

**Minutes of Performance Review of NESCO
from October,09 to March,10 and for FY 2009-10 held in OERC on 18.05.2010.**

Date of Review : 18.05.2010 at 11.00 AM

Period of Review : From Oct, 09 to Mar, 10 and FY 2009-10

Representative of NESCO and OPTCL present during the review:

- (i) Mr. S K Singh, CEO, NESCO
- (ii) Mr. S C Singh, Sr.G.M. NESCO
- (iii) Mr. S D Bhanja, AGM, Regulatory Affairs, NESCO
- (iv) Mr. Ajoy Ku. Mohanty, GM, R&T, OPTCL

1. Mr S K Singh, CEO, NESCO made a presentation before the Commission about the performance of NESCO during the period from October , 2009 to March, 2010 and for the whole FY 2009-10.

Commission's Observations on Licensee's Performance in brief

Key performance indicators of NESCO

Description	Actual for FY.2009-10	Actual for FY.2008-09	OERC Target for FY-09-10
Input(MU)	4705.25	4544.98	4285.00
EHT Sales	1534.11	1448.64	1286.56
HT Sales	631.18	620.46	511.85
LT Sales	1009.86	904.61	1501.04
Total Sales(MU)	3175.14	2973.71	3299.75
Sales (Rs. Crore)	934.27	875.02	839.80
Collection (Rs. Crore)	889.82	821.09	823.00
Collection efficiency (%)	95.2	94.00	98 %
LT collection efficiency (%)	77	73.00	
Overall Distribution loss (%)	32.52	34.6	24.54 %
LT Distribution loss (%)	55.83	59.4	34.53 %
AT&C loss (%)	35.73	38.60	23.00 %
AT&C loss (%) LT	65.80	70.52	33.19 %

2. The Commission noted with concern the collection efficiency of NESCO has not shown desired improvement in spite of higher sales in EHT during the period of review in comparison to FY 2008-09. Although the distribution loss and AT&C loss have reduced but the licensee has failed to achieve the targets set by the Commission. Though there was a reduction of distribution loss in comparison to FY 2008-09, it had actually increased during FY 2008-09 over FY 2007-08 (31.2% in 2007-08). The CEO submitted that LT:EHT ratio had reversed during FY 2008-09 which was responsible for higher distribution loss during that year.
3. **Performance of Divisions:** There was no tangible effort taken by the divisions to collect the amount at least billed to the consumers. The per unit realization should be at least equal to BSP (Bulk Supply Price) charged by GRIDCO to NESCO. The overall LT realization of NESCO is only 81.1 paise with AT&C loss of 65.8%

whereas BST for NESCO is 151 P/U including Transmission charge for 2009-10. The Commission instructed NESCO to treat Government department as ordinary consumers. The Government supply should be disconnected if they do not pay their dues in time as per Regulation. The Commission impressed upon the CEO of NESCO to discuss the street light arrear dues problem with Secretary of Housing and Urban Development Department and settle the matter. The Commission also directed that NESCO may once again try to reconcile the billing to the Govt. Department and issue disconnection notice under intimation to the Commission. If no positive response is received, then the disconnection of power supply be effected. The Division-wise LT performance of NESCO is given below, in order of merit of LT, AT&C loss in percentage.

Divisional Performance for 2009-10

	Name of the division	LT Purchase MU (Calculated)	LT Billing MU	LT Loss in %	LT Collection Efficiencies in %	LT AT & C Loss in %	LT per Unit Realization in paisa per Input.
1	AED Anandapur	121.19	56.65	53.3%	37.2%	82.6%	42.6
2	BED Bhadrak (S)	119.77	63.87	46.7%	50.8%	72.9%	58.8
3	JTED Jajpur Town	234.35	97.75	58.3%	66.3%	72.3%	58.6
4	UED Udala	69.46	27.41	60.5%	76.1%	70.0%	68.4
5	SED Soro	158.05	77.40	51.0%	64.6%	68.4%	70.4
6	JRED Jajpur Road	278.13	114.73	58.7%	77.3%	68.1%	79.2
7	RED Rairangpur	121.33	45.68	62.4%	86.5%	67.4%	81.9
8	CED Balasore	160.70	63.86	60.3%	83.0%	67.0%	77.7
9	BNED Bhadrak	207.29	103.78	49.9%	66.3%	66.8%	80.8
10	BTED Basta	99.91	35.39	64.6%	94.0%	66.7%	67.3
11	KED Keonjhar	276.18	108.87	60.6%	95.7%	62.3%	96.3
12	JED Jaleswar	111.11	46.39	58.3%	91.0%	62.0%	77.1
13	BED Baripada	214.83	95.84	55.4%	87.5%	61.0%	93.9
14	BED Balasore	114.16	72.25	36.7%	102.8%	34.9%	177.2
	NESCO	2,286.46	1,009.86	55.8%	77.4%	65.8%	81.1

4. **Quality of Supply:** The Commission observed that there is urgent need to replace the high percentage of defective meters. The CEO submitted that installations of Vacuum Circuit Breaker (VCB) are very much required for effective implementation of ABT in NESCO. Most of the 1.6 MVA transformers are failing due to absence of protection on both the side. The Commission expressed concern over the high rate of failure of distribution transformers in NESCO area. It was found out that the power transformers need to be upgraded at OPTCL substation in Joda, Soro and Baripada on priority basis. The representative of OPTCL submitted that the upgradation work shall be completed in Soro and Joda by 2010-11 and in Baripada by 2011-12.
5. The Commission had earlier directed the distribution licensees to choose one 33/11 KV S/S in each division at a time and make it fully equipped with all necessary equipments so that it meets load without overloading with improved voltage condition to set an example for other to follow. Thereafter, the Licensee should concentrate on another S/S and so on to improve all the S/Ss available in its area of operation.” In the light of the above, the distribution licensees are required to furnish the name of the S/S of each division equipped in all respect.
6. The Commission noted that Distribution Companies should be prepared for receiving power from new/augmented grid S/S and accordingly build their downstream distribution lines well in advance in consultation with OPTCL so that power from the new grid S/S or augmented S/S of OPTCL can be evacuated easily for ultimate benefit to the consumers.

QUALITY OF SUPPLY	As on Mar-09	As on Mar-10
METERING POSITION		
Total no of Meters	526374	557832
No of working Meters	373582	399311
Percentage of working meters	71 %	72%
No of 33 KV feeders	58	60
No of 33 KV metering	55	57
No of 11 KV feeders	427	428
No of 11 KV feeder metering	144	93
No of DTRs	18148	22647
No of DTR metered	101	372
Failure of Power Transformer Nos	20	14
Failure of Distribution Transformer	1911	1673
Interruption of 33 KV feeders from grid s/s	10491	10863
Interruption of 11 KV feeders from 33/11 KV s/s	30756	30631

7. While reviewing the quality of power supply, the Commission directed for proper maintenance of the distribution system considering all aspects of safety rules. A target of loss reduction performance indicator & benchmark should be fixed for all the divisions and circles and the licensees should monitor it regularly. Provision of breakers, and appropriate protective devices should be placed in the system. Separation of Rural feeders from Urban & Industrial feeders including load balancing

to reduce interruptions. Regular analysis of interruption including field inspection should be carried out by GM/SEs of all field circles.

8. The Commission directed that the licensee are required to furnish the status of the compliances to the recommendations/directions with reference to the enquiry conducted by independent experts as regards to maintenance and operation of distribution S/S and lines under different distribution licensees. Licensees are required to furnish the actions already taken with reference to the long term recommendations as pointed out in the enclosed format at **Annexure-I** in addition to the compliances already complied.

Franchisee Operation

9. CEO, NESCO submitted that they would establish five micro franchisee per Division by Women Self Help Group and NGOs. The Commission instructed NESCO to operationalise franchisee during 2010-11 in 80 rural areas/villages. Besides franchise operation should be covered at in another 6 urban/semi-urban areas at macro level.
10. The consumer grievances should be addressed on priority basis and stringent action should be initiated against the illegal consumers as per the Electricity Act, 2003. The licensees should take the help of energy police station for power theft and punishment with imprisonment or fine or both for abetment of electricity offence.

Action Points

11. **Reduction of AT&C loss in LT not less than 10% and overall AT&C loss not less than 6% during 2010-11**
 - AT&C loss in LT during 2007-08 was 70.42% which increased to 70.52% during 2008-09 and as per the tentative figure furnished for 2009-10, the AT&C loss in LT is 65.80%. The reduction in LT achieved being 4.72% over 2008-09. The minimum reduction of AT&C loss in LT category must not be less than 10% for NESCO as a whole during 2010-11. While higher loss reduction should be achieved in Divisions where LT loss is on the higher side, in any case, the divisions having LT loss 50% or more should try to achieve not less than 10% of AT&C loss reduction in LT category for the purpose to start with Divisional engineers in every month personally monitor the metering/billing and collection position of all LT Industrial, Commercial, 34 LT supply and all high end consumers having contract demand 20 MW or more. Commission desires that the meter correctness position of all such customers be checked and in case any abstraction of energy is detected penal action and/or disconnection may be taken. Divisional Engineers, also identify the loss making 11 KV feeders and try to establish micro-franchise/franchise operation of all the DTRs of such 11 KV feeders. All employee of DISCOM be given a voluntary declaration of correctness of meter and contract demand at their own residential premises.
 - The overall AT&C loss (LT, HT & EHT taken together) was 33.92% during 2007-08 which instead of declining increased to 38.60% during 2008-09 and for 2009-10, the ATC loss achieved is 35.73% which is more than the level

achieved in 2007-08 and marginally declined by 2.87% during 2009-10. The target for 2009-10 was 24.54%. The gap between the target and achievement for the year 2009-10 is as high as 11.19%. This is simply unacceptable. The target for 2010-11 has been fixed at 20.09%. While NESCO must try to achieve the overall AT&C loss target of 20.09% for 2010-11, the minimum non-negotiable target of overall AT&C loss reduction shall not be less than 6%. In order to achieve the minimum reduction of 10% AT&C loss in LT and 6% over AT&C loss reduction specific AT&C loss reduction target for LT and overall AT&C loss reduction target should be fixed for the Circle wise, Division wise, sub-division wise and section wise.

12. **Cross checking of meter readings on regular basis:-**

It has been brought to the notice of the Commission through different sources that sometimes the meter readers engaged by the spot billing agencies do not visit the premises of the consumers and bring out printed bills without any reference for the actual reading. Further, in some cases though the meter vender visits the premises of the consumers the actual reading recorded in the meter is not taken into account while preparing the bills. Lower reading is taken with nexus with the consumers.

- Again the bills so prepared are not actually served to the consumers.
- All these results in higher distribution loss and finally, higher AT&C loss.
- In order to check the correctness of the bills raised and to ensure that all the consumers are covered by the meter readers by spot visit, a vigilance squad at the Division/sub-division should be constituted which should regularly cross check at least 10% of the consumers in a month in respect of which meter readings have been taken.

13. **LT collection to LT input should be at least equal to the BSP**

- The LT collection to LT input has been increased from 68 paise/unit in 2008-09 to 81 paise/unit in 2009-10 against the Bulk Supply price of GRIDCO excluding Transmission Charge 130.00 paise/Kwh (Transmission charges 21 paise). The LT collection to LT input varies between as low as 42.6 paise per unit in case of Anandpur Electrical Division, 58.8 paise in case of Bhadrak Electrical Division, 58.6 paise in case of Jajpur Town Electrical Division and 177.2 paise in case of Balasore Electrical Division.
- The BSP for 2010-11 in case of NESCO has been fixed at 195 paise/Kwh (Excluding transmission and SLDC charges of 23.5 paise). NESCO must take steps to increase the LT collection to LT input at least to the level of BSP fixed for 2010-11 at 218.50 paise per MU including Transmission Charges.

14. **Separate Target for collection of current revenue and arrear revenue**

- The overall collection efficiency was 96% (LT-73%) during 2007-08 which declined to 93.8% during 2008-09 (Lt 73%). The overall collection efficiency during 2009-10 has been shown at 95.2% against the target of 98% (LT 77%) as fixed by the Commission. It may, however, be noted that the collection

efficiency said to have been achieved includes Rs.36.67 crore arrear collection out of the arrear of Rs.649.21 crore outstanding at the beginning of the financial year 2009-10.

- During 2008-09, against Rs.875.02 crore billed, the total amount collected was Rs.821.08 crore, collection efficiency being 94%. After deducting arrear of Rs.12 crore collected during 2008-09, the collection of the current revenue was Rs.809.08 crore which constituted 92.4% of collection efficiency against 94% as shown by NESCO for the said year 2008-09. Against this, during 2009-10, the total amount billed was Rs.931.46 crore against which the total amount collected has been shown as Rs.889.82 crore indicating the collection efficiency at 96%. But after deducting the arrear collection of Rs.36.67 crore the current revenue collected comes to Rs.853.13 crore which constitutes 91.62% of collection efficiency of the total billing of Rs.931.46 crore for the year 2009-10. This shows that the collection efficiency has declined from 92.4% in 2008-09 to 91.6% during 2009-10. This clearly indicates the lack of commitment and sincere efforts on the part of the licensee to improve the collection.
- The Distribution company must show the collection of current revenue and arrear separately and the collection of arrear would refer to the amount outstanding as on 1st April, 2010. Accordingly, the collection efficiency should be worked out. The target of collection efficiency fixed at 98% for 2010-11 shall have to be achieved by the Licensee, otherwise, it would be difficult on their part to pay the BST bill and meet the salary and other expenditures.

15. Arrear Collection Target – Rs.200 crore for 2010-11

- Total arrear outstanding as on 31.3.2009 was 649.21 crore including the accumulated arrear of Rs.135.69 crore outstanding as on 31.03.1999. Out of Rs.649.21 crore outstanding as on 31.3.2009, NESCO has collected only Rs.36.67 crore. But what is a matter of great concern is that against the billing amount of Rs.931.46 crore during 2009-10, amount collected is Rs.853.15 crore which shows that the balance of Rs.78.31 crore which was not collected has been added to the arrear. The arrear amount collected during 2009-10 is Rs.36.67 crore whereas the arrear added during the year is Rs.78.31 crore. That means there has been net addition of arrear of Rs.41.64 crore (arrear added Rs.78.31 crore – arrear collected Rs.36.67 crore). Consequently, the arrear of Rs.649.29 crore (State Govt., PSU, etc. Rs.57.11 crore excluding DPS as 27.65 cr.) + Rs.592.10 crore) outstanding as on 31.3.09 has increased to Rs.690.21 as on 31.3.2010. Since on earlier analysis through receivable audits, it was indicated that about 20 to 30% of the arrear outstanding is collectable, pending verification of the finding of the receivable audits, NESCO must collect at least Rs.200 crore during 2010-11 which roughly works out 30% of the arrear outstanding of Rs.690.85 crore (Rs.60.80 crore – State Govt., PSUs, etc. excluding DPS as 30.70 cr.) + Rs.630.05 crore). The

performance of the circle officers and division officers must be assessed based on the achievement of the target of collection of current revenue and arrear revenue during 2010-11.

16. **Arrear collection from Govt. Departments, PSUs, Municipalities, etc.**

- The total arrear outstanding against Govt. departments, Municipalities, PSUs, etc. was Rs.84.78 crore as on 31.3.2009 and this has increased to Rs.91.51 crore as on 31.3.2010.

Organization	Rs. in crore	
	As on 31.3.2009	As on 31.3.2010
Govt. Dept.	26.56	28.45
NAC/Municipality	23.59	25.84
OLIC	15.37	16.05
PSUs	19.26	21.17
Total	84.78	91.51
	(DPS Rs.27.65 cr. + EC Rs.57.13 cr.)	(DPS Rs.30.70 cr. + EC Rs.60.81 cr.)

- Out of the Govt. Depts., maximum amount pertains to Public Health Dept. (Rs.13.66 crore) followed by Health and Family Welfare Dept. (Rs.2.29 crore), Rural Water Supply and Sanitation Dept. (Rs.1.67 crore), Education Dept. (Rs.1.83 crore), Water Resources/Irrigation Dept. (Rs.1.75 crore) and other departments (Rs.6.43 crore).
- The State Govt. in Energy Dept. In their letter No.1577 dt.23.2.2010 have informed the Commission that the defaulting consumers of various Departments and other local bodies, corporation are like any other individual consumers. DISCOMs are free to resort to disconnection of power supply.
- In view of the categorical stand taken by Energy Dept. to deal with various Govt. Depts., PSUs, etc., the DISCOM must take steps to disconnect the power supply to the Departments after giving due notice. The Govt. Depts., Municipalities and PSUs must be given in writing the amount of arrear and for the period to which it pertains and request the Department to reconcile before a particular date and if by that particular date no reconciliation is made by the Department or organization, it would be treated that the amount shown by DISCOMs are correct and payable by the Department/Organization/Local bodies. Thereafter due notice should be given to the Govt. Dept., the PSU/ Local bodies to pay the dues within a particular time, failing which disconnection of power should be effected, since Regulation does not provide any special treatment to Govt. Dept., Municipality and PSU.
- Regarding diversion of fund by Municipalities from the allotment given by H&UD Dept. towards electricity dues, this should be clearly brought to the notice of the Principal Secretary, H&UD under intimation to Secretary, Energy and Principal Secretary, Finance Dept. regarding purchase of electrical instruments other than paying electricity dues in full. The defaulting Urban

Local Bodies should also be given notice for reconciliation and payment of arrear dues, failing which power disconnection shall also be effected in their case. This should also be simultaneously intimated to the Dist. Collectors and SPs with regard to consequence that may be followed for disconnection of power to the Municipalities due to their continued default in paying the electricity for the energy consumed by them which is being procured by paying to the generators through GRIDCO.

17. **Target for Franchisee Operation**

- The Rural electrification undertaken under RGGVY mandates franchisee operation. But, even though, some of the areas under which RGGVY and BGJY work have been completed, the same has not yet been handed over to franchisee. Each Division must handover at least to five Women Self Help Groups or NGOs or Village Committees during 2010-11. Thus, the annual target for 2010-11 through the Women Self Help Group, Village Committee, NGO, etc. is fixed at 80 at the micro level for 16 divisions as a whole.
- At present Franchisee operation has been given to M/s. Enzen Global Solutions on an input based assured revenue basis in Jajpur Town and Dharmasala Sub-division under Jajpur Road Electrical Circle and M/s Akankshya Power for Khaira Sub-Division under Bhadrak Circle. No systematic approach appears to have been taken to extend franchise operation to other loss prone Sub-divisions. The Corporate office of NESCO must fix month-wise target for introducing franchisee in other Sub-divisions at the rate of one on average per two months. Hence, the target for 2010-11 is fixed at 6 macro level excluding the Women Self Help Groups or NGOs in rural areas, for which separate target of 80 is now fixed.

18. **Metering**

(i) **11 kV feeder metering**

- The number of 11 kV feeder metering was 389 as on 31.3.2005 which was reduced to 382 as on 31.3.2006 and 31.3.2007, but this subsequently further drastically reduced to 199 as on 31.3.2008, 144 as on 31.3.2009, and 93 as on 31.3.2010.
- Number of Distribution Transformer metering was 11,362 as on 31.3.2005 and 11,625 as on 31.3.2006. But this has reduced to 101 as on 31.3.2009 and 372 as on 31.3. 2010. When there is no metering of the Distribution transformer of 11 kV feeders, all possible ways are being opened up to increase the scale of theft of electricity by the unscrupulous consumers duly aided and abated by the dishonest employees of the DISCOMs. This indicates that the DISCOMs have totally failed to take effective action for control of theft of electricity through system improvement which is the basic duties of the DISCOMs. While taking up system improvement in a particular area. 11 kV feeder metering must be taken up as an integral part.

(ii) Replacement of defective meters

- Coming to the percentage of the meter working, it is seen that this was 77% as on 31.3.2005 which has declined to 76% as on 31.3.2006, 77% as on 31.3.2007, 72% as on 31.3.2008, 71% as on 31.3.2009 and 72% as on 31.3.2010.
- The number of defective meters has increased from 1,00,692 as on 31.3.05 to 1,52,792 as on 31.3.2009 and 1,58,521 as on 31.3.2010. NESCO must take steps on priority basis to replace all the defective meters of 1,58,521 during 2010-11 and month-wise target must be fixed for each Division and it should be closely monitored at the circle as well as corporate office level.

19. New connection and additional revenue

- Number of new connections given during 2009-10 was 36,344 against 29,143 during 2008-09. Similarly, the number of connections regularized during 2009-10 was 4,451 against 5,134 during 2008-09. To a query of the Commission as to what is the input for the new connections and the illegal connections regularized, the bills raised against such consumers and the amount collected, definite correct answer could not be given. DISCOM must keep separate account of the billing and collection made thereof in respect of new connections made as well as illegal connections regularized during the year, so that effectiveness of the new connections given and connections regularized can be assessed and trend of consumption on energy and collection from the existing consumers can be compared, segregating the amount from new consumers added and illegal connections regularized.

20. Quality of supply – Rate of failure to reduce by 50%

- The number of interruption of 11 kV feeder (from 33/11 kV S/S) was 30,756 during 2008-09 and 30,631 during 2009-10.
- The number of failure of Power Transformer was 20 during 2008-09 and 14 during 2009-10.
- Failure of Distribution Transformer was 1911 during 2008-09 and 1673 during 2009-10 (excluding the failed transformers having warranty period). NESCO must take steps in a time-bound manner for timely maintenance of the 11 kV feeders, power transformers and distribution transformers, so that rate of failure is reduced by 50% from the figure reported for the year 2009-10.

21. Consumer Complaints

- Though, in the meantime, compliances to the complaints received from print media or through individual petitions from the consumers or consumer groups has been increased, there has been number of cases in which replies are yet to be received from NESCO. The list of such cases has been handed over during Performance Review and NESCO is directed to furnish compliance in respect of those pending cases by 15.6.2010.

22. Implementation of GRF & Ombudsman order

- No serious attention was earlier given for implementation of the order of the GRF/Ombudsman. Number of compliances has increased after reports have been called for from the DISCOMs. The rate of compliances should be increased and the dateline fixed by the GRF/Ombudsman should be adhered to. In case DISCOMs feel that there is palpable mistake or error in the order of GRF/Ombudsman, they can file a review petition for clarification by the GRF/Ombudsman and, if necessary, such cases should be brought to the notice of the Commission. But this may happen in rare cases and NESCO can not take a plea for not implementing the order of the GRF/Ombudsman in time.
- While the GRF/Ombudsman shall dispose of the cases as per the stipulated time limit prescribed, NESCO must implement the order of the GRF/Ombudsman as per the time schedule specified in the Regulation or order of the concerned authorities.
- A full fledged consolidated report should be furnished by NESCO by 15.6.2010 in respect of implementation of the order passed by the GRF & Ombudsman upto 31.3.2010. In case it is noticed that there has been intentional delayed in implementing the order of the GRF/Ombudsman or compliances of the complaints forwarded by the Commission, the Commission would not hesitate to initiate action to penalize the concerned officer of the Licensees under Section 142 of the Electricity Act.

23. Enquiry of the Expert Team engaged by the Commission

- Compliance report for maintenance of lines and S/Ss as per the enquiry of the Expert Team engaged by the Commission, in the mean time some compliances have been received from NESCO in respect of short-term and long-term measures recommended by the Expert Team. But still a number of compliances are yet to be received. NESCO is directed to furnish a full compliance as per the pro-forma handed over during the time of Review and this would be submitted to the Commission on or before 15.6.10 at the latest.

24. Effective functioning of the Energy Police Stations and Vigilance Squad

- Three Energy Police Stations are presently functioning at Balasore, Baripada and Rairangpur.
- Dedicated Vigilance Cell in Balasore, Bhadrak, Baripada, Jajpur Road and Keonjhar Electrical Circles of NESCO are functioning. The effectiveness of Energy Police Stations and dedicated Vigilance Cell are to be evaluated in shape of higher collection of revenue and reduction in theft. The areas where loss level is more or input realization is less must be listed out and the Energy Police Station Squad and the Vigilance Squad must conduct raids in those areas. The minimum target for each Energy Police Station and Vigilance Cell should be fixed by the Circle officers which should be reviewed on daily basis regarding the actual result achieved by the Police Stations and dedicated

Vigilance Cell. This should also be centrally monitored by the CEO at the Corporate office level. The minimum target of raid by Energy Police Stations should not be less than 30 villages/ urban areas per month. Similar minimum target should also be fixed for the dedicated Vigilance Cell. The bills raised, amount collected as a result of action by the Energy Police Stations and dedicated Vigilance Cell should be separately accounted for. The effectiveness of Energy Police Station and dedicated Vigilance Cell would be measured in terms of revenue collected which should at least 20 times of the expenditure incurred on such Police Stations or the Vigilance Cell. Such expenditure would include the salary, PO Oil and other associated expenses for the Energy Police Stations and dedicated Vigilance Cell. In other wards, the expenditure incurred on Energy Police Stations and Vigilance Cell must yield at least 20 times of expenditure incurred on them.

25. **Action on the report of the EMR, Vigilance Cell and Other Enquiry**

- It is seen that the Vigilance Cell and EMR staff have reported serious negligence or connivance of the officers, staff in the matter of theft of electricity and other irregularities in collection. Prompt and exemplary action should be taken against such errant officers and staff. While it is desirable to take immediate action like placing these erring officers under suspension pending framing of detailed charges, expeditious action should be taken to finalise proceedings and deterrent punishment should be imposed on such officers and staff. On the other hand, the officers and employees who have done good work in reducing loss, increasing the collection, their contribution should be acknowledged and they should be felicitated in a public forum. Cash incentive may also be given to encourage them to do better work in the coming days. In short, CEO must ensure quick finalization of the disciplinary proceeding and encourage the good workers and officers for their better performance.

26. **Verification of meters of the employees of NESCO**

- It is said that charity begins at home. NESCO must take steps to ensure 100% verification of correctness of meter reading, its functioning, whether there is bypassing meters etc. in respect of all its employees starting from the top to the line man/ helpers. The MRT and vigilance staffs should be entrusted with the job with close supervision.

27. **Generation of sufficient revenue to meet the cost of service**

- The distribution of electricity has been privatized w.e.f. 01.4.1999. Though in the Transfer Scheme, it has been stipulated that the service condition of the employees shall not be inferior to what was before transfer, it does not mean that to protect their financial benefit and service condition, the DISCOMs will incur loan or State Govt. will give subsidy or grant to protect their service condition. It is they, who are required to earn for their service benefits from the business of distribution of electricity, they are doing in their area of operation. At present, the loss is so high and the actual cash collection is so

low that it is not sufficient to meet the salaries, R&M expenses after meeting the current BST and there has been defaulted in payment of old BST and other past dues. They should collect enough revenue which should meet the cost of power supply by GRIDCO, the arrear BST dues, the O&M cost, salary expenses etc. They should collect sufficient amount, so that after meeting the required expenditure, they would earn profit which has been included in the ARR approved by the Commission in shape of Return on Equity. If they increase the collection and reduce the loss, the Management of the NESCO would definitely share a part of the profit by way of incentive to the employees. There has to be a relationship of trust between the employees of the management. It needs to be realized that no amount of outside support can succeed unless the utilities conduct themselves with greater sense of responsibilities.

28. Power sector would succeed if the utilities bring in efficiency, cut costs, reduce loss and ensure greater consumer satisfaction. It would also require strong enforcement to ensure that consumers of electricity pay for its use. The new mantra for the power sector is therefore, “Reduce cost, Be more efficient, Be consumer responsive or Perish”.
