

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Coram:**

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

**Petition No.22/2005**

**In the matter of**

Approval of abnormal Operation and Maintenance expenses on account of additional security for the year 2003-04 in North-Eastern Region.

**And in the matter of**

Power Grid Corporation of India Ltd, Gurgaon

.....**Petitioner**

Vs

1. Assam State Electricity Board, Guwahati
2. Meghalaya State Electricity Board, Shillong
3. Govt. of Arunachal Pradesh, Itanagar
4. Power & Electricity Deptt., Govt. of Mizoram, Aizawl
5. Electricity Deptt., Govt. of Manipur, Imphal
6. Department of Power, Govt. of Nagaland, Kohima
7. Tripura State Electricity Corporation Limited, Agartala

..... **Respondents**

**The following were present.**

1. Shri H.K. Puri, Advocate, PGCIL
2. Shri A. Poddar, Advocate, PGCIL
3. Shri Anand Mohan, ED (Comml), PGCIL
4. Shri P.C. Pankaj, AGM (Comml), PGCIL
5. Shri M.M. Mondal, CM (Fin), PGCIL
6. Shri U.K. Tyagi, DGM, PGCIL
7. Shri C. Kannan, Chief Manager(Fin), PGCIL
8. Shri H.M. Sarma, RE, ASEB
9. Shri K. Goswami, AEE, ASEB
10. Shri Dipak Ganguli, CMD, TSECL
11. Shri M. Debrama, EE, TSECL

**ORDER**  
**(DATE OF HEARING: 17.5.2005)**

The petition is for approval of abnormal O&M expenses on account of deployment of additional security forces at Kumarghat and Bongaigaon sub-stations for the year 2003-2004 in North-Eastern Region.

2. According to Clause 4.4 of the Commission's notification dated 26.3.2001 on terms and conditions of tariff, O&M expenses, excluding abnormal O&M expenses, if any, on sub-stations and lines are normalised by dividing them by number of bays and line length respectively. Accordingly, the abnormal O&M expenses are excluded from the total O&M expenses of the region for arriving at normative O&M expenses per Ckt Km and per bay. The notification dated 26.3.2001 envisages filing of separate application to claim any abnormal O&M expenses, including the special security expenses. The present petition is filed against the above facts.

3. It has been stated that the petitioner had deployed Tripura State Rifles, at Kumarghat sub-station forming part of Agartala-Kumarghat transmission line and CISF at Bongaigaon sub-station under Kathalguri Transmission System, to afford security to its assets and the personnel deployed on these two sub-stations because of inhospitable terrain, difficult law and order situation and disturbed conditions prevailing in the area in North Eastern Region. This also ensures uninterrupted power supply. The petitioner has catalogued the instances of kidnapping of its personnel and contractors, necessitating special security arrangements to justify deployment of additional forces at Bongaigaon and Kumarghat sub-stations. It has also placed on record some documents to support its contention of unsavory situation prevailing in

the region. Accordingly, the petitioner has claimed the following expenditure on salary etc of the personnel deployed on special security as abnormal O&M expenses:

<u>Sub-station</u>	<u>Expenditure</u> (Rs. in lakh)
(a) <b>Kumarghat sub-station</b>	68.23*
(b) <b>Bongaigaon sub-station</b>	30.59 (50% of total expenses of Rs.61.19 lakh)

\*The break up of the amount of Rs.68.23 lakh claimed for Kumarghat sub-station is Rs.38.75 lakh for 2003-04 and Rs.29.48 lakh on account of revision of salary of personnel of Tripura State Rifles from 1.4.2001 to 31.3.2003, paid in 2003-04.

4. So far as the special security expenditure at Bongaigaon sub-station is concerned, the petitioner has claimed 50% of the total expenditure of Rs.61.19 lakh apportioned to this sub-station from the constituents of the North-Eastern Region. The balance 50% expenses for Bongaigaon sub-station were claimed from the constituents of the Eastern Region in petition No.83/2004. As regards Kumarghat sub-station, the petitioner's full claim is against the beneficiaries in the North-Eastern Region. The claims of the petitioner are supported by the auditor's certificate dated 8.10.2004 (Encl 3 to the petition).

5. Replies have been filed on behalf of the respondents. According to them, constituents of North-Eastern Region are paying transmission charges at a rate of 35 paise/kWh under the Unified Common Pool Transmission Tariff (UCPTT). The UCPTT tariff of 35 paise/kWh had been frozen by the Commission. It was contended that UCPTT rate of 35 paise/kWh is already on the higher side. It is further submitted that other utilities in the North-Eastern Region, like NEEPCO, have not claimed re-imburement of abnormal security expenses. They have pleaded that under these

circumstances, they were not liable to abnormal O&M expenses on account of additional security claimed by the petitioner in the present petition as it will have the effect of increasing the burden of the consumer in the North-Eastern Region.

6. It is also contended by the respondents that the law and order situation was not as grim as painted by the petitioner. The representative of Tripura State Electricity Corporation Limited (TSECL) contended that at its own sub-stations no additional security is employed and thus the expenditure claimed by the petitioner is a wasteful expenditure. The representative of the petitioner has explained that the petitioner had made every effort to procure additional security cover from the State Governments in the North-Eastern Region for its establishments in that region. However, these efforts bore no results. Therefore, CISF and Tripura State Rifles were deployed at these two sub-stations.

7. On consideration of the facts placed on record by the petitioner, we are satisfied that the petitioner was required to make special arrangements to ensure safety and security of its personnel and property. The incidents narrated by the petitioner in support of its claim in petition justify deployment of additional forces. The expenses were essential and unavoidable. In the absence of necessary security arrangements, any untoward incident could have resulted in disruption of power supply in the region, depriving the consumers, railways and other industry in the region of electricity. The loss on account of such deprivation could prove disastrous. Therefore, we are satisfied that the respondents are the ultimate beneficiary of the special security arrangements made by the petitioner, and they should reimburse the expenditure incurred.

8. We do not find much merit in the other contention of the respondents that they should not be made liable to pay any expenses beyond 35 paise/kWh of the power transmitted on the transmission network in the North-Eastern Region belonging to the petitioner. Any additional/abnormal expenditure which was not in contemplation when UCPTT rate of 35 paise/kWh was decided in 1998, shall have to be paid additionally. We may also add that the constituents of the North-Eastern Region are paying UCPTT rate of 35 paise/kWh, much less than the actual tariff of about 90 paise/kWh.

9. Accordingly, we direct that the entire abnormal security expenses for Kumarghat sub-station as claimed by the petitioner shall be borne by the beneficiaries of the North-Eastern Region. As regards Bongaigaon sub-station, it is noted that it forms part of the Kathalguri Transmission System, which includes Malda-Bongaigaon transmission line, an inter-regional asset. The Commission in its order dated 22.2.2005 in petition No.83/2004, (which related to reimbursement of abnormal expenses by the beneficiaries in Eastern Region) has found that the additional security expenses of Rs.75.10 lakh are apportioned to Bongaigaon sub-station. 50% of the transmission charges for Malda-Bongaigaon transmission line are borne by the beneficiaries in Eastern Region and 50% by the constituents of North-Eastern Region. Accordingly, the beneficiaries in North-Eastern Region are liable to pay only 50% of the abnormal security expenses of Rs.75.10 lakh for Bongaigaon sub-station. The charges to be borne by the beneficiaries in the North-Eastern Region for the year 2003-04 are accordingly summarised below:

<u>Sub-station</u>	<u>Expenditure</u> (Rs. in lakh)
(a) <b>Kumarghat sub-station</b>	68.23
(b) <b>Bongaigaon sub-station</b>	37.55

10 The above abnormal security expenses shall be shared by the constituents of North-Eastern Region in proportion to the transmission charges shared by them for Agartala-Kumarghat transmission line and Malda-Bongaigaon transmission line, as applicable.

11 This order disposes of Petition No. 22/2005

**Sd/-  
(A.H. JUNG)  
MEMBER**

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

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

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

**New Delhi dated the 26<sup>th</sup> May 2005**