

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Coram:**

1. **Shri Ashok Basu, Chairman**
2. **Shri K.N. Sinha, Member**

**Petition No. 83/2003**

**In the matter of**

Approval of abnormal operation and maintenance expenses on account of additional security for the year 2001-2002 and 2002-2003 in Eastern Region

**And in the matter of**

Power Grid Corporation of India Ltd

....

**Petitioner**

**Vs**

1. Bihar State Electricity Board
2. West Bengal State Electricity Board
3. Grid Corporation of Orissa Ltd.,
4. Damodar Valley Corporation
5. Power Dept., Govt. of Sikkim
6. Jharkhand State Electricity Board

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**Respondents**

The following were present:

1. Shri U.L. Misra, Dir. (P&R), PGCIL
2. Shri U. Chandra, ED (Comml.), PGCIL
3. Shri U.K. Tyagi, DGM, PGCIL
4. Shri P.C. Pankaj, AGM (Comml.), PGCIL
5. Shri C. Kannan, CM (Fin), PGCIL
6. Shri M.M. Batra, PGCIL
7. Shri D.D. Dhayaseelan, PGCIL
8. Shri Pawan Singh, PGCIL
9. Shri R.P. Padhi, PGCIL

**ORDER  
(DATE OF HEARING: 3.2.2004)**

The petition is filed by the petitioner for approval of abnormal O&M expenses due to deployment of additional security forces at Salakati sub-station and Bongaigaon sub-station for the years 2001-2002 and 2002-2003 from the beneficiaries in the Eastern Region, was listed for hearing, after notice. None was present for the respondents.

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. Therefore, while calculating normative O&M expenses for the Eastern Region for purpose of tariff, based on data furnished by the petitioner, abnormal O&M expenses including special security expenses were excluded from computation. The notification dated 26.3.2001 envisages filing of separate application to claim abnormal O&M expenses, including the special security expenses. The present petition is filed against the above background.

3. It has been stated that the petitioner had deployed CISF at Salakati sub-station forming part of Chukha Transmission System and at Bongaigaon sub-station under Kathalguri Transmission System on consideration of the inhospitable terrain and difficult law and order situation in the North Eastern Region. It is stated that CISF has been deployed at Salakati sub-station and Bongaigaon sub-station in view of the disturbed conditions prevailing in the area to afford security to its assets and the personnel deployed on these two sub-stations to ensure uninterrupted power supply. The petitioner has listed a number of incidents of kidnapping of its personnel or contractors which necessitated special security arrangement and to justify deployment of CISF. It has also placed on record some documents to support its contention of unsavory situation

prevailing in the region. Accordingly the petitioner has furnished the following details of expenditure on special security arrangements:

<u>Sub-station</u>	<u>Expenditure</u> (Rs. in lakh)
<b>(a) Salakati sub-station</b>	
2001-2002	81.83
2002-2003	<u>66.59</u>
Total	<u>148.42</u>
<b>(b) Bongaigaon sub-station</b>	
2001-2002	54.81
2002-2003	<u>54.73</u>
Total	<u>109.54</u>

4. So far as the special security expenditure on account of Bongaigaon sub-station is concerned, the petitioner has claimed 50% of the total expenditure from the constituents of the Eastern Region. According to the petitioner, the balance 50% expenses for Bongaigaon sub-station are payable by the constituents of the North Eastern Region. As regards, Salakati sub-station, the petitioner's full claim is against the beneficiaries in the Eastern Region. The claims of the petitioner are supported by the auditor's certificate.

5. Reply to the petition has been filed by Respondent 2, WBSEB. It is stated that the abnormal O&M expenditure claimed by the petitioner is attributable to the general law and order problem prevailing in the State, which needs to be addressed either by the State Government or the Central Government. Accordingly, it is contended that the additional abnormal expenditure cannot be said to be justified and should not be passed on to the respondents. None of the

other respondents has filed any reply to the petition. Neither was anyone present on their behalf at the hearing.

6. At the hearing, the representative of the petitioner 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 the region. However, these efforts proved futile. Therefore, CISF was 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 expenses were essential and unavoidable and, therefore, are justified. In the absence of necessary security arrangements, any untoward incident could have resulted in disruption of power supply to the respondents, the loss on account of which could be disastrous. Therefore, we are satisfied that the respondents as the ultimate beneficiary of the special security arrangements made by the petitioner, should reimburse the expenditure incurred. We, therefore, do not find much merit in the contention on Respondent 2 that the security needs should be taken care of by the Central or State Governments. Accordingly, we allow the expenditure claimed by the petitioner.

8. However, an incidental issue that arises for our consideration and decision is regarding sharing of the abnormal security expenses. It is seen that the Salakati sub-station is geographically located in the North Eastern Region, but was

approved under Chukha transmission system of which the constituents of the Eastern Region are the beneficiaries, though it is also being used by the beneficiaries of the North Eastern Region. However, in view of the fact that the transmission charges for Chukha Transmission System are shared by the constituents of the Eastern Region only, we are of the view that the abnormal security expenses incurred for Salakati sub-station should be borne by the constituents of the Eastern Region. This was the claim of the petitioner and none of the respondents has raised any objection to it. Accordingly, we direct that the entire abnormal security expenses for Salakati sub-station as claimed by the petitioner shall be borne by the beneficiaries of the Eastern Region. As regards Bongaigaon sub-station, it forms part of the Kathalguri Transmission System, which includes Malda-Bongaigaon transmission line, an inter-regional asset. 50% of the transmission charges for Malda-Bongaigaon transmission line are borne by the beneficiaries in the Eastern Region. Accordingly, the beneficiaries in the Eastern Region are liable to pay only 50% of the abnormal security expenses for Bongaigaon sub-station. The charges to be borne by the beneficiaries in the Eastern Region are accordingly summarised below:

<b><u>Sub-station</u></b>	<b><u>Expenditure</u></b> (Rs. in lakh)
<b>(a) Salakati sub-station</b>	
2001-2002	81.83
2002-2003	<u>66.59</u>
Total	<u>148.42</u>
<b>(b) Bongaigaon sub-station</b>	
2001-2002	27.41
2002-2003	<u>27.37</u>
Total	<u>54.78</u>

9. The above abnormal security expenses shall be shared by the constituents of the Eastern Region in proportion of the transmission charges shared by them for Chukha Transmission System and Malda-Bongaigaon transmission line as applicable.

10. This order disposes of Petition No. 83/2003.

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

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

New Delhi dated the 27<sup>th</sup> May, 2004