

**Minutes of Performance Review of WESCO
from October,09 to March,10 and for FY 2009-10 held in OERC on 19.05.2010.**

Date of Review : 19.05.2010 at 11.00 AM

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

Representative of WESCO and OPTCL present during the review:

- (i) Mr. Bhupen Patnaik, VP, WESCO
- (ii) Mr. G C Mohanty, DGM (Com.), WESCO
- (iii) Mr. K K Nanda, AGM (Fin.), WESCO
- (iv) Mr. Ajoy Ku. Mohanty, GM, R&T, OPTCL

1. Mr Bhupen Patnaik, VP, WESCO made a presentation before the Commission about the performance of WESCO during the period from October , 2009 to March, 2010 and for the whole FY 2009-10.

Commission's Observations on Licensee's Performance in brief have been given below:

Key performance indicators of WESCO

Description	Actual for FY.2008-09	Actual for FY.2009-10	OERC Target for FY-09-10
Input(MU)	6378.45	6261.56	6430.00
EHT Sales	1921.75	1586.78	1573.00
HT Sales	1383.18	1424.02	1518.00
LT Sales	933.31	1079.11	1892.54
Total Sales(MU)	4238.24	4089.90	4983.54
Sales (Rs. Crore)	1349.38	1286.36	1332.75
Collection (Rs. Crore)	1289.31	1265.56	1306.10
Collection efficiency (%)	95.50	98.40	98.00
LT collection efficiency (%)	74.78	76.00	-
Overall Distribution loss (%)	33.55	34.68	22.50
LT Distribution loss (%)	65.65	62.49	35.86
AT&C loss (%)	36.51	35.74	24.05
AT&C loss (%) LT	74.78	71.49	37.14

2. The Commission noted with concern the higher overall distribution loss in WESCO during FY 2009-10. WESCO had not only failed to achieve the targeted distribution loss during that period but also incurred a higher distribution loss in comparison to previous year i.e. FY 2008-09. The Vice-President of WESCO attributed the increased distribution loss in FY 2009-10 to lesser sales in EHT in that year. The Commission opined that WESCO must have to increase its sale in LT segment to achieve the target distribution loss assigned to the utility.

3. **Performance of Divisions:** There was no tangible effort taken by the divisions to collect the amount at least billed to the consumers. The per unit realization should be at least equal to BSP (Bulk Supply Price) charged by GRIDCO to WESCO. The overall LT realization of WESCO is only 66.4 paise with AT&C loss of 71.5% whereas BST for WESCO is 154 P/U excluding Transmission charge for 2009-10. The Commission instructed WESCO to treat Government department as ordinary consumers. The Government supply should be disconnected if they do not pay their dues in time as per Regulation. The Commission impressed upon the CEO of WESCO to discuss the street light arrear dues problem with Secretary of Housing and Urban Development Department and settle the matter. The Division-wise LT performance of WESCO is given below.

Divisional Performance for 2009-10

Sl. No	Name of the division	LT Purchase MU (Calculated)	LT Billing MU	LT Loss in %	LT Collection Efficiencies in %	LT AT & C Loss in %	LT per Unit Realization in paise per Input.
1	B.W.E.D. Bargarh (West)	187.08	59.76	68.1%	62%	80.2%	40.4
2	N.E.D. Nuapada	120.57	37.90	68.6%	67%	78.8%	49.3
3	B.E.D. Bargarh	393.31	103.72	73.6%	75%	80.1%	43.4
4	S.N.E.D. Sonepur	128.04	46.53	63.7%	67%	75.7%	49.9
5	J.E.D. Jharsuguda	300.30	111.44	62.9%	72%	73.5%	61.6
6	B.E.D. Bolangir	213.98	77.36	63.8%	70%	74.6%	58.5
7	S.E.D. Sambalpur (East)	171.94	76.89	55.3%	72%	67.8%	78.2
8	S.E.D. Sundergarh	136.90	41.45	69.7%	95%	71.2%	62.9
9	K.W.E.D. Bhawanipatna	113.12	37.64	66.7%	88%	70.6%	68.5
10	T.E.D. Titilagarh	175.44	68.92	60.7%	76%	70.0%	69.5
11	S.E.D. Sambalpur	241.15	110.67	54.1%	60%	72.5%	67.8
12	K.E.E.D. Bhawanipatna (E)	125.68	57.10	54.6%	78%	64.5%	86.4
13	D.E.D. Deogarh	49.20	19.10	61.2%	84%	67.5%	72.3
14	R.E.D. Rourkela	389.00	171.59	55.9%	87%	61.7%	90.9
15	R.E.D. Rajgangpur	131.07	59.03	55.0%	94%	57.6%	113.7
	WESCO	2876.8	1,079.1	62.5%	76%	71.5%	66.4

4. **Quality of Supply:** The Commission observed that there is urgent need to replace the high percentage of defective meters. Most of the 1.6 MVA transformers are failing due to absence of protection on both the side. The Commission expressed concern over the high rate of failure of distribution transformers in WESCO area. It was found out that the power transformers need to be upgraded at OPTCL substation in Junagada, Kesinga, Khariar and Sonepur on priority basis. The representative of OPTCL submitted that the POWERGRID is constructing Grid sub station at Kuchinda. The Commission directed that DISCOM should take immediate step for evacuation of power from newly constructed Grid substation.

5. The Commission had earlier directed the distribution licensees to choose one 33/11 KV S/S in each division at a time and make it fully equipped with all necessary equipments so that it meets load requirement without being overloaded with improved voltage to set an example for other to follow. Thereafter, the Licensee should concentrate on other S/S one after another to improve all the S/Ss available in its area of operation. In the light of the above, the distribution licensees are required to furnish the name of the S/S of each division equipped in all respect.
6. The Commission noted that Distribution Companies should be prepared for receiving power from new/augmented grid S/S and accordingly build their downstream distribution lines well in advance in consultation with OPTCL so that power from the new grid S/S or augmented S/S of OPTCL can be evacuated easily for ultimate benefit to the consumers.

QUALITY OF SUPPLY	As on Mar-09	As on Mar-10
METERING POSITION		
Total no of Meters	513899	549845
No of working Meters	497727	539311
Percentage of working meters	97	98
No of 33 KV feeders	87	85
No of 33 KV metering	87	85
No of 11 KV feeders	417	466
No of 11 KV feeder metering	417	451
No of DTRs	16907	18565
No of DTR metered	12558	12558
Failure of Power Transformer Nos.	25	19
Failure of Distribution Transformer	2937	2977
Interruption of 33 KV feeders from grid s/s	11048	11016
Interruption of 11 KV feeders from 33/11 KV s/s	83605	75306

7. While reviewing the quality of power supply, the Commission directed for proper maintenance of the distribution system considering all aspects of safety rules. A target of loss reduction performance indicator & benchmark should be fixed for all the divisions and circles and the licensees should monitor it regularly. Provision of breakers, and appropriate protective devices should be placed in the system. Separation of Rural feeders from Urban & Industrial feeders including load balancing to reduce interruptions. Regular analysis of interruption including field inspection should be carried out by GM/SEs of all field circles.
8. The Commission directed that the licensee are required to furnish the status of the compliances to the recommendations/directions with reference to the enquiry conducted by independent experts as regards to maintenance and operation of

distribution S/S and lines under different distribution licensees. Licensees are required to furnish the actions already taken with reference to the long term recommendations as pointed out in the enclosed format at **Annexure-I** in addition to the compliances already complied.

Franchisee Operation

9. CEO, WESCO submitted that they would operationalize five micro franchisee per Division by Women Self Help Group and NGOs. Besides, franchisee operation should be extended to urban / semi-urban areas at macro level for the DISCOMs as a whole during 2010-11.
10. The consumer grievances should be addressed on priority basis and stringent action should be initiated against the illegal consumers as per the Electricity Act, 2003. The licensees should take the help of energy police station for power theft and punishment with imprisonment or fine or both for abetment of electricity offence.

The Commission has emphasized on the following immediate actions to be undertaken by WESCO during FY 2010-11. The Commission would review from time to time the progress of licensee under each action points.

Action Points

11. **Reduction of AT&C loss in LT not less than 10% and overall AT&C loss not less than 6% during 2010-11**
 - AT&C loss in LT during 2007-08 was 72.99% which increased to 74.78% during 2008-09 and as per the tentative figure furnished by WESCO for 2009-10, the AT&C loss in LT was 71.49%. The reduction in AT&C loss achieved in LT was 3.29% over 2008-09. The minimum reduction of AT&C loss in LT category must not be less than 10% for WESCO as a whole during 2010-11. While higher loss reduction should be achieved in Divisions where LT loss is on the higher side, in any case, no division should achieve less than 10% of AT&C loss reduction in LT category.
 - The overall AT&C loss (LT, HT & EHT taken together) was 39.13% during 2007-08 which declined to 36.51% during 2008-09 and further marginally declined to 35.74% during 2009-10 against OERC target of 24.05%. The gap between the target and achievement for the year 2009-10 is as high as 11.69%. This is simply unacceptable. The target for 2010-11 has been fixed at 21.53%. While WESCO must try to achieve the overall AT&C loss target of 21.53% for 2010-11, the minimum non-negotiable target of overall AT&C loss reduction shall not be less than 6%. In order to achieve the minimum reduction

of 10% AT&C loss in LT and 6% overall AT&C loss reduction specific AT&C loss reduction target for LT and overall AT&C loss reduction target should be fixed for each Circle, Division, sub-division and section.

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

It has been brought to the notice of the Commission through different sources that sometimes the meter readers engaged by the spot billing agencies do not visit the premises of the consumers and bring out printed bills without any reference to the actual reading. Further, in some cases though the meter reader visits the premises of the consumers the actual reading recorded in the meter is not taken into account while preparing the bills. Lower reading is taken with underhand dealing with some unscrupulous consumers, it is alleged. Again the bills so prepared are not actually served to the consumers. All these results in higher distribution loss and finally, higher AT&C loss. In order to check the correctness of the bills raised and to ensure that all the consumers are covered by the meter readers by spot visit, a vigilance squad at the Division/sub-division level should be constituted which should regularly cross check at least 10% of the consumers in a month in respect of which meter readings have been taken. Service of the electricity bills to the consumers should also be cross checked on random basis.

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

- The LT collection to LT input has been decreased from 62.97 paise/unit in 2007-08 to 59.84 paise/unit in 2008-09 and again has taken an upward turn by becoming 66.40 paise/unit in 2009-10 against the Bulk Supply price of GRIDCO 175.00 paise/Kwh including Transmission Charges. The LT collection to LT input varies from as low as 40.4 paise per unit in case of Baragarh (West) Electrical Division, 49.3 paise in case of Nuapada Electrical Division, 49.9 paise in case of Sonepur Electrical Division and 43.4 paise in case of Baragarh Electrical Division.
- The BSP for 2010-11 in case of WESCO has been fixed to 217.50 paise/Kwh (Including transmission charge). WESCO must take steps to increase the LT collection to LT input at least to the level of BSP fixed for 2010-11 at 217.50 paise per unit.

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

- The overall collection efficiency was 95.3% (LT-78%) during 2007-08 which marginally improved to 95.5% during 2008-09 (LT-73%). The overall collection efficiency during 2009-10 has been shown at 98.4% against the

target of 98% fixed by the Commission. It may, however, be noted that the collection efficiency said to have been achieved includes Rs.23.20 crore arrear collection out of the arrear of Rs.737.89 crore outstanding at the beginning of the financial year 2009-10.

- During 2008-09, against Rs.1349.38 crore billed, the total amount collected was Rs.1289.31 crore, collection efficiency being 95.5%. After deducting arrear of Rs.29.27 crore collected during 2008-09, the collection of the current revenue was Rs.1260.04 crore which constituted 93.37% of collection efficiency against 95.5% as shown by WESCO for the said year 2008-09. Against this, during 2009-10, the total amount billed was Rs.1286.36 crore against which the total amount collected has been shown as Rs.1265.56 crore indicating the collection efficiency at 98.4%. But after deducting the arrear collection of Rs.23.20 crore the current revenue collected comes to Rs.1242.36 crore which constitutes 96.57% of collection efficiency of the total billing of Rs.1286.36 crore for the year 2009-10. This shows that the current collection efficiency has improved from 93.37% in 2008-09 to 96.57% during 2009-10. But collection of only Rs.23.30 crore out of outstanding of Rs.667.80 crore shows that the arrear collection efficiency has been extremely poor. This clearly indicates the lack of commitment and sincere efforts on the part of the licensee to improve the collection of their own money.
- The Distribution company must show the collection of current revenue and arrear separately and the collection of arrear would refer to the amount outstanding as on 1st April, 2010. Accordingly, the collection efficiency should be worked out. The target of collection efficiency fixed at 98% for 2010-11 shall have to be achieved by the Licensee, otherwise, it would be difficult on their part to pay the BST bill and meet the salary and other expenditures.

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

- Total arrear outstanding as on 31.3.2009 was Rs.737.89 crore excluding the accumulated arrear of Rs.183.10 crore outstanding as on 31.03.1999. Out of Rs.737.89 crore outstanding as on 31.3.2009, WESCO has collected only Rs.23.20 crore. But what is a matter of great concern is that against the billing amount of Rs.1286.36 crore during 2009-10, amount collected is Rs.1242.36 crore which shows that the balance of Rs.44 crore which was not collected has been added to the arrear. The arrear amount collected during 2009-10 is

Rs.23.20 crore whereas the arrear added during the year is Rs.44 crore. That means there has been net addition of arrear of Rs.10.80 crore (arrear added Rs.44 crore – arrear collected Rs.23.20 crore). Consequently, the arrear of Rs.737.89 crore outstanding as on 31.3.09 (Rs.670.81 crore + Govt., PSUs etc. 67.08 crore) has increased to Rs.758.69 as on 31.3.2010 (Rs.689.23 + Govt., PSUs etc. Rs.69.46 crore). Since on earlier analysis through receivable audits, it was indicated that about 20 to 30% of the arrear outstanding is collectable, pending verification of the finding of the receivable audits, WESCO must collect at least Rs.200 crore during 2010-11 which roughly works out 30% of the arrear outstanding of Rs.758.69 crore (Rs.69.46 crore – State Govt., PSUs, etc. + Rs.689.23 crore for others). The performance of the circle officers and division officers must be assessed basing on the achievement of the target of collection of current revenue and arrear revenue during 2010-11.

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

- The total arrear outstanding against Govt. departments, Municipalities, PSUs, etc. was Rs. 67.07 crore as on 31.3.2009 and this has increased to Rs. 69.45 crore as on 31.3.2010.

Rs. in crore		
Organization	As on 31.3.2009	As on 31.3.2010
Govt. Dept.	32.68	32.49
NAC/Municipality	26.18	27.99
OLIC & Pani Panchayat	2.30	2.92
PSUs	5.92	6.05
Total	67.08	69.45

- Out of the Govt. Depts., maximum amount pertains to Public Health Dept. (Rs.11.73 crore) followed by Health and Family Welfare Dept. (Rs.3.12 crore), Rural Water Supply and Sanitation Dept. (Rs.1.95 crore), Education Dept. (Rs.3.3 crore), Water Resources/Irrigation Dept. (Rs.1.67 crore) and other departments (Rs.10.72 crore).
- The State Govt. in Energy Dept. In their letter No.1577 dt.23.2.2010 have informed the Commission that the defaulting consumers of various Departments and other local bodies, corporation are like any other individual consumers. DISCOMs are free to resort to disconnection of power supply.
- In view of the categorical stand taken by Energy Dept. to deal with various Govt. Depts., PSUs, etc., the DISCOM must take steps to disconnect the power supply to the Departments after giving due notice. The Govt. Depts.,

Municipalities and PSUs must be given in writing the amount of arrear and for the period to which it pertains and request the Department to reconcile before a particular date and if by that particular date no reconciliation is made by the Department or organization, it would be treated that the amount shown by DISCOMs are correct and payable by the Department/Organization/Local bodies. Thereafter due notice should be given to the Govt. Dept., the PSU/Local bodies to pay the dues within a particular time, failing which disconnection of power should be effected, since Regulation does not provide any special treatment to Govt. Dept., Municipality and PSU.

- Regarding diversion of fund by Municipalities from the allotment given by H&UD Dept. towards electricity dues for purchase of electrical appliances other than paying electricity dues in full should be clearly brought out to the notice of Principal Secretary, H&UD under intimation to Secretary, Energy and Principal Secretary, Finance Dept. The defaulting Urban Local Bodies should also be given notice for reconciliation and payment of arrear dues, failing which power disconnection shall also be effected in their case. This should also be simultaneously intimated to the Dist. Collectors and SPs with regard to consequence that may follow for disconnection of power to the Municipalities due to their continued default in paying the electricity for the energy consumed by them which is being procured by paying to the generators through GRIDCO.

17. Target for Franchisee Operation

- The Rural electrification undertaken through RGGVY mandates for franchisee operation. But, even though, some of the areas under which RGGVY and BGJY work have been completed, the same has not yet been handed over to franchisee. Each Division must engage at least five Women Self Help Groups or NGOs or Village Committees as franchisees. Thus, the annual target for 15 divisions for 2010-11 through the Women Self Help Group, Village Committee, NGO, etc. is fixed at 75 at the micro level franchisee for 2010-11.
- At present Franchisee operation has been given to M/s. Enzen Global Solutions on an input based assured revenue basis in Patnagarh and Kantabanjhi Sub-divisions under Titilagarh Division and M/s R N Padhi in Nuapada Division. No systematic approach appears to have been taken to extend franchise operation to other loss prone Sub-divisions. The Corporate

office of WESCO must fix month-wise target for introducing franchisee in other Sub-divisions at the rate of one on average per two months. Hence, the target for 2010-11 is fixed at 6 at macro level excluding the Women Self Help Groups or NGOs in rural areas, for which separate target of 75 is now fixed.

18. Metering

i. 11 kV feeder metering

- The number of 11 kV feeder metering was 417 as on 31.3.2009 which has increased to 451 as on 31.3.2010 out of 466 feeders.
- Number of Distribution Transformer metering was 12558 as on 31.3.2009 and has remained static in 2009-10 although 1658 numbers of new distribution transformers has been added during that period. When there is no metering of the Distribution transformer and 11 kV feeders, all possible ways are being opened up to increase the scale of theft of electricity by the unscrupulous consumers duly aided and abated by the dishonest employees of the DISCOMs. This indicates that the DISCOMs have totally failed to take effective action for control of theft of electricity through system improvement which is the basic duties of the DISCOMs. While taking up system improvement in a particular area, 11 kV feeder metering must be taken up as an integral part.

ii. Replacement of defective meters

- Coming to the percentage of the meter working, it is seen that this was 98% as on 31.3.2010. When percentage of working meter is so high with DTR metering of 67% it is not understood how LT billing percentage during that period is as low as 37.51%. Therefore, it can be attributed to the lackadaisical attitude of WESCO towards preparation of bills and its distribution to consumers in time. WESCO must be pro-active in preparation of bills covering all its consumers and distribute the same to the consumers for timely payment.

19. New connection and additional revenue

- Number of new connections given during 2009-10 was 26562 against 29,697 during 2008-09. Similarly, the number of connections regularized during 2009-10 was 4247 against 15538 during 2008-09. WESCO could not properly apprise the Commission about the status of billing and collection in case of new consumers and illegal consumers regularized. DISCOM must keep

separate account of the billing and collection made thereof in respect of new connections made as well as illegal connections regularized during the year, so that effectiveness of the new connections given and connections regularized can be assessed and trend of consumption on energy and collection from the existing consumers can be compared, segregating the amount collected from new consumers added and illegal connections regularized.

20. Quality of supply – Rate of failure to reduce by 75%

- The number of interruption of 11 kV feeder (from 33/11 kV S/S) was 83605 during 2008-09 and 75306 during 2009-10.
- The number of failure of Power Transformer was 25 during 2008-09 and 19 during 2009-10.
- Failure of Distribution Transformer was 2937 during 2008-09 and 2977 during 2009-10 (excluding the failed transformers having warranty period). WESCO must take steps in a time-bound manner for timely maintenance of the 11 kV feeders, power transformers and distribution transformers, so that rate of failure is reduced by 75% from the figure reported for the year 2009-10.

21. Consumer Complaints

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

22. Implementation of GRF & Ombudsman order

- No serious attention was earlier given for implementation of the order of the GRF/Ombudsman. Number of compliances has increased after reports have been called for from the DISCOMs. The rate of compliances should increase and the dateline fixed by the GRF/Ombudsman should be adhered to. In case, DISCOMs feel that there is palpable mistake or error in the order of GRF/Ombudsman, they can file a review petition for clarification by the GRF/Ombudsman and, if necessary, such cases should be brought to the notice of the Commission. But this may happen in rare cases and WESCO can not take a plea for not implementing the order of the GRF/Ombudsman in time.

- While the GRF/Ombudsman shall dispose of the cases as per the stipulated time limit prescribed, WESCO must implement the order of the GRF/Ombudsman as per the time schedule specified in the Regulation or order of the concerned authorities.
- A full fledged consolidated report should be furnished by WESCO by 15.6.2010 in respect of implementation of the order passed by the GRF & Ombudsman upto 31.3.2010 (Pendency GRF = Burla 8 + Rourkela 158 + Bolangir 134). In case it is noticed that there has been intentional delay in implementing the order of the GRF/Ombudsman or compliances of the complaints forwarded by the Commission, the Commission would not hesitate to initiate action to penalize the concerned officer of the Licensees under Section 142 of the Electricity Act.

23. Enquiry of the Expert Team engaged by the Commission

- Some compliance reports on maintenance of lines and S/Ss as per the short-term and long-term measures recommended by the Expert Teams engaged by the Commission have been received from WESCO. But still a number of compliances are yet to be received. Therefore, WESCO is directed to furnish a full compliance report on or before 15.6.2010 to the Commission on the above subject as per the pro-forma handed over to them during the time of Review.

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

- One Energy Police Stations is presently functioning at Burla having jurisdiction of Sambalpur Revenue District only. The effectiveness of Energy Police Stations and dedicated Vigilance Cell is to be evaluated in shape of higher collection of revenue and reduction in theft. The areas where loss level is more or input realization is less must be listed out and the Energy Police Station Squad and the Vigilance Squad must conduct raids in those areas. The minimum target for each Energy Police Station and Vigilance Cell should be fixed by the Circle officers which should be reviewed on daily basis regarding the actual result achieved by the Police Stations and dedicated Vigilance Cell. This should also be centrally monitored by the Vice-President at the Corporate office level. The minimum target of raid by Energy Police Stations should not be less than 30 villages/ urban areas per month. Similar minimum target should also be fixed for the dedicated Vigilance Cell. The bills raised, amount collected as a result of action by the Energy Police Stations and dedicated Vigilance Cell should be separately accounted for. The effectiveness of

Energy Police Station and dedicated Vigilance Cell would be measured in terms of revenue collected which should at least be 20 times of the expenditure incurred on such Police Stations or the Vigilance Cell. Such expenditure would include the salary, PO Oil and other associated expenses for the Energy Police Stations and dedicated Vigilance Cell. In other wards, the expenditure incurred on Energy Police Stations and Vigilance Cell must yield at least 20 times of expenditure incurred on them.

25. Verification of meters of the employees of WESCO

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

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

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

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

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

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

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