



ORDER

OF THE

WEST BENGAL ELECTRICITY REGULATORY COMMISSION

IN CASE NO:

APR-3/ 07-08

**IN RE THE APPLICATION OF THE DURGAPUR PROJECT
LIMITED FOR ANNUAL PERFORMANCE REVIEW OF THE
FINANCIAL YEAR 2006-07 IN TERMS OF REGULATION 2.6 OF
THE WEST BENGAL ELECTRICITY REGULATORY
COMMISSION (TERMS AND CONDITIONS OF TARIFF)
REGULATIONS, 2007, AS AMENDED.**

DATE: 15.09.2008



CHAPTER – 1 INTRODUCTION

- 1.1 On introduction of the Multi Year Tariff (MYT) procedure under the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2007 (referred to as the “Tariff Regulations” hereinafter) notified under No. 31/WBERC dated 09.02.2007, the West Bengal Electricity Regulatory Commission (referred to as “the Commission” hereinafter) determined the tariff of the Durgapur Projects Limited (DPL in short) for the first single year control period, i.e., the financial year 2007-08 by an order dated 26.07.2007 in case No. TP-29/07-08. The base year, as defined in the Tariff Regulations, was the financial year 2006-07. In terms of the provisions contained in the regulation 2.6 of the Tariff Regulations, the generating companies or the licensees, as the case may be, are subject to an Annual Performance Review (APR in short) for the base year for carrying out the adjustment arising out of such review in the manner as specified therein. Accordingly, DPL submitted its application for the same on 31st March, 2008 providing the requisite data/information in the specified proforma along with the copy of its audited annual accounts for the concerned year. The application was admitted by the Commission for processing and the same was numbered as APR-3/07-08.
- 1.2 The APR is to cover the annual fixed charges allowed to the licensee, incentives and the effect of gain sharing as per Schedule -10 and Schedule - 9B to the Tariff Regulations. No element of performance incentive or gain sharing on account of achieving better operational norms, however, was considered for DPL while fixing tariff for the year 2006-07. Moreover, the incentives and the sharing of gains in terms of the referred schedules to the Tariff Regulations are made allowable for the years 2008-09 onwards.
- 1.3 The APR for the base year 2006-07 is, therefore, the review of the different factor elements of fixed charges, categorized as controllable and uncontrollable, allowed to the applicant through the Aggregate Revenue Requirements (ARR) for the year 2006-07 vis-à-vis the actuals as per audited accounts. The Tariff Regulations (vide regulation 2.5.1) provides that the variations out of uncontrollable factors of expenses are to be passed through the tariff in an appropriate manner as may be decided by the Commission. The variations arising out of the controllable factors shall, however, be on the accounts of the licensee.



Order on APR of DPL for 2006-07

- 1.4 The referred application of DPL for the year 2006-07, i.e., the base year for the first single year control period 2007-08 under the Multi Year Tariff (MYT) approach is being viewed in the subsequent parts of this order.



CHAPTER-2 APR OF FIXED CHARGES FOR THE YEAR 2006-07

2.1 The uncontrollable elements of fixed charges are those elements where variations of actual expenditure with the expenditure allowed by the Commission in the tariff order for the concerned year shall be considered by prudence check. The amounts of actual expenses/charges under different accounts are, therefore, to be considered for carrying out the positive or negative adjustments, as the case may be. The review of the each of such uncontrollable head of fixed charges with reference to the ARR and the actuals based on the audited accounts of the applicant is being taken up hereunder one by one.

2.2 **Impact of long shut down of Unit No. 6 (1×110 MW) of DPL**

The net short fall in sent out energy in 2006-07 is arrived at after considering normative percentage of auxiliary energy consumption allowed in the tariff order for 2006-07 on actual generation. The difference between normative energy sent out as approved in the tariff order for 2006-07 and normative sent out on actual generation of 1781.058 MU, i.e. (1800.00-1602.95) or 197.05 MU is the shortfall considered for the purpose of proportionate adjustment of fixed charges against the shortfall in generation from DPL's Unit I to VI.

2.3 **Employee Cost**

DPL was allowed a total amount of Rs 2216.88 lakh in the tariff for the year 2006-07 towards employee cost which includes salaries, wages, bonus, contribution of P.F. etc. as well as staff welfare expenses. The total amount of expenses incurred on this uncontrollable head of account was 2259.31 lakh as per audited statement of accounts. DPL did not show the amount of cost of contracted manpower, if any, in its regular establishment. The Commission directs that henceforth DPL shall show the expenditure on contracted manpower in its regular establishment separately. The marginal positive variation of Rs. 42.43 lakh is admitted for adjustment. The breakup of expenses for generation and distribution system is also admitted as proposed by DPL as shown in the table below.



(Rs. in lakh)

Employee Cost	Amount allowed in the Tariff Order	Actual amount as per Audited Accounts	Amount allowed by the Commission in the APR	Adjustments
Generation	1693.23	1989.23	1989.23	(+) 296.00
Distribution System	523.65	270.08	270.08	(-) 253.57
Total	2216.88	2259.31	2259.31	(+) 42.43

2.4 Water Charges

DPL meets its processed water supply requirements for its generating plants as well as for colony consumption taking supply from its sister water plant unit at the inter plant transfer rate. Based on such projected rate of inter plant transfer rate, an amount of Rs 1217.43 lakh was allowed to DPL for the generation target of 2000.00 MU. As per the statement of accounts for the power plant for the year 2006-07, the actual cost of water supply through the inter plant transfer came to Rs 706.68 lakh on actual generation of 1781.06 MU. DPL, however, has submitted that the amount of expenditure on this account would have been 1084.21 lakh had the supply been rated at the market price of industrial water. It has requested to consider the adjustment on the basis of market price. The Commission does not agree to that and decides to go by the actual amount of expenditure towards water charges accounted for. The amount of negative adjustment, thus, comes to Rs (1217.43 – 706.68) lakh or Rs 510.75 lakh. The amount allowed in the tariff order has been allocated between generation and distribution system on the ratio of normative generation and actual generation with proportionate adjustment based on the ratio of actual expenditure in generation and distribution as submitted by DPL. The break up of cost is tabulated as below.

(Rs. in lakh)

Water Charges	Amount allowed in the Tariff Order	Actual amount as per Audited Accounts	Amount allowed by the Commission in the APR	Adjustments
Generation	1197.24	693.94	693.94	(-) 503.30
Distribution System	20.19	12.74	12.74	(-) 7.45
Total	1217.43	706.68	706.68	(-) 510.75



2.5 Operation and Maintenance Expenses (O & M expenses)

APR being introduced under the Tariff Regulations, and controllable/uncontrollable items being identified under Tariff Regulations only, Operation and Maintenance expenses have been considered as controllable item. As rent and lease charges, legal charges, Auditor's expenses, cost of repair and maintenance including consumables, insurance and Administrative and General expenses are elements of Operation and Maintenance expenses, all these elements have been clubbed together under the head of O & M expenses for consideration. The Commission admits O & M expenses in APR of 2006-07 of DPL after proportionate deduction for shortfall in generation in 2006-07. For allocation of adjustment of O & M expenses between generation and distribution system, the amount of O & M expenses under the tariff order for 2006-07 has been allocated in the ratio of its actual expenditure on these heads, wherever it is required. The allocation of such costs is given in the table below.

(Rs. in lakh)

O&M Expense	Amount allowed in the Tariff Order	Actual amount as per Audited Accounts	Amount allowed by the Commission in the APR	Adjustments
Generation	3894.54	4296.03	3487.47	(-) 407.07
Distribution System	684.39	534.27	684.39	Nil
Total	4578.93	4830.30	4171.86	(-) 407.07

2.6 Interest and finance charges

Interest and finance charges allowed to DPL through ARR for the concerned year were as under.

(Rs. in lakh)

i) Interest on borrowed capital	1985.22
ii) Finance charges	<u>95.42</u>
Total	<u>2080.64</u>

In terms of the Tariff Regulations (vide 4th and 13th rows of Table 2.5-1), the interest and



finance charge rates are uncontrollable. The adjustments in this regard will arise only out of the variation between the projected rate of interest/charges and the actual of such rate experienced. DPL's long term capital borrowings are from the Central Electricity Authority (CEA), Power Finance Corporation, Government of West Bengal and market borrowings through bonds. Loans from these sources are found on fixed rate basis without experiencing any variations. And as such no adjustments will be required on the amounts of interest paid for loans from these sources. The amount of Rs. 1985.22 lakh towards interest on capital borrowings includes an amount of Rs. 125.49 lakh allowed on notional borrowings. DPL has claimed actual interest of Rs 1861.15 lakh and notional interest of Rs 20.47 lakh aggregating Rs 1881.62 lakh in APR. On scrutiny, it is observed that interest on borrowings from CEA includes penal interest of Rs 53.08 lakh, which is not admitted in APR. Thus Rs 1828.54 lakh is admitted in APR for interest charges and the said interest is allocated between generation and distribution system according to the purpose of the loan taken as submitted by DPL in its application. Similarly Finance Charges consists of guarantee fees and bank charges have been admitted as per actual of Rs 90.62 lakh and as allocated by DPL between generation and distribution system and a negative adjustment of Rs 4.80 lakh has been made in APR with respect to amount of Rs 95.42 lakh allowed in tariff order. The allocation of Finance Charges in the tariff order has been suitably made for generation and distribution system according to the purpose derived from the application for APR made by DPL. The position is presented in a table as given below:

(Rs. in lakh)

		Amount allowed in Tariff	Amount as per Accounts	Amount admitted by the Commission in APR	Adjustments
Generation	Interest	1597.96	1599.38	1546.30	(-) 51.66
	Notional Interest	0.00	0.00	0.00	0.00
	Finance Charges	81.83	77.03	77.03	(-) 4.80
	Total	1679.79	1676.41	1623.33	(-) 56.46
Distribution	Interest	261.77	261.77	261.77	0.00
	Notional Interest	125.49	20.47	20.47	105.02
	Finance Charges	13.59	13.59	13.59	0.00
	Total	400.85	295.83	295.83	(-) 105.02
Overall	2080.64	1972.24	1919.16	(-) 161.48	



2.7 Interest on Consumers' Security Deposits

DPL did not project in the tariff application for the concerned year any amount of interest payable to consumers on their security deposits. Separate classification of the amount of such deposits was also not found in the audited Balance Sheet of the power plant submitted along with the application. No provision was, therefore, considered on this account in the tariff order. As it now comes out from the comments of the Hon'ble Comptroller and Auditor General of India, quoting the provisions of the Commission's concerned regulations, that DPL did not pay or provided for payment of interest on the total qualifying amount of Rs 4.12 crores received from the consumers up to 2006-07 as security deposits. The total amount of interest/penal interest liability on this account up to the year 2006-07, as reported, came to Rs 56.68 lakh.

The Commission directs DPL to take corrective actions in terms of the concerned regulations of the Commission and to send a compliance report. DPL may, however, ask for the appropriate provisions in the tariff through its future applications for the interest on security deposit to the consumers only. The Commission will not allow expenditure in the penal interest ; it is to be borne by DPL. As no interest on consumers' security deposits was paid/provided for up to the base year 2006-07, the Commission is not allowing any adjustment presently on this account.

2.8 Interest on working capital

Although the amount of Rs 964.97 lakh has been prayed by DPL as interest on working capital on normative basis but since no borrowing has been made in the revenue account and no interest has been paid by DPL, any claim on this score is not admitted by the Commission. Hence the total amount allowed in the tariff order towards interest on working capital is adjusted negatively.

2.9 Depreciation

Depreciation has been categorized as a controllable item of fixed charges, as per the Tariff Regulations. DPL is to charge depreciation following the methods and rates specified in regulation 4.6.2 read with Annexure-A of the Tariff Regulations, and as such,



the amount of the chargeable depreciation on the original cost of assets at the time of the submission of the tariff application can precisely be worked out and to that extent it is controllable. But the amount of depreciation chargeable on the value of the fixed assets subsequently capitalised during the year or withdrawn from the operation may vary with the projected amount depending on the variations in the projected amount of capitalisation/withdrawal. For the year 2006-07, the amount of depreciation allowed was Rs 1460.43 lakh. The actual amount of chargeable depreciation, following the methods and rates specified in the Tariff Regulations, came to Rs 1487.42 lakh. The Commission decides to go by the actual amount of depreciation charged in the books of accounts for generation and distribution system separately and reduced in proportions from generation head to the extent actual generation shortfall vis-à-vis targeted generation as per tariff order. The position is depicted in the table below:

(Rs. in lakh)

Depreciation	Amount allowed in the Tariff Order	Actual amount as per Audited Accounts	Amount allowed by the Commission in the APR	Adjustments
Generation	1197.92	1194.41	1063.66	(-) 134.26
Distribution System	262.51	293.01	293.01	(+) 30.50
Total	1460.43	1487.42	1356.67	(-) 103.76

2.10 Advance Against Depreciation

To facilitate the repayment of loans, an amount of Rs 1393.05 lakh was allowed to DPL in terms of regulation 4.6.3.1 read with regulation 4.5.2. of the Tariff Regulations. As is seen from the submission, DPL's entitlement for having advance against depreciation based on the actual amount of loan repayments made and the actual amount of depreciation charged during the year comes as under

(Rs. in lakh)

Repayment of Loans

Redemption Bonds (Relating to power plant)		856.61
PPC Loans		
No : 50404005	120.91	
No : 50404007	18.12	
No : 50404008	<u>2714.46</u>	<u>2853.49</u>
Total		<u>3710.10</u>



(ii)	Actual depreciation charged	1356.67
(iii)	Additional Fund required (i-ii) .	2353.43
(iv)	Maximum ceiling of allowable advance against depreciation	2304.38
(v)	Allowable advance against depreciation (lower of iii & iv)	2304.38

The allowable advance against depreciation, as worked out above, being more than the amount allowed in the tariff, a positive adjustment of Rs 911.33 lakh is admitted under cost of Generation head.

2.11 Reserve for Unforeseen Exigencies

The projected opening balance of the original value of gross fixed assets of DPL's power business at the beginning of the financial year 2006-07 was considered as Rs 52984.38 lakh and in terms of regulation 4.9 of Commission's Tariff Regulations, 2005, DPL was allowed an appropriation towards reserve for unforeseen exigencies @ 0.25% of such value of gross fixed assets and that came to Rs 132.46 lakh. DPL was supposed to create this reserve and invest the amount in the manner as provided in the referred regulation. It has also been observed that no such reserve was created by DPL in its books of accounts for the year 2006-07 nor invested outside following the guidelines provided in the aforesaid regulation. Income from such investments of Reserve for Unforeseen Exigencies shall be reinvested for the same purpose and shall be shown separately in the application of APR or tariff, as the case may be, supported by necessary audited data for any year. Moreover, this income should not be considered under income from non-tariff sources for the determination of Net Aggregate Revenue Requirement in APR or tariff for any year. DPL is directed to take necessary corrective action and confirm the compliance. DPL did not pray for any amount in its APR application. But the Commission feels it prudent to allow, Rs 131.36 lakh computed @ 0.25% on the actual opening value of gross fixed assets of DPL of Rs 52544.91 lakh and accordingly segregated between generation and distribution system on the basis of the respective proportional value of the opening gross fixed assets. Hence a negative adjustment is required to be made to the tune of Rs 1.10 lakh in APR under appropriate head as shown in the table below:



(Rs. in lakh)

Reserve for Unforeseen exigencies	Amount allowed in the Tariff Order	Actual amount as per Audited Accounts	Amount allowed by the Commission in the APR	Adjustments
Generation	113.76	0.00	110.62	(-) 3.14
Distribution System	18.70	0.00	20.74	(+)2.04
Total	132.46	0.00	131.36	(-) 1.10

DPL is directed to create necessary reserve to cover the backlog and amount allowed in APR in the accounts of future year and to invest the amount in security as in terms of the Tariff Regulations failing which double the amount allowed for the purpose will be deducted from the admissible return on equity during APR of any succeeding years.

2.12 Return on Equity

Return on Equity at a specified rate is an uncontrollable factor in terms of the Tariff Regulations. DPL was allowed return in the tariff order for 2006-07 @ 14% on the amount of Equity fund of Rs 40500.00 lakh shown as Equity in its books of accounts. The return amounting to Rs 5670 lakh was allocated between generation and distribution system in proportion to the respective projected cost of Fixed Assets. During 2006-07 no further equity was added. Hence the amount allowed in tariff order for 2006-07 after adjusting in generation cost to the extent of shortfall in actual generation vis-à-vis targeted generation as per tariff order is allowed in APR. However, in view of change in the actual mix of generation and distribution fixed assets, the respective equity base for generation and distribution system has changed, inter alia, and allocation of the cost has been made accordingly as below:

(Rs. in lakh)

Return on Equity	Amount allowed in the Tariff Order	Actual amount as per Audited Accounts	Amount allowed by the Commission in the APR	Adjustments
Generation	4810.78	4774.86	4252.15	(-)558.63
Distribution System	859.22	895.14	895.14	(+) 35.92
Total	5670.00	5670.00	5147.29	(-)522.71

2.13 Coal and Ash handling charges



An amount of Rs. 524.68 lakh was allowed in the tariff order for 2006-07 as against that the actual expenditure as per audited accounts came to Rs. 484.35 lakh. Since there is a shortfall in targeted generation vis-à-vis actual generation, the proportionate deduction from the amount allowed in the tariff order has been made to that extent and admitted amount in APR on this score is Rs. 467.24 Lakh. Thus a negative adjustment of Rs. 57.44 is made in APR under generation head only.

2.14 Provision for Bad & Doubtful Debts

The provision for Bad & Doubtful Debts has not specifically been categorized as controllable or uncontrollable element of fixed cost in the concerned Table 2.5-1 of the Tariff Regulations and the Commission needs to take a decision on it. The regulation 4.8 of the Commission's Tariff Regulations 2005 provides for allowing a provision for Bad and Doubtful Debts as actually had been written off in the latest available audited accounts subject to a ceiling of 0.5 % of the annual gross sale value of power at the end of the current year.

An amount of Rs 204.00 lakh was allowed to DPL in the tariff order for 2006-07. As seen from the audited accounts for the year 2006-07, the actual amount charged in the books in this regard was Rs 0.23 lakh. However, DPL has claimed Rs 204.00 lakh as Bad Debt in the APR application and the Commission decides as the amount of Rs 0.23 lakh charged in the power plant account of DPL is well within the admissible provision of the Tariff Regulations, the said amount is admitted in APR and a negative adjustment of Rs 203.77 lakh has been made under cost of distribution system head.

2.15 Intangible Assets written off

An amount of Rs 6.38 lakh was allowed in the tariff order for 2006-07 towards Intangible Assets written off. As per audited accounts, Rs 2.44 lakh was written off in the books and hence Commission admits the claim to that extent only. Hence a negative adjustment is required to be made for Rs 3.94 lakh. The segregation between generation and distribution system has been made based on information available in APR application and shown in the table below:



Rs. in lakh

Intangible Assets written off	Amount allowed in the Tariff Order	Actual amount as per Audited Accounts	Amount allowed by the Commission in the APR	Adjustments
Generation	6.09	2.15	2.15	(-)3.94
Distribution System	0.29	0.29	0.29	Nil
Total	6.38	2.44	2.44	(-)3.94

2.16 Demurrage

DPL has actually spent Rs 156.73 lakh towards Demurrage in 2006-07. The Commission did not provide any sum for demurrage in the tariff order. However, Demurrage being covered by the commercial terms and conditions of freight, the Commission admits the amount of Rs 156.73 lakh in APR. The element of cost has been treated as generation cost and a positive adjustment to that extent has been made.

2.17 Other Non-Tariff Income

In terms of the Tariff Regulations, non-tariff income is a controllable factor. That means any variation in the amount of non-tariff income considered during determination of ARR and tariff for a year is not subject to adjustment in APR for that year. The Commission, however, feels that non-tariff income should be an uncontrollable factor in line with the provisions of sections 41 and 51 of the Electricity Act, 2003 and therefore should be adjusted accordingly in APR. The Commission, therefore, in exercise of the power conferred by regulation 6.4 of the Tariff Regulations, is making such adjustment for meeting the ends of justice. Non-tariff income as allowed in the tariff order for 2006-07 was Rs 235.79 lakh but actual income on this score as per audited accounts is Rs 318.22 lakh. On actual basis, the Commission admits Rs 318.22 lakh in APR. The segregation of non-tariff income between generation & distribution has been made based on the nature and source of income and are shown in the table below:



Non –tariff income	Amount allowed in the Tariff Order	Actual amount as per Audited Accounts	Amount allowed by the Commission in the APR	Rs. in lakh
				Adjustments
Generation	161.67	218.18	218.18	(-)56.51
Distribution System	74.12	100.04	100.04	(-)25.92
Total	235.79	318.22	318.22	(-)82.43

2.18 Withheld Amount

In the tariff order of DPL, for 2006-07 Rs 2 lakh was deducted from ARR and kept withheld due to non-compliance of the Commission's various directives given to DPL in the tariff for 2005-06. Since DPL has complied with such directives given by the Commission, the Commission is releasing the withheld amount in APR.



CHAPTER-3 AMOUNT ADJUSTABLE IN ANNUAL PERFORMANCE REVIEW

3.1. Based on the foregoing analyses and admission of the adjustments under different uncontrollable factors/elements of fixed charges, the Commission now proceeds to sum up the findings as to ascertain the total amount adjustable under the Annual Performance Review (APR) for the year 2006-07. In the statement below, the figures in respect of expenses/factors being controllable in nature and to the extent applicable as per the Tariff Regulations have been extracted from the tariff order for the concerned year. The expenses/elements of fixed charges defined/considered as uncontrollable have been taken after carrying out adjustments under the respective heads as explained in the previous chapter.

SI No	Particulars	Amount in Rs. in lakh	
		As per tariff order	As admitted in APR
1.	Employee cost	2216.88	2259.31
2.	Operation & Maintenance expenses (O & M expenses)		
	(a) Repairs and Maintenance (including consumables)	2323.00	
	(b) Rent, Rates and Taxes	0.34	
	(c) Legal Charges	0.41	
	(d) Audit Fees	0.15	
	(e) Insurance	80.31	
	(f) Other Administrative and General Charges	2174.72	
	Total O & M Expenses [(a) to (f)]	4578.93	4171.86
3.	Ash Handling Expenses	524.68	467.24
4.	Water Charges	1217.43	706.68
5.	Interest & Finance Charges	2080.64	1919.16
6.	Interest on Normative Working Capital	350.73	0.00
7.	Value of Intangible Assets Written off	6.38	2.44
8.	Provisions for Bad & Doubtful Debts	204.00	0.23
9.	Depreciation	1460.43	1356.67
10.	Advance against Depreciation	1393.05	2304.38
11.	Reserve for Unforeseen Exigencies	132.46	131.36
12.	Reasonable Return	5670.00	5147.29
13.	Demurrage	0.00	156.73
14.	Gross Fixed Charges For 2006-07	19835.61	18623.35
15.	Less: Income from Non-tariff sources	235.79	318.22
16.	Less: Amount Withheld	2.00	0.00
17.	Net Fixed Charges For 2006-07	19597.82	18305.13



- 3.2 Out of the amount of Rs 18305.13 lakh admitted in APR for 2006-07 as the Net Fixed Charges for 2006-07 as shown in paragraph 3.1, Rs 15932.72 lakh and Rs 2372.41 lakh are allocated to generation and distribution system respectively based on the aggregate of different heads for generation and distribution system as discussed in Chapter-2 of this order.
- 3.3 During 2006-07, the revenue realized from the consumers is Rs. 46424.73 lakh, as per DPL's submission in the application for APR for 2006-07. The variable cost realizable by DPL for 200-07 is Rs. 24798.38 lakhs as determined by the Commission in its Order dated 12.03.2008 in Case No. FPPCA-20/07-08 for FPPCA for 2006-07.
- 3.4 Based on the Net Fixed Charges for 2006-07 determined in APR as shown in paragraph 3.1, the total variable cost of DPL determined by the Commission in FPPCA for 2006-07 and actual sales revenue realized by DPL during 2006-07, the amount of excess recovery from the consumers of DPL works out as under :

SI No	PARTICULARS	Amount in Rs. in lakh
1	VARIABLE COST ALLOWED IN FPPCA=	24798.38
2	NET FIXED COST ALLOWED IN APR=	18305.13
3	TOTAL REALIZABLE SALES REVENUE(1+2)=	43103.51
4	ACTUAL SALE REVENUE REALISED=	46424.73
5	AMOUNT OF EXCESS RECOVERY (4-3) =	3321.22

- 3.5 Thus DPL is required to refund this excess recovery of Rs. 3321.22 lakh to its consumers. As the above refundable amount of Rs. 3321.22 lakh has been computed taking into consideration the adjustments of both the variable costs and fixed costs, the order dated 12.03.2008 of the Commission in Case No. FPPCA-20/07-08 stands modified and DPL is not entitled to recover any amount in terms of that order.
- 3.6 In terms of the Tariff Regulations, there shall be negative adjustment of the entire refundable amount of Rs 3321.22 lakh or part of thereof with the ARR of 2008-09 or that



of any other ensuing year of DPL, as may be decided by the Commission. The allocations of this refundable amount of Rs. 3321.22 lakh to generation and distribution system are Rs. 2890.78 lakh and Rs. 430.44 lakh, respectively in proportion to the allocations made to generation and distribution system as shown in paragraph 3.2.

- 3.7 The instant order is based on the careful consideration of the facts and figures brought by DPL in its application for APR in the specified formats and in its audited statement of accounts. This, being the first year of such APR and for carrying out adjustments accordingly, there may still remain some grey areas on which DPL may differ. The Commission permits DPL to submit its representations on those areas through the application for APR for the next base year, *i.e.*, 2007-08. At the same time, the Commission may also, *sou-moto*, take up any further adjustment, if so found necessary on the basis of subsequent revelation of the related facts and figures.

Sd/-
(R. P. Samaddar)
Member

Sd/-
(Prititosh Ray)
Member

Dated: 15.09.2008