

**KERALA STATE ELECTRICITY REGULATORY COMMISSION**  
**THIRUVANANTHAPURAM**

**Present** : **Shri. Preman Dinaraj, Chairman**  
: **Adv. A.J Wilson, Member (Law)**

**OP No 55/2021**

In the matter of : Petition seeking approval for employee cost for the year 2018-19 and 2019-20.

Petitioner : Cochin Port Trust. Willingdon Island, Cochin-682009.

Petitioner represented by : Smt. Surya Madhu, Sr AO CoPT  
Sri V Thuraipandyan, CME  
Sri S K Sahu, FA&CAO  
Smt Rajashree Dabke, Sr Dy CAO  
Sri R S Ajayakumar, EE  
Sri Ajith kumar D, EE  
Smt. Jayalakshmi S, AEE  
Smt. Mini V, AE

Date of hearing : 08.03.2022.

**Order dated 16.07.2022**

1. M/s Cochin Port Trust (hereinafter referred to as the petitioner or CoPT) filed a petition on 20.09.2021, before the Commission, seeking approval of the employee cost for the years 2018-19 and 2019-20. The prayer of the petition is extracted below.

*“To approve the Employee cost of Rs 925.86 lakh and Rs. 811.73 lakh for 83 nos and 79 nos of employees for the year 2018-19 and 2019-20 respectively which is in accordance with the CEA/CEI norms and the minimum other deployment required as brought out in Para 10 and 11 infra of the Petition such as accounting & billing, Centralized Control and vehicle drivers, meter reading etc. Hence, Hon'ble Commission may kindly look into the matter and take a lenient view and approve the employee cost fully as submitted in our Truing up petitions, the details of which are given below: -*

(Rs. In Lakh)

Financial Year	Employee cost based on the deployment as per the CEA/CEI Norms (Employee Nos.)	Employees cost engaged in accounting & billing, Centralized Control and vehicle drivers etc. (Employee Nos.)	Total Employee Cost (Total Employee Nos.)
	(2)	(3)	(4) 2+3
2018-19	743.97 (65 Nos.)	181.89 (18 Nos.)	925.86 (83 Nos.)
2019-20	678.21 (64 Nos.)	133.52 (15 Nos.)	811.73 (79 nos.)

2. The summary of the petition filed by the licensee CoPT is given below:

- (1) CoPT is a deemed distribution licensee for the distribution of electricity within the port area in Willingdon Island and ' Vallarpadam & Puthu Vypeen area'.
- (2) CoPT, has been meeting their power requirement, mainly by purchasing power from KSEB Ltd at the Bulk Supply Tariff. The Commission while approving the truing up of accounts of CoPT in the years 2018-19 and 2019-20 had approved only the normative employee cost as provided in the Tariff Regulations, 2018. The summary of the employee cost claimed in the truing up petition and approved in the true up orders are given below.

(Rs. In Lakh)

FY	Approved in ARR	As per Truing up Petition	Trued Up
2018-19	364.42	925.86	364.42
2019-20	382.06	811.73	382.06

- (3) CoPT further submitted that the Commission vide truing up Order dated 21.04.2020 has directed the licensee to work out the actual employee requirement based on the norms fixed by Central Electricity Authority (CEA) and get the same approved by the Commission within 4 months of the date of the Order. However, the licensee has not complied with the direction of the Commission.

Subsequently the Commission while approving the truing up of accounts of CoPT for the FY 2019-20, vide order dated 21.06.2021 also issued the following direction to CoPT

*".....In case the licensee desires to appeal against the approval of employee cost, they are given one last chance to file complete details, their levels, qualification, place of posting, numbers etc. for consideration within 3 months of the date of release of this Order the licensee and specifically informed to the licensee that no*

*further chance in this regard shall be provided and the complete responsibility of this shall rests only with the licensee”*

In compliance of the above directions of the Commission, CoPT filed this present petition before the Commission.

- (4) CoPT submitted that, CEA has not specified any norms for employee strength in distribution business. Hence CoPT claimed that they worked out the deployment of employees as per the circular No. B1-17175/2004/CEI dated 18.09.2004 of Chief Electrical Inspector (CEI).
- (5) CoPT further claimed that the employees in CoPT have quinquennial revision in their salary and wages, and also Port is allowing IDA pattern and has a net increase of 6.74 % in 2018-19. Employees are also eligible for an increment of 3% per annum. Hence employee cost of CoPT will be higher compared to other licensees. When wage revision was implemented in CoPT, the actual increase reflected in the salary of 2018-19 is 16% against the provision given CoPT at a rate of 10%.
- (6) The summary of the total number of employees deployed in various locations/substations are given below.

Number of employees deployed by CoPT

SL No.	Substation	FY		Remarks
		2018-19	2019-20	
1	110 KV substation at W. Island	13	13	1- degree holder in charge of the substation, 3 AEs (1 AE in each shift of 3 shift), 2 -class III employees per shift + 3 relivers .  Note - In KSEB Ltd, 12 operating staff in each 110kV substation)
2	11 kV substation at Vallarpadam.	11	9	<b>2018-19.</b> 1 AE/JE/Shift, 2- Class III Employees/shift +2 relivers . <b>2019-20</b> - One 1- AE/JE/Shift , 2- Class III Employees/shift(relivers not provided) .  Note. 11kV s/s of KSEBL are unmanned.
3	11 kV Substation at Mattanchery halt	6	6	2- Class III employees/shift ( Note. 11 kV Substations of KSEBL are un manned)
4	Q 9 substation	2	2	2- Class III Employees posted for attending O & M works.
5	11kV s/s E.Wharf	6	6	2- Class III Employees/shift (11 kV s/s of KSEBL are unmanned)
6	11 kV s/ M. Wharf	6	6	
7	North end Substation	6	6	

8	Hospital substation	6	6	
9	Power House and 11/3.3 kV Substation	9	7	<b>2018-19:</b> 3- Class III Employees/shift , <b>2019-20:</b> 2- Class III Employees/shift + 1 reliver
10	Centralised Control Room	3	3	For attending breakdown complaints
11	Meter reading	3	3	From 2019-20 onwards Meter reading staff is not required due to implementation of smart metering
12	Accounting and billing	4	4	
13	Skylift	2	2	For repair works, cutting of tree branches etc.
14	Jeep drivers	3	3	Used for distribution activities
15	Mazdoor Class- IV	2	2	
16	Executive Engineer	1	1	
	Total	83	79	

- (7) The total employee cost claimed in each of the above substations are also given by the licensee and its summary is given below.

SL No.	Substation	2018-19			2019-20		
		No. of Employees	Salary claimed (Rs.Lakh)	Avg. Monthly salary per employee (Rs)	No. of Employees	Salary claimed (Rs.Lakh)	Avg. Monthly salary per employee (Rs)
1	110kV substation at W. Island	13	141.36	90616	13	134.55	86250
2	11 kV substation at Vallarpadam	11	119.76	90727	9	113.21	104824
3	11 kV S/S at Mattanchery Halt	6	61	84722	6	59.35	82430
4	Q 9 substation	2	24.13	100541	2	21.84	91000
5	11 kV substation E.Wharf	6	65.11	90430	6	58.89	81792
6	11 kV substation at M. Wharf	6	62.19	86375	6	60.56	84111
7	North end Substation	6	59.62	82806	6	52.39	72764

8	Hospital substation	6	46.71	64875	6	46.57	64681
9	Power House and 11/3.3 kV Substation	9	90.33	83639	7	63.61	75726
	sub total	65	670.21		61	610.97	
10	Accounts and billing	18	163.86	75861	18	120.28	55685
	Grand total	83	834.07	83742	79	731.25	77136

### Hearing of the Petition

3. The Commission admitted the petition as OP 55/2021. Hearing on the petition was conducted on 08.03.2022. Smt. Surya Madhu, Senior AO, CoPT presented the petition on behalf of the petitioner. The summary of the deliberations during the hearing is given below:

- (i) M/s CoPT submitted that, as instructed by the Commission vide true up Order dated 21.06.2021, CoPT had filed this petition seeking approval for the employee cost for the year 2018-19 and 2019-20.
- (ii) M/s CoPT further submitted that the Commission had not allowed the amount claimed in the true up petition. The Commission further directed CoPT to work out the actual number of employee deployment based on CEI/CEA norms. However, the CEA regulation do not specify the number of employees so CoPT had worked out the employee strength based on the CEI (Chief Electrical Inspector), Government of Kerala norms.
- (iii) M/s CoPT further submitted that for the FY 2018-19, the actual number of employees was 83 Nos and the same in the FY 2019-20 was 79 Nos as against the requirement of 123 Nos as per the CEI norms.
- (iv) The higher employee cost of CoPT is due to the following.
  - Quinquennial revision in the salary and wages of the employees @ 16% hike in the pay.
  - Impact of VDA which increases @ 6.74% per annum.
  - Annual increment given to the employees of CoPT at the rate of 3%.

4. CoPT, vide email dated 16.03.2022 has submitted the following documents:

- (i) Pay/wage revision settlement agreement with effect from 01.01.2017 in respect of Class I & II officers and Class III & IV employees
- (ii) VDA circulars for the for the years 2018- 19 to 2021-21 and comparison of average increase in DA for the period from 2017-18 to 2018-19

## Analysis and Decision of the Commission

5. The Commission has carefully examined in detail the petition filed by Cochin Port Trust (CoPT) dated 20.09.2021 for the approval of the employee cost as per the provisions of the Electricity Act, 2003, deliberations during the hearing as per the provisions of the Electricity Act, 2003, and other relevant Rules and Regulations, decided on the matter as follows:
6. CoPT is a distribution licensee in the Wellington Island, and also at the Vallarpadam and Puthuvypin area. The total area of distribution is, 936 Acres at Wellington Island and 1606.18 Acres at Vallarpadam and Puthuvypin area. The total number of consumers served by the licensee is about 1263 numbers only. The licensee had a contract demand of 6.5MVA power with KSEB Ltd for Wellington Island and the contract demand for Vallarpadam area is 3 MVA only. The annual energy consumption of the licensee is about 38MU only.
7. As per the details submitted by the licensee, the total number of employees engaged is 83 nos in the year 2018-19 and 79 Nos in the year 2019-20. The summary of the employee cost claimed in the respective years is given below.

SL No.	Year	Total number of Employees	Employee cost ( Rs Lakhs)	Avg Monthly Salary (Rs)
1	2018-19	83	925.86	<b>92958</b>
2	2019-20	79	811.73	<b>85626</b>

CoPT claimed that, out of the above, 18 number of employees are engaged for accounting & billing, meter reading, vehicle drivers, centralized control room etc for 2018-19 and 2019-20.

8. The summary of the total employee cost claimed and the employee cost per unit claimed is given below.

Year	No: of Consumers	Energy sales (MU)	Employee cost claimed (Rs. Lakh)	Employee cost per unit sold (Rs/kWh)
2018-19	1264	34.72	925.86	2.66
2019-20	1224	36.73	811.73	2.21

9. The Commission noted that, the employee cost of the CoPT is one of the highest in the State. The details of the employee cost of other licensees in the State including KSEB Ltd is given in the table below.

Sl No	Name of the Licensee	Number of consumers	Energy Sale	Emp cost approved		Avg. Emp cost (Rs/unit)	Remarks
		(Nos)	(MU)	Amount	Unit		
1	CSEZA	167 nos	56.71	138.96	(Rs.Lakh)	0.25	2019-20
2	RPIL	62 nos	29.67	59.55	(Rs.Lakh)	0.20	2018-19
3	KDHPCL	16045 nos	43.66	159.11	(Rs.Lakh)	0.36	2019-20
4	Infopark	83 nos	8.02	19.07	(Rs.Lakh)	0.24	2018-19
5	TCED	39955 nos	151.1	1145.48	(Rs.Lakh)	0.76	2019-20
6	CPT (claimed)	1224 nos	36.73	811.73	(Rs.Lakh)	2.21	2019-20
	CPT (Approved)	1224 nos	36.73	382.06	(Rs.Lakh)	1.04	2019-20

10. The Commission further noted that, the higher employee number and cost is mainly due to number of employees engaged in the 11kV substations of the licensee. 52 employees are engaged at eight 11kV substations for the year 2018-19 and the same for the year 2019-20 is 48 Nos.
11. The licensee, CoPT claimed that they had appointed the employees as per the circular dated 18.09.2004 of the Chief Electrical Inspector. But being a Government of India entity, the enforcing authority for safety standards within the area of the CoPT is Central Electricity Authority (CEA) and not the Chief Electrical Inspector. Further, the Chief Electrical Inspector has no authority to specify norms for prescribing the number of employees in substations and other offices.
12. The Commission also noted that the Regulations applicable for safety of electrical installation /equipment after the enactment of EA- 2003 is the CEA (Measures relating to Safety and Electric Supply), Regulations, 2010. It is also noted that the CEA has not specified any clause to fix the number of employees for operation and maintenance. As per the provisions of the EA-2003, the powers of CEI are to ensure safety as per Section 53 of the EA -2003 and not beyond that. Thus, even assuming the power of CEI on safety matters, it cannot issue orders fixing the number of employees required in each installation considering the various conditions at the installations.
13. As per the provisions of the Electricity Act, 2003 and KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2018 (herein after referred as Tariff Regulations, 2018), the O&M expenses is a controllable expense. Further, the Commission in the Tariff Regulations, 2018 has also provided norms for O&M expenses so as to keep check on such expenses.

The Commission vide Order dated 21.06.2021 in OP No.50/2021, had directed the licensee to file complete employee details regarding the employees. However, the details submitted by M/s CoPT is not substantiating the reason for the higher employee cost in its licensed area, it only provides the details of the employees.

14. The Commission notes that, there is no justification in the number of employees engaged in the 11 kV substations of the licensee. If the Commission approve the staff pattern as presently engaged by the CoPT, other licensees shall also claim such higher employee strength and cost. **Hence, the Commission hereby directs that, the licensee shall, at its expenses, conduct a need-based work study for the optimum utilisation of its manpower, with proposals to utilise the excess manpower to other business of the CoPT other than electricity distribution business. The report shall be submitted before the Commission within six months from the date of this order.**
15. After carefully considering the submissions, justifications and other facts made available by the distribution licensee, the Commission finds that the distribution licensee has not been implementing prudent staff practices in their operations. ***Hence, the Commission is constrained not to approve the employee cost for the FY 2018-19 & 2019-20 on the basis of the justifications provided by the distribution licensee in this petition.***
16. With the above observations, the Commission hereby rejects the petition filed by the M/s CoPT, seeking approval for employee cost for the year 2018-19 and 2019-20.

#### **Order of the Commission**

17. The Commission after detailed examination of the petition filed by CoPT, other documents and details submitted during the deliberations of the subject petitions, as per the provisions of the Electricity Act, 2003 and Regulations in force, hereby orders the following.
  - (1) Reject the petition filed by M/s CoPT for the approval for employee cost for the year 2018-19 and 2019-20 as detailed in the preceding paragraphs of this Order.
  - (2) **CoPT shall conduct a need-based work study for the optimum utilisation of its manpower, with proposals to utilise the excess manpower to other business of the CoPT other than electricity distribution business.**

- (3) A copy of the study report along with the recommendations and action taken to reduce the employee cost shall be submitted to the Commission within six months of the date of this Order.

The petition is hereby disposed of.

**Sd/-**

**Adv. A J Wilson  
Member (Law)**

**Sd/-**

**Preman Dinaraj  
Chairman**

Approved for issue

**C R Satheeshchandran  
Secretary**