

**Performance Review of WESCO held on 29.07.2008 at OERC for the period 2007-08 and 1<sup>st</sup> quarter of 2008-09**

Representative of WESCO present during the review:

- (i) Mr P K Pradhan, CEO, WESCO
- (ii) Mr V K Sood, Managing Director, NESCO and WESCO
- (iii) Mr K K Nath, Director (Engg.), OPTCL

1. Mr P K Pradhan, CEO, WESCO made a presentation before the Commission about the performance of WESCO for the period 2007-08 and April – June, 2008.

<b>WESCO</b>										
<b>Billing Vrs Collection</b>										
	<b>Billing (Rs. Cr.)</b>				<b>Collection (Rs. Cr.)</b>					
	<b>EHT</b>	<b>HT</b>	<b>LT</b>	<b>Total</b>	<b>EHT</b>	<b>HT</b>	<b>LT</b>	<b>Total</b>	<b>Collection out of arrear (Rs. Cr.)</b>	<b>Total Collection (Rs. Cr.)</b>
2007-08	415.74	458.67	198.88	1073.29	404.14	463.73	154.95	1022.82	19.19	1042.01
2008-09 (Upto –June, 08)	148.70	114.95	58.58	322.24	144.09	117.26	36.07	297.43	13.52	310.95
2007-08 (upto June, 2007)	88.68	114.21	51.42	254.31	82.88	115.81	34.51	233.20		

It was revealed during the review that for purchase of 1498.460 MU during the above period WESCO has paid Rs. 266.70 crore against GRIDCO demand of Rs. 267.22 crore towards its energy bill.

2. It came to the notice of the Commission that WESCO had collected Rs. 36.07 crore against a bill of Rs. 58.58 crore raised in case of LT consumers during the review period i.e. April – June 2008. The consumers other than Domestic category such as General Purpose, Specified Public Purpose, Irrigation and Public Lighting were main defaulters in paying the electricity bills. The Commission wanted to know the reasons behind such low level of collection efficiency pertaining to above categories of consumers although their numbers is very low compared to domestic consumers. The Commission underscored the need for serving disconnection notices to the non-paying consumers as per Regulation. The Commission further advised WESCO to use prepaid meters in case of Govt. consumers to obviate the revenue collection difficulties in their case. The Commission also directed WESCO to collect Rs. 7 crore extra per month for the coming 3 months so that short fall in LT collection in the review period could be wiped out. The Commission again reminded WESCO of its earlier direction to achieve

20% increase over the collection of corresponding month of the financial year 2007-08 or the collection made during March 2008 whichever was higher. The Commission while observing the poor collection in LT, underscored the need for monitoring collection from all the three-phase LT consumers and desired that Accounts Officers attached to the division level should be entrusted with the responsibility of revenue collection and JEs/SDOs should be free for maintenance of lines and substations.

3. WESCO has an accumulated arrear of Rs.792.84 crore as on 31.03.2008 out of which dues of State Govt. & PSUs stood at Rs.68.08 crore During the above review period WESCO has collected Rs. 13.52 crore towards arrear revenue in total. WESCO stated that it had issued disconnection notices to those defaulting Govt. consumers. Commission directed WESCO not to discriminate between Govt. and other consumers as far as arrear collection and disconnection were concerned. The Commission further directed that massive disconnections should be carried out in case of defaulting consumers, be it Govt. or private, defaulter is a defaulter and all defaulters should be meted out similar treatment.

4. In the last tariff order for 2008-09 the Commission in Para 488 had directed WESCO, NESCO and SOUTHCO to procure at least 2000 transformers taken together during 2008-09, preferably during the first quarter so that quick replacement of transformers could prevent their failure during the summer months and maintain continuity of power supply for irrigation and agricultural purposes. In this regard CEO, WESCO submitted that new transformers of different rating had been ordered (540 nos.) in first phase, out of which they had already received 74 nos. of new transformers and another 80 nos. of transformers were expected latest by early first week of August, 2008 as these were in transit. The total receipt of transformers was expected to be completed by October, 2008. Simultaneously, order for 350 nos. of distribution boxes with MCCB, GI flat, earthing rod and different size of cables had been ordered. Out of this major items were expected by end of August, 2008. It was learnt during the discussion that the last scheduled date of arrival of transformers and associated materials would be October, 2008. Commission emphasized on the need for installation of all new transformers before Durgapuja. The Commission expressed its serious displeasure as the failure rates of power/distribution transformers had increased from 25/1664 nos. during 2005-06 to 36/2597 nos. during 2007-08. The Commission directed for provision of suitable protective devices including lighting arrestors and to carry out load balancing to reduce such occurrences in future.

5. Regarding distribution Loss, WESCO had submitted the relevant figures which indicates an alarming picture. Both LT and distribution losses had gone up significantly during April-June, 2008.

Distribution Loss									
Period	Power Purchase (MU)	Energy Sold (MU)				Overall Loss (%)	OERC Target	% LT Loss (Considering HT Loss @ 8%)	OERC Target loss (LT)
		EHT	HT	LT	Total				
2007-08	5377.09	1189.97	1391.70	852.92	3434.61	36.1	25	65.3	52
2008-09 (Apr – June)	1498.46	425.60	344.48	237.10	1007.19	33	25	63.1	46.7
2007-08 (April-June 2007)	1259.37	259.00	345.79	217.40	822.18	34.7	25	62.2	52

WESCO submitted that they have contemplated for extending franchisee system to the theft-prone areas for which necessary advertisements had been made.

6. Regarding energy audit, WESCO submitted that 12558 nos. of distribution transformers were metered out of 16369. WESCO stated that after complete mechanism of energy audit was in place it would be able to identify the theft prone areas. Commission directed that pillar box metering should immediately be started in urban areas. Govt. consumers such as Urban and Rural Local Bodies, Corporations and PSUs should now be supplied power with prepaid meters only.

7. WESCO further submitted that energy police stations were not working properly due to inadequate staffing position. It was advised that they should bring to the notice of local SP, DG, Police and Energy Department.

8. CEO, WESCO alleged that there were load restrictions in certain areas from OPTCL side for the last couple of days. Director (Engineering), OPTCL present in the review meeting attributed this restriction to the low reservoir levels in different hydel power stations of the State and submitted that this load restriction was already lifted due to subsequent improvement in the reservoir levels. Commission directed that there should not be any load shedding without the permission of the Commission and GRIDCO should supply power if needed out of purchases through UI mechanism and CGP power.

9. Director (Engineering), OPTCL submitted that OPTCL would install one 132/33 KV new 40 MVA transformer at Chhend and another transformer would be upgraded to 40 MVA.

10. The review of performance of WESCO for 2007-08 and the first quarter of 2008-09 reveals that WESCO has utterly failed to achieve any of the prescribed performance standard, rather the performance has been deteriorating as indicated below:

**Performance of WESCO**

Performance	FY 2007-08				FY 2008-09	
	Actual for 2006-07 (%)	Actual for 2007-08 (%)	Annual Target fixed by OERC (%)	Actual performance for April-June, 2007	Target fixed by OERC for the whole year	Performance for April-June, 2008 (%)
1. Distribution Loss						
LT	65.0	65.3	52.0	62.2	46.7	63.1
Overall	36.4	36.1	25	34.7	25	32.8
2. Collection Efficiency						
LT	77	78		67		62
HT	99	101		101		102
EHT	99	97		93		97
Total	95	95	96	92	96.6	92
3. AT & C loss	39.7	39.1	28	40.1	27.6	38

11. Earlier the Commission had introduced an incentive scheme to boost LT collection. WESCO submitted that due to heat wave condition and subsequent high breakdown in rainy season field staff were engaged in maintenance rather than collection of revenue. Due to above reason staff of WESCO did not avail of incentive as they did during February-March'08. The Commission observed that there had been criminal negligence not only in billing and collection but in maintaining the standard of performance also.

12. Regarding collection of DPS from Govt. consumers, Commission clarified that the issue of securitization and levy of DPS was pending before it. In the meantime, Govt. consumers and Urban Local Bodies should continue to pay the outstanding energy charges excluding the outstanding DPS.

13. On asset maintenance and replacement, the Commission directed that to meet the growing demand there should be at least 10% addition in transformer capacity through upgradation and addition of new substations. Like wise renovation and modernization of the network should be planned and executed during the next 10 years i.e. @ 10% each year. Renovation and modernization of distribution substations should be completed within a minimum period of 5 years i.e. at the rate of 20% each year.

14. Finally, Commission wanted an explanation from WESCO regarding some specific consumers' grievances which had been brought to the notice of the Commission by the consumers themselves due to callousness and nonchalance on the part of WESCO. Commission observed that WESCO had forgotten the minimum propriety to respond to the Commission's letters in this regard. WESCO was directed to submit full compliance in all the said consumer cases to the Commission. Monthly meetings with consumers at division levels should be conducted on Sundays/public holidays instead on working days, so that the consumers who are otherwise busy on working days could attend the meetings.

15. On behalf of REL, a presentation was made on the Information Technology (IT) initiatives taken by the three utilities during the performance review of SOUTHCO to streamline the Meter Management System (MMS), Payment Collection Module (PCM) & Consumer Complaint Handling Mechanism (CCHM). Software had been acquired to monitor and implement all these functions online. The module had already been prepared and the corresponding training and hardware installation was being conducted on a time bound schedule. All sections were expected to be linked through software by December 2008. It was further stated that after implementation of this, a consumer could deposit the bill from any place in Orissa. As this was based on web-based technology, there would be tremendous saving in terms of infrastructure cost. The Commission directed that it should be compatible to RIMS and all the data should be available at OERC server.

16. To sum up, the Commission directed WESCO to take action and comply as follows:

- (i) Those who are entrusted with maintenance work should not be entrusted with collection of revenue. The officers and staff of finance wing should be responsible for 100% billing and 100% of collection of revenue. Monthly target should be fixed employee/officer-wise and regularly reviewed. Deterrent action should be initiated against the employee /officers if he/she fails to achieve the prescribed monthly target. This might include stopping of salary for the defaulting employee. The monthly target should not be less than 20% increase over the collection of the corresponding amount of the previous year or the collection of the month of March, 2008 whichever is higher.
- (ii) The Engineering staff including the ITI and diploma holders should be responsible for day to day operation and maintenance of the lines, substations, ensuring standard of performance, maintaining security standard etc. Failure to maintain the prescribed standard of performance the compensation shall be paid to the consumers and this liability is to be shared starting from lineman to SE.
- (iii) Power supply may be disconnected in case of all types of defaulting consumers including Govt. offices, urban and rural local bodies, PSUs autonomous bodies etc. after giving proper notice for such disconnection.
- (iv) Pre-paid meters should be supplied to above types of consumers as mentioned in (iii).
- (v) The replacement and upgradation of 540 nos. transformers including conversion of single phase for should be completed at least on or before 15.10.2008.
- (vi) On asset maintenance and replacement, the Commission directs that to meet the growing demand there should be at least 10% addition in transformer capacity

through upgradation and addition of new substations. Like wise renovation and modernization of the network should be planned and executed during the next 10 years i.e. @ 10% each year. Renovation and modernization of distribution substations should be completed within a minimum period of 5 years i.e. at the rate of 20% each year.

- (vii) Loss prone areas should be identified and such areas may be given to suitable franchisee for maintenance and collection of revenue.
- (viii) District Level Standing Committee meetings may be regularly held under the Chairmanship of Collectors and proceeding of such meetings be forwarded to the Commission as is being done in case of Bargarh district.

17. The booklet “What should you do?” should be made available to all employees of the DISTCOs and consumer awareness campaign be held at different locations. The GRFs should be provided with logistic support for conducting camp courts and registering consumer complaints at different places in WESCO. Sufficient intimation should be given to the consumers through announcement in mike or drum beating and publishing in the newspaper / TV regarding the holding of consumers awareness meeting and receiving the consumer complaints etc. at the specified location.