

**Minutes of Performance Review of SOUTHCO for the period April 08 to Mar 09
(FY 2008-09) on 28.05.2009**

Representative of SOUTHCO - Mr A.K.Bohra, CEO,SOUTHCO
 - Mr. B. Mallick, GM, SOUTHCO
 - Mr. Debasis Das, Reliance Energy Ltd.

The CEO, SOUTHCO at the outset made a presentation on the performance of SOUTHCO for FY 2008-09.

Key performance indicators

Description	Actual for FY 2007-08	Actual for FY 2008-09	OERC Target for FY 08-09
Input(MU)	1975.17	2175.93	1980.00
EHT Sales	215.19	224.77	207.66
HT Sales	228.96	248.29	249.83
LT Sales	633.44	663.15	920.14
Total Sales(MU)	1077.59	1136.21	1377.63
EHT bill raised in (Rs. Crore)	80.92	83.94	79.21
HT bill raised in (Rs. Crore)	74.19	81.10	80.1
LT bill raised in (Rs. Crore)	161.87	166.79	172.45
Total Sales (Rs. Crore)/Bills raised	316.98	331.83	331.76
Collection (Rs. Crore)	298.48	311.53	311.85
Collection efficiency (%)	94.16	93.88	94.00
LT collection efficiency (%)	88.00	89.00	-
Overall Distribution loss (%)	45.4	47.8	30.4
LT Distribution loss (%)	54.4	57.1	33.4
AT&C loss(%) overall	48.63	50.97	34.60
AT & C Loss(%) in LT	59.81	61.80	37.36

(Details can be seen from the Annexure-I attached)

1. The Commission expressed grave concern over the increasing loss in LT sector which has increased from 54.4 % in the year 2007-08 to 57.1 % in the year 2008-09. The input to the licensee has gone up from OERC target of 1980.00 MU to 2175.78 MU while the billing to the consumers remains more or less same at the OERC target of Rs. 331.76 Cr due to the increased LT loss. It was observed that in Urban Divisions like Berhampur the LT loss was 42 % while in Divisions like Bhanjanagar & Aska the loss was around 69%. It was revealed that the billing to the consumers in BNED, Bhanjanagar, AED, Aska and GSED, Digapahandi were less than the corresponding BSP bill for that divisions. The Commission asked the CEO

to fix the responsibility on individuals for such poor billing and the erring officials be suitably penalized. CEO may also explain the reason of such dismal performance of SOUTHCO with an overall loss level of 47.8% and the steps taken by the utility to survive in the business. In reply to the queries of the Commission, SOUTHCO submitted that every month a target of billing and collection had been given to the field officials but majority of staffs are non-performers. Particularly in the area like Aska, Digapahandi & Bhanjanagar the billing was very less during the last three months of 2008-09 and the collection was 50% of the billing. The reason for less billing and collection was basically due to labour unrest and non-cooperation by various unions & engineers associations. The last communal riots in Kandhamal and Jeypore area along with damage caused by flood in Boudh area had taken their toll on billing and collection. The Commission suggested that to tackle the menace of power pilferage the urban and rural feeders may be segregated and graded according to the loss level. It would facilitate the localization of power theft and necessary feeder management. Low loss feeder may be given high priority in breakdown maintenance. The Commission further suggested that as shareholders agreement had lapsed there is no bar for SOUTHCO to redesign the compensation package for its employees linking it to their output. The unscrupulous employees be identified and be weeded out from the organization while better performing employees should be rewarded.

2. With regard to improvement in quality of power supply, CEO informed that SOUTHCO has replaced 13954 nos. of defective single phase meters and upgraded 19 power transformers & 284 nos. of distribution transformers along with installation of 27 nos. of new distribution S/Ss. CEO informed that 50% of the meters used for distribution transformer metering were not working mostly due to removal of CTs at the time of breakdown maintenance. The Commission expressed its serious concern over the percentage of distribution transformer failure, which is around 11.9% against all India average of 8%. The Commission directed that the division wise distribution transformer failure reduction target should be given and responsibility should be fixed on the personnel who are in charge of the maintenance of the transformers. The CEO submitted that SOUTHCO had also

undertaken system improvement work under REC loan of Rs.11.03 crore in phase-1 and Rs.6.82 crore in phase-2. They have also initiated steps to segregate the commercial and O&M activities.

3. CEO SOUTHCO brought to the notice of the Commission their endeavour for reduction of input through energy conservation. They had executed an agreement with M/s.Banyan Environmental Innovations (P) Ltd. for implementation of lighting energy efficiency project. This scheme envisages distribution of CFL lamp at the concessional rate of Rs.12.00/unit to consumers to replace their old incandescent lamp.
4. In response to OERC's query regarding Distribution Franchisees, the CEO submitted that SOUTHCO had introduced input based assured revenue model in Rambha & Khalikote sub divisions and had awarded franchisee assignment to NGOs associating WSHG on collection basis in Nuagaon & Kanchuru sections. The CEO further submitted that the GRIDCO was objecting the franchisee M/s.Enzen Global for keeping the collected revenue with itself instead of depositing it in Escrow Account. Commission directed SOUTHCO to open revolving LC with franchisee instead of bank guarantee.
5. SOUTHCO stated that stringing of bare conductors under RGGVY by central PSUs entrusted with the task had made rural LT lines more vulnerable to theft. The Commission directed that SOUTHCO should give more emphasis to extend power supply utilizing High Voltage Distribution Systems (HVDS) and with Aerial Bunched conductors to minimize theft. SOUTHCO informed that recently one retired SP has been appointed to oversee the enforcement activities of the energy police stations and coordinate with local police & administration.
6. The Commission directed that the complaint handling procedure(CHP) should be made more effective so that numbers of consumer moving to GRF will be reduced. The Commission suggested that the question of delegation of financial power should be first discussed with the concerned SE/EEs and then final proposal be submitted to the Commission within ten days.

7. SOUTHCO submitted that they were compelled to resort to load shedding upto 3 to 4 hours everyday around Bhanjanagar area due to low transformation capacity at Bhanjanagar Grid S/S of OPTCL. OPTCL representative submitted that existing 12.5 MVA transformer would be replaced with one 40 MVA transformer so that it could meet the existing load and also the demand growth expected in the next 3 to 4 years around that area. With the proposed addition of 40 MVA transformer, the existing capacity of the S/S i.e. 28.5 MVA (16+12.5) would be 56 MVA (16+40). For the time being the load being 38 to 40 MVA at Aska against capacity of 80 MVA (40x2), one 40 MVA transformer may be supplied to Bhanjanagar by 20.06.2009 to improve the voltage problem in Bhanjanagar without affecting Aska. OPTCL is to take action accordingly.
8. The Commission directed that the employees responsible for loss & theft should be severely dealt with while others doing good work should be rewarded. The CEO submitted that they have already started separation of Engineering & Commercial wing & the latter is given the task of collection & billing. This is necessary to hold the concerned officials responsible/accountable for loss or theft of electricity in the area of operation.
9. The Commission wanted to know the delegation of power to officials at different level. The Commission observed that officials at different level should have authority for technical and administrative approval for emergency O&M work. SOUTHCO is directed to discuss the principle of delegation of power, the O&M concept to be deployed and the extent of delegation of technical and financial power at each level, with the EEs/SEs and submit a comprehensive note on delegation of power to Commission within ten days. The Commission would take a separate meeting on the delegation of power on later date.
10. Pending the detailed delegation of financial authority, the commercial and O&M activities should be separated. Revenue activities can't be run without the help of Engineering staff required for disconnection, reconnection and enforcement activities. Therefore, a section of Engineering staff including technical workman would be identified and assigned with the said job. The maintenance wing is responsible for maintenance work and the revenue wing including finance people

and associated engineering and technical people are responsible for revenue activities. WESCO, NESCO and SOUTHCO are directed to take concrete steps in these directions and rise to the occasion to overcome the difficult situation being faced by the power sector.

11. The Commission directed that there should be some pockets of excellence in different functional areas such as metering, customer care and energy audit. A town and/or a electrical Division may be identified in each DISCOMs and all financial and technical support should be extended to implement a strategy of model distribution zone in the form of quality power supply with strict vigilance of loss reduction. The example of existing model available in other states could be referred to; however as the issues involved and lifestyle in every state/area are unique in nature, one should adopt its own model which is practically feasible and easy to implement at least in cost and effort. This success model, then, can be replicated in other areas gradually.
12. There is need for continuous upgradation of skill of the employees and each year there should be addition of skilled manpower in different disciplines in each of the distribution companies and special emphasis should be given for fresh recruitment at the middle level officers. These officers should function as messengers of change. Instead of recruiting at a time there should be continuous addition in each year after taking into account the changes required for effective functioning of the distribution companies.
13. The licensee shall take effective steps to ensure discipline in the work and conduct of its employees. Since State Govt. holds 49% of share in the DISCOMs, Govt. should also see that its interest is protected by effective functioning of the licensee and if necessary Govt. can lend its support for enforcing discipline among the employees of the licensee.
14. In conclusion the Commission directed SOUTHCO that: -
 - (i) The sales target of each division should be fixed and responsibility should be fixed with concerned officers to collect the targeted monthly revenue.

- (ii) The meter reading data should be cross checked and there should be a regular rotation of assignment amongst the persons deployed for such work.
- (iii) SOUTHCO should give more emphasis to extend power supply utilizing High Voltage Distribution Systems (HVDS) with Aerial Bunch cables to minimize theft.
- (iv) All the 11 KV feeders and distribution transformers should be metered and an action plan for the purpose to be prepared.
- (v) All the Distribution Substations should be provided with Switchgear and proper protection system to minimize interruption and improve quality of service. The feeders may be categorized as A, B, C, D basing on distribution loss.
- (vi) SOUTHCO should delegate the administrative & financial powers to its field officials up to the section officer level to carry out hassle free preventive and breakdown maintenance related works.
- (vii) Orders of Grievance Redressal Forum (GRF) should be complied within the specified time.
- (viii) Effective functioning of energy police stations & squads engaged for disconnection of unauthorized connection should be monitored regularly. Staffs who are found conniving with consumer for pilfering energy should be identified if necessary inquiry be conducted and exemplary punishment should be given to the erring staffs, if found involved.
- (ix) SOUTHCO should comply with the observation of the Commission in Para 10 to 13 of this minutes.