

**Minutes of Performance Review of SOUTHCO  
from April, 2010 to September, 2010 held in OERC on 18.12.2010.**

Date of Review : 18.12.2010 at 11.00 AM

Period of Review : From April, 2010 to September, 2010

Representative of SOUTHCO and OPTCL present during the review:

- (i) Mr. T.K Mishra, V.P, SOUTHCO
- (ii) Mr. S,K Choudery Sr.G.M.SOUTHCO
- (iii) Mr. S.K Routray, D.G.M.(Comm) SOUTHCO
- (iv) Mr. Sandip Mishra DGM(R), CSO, RELIANCE
- (v) Mr. P.C Dash G.M, OPTCL
- (vi) Mr. Ranjit Dash, GM(TP&C) OPTCL

1. Mr T.K.Mishra, VP, SOUTHCO made a presentation before the Commission about the performance of SOUTHCO for the period from April, 2010 to September, 2010.

Commission's Observations on Licensee's Performance in brief are as follows:

**(A) PERFORMANCE OF SOUTHCO**

**Sales Analysis of SOUTHCO**

2. The Commission expressed concern that during the period under review the sales on EHT, HT and LT have decreased by 12.11 %, 12.36 % and 27.80 % respectively compared to the target fixed by the Commission. Apart from the lower sales figures of the DISCOM, the collection has also declined by 15.77 % from the target of the Commission. Accordingly, the collection per unit input has decreased by 40.95 Paise from the target fixed by the Commission i.e. at 196.07 Paise.

<b>Sales Performance of SOUTHCO</b>					
<b>Bulk Supply</b>	<b>2009-10</b>	<b>2010-11</b>	<b>OERC Target 2010-11 (Proportionate)</b>	<b>Deviation from target</b>	<b>% of Deviation</b>
AVG. Demand (MVA)	382.51	387.95	377.00	10.95	
Energy input (MU)	2285.33	1260.51	1184.00	76.51	6.46%
<b>Sale to Consumers (MU)</b>					
EHT	236.24	126.47	143.90	-17.43	-12.11%
HT	224.52	104.65	119.40	-14.75	-12.35%
LT	727.06	426.89	591.25	-164.36	-27.80%
<b>TOTAL</b>	<b>1187.82</b>	<b>658.01</b>	<b>854.55</b>	<b>-196.54</b>	<b>-23.00%</b>
<b>Collection Received (CR.)</b>					
EHT	87.68	55.39			
HT	73.98	40.43			
LT	169.66	99.72			
<b>TOTAL</b>	<b>331.32</b>	<b>195.54</b>	<b>232.15</b>	<b>-36.6122</b>	<b>-15.77%</b>
Coll. from Govt. Dept & PSU	26.77	12.06			
Collection P/U	144.98	155.13	196.07	-40.95	-41.77%

**Loss Analysis of SOUTHCO**

3. It is a matter of serious concern that the licensee is not able to contain loss. The AT&C loss in LT sector has increased by 5.92 % compared to the previous year. The AT&C in LT sector was found to be 65.31% compared to the OERC target 30.81%.

The VP, SOUTHCO stated that with their best possible effort the distribution loss of the sector has remained same compared to the previous year because of 36665 nos. of addition of consumers under RGGVY scheme. The total number of consumers has gone up from 623,154 as on 31<sup>st</sup> March, 2010 to 659819 as on 30<sup>th</sup> September, 2010. Moreover due to non-cooperation from the billing agencies the collection efficiency has decreased by 16.49 percentage point compared to the collection efficiency of the previous year resulting in higher AT&C loss.

<b>Performance of SOUTHCO-Loss</b>					
	<b>Actual 2009-10</b>	<b>Actual 2010-11</b>	<b>OERC Target 2010- 11</b>	<b>Deviation from OERC Target</b>	<b>Deviation from last year</b>
<b>Loss (%)</b>					
LT	56.22%	54.52%	29.40%	25.12%	-1.70%
HT & LT	53.56%	53.13%	31.67%	21.45%	-0.43%
OVERALL	48.02%	47.80%	27.83%	19.97%	-0.23%
<b>Billing Efficiency (%)</b>					
HT	92.00%	92.00%	92.00%	0.00%	0.00%
LT	43.78%	45.48%	70.60%	-25.12%	1.70%
HT & LT	46.44%	46.87%	68.33%	-21.45%	0.43%
OVERALL	51.98%	52.20%	72.17%	-19.97%	0.23%
<b>Collection Efficiency (%)</b>					
EHT	100.13%	99.53%	98.00%	1.53%	-0.60%
HT	98.57%	93.16%	98.00%	-4.84%	-5.42%
LT	92.77%	76.28%	98.00%	-21.72%	-16.49%
HT & LT	94.46%	80.49%	98.00%	-17.51%	-13.97%
OVERALL	95.89%	85.10%	98.00%	-12.90%	-10.79%
<b>AT &amp; C Loss (%)</b>					
LT	59.39%	65.31%	30.81%	34.50%	5.92%
HT & LT	56.14%	62.28%	33.04%	29.23%	6.14%
OVERALL	50.16%	55.58%	29.27%	26.31%	5.42%

**Performance of Divisions:**

- The divisional performance sheet of SOUTHCO as tabled below shows that LT AT&C Loss in AED, Aska has remained high at 78.7% followed by BNED, Bhanjanagar and MED, Malkangiri at 76.5% and 76.4% respectively. The overall loss has remained high at MED, Malkangiri with 79.4% followed by AED, Aska at 78.9%. The collection per unit input in all the Divisions has remained more or less same compared to the figure for FY 2009-10. The VP, SOUTHCO stated that they have taken all possible measures to reduce loss and with their best possible efforts the Collection Per Unit (CPI) in GNED, Chhatrapur, NED, Nawarangpur and RED, Rayagada has increased by approximately 10%. Only in case of Malkangiri the CPI has decreased from 89.3 Paise for FY 2009-10 to 77 Paise during current period. Considering the BST of SOUTHCO which has been fixed at 113.5 paise, the overall LT collection to input has remained at 106.2 paise compared to 102.2 paise in 2009-10 despite a tariff hike of 22.2% in the FY 2010-11. With such miserable performance the sustainability of DISCOM is becoming doubtful. The Commission is of opinion that such a performance would not have been occurred unless there is a strong nexus between unscrupulous employees of the licensee with the consumer or simply the employees and management are too callous in their assigned responsibility. It appears that the management of SOUTHCO is not serious to curb theft of energy. Unless theft

is controlled the survival of the licensee in its business will be at great stake and the Commission will not remain a passive onlooker.

Sl. No.	Name of Division	Energy Input (MU)	Energy Sold (MU)	Loss (%) (Assuming HT Loss 8%) (2009-10)		AT & C Loss (%) 2010-11 (upto 9/2010)		LT Collection to LT Input P/U for 2010-11 (upto Sept,10)	LT Collection to LT Input P/U for 2009-10
		Total	LT	LT	Over All	LT	Total		
<b>OERC TARGET /APPROVED FOR 2010-11</b>		<b>2,368.0</b>	<b>1,182.5</b>	<b>29.4%</b>	<b>27.8%</b>	<b>30.8%</b>	<b>29.3%</b>	<b>143.7</b>	
1	AED, Aska	177.77	46.58	71.0%	72.1%	78.7%	78.9%	59.1	56.9
2	BNED, Bhanjanagar	118.82	35.44	67.5%	69.9%	76.5%	78.1%	65.7	64.4
3	MED, Malkangiri	27.77	8.10	66.4%	65.7%	76.4%	79.4%	77.0	89.3
4	BOED, Boudh	30.56	11.88	55.0%	55.6%	74.5%	70.8%	75.6	75.1
5	GSED, Digapahandi	88.12	37.69	53.2%	56.7%	71.7%	73.5%	78.4	73.7
6	GNER, Chatrapur	155.92	33.60	57.3%	35.3%	69.0%	40.5%	87.5	79.9
7	NED, Nowrangapur	54.00	17.60	54.4%	46.9%	65.4%	63.3%	117.0	107.2
8	JED, Jeyapore	192.17	45.45	49.2%	28.2%	61.7%	33.1%	128.9	123.1
9	PKED, Parlakhemundi	50.04	21.69	52.0%	55.0%	60.6%	62.8%	117.4	116.7
10	PED, Phulbani	33.74	15.48	49.6%	53.1%	59.1%	61.7%	129.6	124.8
11	GED, Gunupur	24.87	10.62	51.9%	54.1%	57.2%	58.6%	130.3	126.0
12	BED-2, Berhampur	102.02	53.66	39.9%	43.0%	50.9%	52.3%	157.1	153.6
13	BED-1, Berhampur	129.65	57.87	40.0%	36.9%	50.4%	44.2%	160.2	158.2
14	RED, Rayagada	75.08	31.25	34.3%	28.0%	45.9%	34.7%	174.9	163.0
<b>ACTUAL TOTAL SOUTHCO</b>		<b>1,260.5</b>	<b>426.9</b>	<b>54.5%</b>	<b>47.8%</b>	<b>65.3%</b>	<b>55.6%</b>	<b>106.2</b>	<b>102.2</b>

### Arrear Analysis

5. The performance of SOUTHCO in collection of arrear is also found to be dismal. There is an increase of 10% in arrear of LT consumers. The Govt. arrear has also increased by Rs 5.76 Cr. Finance Dept. has issued instruction for timely payment of electricity dues and the DISCOMs are free to disconnect power supply to Govt. offices, ULBs etc as sufficient budget is reported to have been given by the Finance Deptt. to user department for payment of electricity dues. Not a single disconnection has been made in respect of defaulting Department/ULBs. The Commission notes with serious concern that despite of several instructions SOUTHCO has not yet been able to collect the Govt. arrears as well as current dues. The Commission again instructed SOUTHCO to take up with Govt Dept. to clear at least the arrear (without DPS) and current dues failing which action on disconnection of electricity should be resorted to. For recovery of DPS, DISCOMs may take up with Finance Deptt./Dept. of Energy, Govt of Orissa.

Category	Arrear as on 31-03-2010 (Rs cr)	Billing for the period (Rs cr.)	Collection against current dues (Rs cr.)	Collection against arrear (Rs cr.)	Total collection (Rs cr.)	Arrear for the period (Rs cr.)	Arrear as on 30-09-10 (Rs cr.)	Net arrear added (Rs cr.)
EHT	0.73	55.65	55.4		55.4	0.25	0.98	0.25
HT	9.89	33.33	32.75	0.33	33.08	0.26	10.15	0.26
LT	329.51	120.75	83.55	10.22	93.77	26.97	356.48	26.97
GOVT& PSU	78.96	20.06	12.2	1.1	13.3	6.76	85.72	6.76
TOTAL	419.09	229.79	183.9	11.65	195.55	34.24	453.33	34.24

### Addition of Infrastructure

6. It has been observed that the number of 33/11 KV transformer metering position remained stagnant at 33 numbers so also the number of distribution transformer metering position at 9236 nos. which comes out to be 62% of the total distribution transformers of the licensee. This is a matter of concern in view of the applicability of ABT from next financial year. It was observed that the no. of transformer burning has not reduced compared to the same period during last financial year.

<b>CONSUMER STATUS</b>	<b>As on 31st Mar,2010</b>	<b>As on 30 st Sept 2010</b>
<b>Total No. of Consumers</b>	<b>623,154</b>	<b>659819</b>
<b>FEEDER METERING</b>		
No. of 33 KV feeders (excluding GRIDCO interface)	112	<b>112</b>
No. of 33 KV feeder metering	112	<b>112</b>
No. of 11 KV feeders	425	<b>425</b>
No. of 11 KV feeder metering	425	<b>425</b>
No. of 33 / 11 kv transformers	221	<b>221</b>
No. of 33/11 kv transformer metering position	33	<b>33</b>
No. of distribution transformers ( 11/0.4 & 33/ 0.4 kv)	14,694	<b>15336</b>
No. of distribution transformer metering position	9,236	<b>9236</b>
Total number of meters	616658	653347
No. of working meters	569027	592225
Percentage of working meters ( % )	92%	91%
No. of defective meters	47,631	61122
Replacement of defective meters	20,925	12781
Number of disconnection made	25,611	10116
Revenue realised ( Rs. Cr. )	5.36	1.517
No. of transformers burnt	1,677	770
Cost involved (Cr.)	3.71	1.197
No. of Hooks Detected	469	524
No. of Hooks repeated out of hooks Detected	30	13
No of new connections given		
No of Connection Regularised	241	431
Amount Billed (Cr.)	0.4630	0
Amount Collected (Cr.)	0.1590	
No. of FIR lodged	93	91

### Quality of Supply

7. The VP, SOUTHCO stated that they are taking all necessary measures to improve quality of supply in their area of operation. The table below shows their effort to improve quality of supply in SOUTHCO area. But as compared to the target set by the Commission vide para-569 of RST order this achievement is well short of the requirement. VP, SOUTHCO opined that to improve the quality of supply to the desired level Capex program is absolutely required. Routine O & M allocation and expenditure is too inadequate for the requirement. The Commission disapproves such an approach of the licensee. If sufficient efforts are made to bill and collect the electricity charges and spend the entire O&M provision approved by the Commission there would be substantial improvement in quality of supply.

Task	Target	Achievement
Upgradation of Power Transformer	1000	8 No.
Addition of power transformer		56 Nos.
Upgradation of distribution transformers		48 Nos.
Phase balancing of distribution transformers	2000	25 Nos.
Re-earthing of sub-stations	500	Not Submitted
Conversion of single phase to three-phase	150 KM	Not Submitted
Stringing of AB cable	300 KM	40.80
Installation of Pillar Boxes		54
No. 33 KV VCBs till date	25	03 Nos.
No. 11 KV VCBs till date	50	28 Nos.
No. of automatic meter reading (AMR) introduced		1411 Nos.

### Initiatives to Reduce Loss

8. VP, SOUTHCO stated that SOUTHCO has undertaken all sorts of efforts to reduce theft of electricity. The load verification of all high end consumers above contract demand of 10 KW is under progress. All the divisional Officers are given monthly targets to be achieved and initiated strong administrative measures in case of non-achievement of the same. 6 nos. of Energy Police Stations are functioning in the area of SOUTHCO namely Berhampur, Chatarpur, Phulbani Bhanjanagar, Boudh & Paralakhemundi. SOUTHCO has also appointed a Chief Vigilance Officer in the rank of retired S.P. of Govt. Of Orissa. Regular Coordination meetings are being held with S.P. Berhampur. Target is being fixed for at least 10 nos. of FIR per EPS per month. Officer of the rank of Junior Engineer is posted to accompany the Police while lodging FIR. 91 nos of FIRs have been lodged during this financial year till September 2010. The Commission expressed displeasure for the fact that despite all the above efforts, SOUTHCO have realized only Rs.11.65 Cr. out of the arrear amount of Rs. 419.09 Cr. This is enough evidence of lack of initiative by the management of SOUTHCO.

### (B) Sectoral Analysis

9. **Performance of SOUTHCO vis-à-vis the Sector as a whole.**

Performance of DISCOMs at a Glance						
	Distribution Loss LT			Distribution Loss Overall		
	2009-10	2010-11		2009-10	2010-11	
	Actual	OERC Approval	Actual Up to Sept.2010	Actual	OERC Approval	Actual Up to Sept.2010
<b>CESU</b>	51.97%	29.40%	50.10%	39.43%	25.37%	38%
<b>NESCO</b>	55.83%	29.40%	54.94%	32.52%	18.46%	32.8%
<b>WESCO</b>	62.49%	29.40%	62.56%	34.68%	19.93%	37.2%
<b>SOUTHCO</b>	56.22%	29.40%	54.52%	48.02%	27.82%	47.8%
<b>ALL ORISSA</b>	56.26%	29.40%	55.04%	37.24%	22.22%	37.5%
	AT&C Loss LT			AT&C Loss Overall		
<b>CESU</b>	53.65%	31%	58%	41.20%	27%	43%
<b>NESCO</b>	65.80%	31%	73%	35.73%	20%	43%
<b>WESCO</b>	71.49%	31%	76%	35.74%	22%	44%
<b>SOUTHCO</b>	59.39%	31%	65%	50.16%	29%	56%
<b>ALL ORISSA</b>	61.67%	31%	67%	39.15%	24%	45%

<b>Collection Per Input-LT(Paise Per Unit)</b>						
	<b>(2009-10)</b>			<b>(2010-11)</b>		
	Target for 2009-10 in Paise	Achieved for 2009-10	% of Target Realised FY 2009-10	Target for FY 2010-11 in Paise	Achieved UP TO Sept 2010	% of Target Realised
<b>CESU</b>	131.02	122	<b>93.12%</b>	174.90	138.76	<b>79.34%</b>
<b>NESCO</b>	120.05	81.06	<b>67.52%</b>	143.20	81.89	<b>57.19%</b>
<b>WESCO</b>	94.95	66.4	<b>69.93%</b>	130.40	72.78	<b>55.81%</b>
<b>SOUTHCO</b>	135.09	102.02	<b>75.52%</b>	143.70	106.23	<b>73.92%</b>
<b>ALL ORISSA</b>	118.73	95.36	<b>80.32%</b>	154.76	104.61	<b>67.59%</b>
<b>BSP + Trans</b>	<b>142.70</b>			<b>193.75</b>		
<b>Collection Per Input-Overall (Paise Per Unit)</b>						
<b>CESU</b>	201.72	170.21	84.37%	236.73	214.87	<b>90.77%</b>
<b>NESCO</b>	192.07	189.11	98.45%	260.69	208.84	<b>80.11%</b>
<b>WESCO</b>	203.13	201.73	99.31%	257.15	212.37	<b>82.59%</b>
<b>SOUTHCO</b>	169.44	144.98	85.46%	196.07	155.13	<b>79.12%</b>
<b>ALL ORISSA</b>	196.32	180.89	92.14%	244.37	205.56	<b>84.12%</b>

The performance statement of DISCOMS throws light on so many angles of the licensees. It has been observed that the overall-AT&C loss achieved by the licensee falls short of around 27 percentage point (56% - Target 29%) from the overall loss allowed by the Commission for the year 2010-11, With LT segment falling short of around 34 percentage points (65% - Target 31%). The AT & C loss in both LT and overall consumption has increased by 5.61 percentage points (65% - 59.39%) and 5.84 percentage point (56% - 50.16%) compared to the performance of the previous year. With Destitution loss remaining same the main area of concern is billing & collection efficiency. It is a matter of concern that this year the Collection Per Input (CPI) - LTrate has decreased to 67.59% of the target approved in 2010-11 against 80.32% of achievement during 2009-10. In LT sector the best performing DISCOM was found to be CESU with CPI realization of 79.34% of the target set by the Commission followed by SOUTHCO with 73.92% achievement in LT sector. The overall achievements of all DISCOMS have remained more or less same at 84%. The ratio analysis shows that the consumption of LT to total input is low in WESCO & SOUTHCO & that in SOUTHCO & CESU is higher by around 10 to 20%. So far the performance in reducing LT loss compared to the overall loss is concerned, performance of SOUTHCO is found to be better which is nearer to the ratio of unity.

<b>Ratio Analysis of DISCOMs for FY 2010-11 up to Sept. 10</b>						
	Total Purchase	Total LT Purchase	% of LT Purchase	AT & C Loss in LT	AT & C Loss - Overall	Ratio of LT Loss to overall loss
CESU	3,623.38	2,250.66	62%	58%	43%	0.74
NESCO	2,519.73	1,260.77	50%	73%	43%	0.58
WESCO	3,143.09	1,560.39	50%	76%	44%	0.57
SOUTHCO	1,260.51	938.67	74%	65%	56%	0.86
<b>All Orissa</b>	<b>10,546.71</b>	<b>6,010.49</b>	<b>57%</b>	<b>67%</b>	<b>45%</b>	<b>0.67</b>

#### **Arrear Collection of the Licensee vis-a-vis the Sector**

- The Commission noted that in the review period SOUTHCO is able to realize only Rs.11.65 Cr out of the arrear amount of Rs 419.09 Cr. The management needs to take special drive to collect the arrear. Coming to the collection of arrear in the entire State by the DISCOMs it is a matter of regret that despite repeated instruction from the Commission, the net arrear added during the review period is about Rs 337.74 Cr.

(Rs.417.63 – Rs.79.89 cr) making the total arrear amount of about Rs 3605.54 as on 30.09.2010. The contributions of all DISCOMS to addition of arrears is found to be to the order of 36.23% in case of CESU, 28.82% in case of NESCO, 24.81% in case of WESCO and 10.14 % in case of SOUTHCO. This clearly indicates lack of seriousness on the part of SOUTHCO to collect the arrear and also the current revenue.

The VP, SOUTHCO in its reply stated that the major portion of the arrear outstanding has been carried over since pre-reform era. The VP, SOUTHCO opined that the SOUTHCO's petition on One Time Settlement (OTS) scheme is pending with the Commission. He requested for early sanction of the OTS scheme for recovery of long pending arrears. The Commission observed that in the absence of serious efforts on the part of the licensee, whether OTS is introduced or not shall not make any difference.

<b>Arrear Contributions in the state</b>									
	<b>Total</b>	<b>CESU</b>	<b>Contribution</b>	<b>NESCO</b>	<b>Contribution</b>	<b>WESCO</b>	<b>Contribution</b>	<b>SOUTHCO</b>	<b>Contribution</b>
Arrear as on 31.03.2010 (Rs Cr)	<b>3267.8</b>	1379.5	<b>42.21%</b>	710.56	<b>21.74%</b>	758.69	<b>23.22%</b>	419.09	<b>12.82%</b>
Collection against Arrear	<b>79.89</b>	28.93	<b>36.21%</b>	25.15	<b>31.48%</b>	14.16	<b>17.72%</b>	11.65	<b>14.58%</b>
Arrear Added during the period	<b>405.98</b>	151.31	<b>37.27%</b>	122.48	<b>30.17%</b>	97.95	<b>24.13%</b>	34.24	<b>8.43%</b>
Arrear as on 30.09.2010	<b>3605.54</b>	1501.8	<b>41.65%</b>	807.89	<b>22.41%</b>	842.48	<b>23.37%</b>	453.33	<b>12.57%</b>
Net Arrear added	<b>337.74</b>	122.38	<b>36.23%</b>	97.33	<b>28.82%</b>	83.79	<b>24.81%</b>	34.24	<b>10.14%</b>

#### **Fixation of Responsibility & Accountability**

11. The Commission is of the opinion that unless substantial improvement of performance is made the very survival of the sector as a whole would be in doubt. If such performance is allowed to be continued then the loss trajectory will touch the pre-reforms level. In this respect the Commission warned of serious consequences for the officials responsible for the same. The Commission is of the opinion that the accountability should start from the top & go down the ladder up to the lineman of the licensee. The linemen of the licensee should be treated as DTR manager, section officers should be treated as 11 KV feeder managers, similarly a SDO as a 33/11 KV substation manager and 132/33 KV sub station as Divisional Manager. Every body must give account to every unit consumed by the respective unit. Strict administrative action must be taken against errant and non performing employees. As provided under service code and relevant rules continuance of the employees attaining the age of 50 years should be reviewed to reference for their performance in the matter of collection of revenue, reduction of AT&C loss and improvement in standard of service. Fixation of responsibility and stringent administrative action should be taken against the non-performing and poor performing officials from top to the bottom.

**Concrete action taken in this regard should be reported to the Commission by 30.04.2011.**

#### **Load Verification in Feeders**

12. Except WESCO none of the DISCOMS have submitted the extent and details of energy Audit carried out in 11KV & 33 KV feeders. The Commission is of opinion that the load verification of all feeders up to 440 V LT network should be carried out. This is to verify the maximum demand in MVA that a licensee is drawing from GRIDCO with the demand at output end of licensees. With development & modernization across all sectors, the consumption of every individual and industry as a whole has increased. The DISCOMs must keep updated about the increase in load in

all feeders .Accordingly they can go for up gradation of transformers load balancing etc to provide qualitative supply to consumers.

**The load verification report should be submitted to the Commission before next review meeting.**

#### **Submission of Cost Data**

13. It has been observed that DISCOMs are not serious in submitting the cost data for various deposit work. Till date cost data up to 2007-08 and partially up to 2008-09 have been approved. Cost data for 2008-09 and for 2009-10 have recently been submitted by SOUTHCO and CESU. All licensees were instructed to submit the cost data regularly to carry out deposit works on an efficient and economic manner. Non-submission of data in time indicates the utter negligence and unwillingness by the licensees to work in an efficient manner to serve the consumers. The defaulting licensees should note that the Commission can no longer be passive onlooker to their audacity and non-performances in different aspects.

**All Licensees should submit their Cost Data upto the preceding year(2009-10) before 28<sup>th</sup> of February, 2011.**

#### **Delegation of Power**

14. Despite repeated instructions the issue of delegation of power at appropriate level has not been resolved. The Commission vide its letters No OERC/4967 Dtd 21/09/2010 had provided guidelines and a model for effective delegation of power. The GM (Commerce) of Reliance DISCOMS was supposed to submit a delegation structure & finalize it in consultation with CMD,CESU. But a little progress has been achieved on this front. This reflects the callous nature of DISCOM authorities to impart responsibility and accountability. Sufficient delegation of power on technical, administrative and financial matter should be made at least at par with the Govt. departments so that timely repair, renovation and restoration work is taken up in time. The tendency of concentrating all powers at the corporate office or CSO office should be discouraged.

**The delegation of technical, financial and administrative matter should be finalized before 28.02.2011 in view of the proposed capex program of Govt. of Orissa**

#### **Preparedness of DISCOMS to utilize capex**

15. The DISCOMS were advised to ring fence project area and find base line loss data and strategy to reduce loss to the desired level as envisaged in the letter No. R&R-1-06/2010 (P)-9230/En dtd. 21.10.2010 read with the stipulations made vide Para-14 of the order dtd. 10.11.2010 in Case No. 109, 110 and 111 of 2010 (Investment proposal of SOUTHCO, WESCO and SOUTHCO) and read with Para 13 of Order dtd. 06.10.2010 in Case No. 134/2010 (investment proposal of CESU)

#### **(C) Compliance to the action points outlined by the Commission in the performance review meeting for FY 2009-10 on dated 18-05-2010**

Commission then verified the para-wise action taken report (ATR) of its direction in the last performance review meeting for the year FY 2009-10.

#### **Para-19- Reduction of AT&C loss**

16. In the said review meeting the Commission had instructed the following:-

- a) The LT loss reduction for FY 2010-11 should not be less than 10%
- b) Divisions with LT loss more than 50% should achieve minimum 10% LT loss during FY 2010-11
- c) Verification of load and contract demand for all high valued consumers with CD>20KW
- d) Handing over of DTR of loss making 11KV feeders to micro/macro franchisees
- e) Voluntary declaration of contract demand of residential premises of the DISCOM employees

### **OBSERVATION**

**During the period under review the LT- AT & C loss has reached 65.31 % against the OERC target of 30.81 %. Instead of decreasing the AT&C loss by 10% the licensee has increased the loss by 5.92 % which is undesirable. So far the performance of divisions are concerned, as observed in para 4 above there is no sign of abatement in loss. Rather some more divisions are added to the list of poor performing divisions where LT-AT&C loss is more than 60%. Except BED-1& 2, Berhampur and RED Rayagada LT-AT&C loss in all divisions found to be 60% or above.**

### **Para -20 cross checking of meter readings**

- 17. In this Para the Commission had instructed to go for cross checking of meter readers to stop the practice of meters readers to prepare meter readings without visiting the premises of the consumers.

### **OBSERVATION**

**But the licensee perhaps has not carried out the same for which the billing efficiency in overall and LT segment remained more or less same as that of previous year & collection efficiency has decreased from 92.77% in LT during FY 2009-10 to 76.28% only during current Financial Year resulting in a decrease of 16.49 percentage point compared to previous year. Recent visit by CEO, CESU to Dhenkanal, Anugul, Kendrapara, Marshaghai etc. has proved beyond doubt the large scale malpractices are being adopted by the meter readers. Meter readings shown in the bill are less than the actual meter reading. Further, bills are being generated without visiting the consumers premises and without taking actual meter reading. Cross checking of the meter reading needs to be ascertained and checked by the officers not below the rank of Executive Engineer. No Senior Officer of the Reliance managed distribution companies have visited the field to find out the magnitude of under reading/ reporting of the meter reading.**

### **Para 13 -LT Collection per LT input (Collection per Input)**

- 18. The licensees were instructed to increase Collection per Input to match with the BST figure. The BST for SOUTHCO is fixed at 113.50 paise.

### **OBSERVATION**

**But despite 22.20% increase in rate of Avg RST by the Commission for FY 2010-11, the CPI-LT figure of SOUTHCO has marginally increased from 102.2 during 2009-10 to Rs.106.2 paise during the current Financial Year so far. The CPI- LT for AED Aska & BNED Bhanjanagar & Bhadrak has remained as low**

as 59.1 & 65.7 paise against BST of 113.50 paise and average cost of supply of 327 paise. In this context the VP, SOUTHCO opined that there was no RST increase in the 1<sup>st</sup> slab of LT consumption and most of SOUTHCO consumers come under 1<sup>st</sup> slab category. The Commission observed that this was far from truth because the CPI-LT for CESU had increased by 16.76 paise with similar category of consumers.

**Para -22 Separate target for collection of Current and Arrear revenue**

19. SOUTHCO was instructed to achieve collection efficiency of 98% excluding collection of arrear.

**OBSERVATION**

The collection efficiency in LT has declined to 76.28% upto Sept. 2010 from 92.77% in 2009-10. The overall collection efficiency has also declined from 95.89 % during FY 2009-10 to 85.10 % during the current year that too with the collection of arrear. With such poor collection efficiency the licensee cannot run the business of distribution of electricity.

**Para 23 Collection of Arrear**

20. Vide this para the Commission had directed to achieve an arrear collection target Rs.100 Cr out of arrear outstanding at Rs.419.09 Cr as on 31.3.2010.

**OBSERVATION**

On the contrary, the licensee was able to collect only Rs 11.65 Cr an achievement of 5% compared to the target set by the Commission and the arrear added by the licensee during April-Sept.2010 has been Rs.34.24 Cr which is 8.17% of the outstanding arrear at beginning of the year within 6 months of operation. The outstanding arrear as on 30th sept has reached up to Rs.453.33 Cr which is undesirable.

**Para – 24 Arrear for Govt Dept & PSU**

21. The Commission had instructed to take all sorts of measures including disconnection of govt. offices whenever required to collect the arrear dues of various Departments treating them at par with ordinary consumer.

**OBSERVATION**

The Commission observed that little effort has been taken by the licensee to collect the arrear. Unless disconnection is made it is unlikely that any department will come forward voluntarily to pay the electricity dues. Of late SOUTHCO has started disconnection of power to Govt. offices.

**DIRECTION OF THE COMMISSION**

The licensee should raise these issues with district administrative authorities in the District Electricity Coordination Committee meetings to pursue the concerned departments for payments of outstanding electricity dues. Apart from that, they should furnish the list of defaulting Govt. offices, urban local bodies, Panchayat Raj Institutions, Co-operative, autonomous organization of the concerned treasury, special treasury not to entertain any such defaulting organizations as advised by Finance Department in their letter dtd. 26.08.2010.

### **Para -25 Target for Franchisee Operation**

22. SOUTHCO was instructed to introduce 130 Micro & 6 Macro Franchisees at least in its area of operation during 2010-11. The target was revised during the meeting on performance of franchisee on 28-10-2010. Accordingly the latest target is to introduce at least one micro franchisee per section by end of the year 2010. So with 133 sections, SOUTHCO should cover at least 133 micro franchisees by end of the year. With each micro franchise covering 5 numbers of 100 KVA DTRs and approximately 100 consumers the number of consumers per DTR covered under micro-franchisee should have been at least 332500.

### **OBSERVATION**

**However SOUTHCO had shown its callousness to the concern of the Commission. The Commission feels that the licensee is intentionally not extending franchisee operation to cover up its own failure. The Commission is of the opinion that engagement of consultant for selection of Women Self-Help Groups for franchisee operation in uncalled for.**

### **Para 26-Metering and Energy Audit**

23. As per the expectation of the Commission vide above para the number of defective consumer meters should have been reduced to Zero.

### **OBSERVATION**

**But on the contrary, the No of defective meters has increased form 47631 in the year 2009-10 to 61122 during the current FY up to sep-2010. The Commission expressed concern for the low level 33 KV transformer metering positions which has remained stagnant at 33 since last Financial Year. The number of Distribution transformers metering positions has remained same at 9236 Nos. as that of previous year.**

### **DIRECTIVES OF THE COMMISSION**

Load verification of at least 50 % of the feeders should be completed by end of the current Financial Year and feeder-wise energy transaction report should be submitted before the Commission before next review meeting.

### **Para 28 Quality of Supply**

24. SOUTHCO was directed to update routine maintenance of power distribution transformers so that the rate of failure of transformers will be reduced by 50 %.

### **OBSERVATION**

**However, the present data shows that there is no let up in the failure rate of transformers. During the period under review failure of transformers were found to be same compared to the previous year.**

The VP SOUTHCO stated that the licensee has put his best possible effort to provide service to the customers. SOUTHCO executed agreement with OCAC, E-SEVA centers operated by Govt. of Orissa up to the panchayat level for collection of energy charges. It has also opened 32 nos. of online collection at different locations which remain open from 8 am to 8 pm. For collection of arrear dues, corporate level officials are deputed for 4-5 days during 1<sup>st</sup> fortnight for disconnection & dispute settlement of the spot. SOUTHCO already started constructing new 3 nos of 33/11 kv sub-stations

at Kukuda Khandi , under Berhampu, Dekhali under Digapahandi and Bhismagiri under Digapahandi Divisions.

#### **Para 29 Consumer Complaints**

25. SOUTHCO was provided with a list of 20 pending consumer complaints/grievances reported in newspaper dailies up to May 2010 forwarded by OERC for disposal vide Commission's letter no Secy/CC/3970 dtd 21.5.10.

#### **OBSERVATION**

**Compliance reports on the above are yet to be submitted. 37 vigilance related complaints were forwarded of which 35 have been addressed as per the report submitted up to September, 2010. The Commission feels that serious follow up action is lacking in the action taken by the licensee**

#### **Para 30-Implementation of GRF Orders**

26. Regarding implementation of GRF orders until December, 2010, as reported by the respective GRFs, 181 orders of GRF Berhampur & 19 of GRF Jeypore are pending for implementation by SOUTHCO.

#### **OBSERVATION**

**In the year 2009-10 till November as reported by the respective GRFs, 145 cases have been registered by the GRF Berhampur and 111 disposed. Similarly, 82 cases were registered by the GRF Jeypore and 73 have been disposed. VP should initiate action against the concerned officials who have failed to implement the orders of GRFs/Ombudsman within the prescribed time.**

#### **Para-31-Inquiry of the Expert Team**

27. The licensees are required to take up the follow-up action on the pending recommendations /directions with reference to the enquiry conducted by independent expert as regards to maintenance and operation of distribution S/S and lines.

#### **OBSERVATION**

**Major compliances yet to be completed by the SOUTHCO are enclosed as Annexure-I for necessary action. Necessary works of one 33-11 KV S/S in each division selected by SOUTHCO should be fully equipped in all respect and should be completed in time bound manner. SOUTHCO should implement the completion date with reference to those model substations. What is needed is actual action but not promises.**

#### **Para-32- Functioning of the police station & Vigilance**

28. The Commission had directed SOUTHCO to raid minimum 30 villages / urban areas per month per Energy Police Station so as to generate revenue at least 20 times the expenditure incurred towards salary and other associated expenses for Energy Police Station. Out of 6 energy Police Stations 5 Police Stations have started since July-2010. However, with one Energy Police Station under SOUTHCO area there should be at least 30 raids in a month and during 6 month the number of raids should have been 180 and with at least 10 checking per raid the number of checking should have been 1800.

### **OBSERVATION**

However SOUTHCO submitted that 3482 nos. of consumers are checked, assessment made for 645 consumers under section 126 and Rs.21.13 Lakhs is collected. In the ARR approved for SOUTHCO for FY 2010-11 the, cost allowed for maintenance of Energy Police Stations is Rs 3.74 Cr, which comes to Rs.1.87 cr for six months. So SOUTHCO should realize minimum 10 times these amount by conducting raids in its areas of operation which works out to Rs. 18.70 Cr. Thus the collection against the target is too minimal.

### **Para 33 & 34 Action taken with report of EMR ,Vigilance cell**

29. The Commission vide this para had directed SOUTHCO to take stern action against the non-performing/poor performing employees of the SOUTHCO. Action should have been initiated against the errant, unscrupulous officers failing to achieve target set by the management. All employees were supposed to declare there own electricity consumption & get their own meter reading correct.

### **OBSERVATION**

**But SOUTHCO seems to be doing little to fulfill the same. Almost all divisions have failed to touch the collection target but no action has been taken against the officers concerned.**

The VP SOUTHCO stated that SOUTHCO is taking harsh measures to reduce loss and improve collection. During APR-Sep 2010, 15 numbers of employees suspended and 14 no of employees charge-sheeted. SOUTHCO has appointed an Enquiry officer and action shall be taken on recommendation of the enquiry officer.

### **Reduction of Loss & Turn around strategy of DISCOMS**

30. The Commission vide this Para had directed DISCOMS to generate sufficient revenue to meet their cost of service & turn around the distribution business.

### **OBSERVATION**

**However, SOUTHCO seems to be not so serious in its day to day activities. The effort taken by SOUTHCO is not enough to earn the CPI- overall as fixed by the Commission. It has realized 155.13 paise which is 79.12 % of the target of the Commission.( i.e 196.07 paise) The Commission finds that assurance remains in assurance only without any concrete action being taken.**

The VP SOUTHCO in his reply stated that they are trying their best to increase revenue & reduce theft inspite of non-cooperation from employees union & public in general. For reducing AT& C Loss of HT & EHT level, AMR modems are being installed at industrial units. Regular load survey analysis from dump report obtained through meter reading instruments is being carried out to detect any possible threat of energy pilferage and subsequent remedial actions are being taken in case of detection of any abnormality. Where ever possible technological upgradation like replacement of defective meters , pillar box metering, spot billing, laying of AB cable etc are under taken by the licensee. Efforts are going on to bring meters outside of the premises to curb bypassing. So far 14501 nos of meters has been replaced by the out side agency after ensuring proper sealing. The actions against the errant officers have just begun & these measures will definitely yield result during coming days. Let the pious promises be implemented.

**(D)CONCLUSION**

31. **The overall performance of SOUTHCO during the half year of the current FY 2010-11 is not up to the desired level of the Commission in all respects particularly in matter of loss reduction, quality of supply and timely compliances of the various directions/instructions of the Commission. The performance of SOUTHCO must be improved during the remaining period of the current FY 2010-11, failing which accountability and responsibility will be fixed on the key Officers and Managers which may result in penalties under Section 142 of the Electricity Act, 2003, on such officers in their individual capacities and on the company as a whole. Sufficient opportunities have been given for improving performance and it is no longer possible to be mere meek spectators. It is high time to act decisively.**