

**ORISSA ELECTRICITY REGULATORY COMMISSION
BIDYUT NIYAMAK BHAWAN
UNIT-VIII, BHUBANESWAR - 751 012

**Present : Shri B. K. Das, Chairperson
 Shri K.C. Badu, Member
 Shri B.K. Misra, Member**

Case Nos.4, 5 & 6 of 2010

**IN THE MATTER OF: Approval of One Time Settlement Scheme (OTS) for
 waiver of long outstanding arrears from consumers.**

1. Western Electricity Supply Company Ltd. & Others **Petitioners**

Vrs.

The Commissioner-cum-Secretary, DoE, GoO & Others **Respondents**

For the petitioners : Sri A.K. Bohra, CEO, CSO, Sri B.N. Mallick, DGM(F),
 SOUTHCO, Sri S.D. Bhanja, DGM(RA), NESCO, Sri B.K.
 Sahu, AGM(MIS), WESCO, Sri Sandeep Misra,
 DGM(RA), CSO, Sri Prasanta K. Sahu, SE(RA), WESCO
 & Sri S.K. Routray, DMF(Com), SOUTHCO

For the respondents: Sri Kamal Lochan Mishra, Under Secretary, Energy Deptt.
 GoO & Sri R. P. Mahapatra himself & for OECA.

Date of Hearing: 25.04.2011

Date of Order: 20.07.2011

Order

The three distribution licensee, WESCO, NESCO and SOUTHCO on 18.09.2009 filed petition before the Commission for approval of Onetime Settlement Scheme (OTS) for waive of long outstanding arrears for consumer. The petition has been filed under Regulation 111, 113 and 94 of OERC Distribution (Condition of Supply) Code, 2004.

2. The petitioners in their petition have stated that in order to discharge the liability on account of outstanding balance payments to GRIDCO, securitization dues payable to GRIDCO, arrear of salary payment on account of 6th Pay Commission

recommendations and other initiative undertaken by DISCOMs to reduce AT & C losses, the licensee proposes to introduce OTS Scheme to recover some portion of the huge outstanding dues from the consumers.

3. The salient features of the OTS as proposed by NESCO are indicated below:
 - i) OTS would be applicable to all categories of consumers excluding Government consumers.
 - ii) Consumers having court cases may be considered for out of court settlement if the cases are withdrawn from court.
 - iii) **Features of the Scheme**

a) Amount of rebate:

Sl No.	Type of consumers	Quantum of Rebate
1	Group A consumers	35% of the eligible amount if the payment is made in 3 consecutive monthly instalments, i.e. 50% + 25% + 25%
2	Group B consumers	DPS + 20% of the eligible amount if payment is made in 3 consecutive monthly installments, i.e. 50%+25%+25%
		DPS + 25% of the eligible amount if full payment is made at a time, within the scheme period
3	Group C consumers	50% of DPS on the eligible amount if payment is made in 3 consecutive monthly installments, i.e. 50% + 25% + 25%
		Full waiver of DPS on the eligible amount if payment is made at a time, within the scheme period.

Note : Quantum of waiver shall include arrear ED payable to GoO.

- b)
 - i) Group A consumers means all LT category of consumers to whom DPS is not applicable.
 - ii) Group B consumer means all LT category of consumer to whom DPS is applicable.
 - iii) Group C consumers mean all HT & EHT category of consumers.
- c) The total outstanding considered for OTS includes the EC, ED and other charges. As far as ED is concerned, there are two options for implementation of the OTS Scheme (i) Outstanding including ED amount (ii) Outstanding excluding ED amount i.e. only OTS of the EC, DPS etc. In the event of the case where OTS of

outstanding excluding ED is taken, the proposal may not be attractive to the consumers and the computation part shall also be complex, resulting in the objective of OTS not being fulfilled. Therefore, NESCO proposes for OTS of the total outstanding amount including ED and as the accrued revenue of GoO (ED) shall be waived, Govt. of Orissa may be directed to accept above proposal.

d) Early bird incentive:

If full settlement amount is paid by a consumer at a time within one month from the date of introduction of the scheme, then an additional incentive of 2% of the eligible amount will be given to that consumer as Early Bird incentive over and above the waiver stipulated above in case of payment at a time.

e) Eligibility:

- i) The amount eligible for OTS relief (hereinafter referred to as “eligible amount”) will be the amount of such electricity bills (excluding applicable DPS) assessed upto 31st March, 2009 and remaining unpaid till 30.09.2009.
- ii) NESCO proposes to include only those consumers who have regularly paid from April, 2009 upto September, 2009. However, as a special case it has been decided that if consumer has not paid the entire amount billed during this period then one chance will be given to pay the amount and his case shall be considered.
- iii) As submitted by the licensee, the total arrear consists of 84% receivable from LT consumers and balance 16% belongs to HT & EHT consumers. The arrears of HT & EHT consumers are largely because of due to the court cases. Out of the LT consumers outstanding 71% receivable are from domestic consumers, 14% belongs to general purpose category and balance 15% belongs to other categories. On implementation of OTS, large number of domestic and GP category consumer issues shall be resolved.

f) Other terms and conditions:

- i) If the consumer defaults in payment of current dues along with installments even in a single month in between, the payment made under

the scheme along with benefit will be forfeited and entire amount is again treated as arrears and payable by the consumer. Also, necessary recovery action will be initiated and the power supply will be disconnected.

- ii) No order for bill revision would be granted for the bills falling under the OTS Scheme during the operation period of the OTS scheme by the field offices. However, genuine cases along with supporting documents can be forwarded to Head Office for consideration.
- iii) NESCO propose to fix a dateline i.e. 01 April, 2007, and if any bill revision made after 01 April, 2007 then the case should not be covered under OTS.
- iv) After the OTS scheme is declared closed, a special disconnection drive shall be launched for those defaulting consumers whose outstanding amount continue to remain as it is i.e. such consumers are treated as having accepted the arrears mentioned in the NESCO records or bill.
- v) In case of permanently disconnected consumers desiring to be covered under the scheme i.e. the consumer is a defaulter as on 01.04.2009 should be allowed reconnection of their connection on the fresh application as per the OERC regulation. Such consumers may apply for reconnection within one month from the date of settlement and the connections shall be released immediately with an electronic static energy meter. For reconnection, the consumers shall be charged Security Deposit in addition to the OTS amount but no MMC for the prior period should be charged.
- vi) The amount of shortfall in the consumer security deposit would have to be recouped along with OTS settlement.
- vii) The cases already settled/decided after 01.04.2007 will not be re-opened.
- viii) Every consumer opting to settle under OTS should undertake that he/she agrees to the terms and conditions of OTS scheme.
- ix) The consumer opting for OTS shall also give an undertaking that he/she will not raise any dispute in any forum/court in any manner in respect of the outstanding dues till 31.03.2009 and 30.09.2009 settled under OTS.

4. The petitioner has stated that period of operation of OTS is for two months, however considering the response from the consumers it may be extended further.
5. In the prayer the petitioners have submitted to allow 25% of collected amount for use of funds for Capital Investment towards Commercial Loss Reduction measures like Consumer Metering, Pillar Box Metering, Use of AB Cable, AMR for High Value Consumers and Technical Loss Reduction measures like network upgradation, Phase conversion, HVDS System, Capacitor Banks etc.
To recommend Govt. of Orissa for waiver of the proportionate accrued ED due under the OTS Scheme.
6. Commission fixed the date of hearing on 28.01.2010 in which the petitioner and respondent GoO were present. The Commission heard the petitioner for question of admission. The representative of GoO prayed for allowing time to file their reply. Accordingly, Commission allowed 15 days time for submitting their written submission. In the said hearing Commission directed the petitioners to furnish information on details of schemes formulated and implemented in other states like Maharastra, UP or Delhi in a tabular form. Further, Commission directed that before implementing any such scheme the petitioner have to make special drive for collection of arrears and mass disconnection of defaulting consumers.
7. The matter was deferred to be heard on a future date after the petitioner and GoO file their replies. On 19.03.2010, the DISCOMs filed additional submission wherein they mentioned OTS Scheme as formulated and implemented by other states such as Delhi, Rajasthan, UP, Kerala and Maharashtra.
8. Commission fixed the date of hearing on 12.04.2010 for hearing of the matter. Govt. of Orissa in the said hearing prayed to grant one month more time for filing of reply with regard to waiver of proportionate Electricity Duty in Case OTS is implemented. The representative of GoO further informed that the matter has been submitted to Finance Department, GoO for consideration. Commission allowed such prayer of GoO and directed to file their reply as early as possible.
9. Commission further directed the DISCOMs to improve their billing and collection efficiency and to make aggressive drive against defaulting consumers. The

Licensees must fix monthly target of billing and collection efficiency division wise along with monthly target of collection of current revenue and arrears outstanding as on 01.04.2010. The performance of each Circle/Division/Sub-division/Section should be rigorously reviewed and deterrent action be taken against the officials for poor/unsatisfactory performance. The Commission would like to be apprised of the result of such drive against the defaulting consumers and review of performance of the Circle/Division/Sub-division/Section in the matter of billing and collection of both arrear and current revenue. Such report should be filed before the Commission in first week of July, 2010.

10. Shri R.P. Mohapatra, who was present in the hearing, had prayed the Commission to implead him and Orissa Electricity Consumer Association as respondents in this matter. He will submit the necessary documents like letter of authorization of said association for filing of objection within two days and take part in the hearing. Prayer was allowed. The petitioners were directed to serve copy of their petition to Orissa Electricity Consumer Association and Sri Mahapatra within 7 days. The authorized representative of Orissa Electricity Consumer Association was directed to file the reply within 15 days serving copy to the petitioners. Commission also passed such direction to CESU.
11. On 14.05.2010, Shri R.P. Mohapatra filed his reply on the submissions made by DISCOMs on introduction of OTS Scheme. He submitted that if OTS Scheme is approved by the Commission, it should be based on the following principles:
 - i) The Scheme be applied to consumers, who are permanently disconnected or having a running connection. However, the Distribution Licensee is to ensure that after the scheme period is over, all defaulting consumers are disconnected and shall also explain to the Hon'ble Commission as to why non-paying consumers were not disconnected after issuing of 15 days notice on expiry of the due date of payment.
 - ii) The waiver shall be exclusively limited to the Delayed Payment Surcharge/Rebate due. There shall be no rebate on the so called "eligible amount".

- iii) That in case of Domestic consumers, the rebate is 10 paise per unit or a maximum of about 7%. Therefore, there should be no provision of allowing upto 35%, in case the rebate amount cannot be determined, as has been allowed by UP.
 - iv) In case the rebate amount cannot be determined, an amount of 10% of the arrear amount may be treated as rebate allowed which can be extended by 30 more days, if found necessary.
 - v) The period of operation of the scheme should be 45 days, which can be extended by 30 more days, if found necessary.
 - vi) The waiver scheme can be availed by a consumer only once in 5 years.
 - vii) The scheme should be applicable to all categories of consumers.
 - viii) All dues which are more than 2 years old, do not automatically become bad debts. Efforts should be made to collect the total amount as per the arrears in the ledger.
 - ix) The Licensee should ensure that the defaulting officials due to whom the arrears have accumulated, should be liable for disciplinary action, and report is to be submitted to the Hon'ble Commission half-yearly.
 - x) The dues of GRIDCO, relating to consumers prior to privatization of the Distribution Scheme should be duly paid.
 - xi) There should be no waiver of the Electricity Duty.
 - xii) Commission may await the disposal of the case filed by CESU in the Hon'ble High Court of Orissa against the order of the Commission dtd.20.10.2009.
12. In compliance to Commission's order dtd.12.04.2010, the petitioner WESCO, NESCO and SOUTHCO filed written compliance on 12.07.2010 with details of various credit control activities to enhance the performance undertaken by DISCOMs and results of such activities covering period from January, 2010 to May, 2010.
- In such submission licensees have given following details:
- WESCO
1. Division-wise disconnection and reconnection status for January, 2010 to May, 2010.

2. Division-wise status of regularization of hooking cases in the FY 2009-10.
3. Division-wise status of vigilance checking and penalty levied after such check from January, 2010 to May, 2010.
4. Division-wise Grievance Redressal camps held from January, 2010 to May, 2010.
5. Status of LT collection growth and arrear collection during FY 2009-10 in comparison to previous FY 2008-09.
6. Disciplinary action against the employees during last 6 months.

SOUTHCO

1. Improvement in billing and collection.
2. Drive against defaulting consumers.
3. System improvement work
4. Engagement of franchisee
5. Disconnection and reconnection details from January, 2010 to May, 2010
6. Vigilance raids from January, 2010 to May, 2010.

NESCO

1. Improvement in collection.
 2. Details of administrative actions initiated during last 6 months
 3. Engagement of Franchisee
 4. Disconnection and reconnection status from January, 2010 to May, 2010
 5. Status of vigilance checking and collection therefore from January, 2010 to May, 2010.
13. Commission fixed next date of hearing on 03.08.2010. Hearing the petitioner, respondent Govt. of Orissa, Shri R.P. Mahapatra, the Commission passed the the following directions vide para 9 and 10 of their order dtd.31.07.2000 :

“9. With these observations and stipulations, Commission, therefore, directs as under:-

- (a) Aggressive disconnection should be carried out in respect of defaulting consumers, as a special measure prior to the consideration of any OTS Scheme.

- (b) A special drive on revision of disputed / wrong bill should be undertaken by holding settlement camps at suitable localities under each division/sub-division/section.
 - (c) The Licensee must pursue vigorously with the State Govt. Department and PSUs for recovery of the arrear and monitor them regularly. Besides, along with giving show cause notice for disconnection of supply of power under regulation 100(1) of the OERC Distribution (Condition of Supply) Code, 2004 appeal should be made in print & electronic media requesting all Departments, Urban Local Bodies, PRIS, Co-operatives and all other consumers to pay the electricity before a particular date other wise power supply should be disconnected and the Discom shall not be held responsible for any inconvenience that may be caused to the general public. A simultaneous public notice displaying the arrears due from Govt. Depts. etc must be done.
 - (d) The Month-wise data of FY 2010-11 on collection of revenue as against the target set by the Commission be furnished.
 - (e) Furnish information on upto date status of current billing upto March, 2010.
 - (f) Action taken for compliance of the directions made by the Commission in the performance review for the year 2009-10 along with the follow up action already taken and the results thereof on the decision taken in the Workshop on “Strategy for reduction of Loss for distribution sector” held on 26.05.2010 by the Energy Department, Govt. of Orissa which has been communicated in their letter No.R&R-I-432010-5557/EN dt.22.6.2010 should be furnished by 30.09.2010.
10. Action initiated on (a), (b), (c), (f) and information on (d) and (e) above should be submitted to the Commission by 30.09.2010. The Commission thereafter on an evaluation of the measures taken by the licensees for

improvement of revenue collection will consider the question of OTS on merits.”

14. Shri R.P. Mahapatra in his submission on 18.08.2010 stated as follows:

- i) Petitioner should furnish a copy of the data to the respondent & respondent be given an opportunity to make submission on the data submitted by the licensees.
- ii) Hearing of Case No.111 of 2009 relating to OTS Scheme of CESU may be heard along with the Case No.4, 5 & 6 of 2010. In compliance to order of the Commission of 03.08.2010, the petition on 20.07.2010 submitted data on disconnection drive, resolving bills dispute, recovery of Govt. arrear, collection of revenue, Status of current billing, action taken for compliance of directions made by Commission in performance review for FY 2009-10. Commission fixed final date of hearing as 22.01.2011. CESU was impleaded as a party to explain its past experience gained from implementation of OTS during Aug, Sep & Oct, 2009.

15. The Commission heard the parties on 22.01.2011 and passed the following directions:

- i) State Govt. should make prompt payment of undisputed energy bill and in the name of dispute the Govt. establishments and organization under its control should not avoid payment of electricity dues.
- ii) The petitioner is directed to submit detailed plan of action of OTS scheme giving specific time schedule of launching actual operation and closure of the scheme. It must clearly indicate the rationale for OTS and category of consumers for whom it would be applicable in exclusion of others, if any. At the same time plan of action for disconnection of power supply to the defaulting consumers and targets given to officers/field staff for the purpose of the scheme should also be indicated.
- iii) The petitioner is directed to submit the detailed action plan within a period of two weeks for further examination in the month of April, 2011.

16. The petitioner filed the compliance on 16.03.2011, regarding action plan of amnesty scheme (OTS) for recovery of long outstanding from consumers, action plan for disconnection of defaulting consumers underway in DISCOMs.
17. Commission fixed the date of hearing on 25.04.2011 at 11.00 AM. In the meantime Govt. of Orissa on 23.04.2011 submitted their views as regards to waiver of Electricity duty and applicability of OTS Scheme with respect to Govt. Departments/Municipal Corporation/Local bodies etc. The views of GoO on the question of waiver of ED is extracted below:
- i) That, as regards views on issue of partial waiving of electricity duty, it is clarified that in terms of proviso section-5 of the Electricity (Duty) Act, 1961, the licensee or the appointed authority shall not be liable to pay duty in respect of the energy supplied by it for which it has not been able to recover its dues. Therefore, in terms of the said proviso, Electricity Duty is not payable for the portion of the energy which the licensee has not been able to recover. Electricity Duty is to be levied and collected proportionately on the energy charges payable under the OTS and remitted to Government treasury. However, it is also clarified that the OTS scheme be approved by the Hon'ble Commission only after the DISCOMs convincingly show that arrear amounts are not collectable in spite of their best efforts which will be in conformity with the provisions in the Electricity (Duty) Act, 1961 that the licensee is unable to recover the said arrear amount for which the electricity duty is being collected proportionately.
 - ii) That, as regards the issue of applicability of OTS with respect to Govt. Departments/ Municipalities/ Corporations/Local Bodies/Cooperatives, it is clarified that the Government Departments/Municipalities/Corporations/Local Bodies/Cooperatives etc. are required to take their independent decisions keeping in view the interest of their Department/organization. Hence the Department of Energy is not in a position to offer any specific view with regard to applicability of the OTS scheme to those entities.
18. On the date of hearing the petitioner explained the salient features of one time settlement scheme which is mentioned below:

One Time Settlement (OTS) Scheme

(i) Who can avail benefits of OTS

- All categories of consumers including disconnected but excluding Government and PSU consumers.
- Consumers having dispute pending with any court/ forum can also avail benefit under OTS after giving undertaking for withdrawal of the case.

(ii) OTS Scheme

- The Scheme will be applicable for the following category/ class of consumers:
- **Provision for Rebate & Instalments under OTS Scheme**

Type of consumers	Quantum of Rebate
Group A consumers	35% of the eligible amount if the payment is made in 3 consecutive monthly instalments, i.e. 50% + 25% + 25%
	40% of the eligible amount if full payment is made at a time, within the scheme period
Group B consumers	DPS + 20% of the eligible amount if payment is made in 3 consecutive monthly instalments, i.e. 50% + 25% + 25%
	DPS + 25% of the eligible amount if full payment is made at a time, within the scheme period
Group C consumers	50% of DPS on the eligible amount if payment is made in 3 consecutive monthly instalments, i.e. 50% + 25% + 25%
	Full waiver of DPS on the eligible amount if payment is made at a time , within the scheme period

Note: Quantum of waiver shall include arrear ED payable to GoO.

Group A consumers' mean all LT category of consumers to whom DPS is not applicable.

Group B consumers' mean all LT category of consumer to whom DPS is applicable.

Group C consumers' mean all HT & EHT category of consumers.

List of categories falling under each group is enclosed herewith at Annexure-I.

(iii) Early bird incentive

If full settlement amount is paid by a consumer at a time within one month from the date of introduction of the scheme, then an additional incentive of 2% of eligible amount will be given to the consumer as early bird incentive.

(iv) Validity of OTS Scheme

- The OTS Scheme will be announced by DISCOMs for a period not exceeding to 90 days, once or in suitable stages or may be short closed at any stage

dovetailed with a massive disconnections drive for recovery from non paying consumers.

(v) Eligible amount and condition for availing benefits under OTS Scheme

- The eligible amount for OTS will be the total outstanding as on 31/12/2010 in respect of each electrical connection.
- Consumers whose connections are temporarily /permanently disconnected on or before commencing date of the scheme can also avail OTS facility.
- The consumers having matters under disputes and pending before the court / Forums shall also be eligible after providing an affidavit to the effect that they will withdraw the litigation on settlement.
- **Consumers would require to clear 100% of the current bills in full issued during the period from 1st Jan.2011 onwards till consumer(s) apply(ies) for availing the benefits under the scheme.**

Office for Registration

- Registration shall be done at the Division Office of DISCOMs. In case the Division Office is situated far off then an officer / official of the Division Office shall be deputed to the Subdivision Office for registration work on daily basis. In case any consumer approaches the Circle Office for the registration then his application shall be received at Circle Office and registration number will be issued by the Division Office later on. Asst. Manager (F) / Accountant / Head Bill Clerk shall enrol all the applications in register as per prescribed proforma for registration and shall keep all these records in their office.

Issue of Bills

- Corrected/ revised bills as per settlement shall be provided to the consumers on the same day or within 15 days for which the information of the same shall be provided to the consumers in advance. The date of providing the correct/ revised bills and details of revision shall be entered in the consumer's application as well in the register at Division office.
- List of consumers whose bills have already been revised after settlement of arrears since 01.04.2007, will be communicated to the respective groups to

intimate their non eligibility of availing OTS scheme, save any dispute arising after settlement.

- Registration of those consumers shall be treated as cancelled and the registration amount forfeited who do not deposit the first instalment of the corrected bill under this scheme and the monthly bill within the due date. The cases of such consumers shall not be reconsidered. In case the consumer does not turn up for the payment within due date after the registration, then such cases shall not be considered and effective recovery measures as per legal provisions / rules shall be taken against them.
- Under this scheme all the registered cases shall be deemed to be disposed off after closure of Scheme/ each stage and recovery of dues shall be done as per legal provisions.

Procedure for Bill Revision

- The respective Junior Manager, SDOs, Executive Engineers, Superintending Engineers and Corporate Office (officer nominated by CEO) may directly grant the rebate to the consumer as per the Scheme. The financial powers for granting rebate to the consumer is listed below:-

SDO	... gross arrears upto Rs. 10,000/-
Executive Engineer	... gross arrears upto Rs. 1, 00,000/-
Superintending Engineer	...gross arrears upto Rs. 2, 00,000/-
Corporate Office	... gross arrears above Rs. 2, 00,000/-

Issuance of No Dues Certificate

- After receiving entire amount as per terms of settlement 'No Dues Certificate' shall be issued to the consumers.

Other Terms and conditions

- i. If the consumer **defaults in payment of current dues along with instalments** even in a single month in between, the payment made under the scheme along with benefit will be forfeited and entire amount is again treated as arrears and payable by the consumer. Also, necessary recovery action will be initiated and the power supply will be disconnected.

- ii. No order for bill revision would be granted for the bills falling under the OTS Scheme during the operation period of the OTS scheme by the field offices. However, genuine cases along with supporting documents can be forwarded to Head Office for consideration.
- iii. Petitioners propose to fix a date line i.e 01 April 2007, and if any bill revision made after 01 April 2007 then the case should not be covered under OTS.
(Note: Since the petition was submitted on 18/11/2009, the date 1/04/2007 was taken keeping 2 year deadline from FY 2009 for considering cases for OTS)
- iv. After the OTS scheme is declared closed, a special disconnection drive shall be launched for those defaulting consumers whose outstanding amount continue to remain as it is i.e. such consumers are treated as having accepted the arrears mentioned in the petitioners records or bill.
- v. In case of **permanently disconnected consumers** desiring to be covered under the scheme they shall be allowed reconnection on the fresh application as per the OERC regulation. Such consumers may apply for reconnection within one month from the date of settlement and the connections shall be released immediately with an electronic static energy meter. For reconnection, the consumers shall be charged Security Deposit in addition to the OTS amount but no MMC for the prior period should be charged.
- vi. The amount of shortfall in the consumer security deposit would have to be recouped along with OTS settlement.
- vii. The cases already settled/ decided after 01.04.2007 will not be re-opened
(Note: Since the petition was submitted on 18/11/2009, the date 1/04/2007 was taken keeping 2 year deadline from FY2009 for considering cases for OTS).
- viii. Every consumer opting to settle under OTS should undertake that he agrees to the terms and conditions of OTS scheme.
- ix. The consumer opting for OTS shall also give an undertaking that he will not raise any dispute in any forum/court in any manner in respect of the outstanding dues being settled under OTS.

19. The Commission heard both petitioner and respondent and observed that because of poor cash flow, the reliance managed companies are hardly able to discharge their obligation towards arrear BSP and the principal amount of loan and interest to GRIDCO. The following table summarizes the outstanding amount of loan balance and accumulated interest thereof payable by DISCOMs as per securitization order dtd.01.12.2008.

Sl. No.	Particulars	WESCO	NESCO	SOUTHCO	REL Total	CESU	Grand Total
1.	BST						
	OB 01.04.1999	46.18	41.66	26.50	114.34	80.16	194.50
	From 01.04.1999 to 31.03.2005	118.41	194.83	47.19	360.43	605.20	965.63
	Sub-Total	164.59	236.49	73.69	474.77	685.36	1160.13
2.	DPS on Above	58.72	87.20	32.02	177.94	526.41	704.35
3.	Loan						
	Principal	138.46	94.64	134.36	367.46	307.61	675.07
	Interest	60.31	41.05	58.43	159.79	162.86	322.65
	Sub-total	198.77	135.69	192.79	527.25	470.47	997.72
4.	Outstanding as on 31.03.2005 vide OERC Order dtd. 01.12.2008 (1+2+3)	422.08	459.38	298.50	1179.96	1682.24	2862.20
5.	Downward revision of BST in 2007-08 adjusted against securitized dues	88.31	3.32	11.07	102.7	93.37	196.07
6.	Payment by DISCOMs over and above the current BST from 2006-07 to 2009-10	43.23	147.72	25.08	216.03	112.97	329.00
(i)	2006-07	36.83	41.36	-	78.19	-	78.19
(ii)	2007-08	4.40	41.36	9.53	55.29	-	55.29
(iii)	2008-09	-	65.00	5.86	70.86	32.47	103.33
(iv)	2009-10	2.00	-	9.69	11.69	80.50	92.19
7.	Sub-Total (5 +6)	131.54	151.04	36.15	318.73	206.34	525.07
8.	Balance (4-7)	290.54	308.34	262.35	861.23	1475.90	2337.13

20. Commission in their tariff orders at different times stressed upon the payment of arrear by DISCOMs to GRIDCO, so that GRIDCO meet its obligation to

generators and other financial institutions in time. Otherwise, the system cannot run efficiently since there is always a possible threat to interruption in power supply from generators as well as possible curtailment of central plan assistance.

21. Commission observed that steps taken by the distribution companies to collect the arrear electricity dues is not upto the mark. Every year arrears are mounting up which is evident from the fact that the arrear outstanding at Rs.3493.54 crore as on 31.3.2010 has increased to Rs.3722.09 crore as on 31.3.2011 thereby adding Rs.278.55 crore to the arrear (Performance Review data of May, 2011). A table showing voltage wise arrears is given below:

Table

STATUS OF ARREAR-WESCO							
							<u>Rs in crore</u>
	As on 31.03.2010			As on 31.03.2011			
Category	Non-Govt	Govt & Psu	Total	Non-Govt	Govt & Psu	Total	% to total
EHT	-12.63	0	-12.63	-6.76	0	-6.76	-0.73
HT	13.30	14.92	28.22	16.89	16.62	33.51	3.61
LT	758.02	54.55	812.57	841.57	60.73	902.3	97.12
TOTAL	758.69	69.47	828.16	851.7	77.35	929.05	100.00
STATUS OF ARREAR-NESCO							
	As on 31.03.2010			As on 31.03.2011			
Category	Non-Govt	Govt & Psu	Total	Non-Govt	Govt & Psu	Total	% to total
EHT	101.44	0	101.44	90.8	0	90.8	9.64
HT	19.42	12.14	31.56	19.58	11.96	31.54	3.35
LT	679.28	58.53	737.81	756.84	62.58	819.42	87.01
TOTAL	800.14	70.67	870.81	867.22	74.54	941.76	100.00
STATUS OF ARREAR-SOUTHCO							
	As on 31.03.2010			As on 31.03.2011			
Category	Non-Govt	Govt & Psu	Total	Non-Govt	Govt & Psu	Total	% to total
EHT	0.73	0	0.73	0.51	0	0.51	0.11
HT	9.89	21.94	31.83	8.02	27.00	35.02	7.72
LT	329.51	57.02	386.53	359.07	59.23	418.3	92.17
TOTAL	340.13	78.96	419.09	367.60	86.23	453.83	100.00
STATUS OF ARREAR-CESU							
	As on 31.03.2010			As on 31.03.2011			% to total
Category	Non-	Govt	Total	Non-	Govt	Total	

	Govt	& Psu		Govt	& Psu		
EHT	15.56	0	15.56	15.95	0	15.95	1.10
HT	49.69	113.86	163.55	62.83	113.86	176.69	12.21
LT	1115.74	80.63	1196.37	1162.22	92.59	1254.81	86.69
TOTAL	1180.99	194.49	1375.48	1241.00	206.45	1447.45	100
STATUS OF ARREAR-ALL ORISSA							
	As on 31.03.2010			As on 31.03.2011			% to total
Category	Non-Govt	Govt & Psu	Total	Non-Govt	Govt & Psu	Total	
EHT	105.1	0	105.1	100.5	0	100.5	2.66
HT	92.3	162.86	255.16	107.32	169.44	276.76	7.34
LT	2882.55	250.73	3133.28	3119.7	275.13	3394.83	90.00
TOTAL	3079.95	413.59	3493.54	3327.52	444.57	3772.09	100.00

22. From the Table above it may be noted while the arrear Electricity charges of all distribution companies taken together by LT consumers constitute 90% those of EHT constitutes 2.66% and HT constitutes 7.34% as on 31.3.2011. In spite of repeated direction by the Commission the DISCOMs fail to collect the outstanding arrears to the satisfaction of the Commission as against the targets set for different years. A table showing the target of arrear collection and achievement by the DISCOMs is given below:

Rs. in Cr.

Name of the Division	Target of arrear collection during FY 2010-11 as per Commission's order	Arrear collected during 2010-11 (Performance Review of May, 2011)
WESCO	200.00	26.72
NESCO	200.00	10.64
SOUTHCO	100.00	24.09
CESU	200.00	57.86
TOTAL	700.00	119.31

23. Regarding poor collection of arrears the DISCOMs submit that in the day to day routine work very often disputed bills are not settled/revised very often disputed bills are not settled/revised in a time bound manner and the defaulting consumers continue to default on the ground of non-settlement of the amount disputed. When arrears are not paid the current bill payment is also not accepted by the field officers. The existing arrears give scope to the current revenue becoming arrear subsequently. Further, the arrear outstanding contains an element of DPS which is rather significant. Hence it is suggested that the present impasse should be broken

- by giving a chance to the defaulting consumers to settle his/her old bills by way of special incentive. Hence OTS should be launched under which the incentive is such that it attracts the consumer to pay the reduced amount in a definite time frame.
24. The Commission find that the outstanding arrears of consumers are the amounts billed by the licensee which were not paid by them during previous years. The said billed amounts are the Revenue already factored by the Commission in the ARR of respective years. The relief allowable under the proposed OTS Scheme shall be out of the aforesaid approved revenue and the relief to be allowed in the OTS scheme to consumers shall be absorbed by the Licensees and Commission shall not allow recovery of any amount towards OTS rebate in the future ARR / Tariff. In other words there shall be no burden on the consumers due to the OTS scheme but at the same time the Licensee would stand to maximize the revenue realization. In fact what is to be foregone by the licensee is only notional loss which otherwise they have not been able to collect so far nor would have been able to do so in future. The amount to be collected under OTS would help in improving their balance sheet.
25. The Commission in its order dtd.14.01.2011 in Case Nos.68, 69, 70 & 71 of 2007 in the matter of findings of receivable audit, observed that the percentage of LD, PDC and ghost consumer to the total non-recoverable amount works out to 54.93%, 69.34% and 60.85% for WESCO, NESCO and SOUTHCO respectively. Further, as mentioned in para 7 of the said order the percentage of recoverable amount out of the total outstanding dues as on 31.03.2005 worked out to 30%, 30.84% and 29.78% in case of WESCO, NESCO and SOUTHCO respectively. Commission, therefore feels that through OTS the distribution companies may collect some amount of arrear from the LD and PDC consumers who were treated as non-recoverable by the auditors in their report.
26. While approving the ARR upto the FY 2008-09 the Commission during each year made provision towards bad and doubtful debt at the rate of 2.5% as billing amount, in line with the principle mentioned in LTTS order dtd.18.06.2003 in Case No.8 of 2003. For the FY 2009-10 the Commission allowed 2% of total

billed amount and for 2010-11 2% of bills of HT & LT category of consumer. Normally such amount are not collectible in nature. On implementation of OTS scheme there is likelihood of collection some portion of the said provision.

27. The accumulated arrear includes the amount of rebate not allowed or forfeited due to non-payment of current bill by the consumer month after month due to various reason. As submitted by the licensee the major outstanding belongs to domestic category and such category of consumers will be benefited most once the OTS scheme is implemented. The percentage of rebate in case of domestic consumer works out to around 8% of the billed amount. Thus the relief offered in OTS Scheme includes the rebate allowed to consumers in their previous monthly bill.
28. The petition for approval of OTS was originally filed on 18.09.2009 for granting relief/incentive in respect of the electricity charges assessed upto 31.03.2009 and remaining unpaid till 30.09.2009. Thereafter, the petition was taken up for hearing on 28.01.2010 and the petitioners were asked to take certain concrete steps like disconnection drive to ensure collection of the arrears. Thereafter the issues were taken up for further examination on 12.04.2010, 3.8.2010, 22.1.2011 and 25.4.2011. Hence at this stage it would not be proper to consider the relief/incentive in respect of the arrear electricity charges outstanding as on 30.09.2009 out of the arrears assessed upto 31.03.2009 as originally prayed for in the petition filed on 18.09.2009. When the petition for OTS was pending during 2009-10 it would not be advisable to extend the OTS to the arrear outstanding as on 31.03.2011. On the other hand the petitioner's subsequent request to consider the OTS in respect of the arrears outstanding as on 31.12.2010 does not stand to reason. In view of the subsequent action taken after the original petition was filed on 18.09.2009 it would be appropriate to extend the benefit/incentive under the OTS in respect of arrear electricity charges assessed upto 31.03.2010 and remaining unpaid on the date of launching the OTS scheme for the whole areas of operation of the concerned licensee.
29. **In view of the above finding and the analysis, the Commission approves OTS Scheme with the following broad guidelines and stipulations:**

- a) The Scheme will be implemented during this financial year 2011-12 for WESCO, NESCO & SOUTHCO.
- b) The OTS Scheme is applicable for the following category or class of consumers with the quantum of rebate under OTS Scheme as indicated below:-

Sl No.	Type of Consumer	Quantum of Rebate
1.	Group 'A' consumers i.e. all LT category of consumers to whom DPS is not applicable	<p>(i) 25% of the eligible amount if payment is made in three monthly installments within the scheme period i.e. 50% + 25% + 25%.</p> <p>(ii) 30% of the eligible amount as on 01.4.2011 if the payment is made in two equal monthly installments within the Scheme period i.e 50%+50%.</p> <p>(iii) 40% of the eligible amount as on 01.4.2011 if the payment is made in full at a time within the Scheme period i.e 100%.</p>
2.	Group 'B' consumers i.e. all LT category of consumers to whom DPS is applicable.	<p>(i) DPS in full + 15% of the eligible amount if payment is made in three 1monthly installments with the Scheme period i.e 50% + 25% + 25%.</p> <p>(ii) DPS in full + 20% of the eligible amount if payment is made in two equal monthly installments with the Scheme period i.e 50% + 50%.</p> <p>(iii) DPS in full + 25% of the eligible amount if full payment is made at a time within the Scheme period.</p>
3.	Group-C consumers i.e. all HT& EHT consumers.	<p>(i) 40% of DPS of the eligible amount if payment is made in three monthly installments within the Scheme period i.e. 50% + 25% + 25%.</p>

		(ii) 50% of DPS of the eligible amount if payment is made in two equal monthly installments within the Scheme period. (ii) Full waiver of DPS of the eligible amount if payment is made in full within scheme period in one installment.
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- c) One Time Settlement Scheme (OTS) is applicable in respect of the arrear electricity charges outstanding on the date of launching the OTS out of the arrears outstanding as on 01.4.2010. In other words out of the arrear outstanding as on 01.4.2010 if some amount has been paid during the period 01.4.2010 to 31.3.2011 and till the date of launching the scheme, the said payment will be deducted and only balance arrear out of the arrears outstanding as on 01.4.2010 would qualify under OTS Scheme.
- d) If disputed bill has been revised by the Licensee after 01.04.2009 and such revised amount is included in the arrear amount outstanding as on. 01.4.2010, as on 01.4.2011 or the date of filing application for OTS such revised bill amount is to be excluded from such arrear and the balance arrear outstanding as on the date of filing application for OTS would qualify for OTS as indicated in item-b).
- e) A consumer shall be eligible to the benefit of the OTS as indicated in item-b) & c) above only if he has paid the current bills in full raised during the period 2010-11 and 2011-12 so far before the date of filing the application for availing the benefit under OTS Scheme. However, a consumer who has not paid the current bill fully as mentioned above is eligible to avail benefit under OTS scheme provided he pays at least 50% of the current bill as stated above at the time of application and gives an undertaking to clear the balance amount before the OTS benefit is sanctioned.
- f) The OTS Scheme will be completed within a period of 120 days from the date of publication of OTS scheme by the licensee as per the schedule declared by them.

- g) A consumer can either avail the benefit under the OTS Scheme or can opt for revision of bills under the existing prescribed normal procedure. If a consumer opts for revision of bill he cannot avail the benefit under the OTS Scheme. In other words in respect of consumer intending to avail the benefit under OTS Scheme for the balance arrear as on 1.4.2011 remaining unpaid on the date of filing OTS application no revision of bill is to be allowed by the Licensee in his or her case pertaining to the arrear outstanding as on 01.04.2011 remaining unpaid on the date of filing the OTS application.
- h) As indicated by Govt. in Energy Department vide their affidavit dated 23.4.2011, electricity duty is not payable if the portion of energy which licensee has not been able to recover electricity dues. Electricity duty is levied and collected proportionately on the energy charges payable under the OTS Scheme and remitted to Govt. treasury. As such, quantum of waiver of electricity charges shall include proportionate arrear electricity duty payable to Govt. of Orissa as clarified above.
- i) Since OTS is being extended to all categories of consumers i.e. LT, HT and EHT, it is also equally applicable to govt. consumers including public sector undertakings, urban local bodies, rural local bodies, co-operatives, autonomous organizations, LI points/Pani Panchayat etc.
- j) The OTS scheme would be applicable also to those consumers whose case is pending with different courts of law, GRF / Ombudsman. In such cases the concern consumer shall have to withdraw the case from such court of law/ Forum/Ombudsman and submit an affidavit in prescribed format duly notarised by authorized Notary to be declared that they have withdrawn their application or they would withdraw within a time frame to be indicated by them from the relevant court of law/forum before their case is taken up for consideration under OTS Scheme. However, in all these cases the required formalities have to be completed within the time schedule stipulated in the OTS.
- k) Consumers whose bills have already been revised through settlement/ through Court of Law/ GRF / Ombudsman or through normal grievance handling

procedure are not eligible to get the benefit under OTS Scheme. In respect of the balance of arrear outstanding as on 1.4.2011 remaining unpaid on the date of filing application for OTS, out of the arrear outstanding as on 01.4.2010, if such revised bills are included in that arrear as on 01.4.2010 to 01.4.2011 or the date of filing application for OTS, OTS would be applicable to the remaining arrear as on 01.04.2011 remaining unpaid on the date of filing application for OTS.

- l) The Licensee should take adequate steps for wide circulation among the consumers through electronic and print media as well as by distributing leaflets through field functionaries. In that communication through print and electronic media or leaflets, a Licensee must make it clear that soon after the period of OTS is over the Licensee would launch a special drive for disconnection of power supply to the defaulting consumers as per the OERC Distribution (Conditions of Supply) Code, 2004.
- m) Consumers whose connections are temporarily, permanently disconnected on or before commencing date of the scheme can avail the OTS facility. Also the benefit can be extended to the consumers against whom disconnection notice have been issued on the date of implementation of the Scheme.
- n) The DISCOMs are directed to ensure proper revenue collection thereafter. The Commission feels that Waiver schemes are not desirable too often and should be resorted to only in exceptional circumstances.
- o) The amount so collected under the scheme shall be accounted for properly and shall be audited by statutory auditor after the closure of the scheme and audited details may be provided to the Commission.
- p) Outcome of the scheme, such as amount of arrear collected etc. shall be reported to the Commission within 30 days of closure of the scheme.
- q) The proceeds of the arrear collected through OTS Scheme would be utilized by the distribution licensee as per the priority fixed in the escrow relaxation Order dtd.12.04.2010 read with Order dtd.01.01.2011 in Case No.3/2010 and order dtd.02.11.2010 in Case No.34/2010 which have been referred to in para 516 to 519 of the RST order dtd.18.03.2011 for the FY 2011-12.

30. The broad principles and guidelines outlined in this order would also be applicable to CESU if it desires to launch the OTS for its area of operation and no separate approval of the Commission is required for the purpose.
31. Accordingly the cases are disposed of.

Sd/-
(B.K. Misra)
Member

Sd/-
(K.C. Badu)
Member

Sd/-
(B.K. Das)
Chairperson