

Minutes of Performance Review of SOUTHCO for FY 2012-13

Date of Review : 12th June, 2013

Period of Review : FY 2012-13

Representative of NESCO, GRIDCO and OPTCL:

1. Mr. Prashant Choudhary, M.D
2. Mr. S. K. Choudhary, VP
3. Mr. S. S. Padhi, DGM (commerce)
4. Mr. G. B. Swain, G.M.(Finance), CSO

(A) Growth of Consumers :

Year	EHT Consumers	HT Consumers	LT Consumers	Total No. of consumers
2008-09	11	152	529447	529610
2009-10	11	161	563015	563187
2010-11	11	171	622972	623154
2011-12	12	179	717882	718073
2012-13	12	215	881122	881349
2013-14	12	248	1079706	1079966

(B) Sales & Input

Year	EHT (MU)	HT (MU)	LT (MU)	Total (MU)	Sales (Rs. In Cr.)	Input (MU)
2011-12	383.93	162.32	961.42	1507.68	580.84	2814.13
2012-13	413.84	157.73	1089.10	1660.67	730.67	2929.88
OERC Target for FY 2012-13	377.80	209.48	1682.73	2270.01	909.43	3047.00

(C) Efficiency Parameters(Overall)

Year	Sales (in Cr.)	Collection (Rs. In Cr.)	Distribution Loss(%)	Collection Efficiency (%)	AT&C Loss (%)	Billing Efficiency Overall (%)
2011-12	580.84	568.03	46.42	97.80	47.61	53.60
2012-13	730.67	690.32	43.32	94.48	46.45	56.70
OERC Target for FY 2012-13	909.43	900.43	25.50	99.00	26.25	74.50

(D) Efficiency Parameters (LT)

Year	Input (MU)	Sales (MU)	Distribution Loss(%)	Billing Efficiency LT (%)	Sales (in cr.)	Collection (Rs. In Cr.)	Collection Efficiency (%)	AT&C Loss (%)
2011-12	2073.46	961.42	53.63	46.4	299.22	284.51	95	55.91
2012-13	2157.03	1089.10	49.51	50.5	422.53	379.30	90	54.67
OERC Target for FY 2012-13	2246.18	1682.73	-	-	581.57	575.75	-	-

(E) Division wise performance

The table below indicates the performance of Divisions which have performed poorly during FY 2011-12 & FY 2012-13 relating to efficiency parameters.

Division	Year	Billing Efficiency (%)		Collection Efficiency (%)		AT&C Loss (%)	
		LT	Overall	LT	Overall	LT	Overall
Aska-2	2012-13	29	26	81	81	77	79
	2011-12	28	26	93	94	74	75
Malkangiri	2012-13	33	34	70	68	77	77
	2011-12	35	43	79	100	73	57
Boudh	2012-13	44	43	64	71	72	69
	2011-12	39	39	93	98	64	62
Bhanjanagar	2012-13	36	34	92	92	67	69
	2011-12	35	32	95	95	67	69
Purusotampur	2012-13	41	37	87	87	65	68
	2011-12	35	35	96	96	66	66
Aska-1	2012-13	37	35	96	96	64	66
	2011-12	38	36	99	99	63	64

(F) Arrear, Billing and Collection**Rs. In Crore**

	FY 2011-12	FY 2012-13
Billing	581.00	731.00
Collection	568.00	682.26
Un collected amount	13.00	48.74
Collection Efficiency	98%	93.33%

* * Note – Total collection during FY 2012-13 is Rs.690.00 crore which includes Rs.7.74 crore pertaining to FY 2011-12. Thus, collection for the year FY 2012-13 would be Rs.682.26 crore (690-7.74)

(G) Bills served to the consumers during FY 2012-13 pertaining to the FY 2011-12 as per the Hon'ble High Court's decision

		Rs. In crore
1.	Arrear Bill	37.74
2.	Collection	7.74
3.	Special rebate claimed from GOO not received	20.93
4.	Total (2) + (3)	28.07
5.	Uncollected amount	9.07

Commission's observation and directions

Commission has analysed the performance of SOUTHCO and the key observations are as follows :-

1. The major concern is that the SOUTHCO has not been able to pay the full BST bill. The SOUTHCO has cumulative default of Rs 53.00 crore for FY 2011-12 and 2012-13. The Licensee is to therefore immediately augment its efforts to clear the outstanding BST during the current year.
2. There has been decrease in overall distribution level of 3% and decrease of loss in LT level is about 4%.The overall AT&C loss however has not decreased appreciably which has reduced from 48% to 46% from FY 2011-12 to FY 2012-13 and it is far from the target set out in the Business Plan for the year 2012-13 at 26.25%.
3. There has also been reduced collection efficiency during FY 2012-13 of 3% over FY 2011-12. However it is pertinent to observe that the collection efficiency only reflects the collection out of the billed amount. The important parameter to gauge efficiency is the Billing efficiency. The review reveals that overall Billing efficiency is 56.70% and LT Billing efficiency is only 50.5%. There is about 44% of energy overall and 50% in LT which is not billed. The Commission therefore directs to increase the Billing efficiency to about 80% in overall and 60% in LT segment by next review period.
4. The AT&C loss in the LT segment is most alarming with reduction in collection efficiency from 95% in 2011-12 to 90% in 2012-13. Consequently the AT&C loss is about 50% which needs to be stemmed immediately.
5. Division wise performance analysis revealed that AT&C loss in Aska-II, Malkangiri and Boud have highest losses which are above 70%. Other loss making divisions which need immediate attention are Nowrangpur,

Bhanjanagar, Purusottampur, Chatrapur, Aska-I, Digapahandi and Koraput which have AT&C loss of above 60%.

Commission in view of such performance directs the licensee to undertake the following activities on urgent basis.

1. SOUTHCO shall complete the entire energy audit programme and submit before the Commission before 20th of July, 2013.
2. There have been number of complaints that the bills are not being served to the consumer, especially in semi-urban and rural areas, in spite of the fact that all the consumers of SOUTHCO are covered through spot billing. There have been reports of billing agency colluding with unscrupulous elements to generate frivolous bills without visiting the premises of the consumers.

Commission, therefore, directs that spot billing machines should be upgraded immediately which connects simultaneously to the server when the entry is made. Licensee can also adopt Intra ray/ RF technology to avoid human interference in taking meter readings. The technological intervention is the need of the hour to eliminate human error either unintentional or intentional. The licensee may also initiate smart metering implementing Advanced Metering Infrastructure(AMI) with two way communication for remote switch off facility at least in one pilot area covering all consumers in one or two distribution transformers or preferably one 11 KV feeder.

3. It is observed that the daily load curve of SOUTHCO is high in spite of the fact that there is reduction in the Industry load. There is no analysis of HT losses which are loaded to LT level. Licensee shall, therefore, analyze and submit the necessary load curve of various categories of last year by 20th of July, 2013.
4. The overall Distribution transformer failure rate is high which is about 6% to 7%. The Licensee should take immediate steps to curb such high DTR failures and bring down to 50% with in next six months. Licensee may also submit an action plan for such activity.
5. Commission in the last RST order for FY 2013-14 has introduced Reliability surcharge for the consumers for ensuring reliable supply of power. Licensee should ensure collection of such surcharge and provide the consumer with dump data along with the bill to ensure the genuineness of such claim. The collection of reliability surcharge till June 30th 2013 shall be provided by 20th of July, 2013.
6. Commission is of the view that a number of cases filed before GRF which could have been otherwise avoided. It is revealed that primary reason for such large cases is that the licensee does not follow the Complaint Handling Procedure (CHP) properly thereby forcing consumers to seek the shelter of GRF.

The licensee shall, therefore,

1. Scrupulously follow the CHP and accountability be fixed on the officers not adhering to such procedure.
2. Registering/docketing and acknowledgement of every complaint is to be made mandatory either in physical form or through email or SMS.
3. Consumers should be sensitized about their rights and duties and awareness campaign to be launched for such sensitization.
7. Licensee shall submit the action points and areas where improvements need to be made to reduce AT&C loss.
8. These action points need to be submitted by 20th of July, 2013.
