001 to 31.3.2004

Petition No. 66/2002

And in the matter of

Tariff for Vindhyachal additional Transmission System for the period from 1.4.2001 to 31.3.2004

Petition No. 72/2002

And in the matter of

Tariff for Vindhyachal Stage II Transmission System for the period from 1.4.2001 to 31.3.2004

Petition No. 74/2002

And in the matter of

Tariff for Gandhar Transmission System for the period from 1.4.2001 to 31.3.2004.

Petition No. 88/2002

And in the matter of

Incentive based on availability of Transmission System in Western Region for the year 2001-2002

And in the matter of

Power Grid Corporation of India Ltd.	Petitioner
Vs		
Madhya Pradesh State Electricity Board and others	Respondents

ORDER

The petitions for approval of tariff for the period from 1.4.2001 to 31.3.2004 broadly fall in the following two categories:

- (a) Transmission system commissioned prior to 1.4.1997 where tariff for the period ending 31.3.2001 has been fixed based on Ministry of Power notification dated 16.12.1997 by taking normative debt and equity in the ratio of 50:50,

(b) Transmission system commissioned after 1.4.1997 in respect of which the tariff for the period up to 31.3.2001 has been fixed by the Govt. of India or CERC based on Ministry of Power notification dated 16.12.1997 by taking actual debt-equity employed by the petitioner.

2. In general, on the basis of preliminary examination of the petitions, the petitioner is directed to submit the details of allocation of loans raised at the corporate level to different transmission systems and system-wise repayment thereof in different years duly reconciled with the audited annual accounts of the petitioner company.

3. In addition, the asset-wise break-up of gross block considered in the tariff notifications issued by Ministry of Power, shall also be furnished by the petitioner. It is observed that repayment schedule of ING Bank loan (Replacement of Tranche A of IBJ-II) is not available. This needs to be furnished by the petitioner.

4. It is found that in Petition No. 49/2002 the copy of the term loan agreement of Punjab National Bank is not complete and dates of repayment are not available as Schedule II to the loan agreement is not enclosed, The petitioner is directed to furnish the deficit details.

5. The petitioner has not submitted the proper information in some of the tariff formats as indicated below:

- (a) Information of foreign loan in Form 10 in Indian rupees
- (b) The basic information of loan in foreign currency, exchange rate, etc., as per Form 11

6. The above details may be furnished by the petitioner duly supported by affidavits. Deficiencies similar to those pointed out in paras 3 to 5 above may apply to other tariff petitions as well. The petitioner shall furnish the requisite information/clarifications in all other cases where applicable.

7. The petitioner is further directed to furnish the following details in respect of all the petitions, so far as O&M expenses are concerned:

- (a) Detailed break-up of employee-cost included in the O&M expenses such as salary, welfare expenses, gratuity, leave encashment, bonus, incentive, ex gratia payments, etc.,
- (b) Whether the employee cost furnished for the years 1995-96 to 1999-2000 includes any arrears on account of pay revision for the period prior to 1995-96,
- (c) Detailed break-up of the "Miscellaneous Expenses" and also "other expenses" in Form 12 separately for the region as a whole as also for the corporate office,
- (d) Whether any income from the sale of bid documents, disposal of scrap and old equipment, vehicles and charges recovered for lending of ERS to other

agencies has accrued. If so the details thereof. This information is considered necessary in view of “nil” recovery shown in Form 12,

(e) Details of Corporate office expenses at all India level as per Part-B of Form 12.

8. There are variations in the average O&M cost per line length (AVOMLL) and average O&M cost per bay (AVOMBN) as calculated in Form 7 for the four regions, as is demonstrated below:

	REGION			
	NR	WR	SR	ER
AVOMLL (Lakhs/Km.)	0.42	0.28	0.42	0.60
AVOMBN (Lakhs/bay)	10.75	10.06	13.91	13.05

The petitioner is directed to explain the reasons for variations pointed out above.

9. In the foot note to Form-12, the petitioner has been asked to explain the reasons if year-to-year increase in expenses under any head is more than 20%. The information furnished by the petitioner has been examined in detail and our observations thereon are as under:

SL. No.	Head	Amount in Rs. Lakhs (Year)	Amount in Rs. Lakhs (Year)	Increase (%)	Reasons given by petitioner	Our Observation
1.	Employee Cost	382.32 (1995-96)	462.49 (1996-97)	20.97	Due to wage revision.	It may be confirmed that increase is not on account of arrears of pay for period prior to 95-96.
2.		462.49 (1996-97)	746.86 (1997-98)	61.49	Wage revision provision and increase in employee strength.	
3.		746.86 (1998-99)	902.20 (1999-00)	29.50	Due to increase in D.A, incentive, etc.	
4.	Communication	36.05 (1995-96)	45.36 (1996-97)	25.83	Gandhar-Dehgam line under O&M for full year.	The relation between O&M of particular line and communication expenses needs to be explained.
5.		45.36 (1996-97)	63.54 (1997-98)	40.08	Due to commissioning of HVDC and VINDH. ADDL during the year.	The relation between commissioning of line and communication expenses needs to be explained.
6.	Others	68.45 (1997-98)	341.11 (1998-99)	398.33	Restoration of transmission line network due to cyclone in Gujrat.	Restoration of network should reflect in increase under "R&M" head and not in "others" head. Incidentally, there is decrease in R&M during this period. These aspects should be clarified by the petitioner.
7.	Insurance	5.25 (1995-96)	7.67 (1996-97)	46.10	Gandhar-Dehgam line under O&M for full year.	The relation between insurance expenses and O&M of a particular line needs to be explained.
8.		7.67 (1996-97)	187.71 (1997-98)	2347.33	Insurance cost for the transmission system.	The petitioner normally does not resort to actual insurance but recovers a fixed percentage of capital cost as a insurance reserve. The expenditure needs proper explanation.
9.		187.71 (1997-98)	246.86 (1997-98)	31.51	HVDC Chandrapur insurance for full year.	
10.	Corporate office expenses	188.96 (1996-97)	470.19 (1997-98)	148.83	Due to no capital expenditure in the region.	Explanation is not satisfactory.
11.		470.19 (1997-98)	764.75 (1998-99)	62.65	Due to reduction in the capital expenses	
12.		764.75 (1998-99)	1075.12 (1999-00)	40.58		
13.	Miscellaneous	110.20 (1996-97)	156.49 (1997-98)	42.01	R&M of Kawas and Kakrapar Transmission line.	Explanation is not satisfactory.
14.		156.49 (1997-98)	236.05 (1998-99)	50.84	Inauguration expenses, review meeting etc.	
15.	Power Charges	264.59 (1997-98)	453.50 (1998-99)	71.40	HVDC and VINDH. (ADDL) under O&M for full year.	Explanation is not satisfactory.

10. The petitioner is directed to submit necessary clarifications.

11. The information may be made available duly supported by affidavit latest by 12.12.2002 with advance copy to the respondents.

12. List these petitions on 16th December, 2002 at 2.00 P.M.

Sd/-
(K.N. SINHA)
MEMBER

Sd/-
(G.S. RAJAMANI)
MEMBER

Sd/-
(ASHOK BASU)
CHAIRMAN

New Delhi dated the 22nd November 2002