

KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM

Present: **Shri. S. Venugopal, Member**
Shri. K.Vikraman Nair, Member

Application No. OA 17/2017

Petitioner : KSEB Ltd
Vydyuthi Bhavanam, Pattom,
Thiruvananthapuram.

In the matter of : Approval of estimate rates of
Distribution works.

K S E B Ltd. represented by : Sri Manoj G, AEE- TRAC

Daily order dated 01.02.2018

1. KSEB Ltd vide the application No. KSEB/TRAC/cost data/R3/2017/4394 dated 22.11.2017 has filed an application before the Commission for approval of cost data for distribution works for the year 2017-18.
2. The summary of the application filed by K S E B Ltd. is;
 - (1) The petition is filed under Regulation 33(1) of Kerala Electricity Supply Code, 2014, wherein it is specified that the Licensee shall annually obtain approval of the Commission for Schedule of Rates for recovery of expenditure under Section 46 of Electricity Act 2003.
 - (2) The Commission vide the order dated 20.05.2016 in petition O.A No. 12 of 2015 had approved the rates for distribution works for the financial year 2016-17. Further, vide order dated 1.7.2015 in O.A. No. 5/2015, the

Commission had approved the rates of drawing different types of Aerial Bunched Conductors.

- (3) The State Government vide the order dated 17.4.2013 ordered to adopt CPWD data and Schedule of Rates (SOR) in Government departments w.e.f 1st October 2013. The estimate rates is revised in accordance with the latest CPWD schedule of rates.
- (4) KSEB Ltd has followed the methodology approved by the Commission in the order dated 20.05.2016 in petition OA No, 12 of 2015, while estimating the rate of distribution works.
- (5) CPWD schedule of rates 2016 with cost index of March 2017 was adopted for arriving cost of labour. The CPWD schedule of rates are based on the prevailing market rates of materials in Delhi as on 01.04.2016. In order to arrive the cost index of Kerala as on March 2017, the average cost of 14 districts of the state published by PWD, Kerala being adopted and this index works out to 1.4699
- (6) KSEB Ltd has adopted the rate of materials, centrally purchased by them internally, for the year 2015-16 for the distribution materials, with due verification by Chief Internal Auditor. In the case of the items not purchased internally, the rate approved by Commission in the order dated 20.05.2016 is taken as basis for estimation.
- (7) The labour data estimated for each work is also provided in the petition.
- (8) The basic data used for arriving at the transportation cost is also submitted along with petition. In cases where basic data is not available, the transportation cost is arrived by applying inflation rate in the approved transportation cost for the year 2016-17.
- (9) As a specialized work and not widely used, no change is proposed in the cost data for aerial bunched conductors as approved by Commission on 1.7.2015.

- (10) GST has been introduced in the state with effect from 1.7.2017. The VAT applicable during the purchase (2015-16) is included in the cost of materials. Hence GST is not claimed for cost of materials. However, for labour charges and transportation, GST @ 18% is claimed, while estimating the cost of distribution works.
3. The Commission admitted the application as OA No 17/2017. The copy of the application is made available at the website of the Commission and the same also published at the website of the licensee KSEB Ltd. Further, the abstract of the application is also published in the dailies by KSEB Ltd. The Commission has also issued press release regarding the public hearing. The public hearings were conducted at at Ernakulam on 15.01.2018, at Kozhikode on 16.01.2018 and at Thiruvananthapuram on 18.01.2018.
 4. Sri Manoj G , Assistant Executive Engineer, TRAC presented the application on behalf of K S E B Ltd. at Kozhikode on 16.1.2018 at 10.30AM
 5. Sri. Sajjad P K representing the petty contractors submitted that cost data is to be revised periodically. The cost data may be revised whenever there is revision in PWD rates. The labour charges are increased after the issue of the last order and the contractors has been incurring losses since they have to pay higher salary to labourers without increase in the contract amount. He added that K S E B Ltd. has no clarity regarding the GST. There is confusion regarding the works for which the administrative sanction was obtained before introduction of GST, but the works are executed after GST has come in to force. The Chief Engineer, Distribution North, K S E B Ltd. noted the issue and submitted that necessary clarification shall be given to concerned officers.
 6. Sri. Nanda Kumar representing K S E B Engineers Association stressed the need to adhere to the safety standards in force and also to ensure the quality of materials used. He proposed that a surcharge may be provided over the estimate for the additional cost for safety compliance.
 7. Sri Swaminathan, representing Power Board Officers Federation stated that the cost for new technologies are also to be considered while revising cost data. He stated that the cost data for lines using covered conductors are not included. Thrust may be given to technology adaptation, while approving cost data.

Hearing on the petition at Kozhikode was concluded at 12.00 Noon and the next hearing is scheduled on 18.1.2018 at 11 AM at the Court Hall of the Commission, Thiruvananthapuram.

Sd/-

K.Vikraman Nair
Member

Sd/-

S.Venugopal
Member

Approved for issue

K B Santhosh Kumar
Secretary