



ASSAM ELECTRICITY REGULATORY COMMISSION

FILE NO. AERC. 251/2006

PETITION NO. _____

ORDER SHEET

08.03.2007

In The Matter of Petition filed by Assam State Electricity Board (ASEB) for ARR for FY & 2007-08, 2008-09 & 2009-10 Tariff for 2007-08

and

In The Matter of Petition filed by Assam Electricity Grid Corporation Limited (AEGCL) for ARR for 2007-08, 2008-09 & 2009-10 & Tariff for 2007-08

and

In The Matter of Petition filed by Assam Power Generation Company Limited (APGCL) for ARR for 2007-08, 2008-09 & 2009-10 & Tariff for 2007-08

and

In The Matter of Petition filed by Lower Assam Electricity Distribution Company Limited (LAEDCL) for ARR for 2007-08, 2008-09 & 2009-10 & Tariff for 2007-08

and

In The Matter of Petition filed by Central Assam Electricity Distribution Company Limited (CAEDCL) for ARR for 2007-08, 2008-09 & 2009-10 & Tariff for 2007-08

and

In The Matter of Petition filed by Upper Assam Electricity Distribution Company Limited (UAEDCL) for ARR for 2007-08, 2008-09 & 2009-10 & Tariff for 2007-08.

Perused, the Tariff Petition(s) filed by ASEB and successive entities namely, AEGCL, APGCL, LAEDCL, UAEDCL & CAEDCL on 28th Feb'07. Reference has been drawn from provisions of AERC (Terms and Conditions for determination of Tariff) Regulation, 2006 and AERC (Conduct of Business) Regulation 2004. As per the provision of Clause 6.1 of AERC (Terms and Conditions for determination of Tariff)

Regulation, 2006, the Tariff petitions are supposed to be submitted not later than 1st December 2006, unless extension is granted by the Commission upon application. The petitioners prayed for extension of time till 28th Feb'2007. One of the grounds of plea for extension was that the companies are in process of finalization of financial statement for 2005-06. The Commission granted extension of time for filing tariff petition till 28th Feb'07 by Order Dated 22.12.06.

In all petition(s) it is only mentioned that “***the company has prepared its provisional accounts for the year 2005-06 and has adjusted certain numbers based on the final transfer scheme. The accounts are being presented to the statutory auditors and the audited numbers would be filed with the AERC in due course***” However, even copy of the provisional accounts has not been made available with any petition.

In these petition(s) the petitioner has only mentioned about Transfer Scheme notified by GOA vide PEL.151/2006/pt/165 dated 10.12.04 based on which ASEB was restructured by taking over liabilities by GOA and reverting to five companies. As per the notification all schedules were provisional in nature and subject to correction after finalization of annual accounts of ASEB for FY 2003-04.

Because of the provisional nature of the financial and other related data, the Commission while processing the tariff petition for 2005-06 did not take into consideration the data mentioned in the transfer scheme schedule but took into account provisional financial statement for FY 2004-05 submitted along with the petition(s).

The Tariff Order for FY 2005-06 was notified by the Commission on 27th May'05.

Vide PEL.15/2003/pt/347 dated 16th Aug'05, the GOA notified a final transfer scheme as per provision of The Electricity Act 2003 which will be effective from 1.04.05. However, in the notification it was stated that the balance sheet of each company was prepared based on approved accounts of ASEB as on 31st March 2004 and as such the same shall be subjected to all consequential adjustment and updation based on audited accounts of ASEB as on 31st March 2005.

Considering above the Commission while processing the Tariff Petition(s) for FY 2006-07, took into consideration the GOA notification and schedules

with observation that the same is subjected to adjustment based on audited financial statement for 2004-05.

The Tariff order for FY 2006-07 was notified on 28th July 2006.

The consolidated audited financial statement of ASEB for financial year 2004-05 was published on Aug'2006.

As per the GOA Notification dated 16th Aug'2005, all companies should prepare their financial statements by updating the schedules of the notification as per audited financial statement of 2004-05. The statements thus prepared should be opening statement for each company as on 1.04.2005. However it is observed that no mention has been made about the action taken in this regard as a follow up of GOA's notification dated 16th Aug'2005.

Further no reference has been made in any petition about GOA Notification PEL.190/2003/69 dated 4th Feb'05. As per the notification definite provision was made to protect the interest of all existing employees of ASEB including pensioners' on the date of transfer by making provisions for past and future liabilities. In the Tariff order for 2006-07, provisions of the said notifications are duly considered by the Commission. No mention about actual funding of terminal liabilities by companies in the fund was made, where as additional provisions are made in tariff orders 2005-06 & 2006-07.

It is stated that "***the company has received support from Government of Assam to tide over the deficit caused by higher purchase costs. It has managed to cover the expenses and post a smaller deficit.***" However nothing has been shown in the relevant financial statement about the support from GOA.

No detail has been given about cost of power purchase even from allocated generators from CSGS. Wide variations of cost with respect to power purchase from some stations are shown without any supporting documents.

Details' regarding additional power purchase from trader and mode of fixation of rate has not been elaborated where no prior approval was taken from the Commission.

ANNEXURE – VII

No details about the “**ASEB employees Pension Fund Investment Trust**” regarding funding and application of fund has been mentioned in the petition(s). As per the submission in tariff petition 2006-07, AEGCL was entrusted with the maintenance of the fund.

In the petition submitted by APGCL, no systematic information were submitted for claiming ARR and Tariff “**station wise**” as stipulated in the AERC (Terms & Conditions for Tariff) Regulation 2006.

The Commission while processing the Tariff Petitions filed by utilities is expected to make a proper assessment of the ARR of the utilities for fixing tariff in an objective and just manner. Keeping this object, the relevant regulation(s) has been notified as per provision of The Electricity Act 2003. In the absence of vital documents supporting the claims in the ARR, a proper analysis may not be possible. In fact it can turn out to be great impediment. In its present form the petition(s) suffer from the infirmity of incomplete submission of important information.

In order to admit the petitions the utilities are directed to furnish all detail information supporting their claims on ARR as per provision of AERC (Terms and conditions for determination of Tariff) Regulation 2006 within 30th March 2007.

Sd/-
(H. Dutta)
Member, AERC

Sd/-
(J. P. Saikia)
Member, AERC

Sd/-
(P. K. Bora)
Chairperson, AERC