
Case No.104/2009

..... Respondents

For the Respondents: Mr. P.K. Pradhan, CEO, WESCO, Mr. G.C. Mahanty, DGM, WESCO, Mr. K. C. Nanda, AGM(F), WESCO, Mr. A.K. Bhora, CEO, SOUTHCO, Mr. S.D. Bhanja, DGM, NESCO, Mr. S.C. Singh, Sr. GM(OM&RA), NESCO.

Date of Order: 20.10.2009

ORDER

On 08.10.2009 the matter was heard. WESCO, NESCO and SOUTHCO filed their compliance in response to the direction issued by Commission vide order dtd.05.09.2009.

SOUTHCO :

1. The CEO, SOUTHCO in his reply stated that reasons for decreasing in rate of realization during 2009-10 over previous period are due to the following:
 - a) The drawal under HT category is reduced by 11.370 MU during first four months of FY 2009-10 in comparison to the corresponding period of the previous year contributing to decrease on overall realization per unit. However, the realization per unit under LT category has increased marginally by one paise. It was 86 paise/Kwh during 2008-09 (April-July) as against which the figure for the corresponding period of 2009-10 is 87

paise; the incremental realization per unit of additional input being 98 paise.

- b) Under HT category there is substantial reduction on collection of Rs.3.04 Cr. which would have compensated to LT category. This has resulted decrease in overall realization per unit.
2. The CEO, SOUTHCO stated that the fixation of responsibility on individuals on the basis of feeder losses is very difficult because feeders are not dedicated to individual sections or subdivisions. It needs metering at various interface points which is a capital intensive exercise.
3. As per direction of the Commission SOUTHCO submitted a comparative statement of rate of realization. Section wise, sub-division wise, division wise and circle wise. It was noted that the per unit realization in different section varies widely, the highest being 221 paise/KWH in Bijipur Section and 22 paise/KWH in Chirikipada Section.

NESCO :

4. NESCO furnished data on rate of realization for the first four months of the current financial year 2009-10 division wise. The data for the corresponding period of the previous year was not available for the purpose of comparative analysis. During the course of hearing NESCO stated that the fall in rate of realization during 2009-10 in comparison to previous year is due to less drawal by EHT industries, on account of 50% restriction imposed on the industries in the current year. Per unit LT realization varies widely from 32 paise/unit in Anandpur Division to 142 paise/unit in Balasore Division.

WESCO :

5. WESCO submitted division wise data relating to input, billing, collection, distribution loss and AT & C loss. The above report includes the comparison of the performance of divisions for current financial year 2009-10 (April 2009-July 2009) with that of previous year 2008-09. As stated by WESCO, the reason for not achieving target as set out by the Commission is mainly due to non co-operation of employees due to delay in implementation of proposed 6th Pay Commission's recommendation, shortage of manpower and frequent load

shedding due to power crisis in the state. Reviewing Division-wise LT realization per unit, it is observed that the performance of the WESCO is most unsatisfactory. The average per unit LT realization varies from 30 paise/KWH in Baragarh-West Division to 108 paise/KWH in Rajgangpur Division, the average for the company being only 57 paise/KWH.

GRIDCO :

6. Shri Mohapatra representing GRIDCO stated that, GRIDCO had written a letter to DISCOMs for supplying details on arrear collections from consumers during 2009-10. But the information has not reached yet. In the absence of such details, it is difficult on the part of the GRIDCO, to comply with the direction of the Commission as spelt out in interim order dtd.05.09.2009. Further, Shri Mohapatra also reiterated the grounds and difficulties faced by GRIDCO as have been highlighted in the review petition filed by GRIDCO. He particularly stressed that the gap between the cost of procuring power and its bulk sale was increasing in the books of GRIDCO and would increase to Rs.1567 cr. as against Rs.637.69 cr. as assessed by the Commission for 2009-10 excluding the repayment liabilities of Rs.245.16 cr. then estimated which GRIDCO was to discharge during the current year. He, therefore, urged the Commission that the licensees must make all serious efforts to collect the revenue as fixed by the Commission for 2009-10 and unless they meet the average monthly collection it would be difficult for GRIDCO to release funds from the escrow account for the various purposes in order of priority as fixed by the Commission in their letter No.995 dtd.06.05.2009 read with the interim order dtd.05.09.2009.
7. After hearing the parties at length, the Commission made the observation as noted against the respective licensees.
8. It is observed that in case of the following Sections/Divisions the rate of realization at LT are less than 70 paise per Kwh; the DISTOMs should make special effort to increase the LT realization. :

SOUTHCO:

Chatrapur (A K GIRI), Ganjam, Malud, Rambha, Khalikote (N Behera), Kodala, Kespur, Begunia (K C Panda), Khalikote (D R Panda), Pudamari, Digapahandi (J D Mahapatra), Nuapada, Seragada (J S N Achary), Konkorad, Pattapur, Seragada (G G T Patnaik), Aska-II, Nuagaon, Aska-I, K S Nagar, Budhamba, Polasara, Chirikipada etc.

NESCO: (Divisions)

BTED, Basta, JED, Jaleswar, CED, Balasore, BSED, Bhadrak, SED, Soro, UED, Udala, AED, Anandapur.

WESCO: (Divisions)

WESCO has furnished data at the time of hearing though the Commission in their interim order dtd.05.09.2009 had directed that the report should be submitted 7 days prior to the date fixed for hearing (8.10.2009).

Sundargarh, Sambalpur, Sambalpur (East), Jharsuguda, Bargarh, Bargarh (West), Deogarh, Burla, Bolangir, Sonepur, Titlagarh, KEED, KWED, Nuapada, Bolangir Circle.

9. The DISCOMs should concentrate on sections where the rate of realization is very poor i.e. below 70 paise per Kwh. Further the companies should analyse the data, section wise every month in the following manner and submit to the Commission as and when required for review.
- a) Name of the Section
 - b) Person in charge of the section
 - c) Period to which information pertains
 - d) Energy input in MU
 - e) Energy billed in MU
 - f) No. of regular consumers
 - g) No. of bill generated for regular consumers
 - h) No. of bills distributed to the regular consumers
 - i) No. of money receipt generated during that month against those consumers billed.

- j) Amount of revenue billed to regular consumers
- k) Amount collected from regular consumers
10. From the pleadings and explanation given by WESCO, NESCO & SOUTHCO, the Commission finds that the licensees are devoting more time and energy in justifying poor performance rather than putting in efforts to mop up revenue from the existing consumers and by bring the unauthorized consumers to the licensee's fold. It is a harrowing experience for a new consumer to get a service connection. Absolutely there is no systematic or serious efforts on the part of the licensees to increase collection of both current dues as also those of the arrears dues. If there is shortfall from the HT and EHT consumers, extra efforts need to be made to collect from the LT consumers, so that the average realization per unit of input increases, but to the dismay of the Commission, it is seen that the per unit input realization has decreased during April-July, 2009 compared to the average realization per unit input during 2008-09 which may be seen from the table given below:

Name of the Companies	Rate of realization (in paise/Kwh)		Rate of realization (in paise/Kwh)		Rate of realization per unit input (in paise/Kwh)	
	Approved for 2007-08	Actual realization for 2007-08	Approved for 2008-09	Actual realization for 2008-09	Approved for 2009-10	Actual realization during April-July, 2009
WESCO	225.66	188.71	212.68	199.83	203.13	197.75
NESCO	188.85	190.07	191.62	194.82	192.07	180.27
SOUTHCO	186.09	143.04	157.51	136.79	169.44	134.54

Actual realization includes arrear collection, if any, while the approved ones do not include any arrear collection and it represents the current revenue approved for the year.

11. It may be noted that the bulk supply price for GRIDCO has been determined after taking into account the installment of arrear of BSP assumed to be paid during 2009-10 i.e. Rs.151.00 cr. from CESU and RS.19.00 cr. from SOUTHCO. Still then there is a gap of Rs.637.69 cr. left, excluding the repayment liabilities of Rs.277.79 cr. due for discharge by GRIDCO during 2009-10 (excluding State

Govt. loan of Rs.116.3 cr.). With the cost of procurement of power increasing under the severe demand supply mismatch situation prevailing during 2009-10, the assessed gap is increasing. As a result GRIDCO is finding it difficult to arrange for loans to procure high cost power for supply to the DISCOMs at the average bulk supply price of 122.20 paise per unit (WESCO 154.00 paise, NESCO 130.00 paise, SOUTHCO 70.0 paise and CESU 101.50 paise per unit) against the average procurement price by GRIDCO at 148.30 paise per unit approved by the Commission. Under this situation the licensees are required to limit the drawal of input within the quantum approved by the Commission for the year 2009-10 and at the same time they must take all measures to pay the arrear of BST approved for payment during 2009-10 along with the defaulted amount for the year 2008-09 (Rs.36.63 cr. by WESCO and Rs.9.0 cr. by SOUTHCO).

12. The Commission in para 10 of the Interim order dated 5.9.2009 had already indicated the priority of apportioning the current revenue collected and deposited in the escrow account in the manner and priority as indicated below and there would be no change in the priority already fixed in the said interim order dated 5.9.2009. The extract of the para 10 of the order is reproduced below:
 - “10. *As an interim measure the Commission directs that until final order in the matter GRIDCO shall release fund to WESCO, NESCO & SOUTHCO by apportioning the current revenue collected and deposited in the escrow account in the manner and priority as indicated below:*
 - (i) *Current BSP dues in full including current transmission charges.*
 - (ii) *50% of the average monthly obligation of the arrear BST approved for payment in 2009-10 to be adjusted.*
 - (iii) *Employees cost on actual basis for the relevant month or the average current monthly amount at the revised rate specified by the Commission vide letter dtd. 06.05.2009, whichever is less is to be released.*
 - (iv) *Monthly R&M expenditure as specified by the Commission in Lr. dtd. 06.05.2009. The shortfall amount, if any, towards current monthly R&M expenditure from April to August 2009 may also be released by 31.10.2009.*
 - (v) *The balance amount towards arrear BSP dues approved for payment during 2009-10.”*
13. GRIDCO is directed to release fund in order of priority as indicated above (para-12) and see that the fund required for monthly R&M expenditure is released in time. While the balance amount, if any, for the current year for April to August, 2010 have to be released by GRIDCO by 31.10.2009, the monthly R&M

expenditure for the month of September should be released latest by 15.11.2009 and the R&M expenditure for October 2009 onwards should be released by the end of next month. The Commission hereby makes it clear that the regular release of R&M expenditure and timely utilization of the same by the licensee will help in collection of more revenue by ensuring improvement in quality of supply.

14. The Commission notes with a sense of anguish and concern that the licensees are not putting up adequate efforts to increase their billing efficiency and even though bills have been raised, these are not being served to the consumers in certain cases and the billed amounts are not collected. There is need for extra vigilance on the part of WESCO, NESCO & SOUTHCO to increase the existing level of billing efficiency as well as collection efficiency so that sufficient amount of money is deposited in the escrow account out of the current electricity dues to meet various obligations in the order of priority indicated in para-12.
15. The apportionment of the arrear electricity dues already collected and to be collected has been dealt with in para 11 of the Interim Order dated 5.9.2009 which is extracted below for ready reference.

“11. Similarly, as an interim measure with regard to the apportionment of arrear revenue collected as indicated in par (B) of the Commission letter No.995 dtd.06.05.2009, the same is clarified and modified to the extent as indicated hereunder. At a particular point of time the arrear amount collected may be released to meet 40% of the arrear salary worked out upto 31.03.2009 or a part thereof, but this has to be subsequently adjusted to comply with the direction of the Commission for utilizing 50% of the arrear collected to meet the 40% of the arrear salary calculated upto 31.03.2009 or a part thereof and the balance arrear collected has to be apportioned to meet the balance arrear BST dues of GRIDCO approved for 2009-10 and other BST dues not included in the ARR for the year 2009-10. DISCOMs have to step up their concerted efforts to collect the arrear outstanding as on 01.04.2009 during 2009-10 for which monthly targets has to be fixed for each division, sub-division and section. It is the arrear collection of revenue outstanding as on 01.04.2009 which will determine the payment of arrear salary/wages worked out upto 31.03.2009 and no part of the current revenue shall be released to meet any part of the arrear salary. For the purpose of ascertaining correctness of the amount of arrear collected, the stipulations and instructions issued in para 9(C) and 9(D) of the letter No.DIR(T)-342/08/995 dtd.06.05.2009 shall be followed.”

The GRIDCO, the WESCO, NESCO and SOUTHCO are therefore directed to scrupulously follow the above priority and stipulations.

16. It is relevant to mention here that while WESCO was to pay Rs.36.83 cr. and NESCO was to pay Rs.65.0 cr. towards arrear BST during 2008-09 SOUTHCO

was to pay Rs.9.0 cr. on account of WESCO to GRIDCO which was to be adjusted against the outflow dues of WESCO during 2008-09. Though the NESCO had paid Rs.80.72 cr. against the approved amount of Rs.65.0 cr. and SOUTHCO had paid Rs.5.86 cr. against Rs.9.0 cr. during 2008-09, WESCO has not paid any amount against Rs.36.83 cr. approved for 2008-09. In order to comply with the order indicated above in para-12 & 15. WESCO & SOUTHCO are, therefore, directed to clear the arrear BST dues approved for the year 2009-10 and defaulted amount of arrear BST dues approved for 2008-09 to GRIDCO before 31.3.2010 without fail. NESCO also should take expeditious action to maximize collection of current as well as arrear revenue so that after meeting the arrear salary, it would be in a position to clear part of the BST dues outstanding as on 01.04.2009. Since in the mean time a part or whole of the arrear electricity dues collected might have been diverted towards payment of 40% of arrear of salary worked out up to 31.3.2009 or a part thereof, this has to be recouped at the first instance towards the arrear of BST dues approved for the year 2009-10 and defaulted amount of arrear approved for the year 2008-09, if any, by taking extra concerted efforts to step up the arrear collection dues outstanding as on 1.4.2009.

17. It is hereby made clear that the licensees have to step up their efforts to increase the current revenue collection as well as the arrear revenue during the remaining period of 2009-10 so that there is no default in paying the arrear of BST approved for 2009-10 and the defaulted amount approved for 2008-09. Similarly, GRIDCO should take expeditious action to release fund from escrow account as per the stipulations and directions given at para 12, 13 & 15. If any of these licensees or GRIDCO fails to comply with these directions, the concerned licensee/GRIDCO shall be liable to action under Section 142 of the Electricity Act, 2003.
18. With the aforesaid observations/stipulations and directions, the review petition of GRIDCO is accordingly disposed of.

Sd/-
(B.K. Misra)
Member

Sd/-
(K.C. Badu)
Member

Sd/-
(B.K. Das)
Chairperson