



**MEGHALAYA
STATE ELECTRICITY REGULATORY COMMISSION**

Review Petition No. 1 of 2009

IN THE MATTER OF:-

Review of the Order 30.11.2009 of
the MSERC approving the ARR for 2009-10.

AND

IN THE MATTER OF:-

The Meghalaya State Electricity Board, Shillong. **Review Petitioner**

Present : Shri. P.J. Bazeley,
Chairman, MSERC.

Date of Hearing : 27th January, 2010

Date of Order : 27th January, 2010.

ORDER

1. The instant proceedings arise out of the Petitioner being aggrieved by the Commission's Order dated 30th November, 2009 (for short 'the 30.11.2009 Order') determining the ARR and tariff (distribution) for 2009-10. The ground made out for review are that –

a) there has been double deduction of an amount of Rs.21.56 crores as Interest on State Government loan by the Commission while finalizing the charges on the head aforesaid in the Annual Revenue Requirement for 2009-10. The Petitioner prays that the Commission review the matter and enhance the assessed ARR by Rs.21.56 crores on this account.

b) the amount of Rs.31.26 crore approved by the Commission as payable to PGCIL for transmission charges for wheeling of 868.31 million units of power during 2009-10, is inadequate, and falls short by Rs.9.02 crores. In other words, the Petitioner has sought for a total amount of Rs.40.28 crores for the purpose of defraying wheeling charges payable to PGCIL for transmission/wheeling of power during 2009-10. The Petitioner prays that the Commission review the matter and enhance the assessed ARR for the year 2009-10 by a further amount of Rs.9.02 crores on this account.

and

to suitably revise the Tariff Order for 2009-10 and to re-fix the category-wise tariff rates.

2. The Commission has carefully examined and verified the submissions of the Petitioner with reference to the Petitioner original ARR & Tariff (D) Petition for the fiscal year 2008-09.

3. In the present matter the findings of the Commission are as follows –

a) **DOUBLE DEDUCTION OF INTEREST ON STATE GOVERNMENT LOANS:** The submission is valid. The Petitioner has already deducted the amount of Rs.21.56 crores on account of 'Interest & Finance Charges' from the ARR proposal for 2009-10 but due to oversight the Commission has again deducted the same while calculating and determining the ARR on that account. **The Commission, therefore admit and allow the submission of the Petitioner.**

b) **INADEQUACY OF AMOUNT APPROVED FOR MEETING THE COST OF TRANSMISSION CHARGES PAYABLE TO PGCIL FOR WHEELING OF POWER :**

i. The Petitioner submits that the amount payable to PGCIL on account of transmission and wheeling of power is, since 01.04.2007, to be based on annual charges basis pursuant to CERC's direction dated 27.04.2007. The Commission while determining the ARR had worked it out on the earlier 'unit basis' formula. The Petitioner submits and prays that enhancement be allowed accordingly adopted before 01.04.2007.

ii. **This was not brought out by the Petitioner in their Original Tariff Petition for 2009-10.** It did not also submit any document for verifying the actual amount payable to PGCIL during the current year. The Commission asked PGCIL (NERLDC) on 23rd December, 2009 to clarify on record, the total amount of transmission/wheeling charges payable by the Petitioner during 2009-10 for transmission of the indicated level of power during the year. PGCIL informed the Commission vide their letter No.NERLDC / Comml / 103 / 8 / 57, dated 04.01.2010 (See Annexure-I) that the amount payable by MeSEB on that account during 2009-10 is Rs.29.39 crores based on actuals upto the month of November, 2009 and projections for the month of December 2009 upto March 2010.

iii. The PGCIL also indicated in their aforesaid communication that the following amounts are payable by the Petitioner during 2009-10 for purposes related to the transmission of power –

"a) UCPTT arrear bill towards 2 nd to 5 th installments for the period from February 2000 to March 2004.	Rs.	1,25,25,904.00
"b) Supp Bills towards ER power	Rs.	56,78,432.00
"c) Supp Bills towards NER Power (Transmission Incentive 2007-08 (final) and 2008-09 (Provisional) and Supp. Trans. Charges due to change in share allocation for the period from November 2008 to March 2009)	Rs.	1,56,88,135.00
"d) Income Tax bill for 3 rd & 4 th QTR of 2008-09	Rs.	1,76,65,094.00"
	Total =	Rs. 5,15,57,565.00

say Rs. 5.16 crores



4. In view thereof, the total amount payable to PGCIL by Me.S.E.B. during 2009-10 will be Rs.29.39 crores + Rs.5.16 crores = Rs.34.55 crores as against the amount of Rs.31.26 crores allowed under column 4 of Sl. 4 of Table 4 of the 30.11.2009 Order. The allowed amount of Rs.31.26 crores, therefore, falls short of the required amount of Rs.34.55 crores by Rs.3.29 crores.
5. On 13 January 2010, the Commission served copies of PGCIL letter No.NERLDC / Comml / 103 / 8 / 57, dated 04.01.2010 along with its' enclosures on the Petitioner, calling for response thereon, and posting the matter for hearing on 27 January,2010.
6. On 25 January 2010, the Petitioner submitted their response vide their letter No.MeSEB/SE(RA)/43/7, dated 21 January 2010 (See Annexure – II). The Commission has carefully considered the contents of their said response letter and finds that the Petitioner has failed to satisfactorily clarify the difference between the amount of Rs.40.28 crores indicated as PGCIL Transmission Charges by it and the amount of Rs.34.55 Crores reported by PGCIL.
7. Further, during hearing on 27 January 2010, the Representative of the Petitioner could not satisfy the Commission or justify the difference between the amount of Rs.40.28 crores indicated by it as PGCIL Transmission Charges, and the total amount of Rs.34.55 Crores as reported by PGCIL vide letter No.NERLDC/Comml/103/8/57, dated 04.01.2010. The Petitioners' Representative, however, conceded that revenue gaps or surpluses during any fiscal year, arising out of under or over estimation of annual revenue requirements could be suitably adjusted while assessing subsequent years' annual revenue requirements and fixation of distribution tariff, on the basis of previous years' audited statement of accounts.
8. Consequently, the Commission decides that the Annual Revenue Requirement of Me.S.E.B., for purchase of power including transmission charges during 2009-10 be increased by Rs.3.29 crores as indicated in para 4 above, that is, from the level of Rs.250.24 crores as approved vide the 30.11.2009 Order to Rs.253.53 crores. It is, however, to be made clear that any revenue gap or surplus caused by this decision will be suitably adjusted while assessing subsequent years' annual revenue requirements and fixation of distribution tariff, on the basis of the audited statement of accounts for the fiscal year 2009-10.
9. Keeping in view the Commission's decision recorded in paras 3 (a) and 8 above, the revised Annual Revenue Requirement of Me.S.E.B. for 2009-10 is approved at Rs.400.55 crores as against Rs.375.70 crores approved earlier. The details of the said Revised Annual Revenue Requirement of Rs.400.55 crores are reflected in Table 1 below.
10. To enable the Petitioner (Me.S.E.B.) to recover the Revised ARR of Rs.400.55 crores, the Commission after careful consideration, hereby revises the Distribution Tariff for different categories and slabs as specified in column 3 and 5 of Table 2 below and of Table 3, read together.



Table -1

**STATEMENT SHOWING REVISED ANNUAL REVENUE REQUIREMENT OF THE MEGHALAYA STATE ELECTRICITY BOARD
FOR 2009-10 and CORRESPONDING POSITION RELATING TO 2008-09
vide Commission's Order dated 27.01.2010 in Tariff (D) Review Petition No.1 of 2009**

Sl. No.	Items	2008-09 Rs.in Crores					ACTUAL ARR Rs.in Crores			ARR Rs.in Crores			2009-10
		ARR as proposed by MeSEB	ARR allowed by the Commission on vide its' Tariff Order dt.17.12.08	ARR based on data given in the Pre-Audited Statement of Accounts for 2007-08	ARR for 2008-09 as decided by the Commission, on review vide its' Order dt.10.09.09	ARR for 2008-09 as per Pre-Audited Statement of Accounts submitted by MeSEB vide L.No.MESE B/SE (RA)/33/70, dt. 19.11.2009	2006-07 as per Audited SoA	2007-08 as per Audited SoA	2008-09 As per pre-Audited SoA	ARR proposed by MeSEB for 2009-10	Revised ARR Data as subsequently proposed by MeSEB	MeSEB Letter Number & Date communicating revised figures as shown in column (11)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	(i). Purchase of Power in trans. Charges	264.89	264.89	201.89	201.89 + 15.51	201.64	240.73	203.19	201.64	289.35	285.59	@-1	253.53
	Repair & Maintenance	29.17	29.17	20.09	20.09	16.13	12.61	17.23	16.13	30.81	17.74	@-2	17.74
	Employees cost	102.81	102.81	102.41	102.41	104.79	82.60	95.93	104.79	103.24	103.24	@-3	103.24
	Administration and General expenses	8.78	8.78	4.35	4.35	7.92	6.48	7.32	7.92	9.50	8.71	@-2	8.71
	Depreciation	15.37	15.37	14.85	14.85	14.12	12.61	12.90	14.12	31.75	15.53	@-2	15.53
	Interest & Finance Charges	93.88	64.86	65.69	65.69	87.57	52.62	76.24	87.57	92.90	92.90	@-4	92.90
	Other Debits (including provision for Bad Debts)	10.00	10.00	10.00	10.00	18.48	0.00	0.00	18.48	10.00	10.00	@-3	10.00
	Other (Miscellaneous) - Prior period Credit / Charges	0.00	0.00	31.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	@-3	0.00
	Provision for Inc.tax	0.00	0.00	0.00	0.00	4.21	0.00	0.15	4.21	0.00	0.00	@-3	0.00
	Sub-total - 1	524.90	495.88	451.23	434.79	454.86	407.65	412.96	454.86	567.55	533.71		501.65
	Less: Expenses Capitalised					48.33		44.47	48.33	0.00	58.20	@-2	58.20
	i) Interest & Finance Charges	41.17	41.17	40.67	40.67	8.47	28.00	10.66	8.47	0.00	9.31	@-5	9.31
	ii) Other Expenses	0.00	0.00	0.00	0.00		7.51						
	Sub total --- 2	41.17	41.17	40.67	40.67	56.80	35.51	55.13	56.80	0.00	67.51		67.51
	Net expenses (1-2)= 3	483.73	454.71	410.56	394.12	398.06	372.14	357.83	398.06	567.55	466.20		434.14
	Less:												
	i) Other Income	0.00	0.00	0.00	0.00	39.79	30.69	32.39	39.79	36.39	36.39	@-3	36.39
	ii) R.E.Subsidy	0.00	0.00	33.49	33.49	11.69	24.15	32.80	11.69	0.00	13.68	@-6	13.68
	iii) Subsidy against power purchased	0.00	0.00	0.00	0.00								
	iv) Recovery against supply of power to Government Departments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
	v) Fiscal Loss for failure to cause 3% reduction of AT&C loss	0.00	17.26	0.00	17.26	13.44	0.00	17.26	13.44	0.00	0.00		11.80
	Sub-total --- 4	0.00	17.26	33.49	50.75	64.92	54.84	82.45	64.92	36.39	50.07		61.87
	Net after deductions (3-4)	483.73	437.45	377.07	343.37	333.14	317.30	275.38	333.14	531.16	416.13		372.27
	Add: Return on equity	28.28	28.28	28.28	28.28	28.28	28.28	28.28	28.28	28.28	28.28		28.28
	Net for ARR	512.01	465.73	405.35	371.65	361.42	345.58	303.66	361.42	559.44	444.41		400.55
	TOTAL ENERGY SALES in MU's	1071.44	1071.44	1071.44	1071.44	1044.60	832.75	1058.10	1044.60	1220.33	1013.97		1013.97
	Avg Unit Cost of Power in Paise / Unit	478	435	378	346	346	415	287	346	458	438		395

Note to Table-1 above –

@-1 = MeSEB Letter No.MESEB/SE(RA)/33/65, dated 09.11.2009 (Annexure 23-A), read with PGCIL letter No.NERLDC / Comml / 103 / 8 / 57, dated 04.01.2010 along with its' enclosures

@-2 = MeSEB Letter No.MESEB/SE(RA)/33/43, dated 14.10.2009 (Annexure 15)

@-3 = Tariff (D) Petition for 2009-10 dated (Annexure 2)

@-4 = MeSEB Letter No.MESEB/SE(RA)/33/62, dated 29.10.2009 (Annexure 21)

@-5 = MeSEB Letter No.MESEB/SE(RA)/33/51, dated 19.10.2009 (Annexure 11)

@-6 = State Power Department Letter No.PE.87/2005/81, dated 13.10.2009 (Annexure 27) read with MeSEB Letter No.ACM(II)/662/2000/89, dated 08.10.2009, (Annexure 28) and MeSEB Letter No.MESEB/SE(RA)/33/43 dated 14.10.2009 (Annexure 15)



Table – 2									
Showing Revised Tariff (Distribution) for the fiscal year 2009-10									
and total revenue for different categories / slabs as fixed									
vide Commission's Order dated 27 January 2010, in Tariff (D) Review Petition No.1 of 2009									
Sl.	Category	Fixed Charges per KW in Rupees per month	Different Slabs	UNIT RATE AS FIXED VIDE TARIFF ORDER DATED 27 January 2010	Estimated Billing Demand in kVA	Estimated Sale of Energy in MU's	Revenue from Fixed / Demand Charges Rs. in Cr.	Revenue from Energy Sales Rs. in Cr.	Total Revenue Rs. in Cr.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
LT (Domestic) CATEGORY									
1	Agriculture (AP)	30		130	412	0.57	0.0148	0.0741	0.8889
2	Domestic (DLT)	25	First 100 Units	235	222356	121.38	6.6707	28.5243	65.6595
			Next 100 Units	275		58.52		16.0930	
			Above 200 Units	390		36.85		14.3715	
3	Industrial (ILT)	100	First 500 Units	400	10772	0.52	1.2926	0.2080	3.8200
			Next 500 Units	480		0.78		0.3744	
			Above 1000 Units	500		3.89		1.9450	
4	Commercial (CLT)	70	First 100 Units	400	35089	12.55	2.9475	5.0200	19.3037
			Next 100 Units	475		12.55		5.9612	
			Above 200 Units	500		10.75		5.3750	
5	General Purpose	50	First 100 Units	440	9968	2.07	0.5981	0.9108	5.1535
			Next 100 Units	475		2.07		0.9833	
			Above 200 Units	505		5.27		2.6613	
6	Water Supply (WSLT)	60		400	4516	5.97	0.3251	2.3880	2.7131
7	Public Lightening (PL)	70		490	314	1.70	0.0264	0.8330	0.8594
8	Kutir Jyoti	0			5639	5.34	0.00	0.1539	0.1539
9	Office Employees	0		10	NA	36.79	0.00	0.3679	0.3679
Sub-total						317.57			98.9199
H.T CATEGORY									
Sl.	Category	Demand Charge per KVA per month		UNIT RATE AS FIXED VIDE TARIFF ORDER DATED 27 January 2010	Estimated Billing Demand in kVA	Estimated Sale of Energy in MU's	Revenue from Fixed / Demand Charges Rs. in Cr.	Revenue from Energy Sales Rs. in Cr.	Total Revenue Rs. in Cr.
(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)	(9)
10	HT - Water Supply (WSHT)	Rs.170.00		340	5664	26.01	1.1555	8.8434	9.9989
11	HT – Industrial (IHT)	Rs.110.00		365	120413	306.30	15.8945	111.7995	127.6940
12	HT – General Purpose including Domestic HT	Rs.275.00		400	8836	16.88	2.9159	6.7520	9.6679
13	HT – Bulk Supply	Rs.275.00		400	35073	77.87	11.5741	31.1480	42.7221
14	HT – Commercial (CHT)	Rs.250.00		400	6324	10.74	1.8972	4.2960	6.1932
Sub-total						437.8			196.2761
EHT CATEGORY									
15	EHT – Industrial	Rs.100.00		355	88530	193.60	10.6236	68.7280	79.3516
Sub-total						193.60			79.3516
Sub-total						948.97 MU			374.5476
OUTSIDE STATE SALES (BILATERAL / UI)						65.00 MU			26.0000
GRAND TOTAL						1013.97 MU			Rs .400.5476 Crores
APPROVED ARR FOR 2009-10									Rs. 400.55 Crores



Table - 3				
Statement showing revised tariff for different categories / slabs during 2009-10 as fixed vide Commission's Order dated 27 January 2010 in Tariff (D) Review Petition No.1 of 2009				
Sl.	Category	Different Slabs	Fixed Charges per KWA in Rupees per month	Unit Rate in Paise per unit per month
(1)	(2)	(3)	(4)	(5)
L.T (Domestic) CATEGORY				
1	Domestic (DLT)	First 100 Units	25	235
		Next 100 Units		275
		Above 200 Units		390
2	Commercial (CLT)	First 100 Units	70	400
		Next 100 Units		475
		Above 200 Units		500
3	Industrial (ILT)	First 500 Units	100	400
		Next 500 Units		480
		Above 1000 Units		500
4	Agriculture (AP)	All Units	30	130
5	Public Lightining (PL)	All Units	70	490
6	Water Supply (WSLT)	All Units	60	400
7	General Purpose	First 100 Units	50	440
		Next 100 Units		475
		Above 200 Units		505
H.T.CATEGORY				
8	HT- Water Supply (WSHT)	Rs.170.00		340 paise
9	HT-Industrial (IHT)	Rs.110.00		365 paise
10	HT-General Purpose incl'dg DHT	Rs.275.00		400 paise
11	HT- Bulk Supply	Rs.275.00		400 paise
12	HT – Commercial	Rs.250.00		400 paise
E.H.T CATEGORY				
14	Industrial	Rs.100.00		355 paise

11. The 30.11.09 Order stands revised and modified to the extent specified above. **Save and except to the extent specified herein, the tariff and all other details determined vide the 30.11.2009 Order shall remain operative and unchanged.**
12. The Distribution Tariff as fixed under this Order shall come into effect from the 1st day of February, 2010 and shall remain effective till the 31st day of March 2010, or the date of the Commission's subsequent Orders' fixing Distribution Tariff for the fiscal year 2010-11, whichever is later.

Given under the hand and seal of the Meghalaya State Electricity Regulatory Commission this the 27th day of January, 2010 at Shillong.

**(P.J. Bazeley)
Chairman**

