

**Minutes of Performance Review Meeting of WESCO
for the year 2008-09 held on 27.05.2009 at OERC**

Representative of WESCO present during the review:

- (i) Mr. P.K. Pradhan, CEO, WESCO
- (ii) Mr. K.C. Nanda, AGM(Finance), WESCO & Mr. K.B. Ray, AGM, OPTCL

1. Mr. P.K. Pradhan, CEO, WESCO made a presentation before the Commission about the performance of WESCO during the period 2008-09.

Key performance indicators

Description	Actual for FY 2007-08	Actual for FY 2008-09	OERC Target for FY 08-09
Input(MU)	5377.09	6378.45	5680.00
EHT Sales	1189.98	1921.75	1542.00
HT Sales	1391.71	1383.18	1475.00
LT Sales	852.92	933.31	1243.26
Total Sales(MU)	3434.61	4238.24	4260.26
EHT bill raised in (Rs. Crore)	415.74	665.95	529.24
HT bill raised in (Rs. Crore)	458.67	461.99	489.94
LT bill raised in (Rs. Crore)	198.88	221.44	231.9
Total Sales (Rs. Crore)/Bills raised	1073.29	1349.38	1251.08
Collection (Rs. Crore)	1022.82	1289.31	1208.04
Collection efficiency (%)	95.30	95.55	96.56
LT collection efficiency (%)	78.00	73.00	-
Overall Distribution loss (%)	36.1	33.6	25.0
LT Distribution loss (%)	65.3	65.6	46.7
AT&C loss(%) overall	39.13	36.51	27.58
AT & C Loss(%) in LT	72.99	74.78	48.52

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

2. The CEO submitted that sales in different voltage categories have increased during FY 2008-09 in comparison to FY 2007-08 resulting in marginal decrease in overall loss from 36.1% in 2007-08 to 33.6% in FY 2008-09. The Commission observed that WESCO was far away from the OERC target of overall loss of 25%. The Commission directed that division-wise and section-wise loss levels should be is to be monitored by WESCO.
3. The Commission highlighted the fall in collection efficiency particularly in LT category during the review period. WESCO was unable to collect an amount of Rs.60 crore in LT only during FY 08-09. The Commission pointed out to the WESCO that the divisions except JED, Jharsuguda, RED, Rourkela and RED, Rajgangpur which

have high industry base other divisions had been billing to the consumers less than the BST bill of the respective divisions (Details in Annexure-II). The Commission urged the management of the utility to fix responsibilities on the persons at division level for lower billing efficiency. The Commission wanted to know the reason for fall in collection efficiency of LT-GP category during the review period. The numbers of the consumers in LT-GP category is less in comparison to domestic category and disconnection of power supply can easily be resorted to in this category. The Commission directed WESCO to step up the disconnection drive against defaulting consumers after following due procedure. WESCO submitted that during the review period they had purchased 50 spot billing machines. By now, all the towns in WESCO area are covered under spot billing. WESCO had been able to give 29697 nos. of new connections during the review period which includes the connection regularized after de-hooking. The Commission directed that WESCO should keep a tab on the billing through the spot billing machines as there is possibility of fudging the data by the spot billing agency. The CEO, WESCO submitted that the shortfall against BST bill payment as on 31.3.09 was Rs.78.55 crore as a result of which WESCO had been losing a rebate of 2% (payment within 48 hours) each month. The CEO, WESCO also submitted that to make the work of the employees more focused, the O&M and commercial wings were being separated on the orders of the Commission.

4. Replying to the query of the Commission, the CEO, WESCO submitted that interruption in power supply was basically due to absence of circuit breakers both in 33kV and 11 kV side. He further submitted that in urban areas there were group breakers in multiple feeders and all other single feeders had individual breakers. He assured the Commission to install breakers in all the feeders of WESCO by the end of FY 09-10. The Commission wanted to know about the high rate of electrical accidents occurring in WESCO area due to conductor snapping. The CEO submitted that they have been installing MCCB in those feeders where cutouts are regularly being stolen. The Commission pointed out that low voltage was prevalent in Nuapada and Bargarh districts. WESCO should sort out the low voltage problem with OPTCL. They were advised to find out the short term solutions for this chronic problem in Nuapada, Kalahandi and Bargarh districts. The Commission expressed its concern over high rate of distribution transformer failure which is of the order of 18% whereas the all India average is around 8%. The Commission directed that division-wise transformer

failure reduction target should be given which should not be more than 10% in any case for time-being. The need for using AB cable in theft-prone areas was emphasized by the Commission during the review.

5. The Commission wanted to know the status of energy police stations operating in the licensee's area. The CEO submitted that due to shortage of staff the lone police station operating at Sambalpur was a virtually non-functional. Existing police personnel are being utilized for general law and order duty. The Commission directed WESCO to chalk out a plan for a raid on power pilferer.
6. CEO, WESCO submitted that 14 nos. of feeders have been allotted to franchisees. They are basically input-based franchisee. The Commission directed WESCO to submit to the Commission a report on the performance of those franchisees.
7. CEO, WESCO drew the attention of the Commission and OPTCL representative present during the meeting that due to inadequacy of operating staff in Rourkela and Tarkera Grid sub-stations of OPTCL, as a result they are facing co-ordination problem at the time of urgent need. He further stated that lots of high-end consumers have applied for connection unless OPTCL ensures unrestricted power supply, the financial viability of the DISCOM would be a vulnerable. In this connection WESCO authorities requested OPTCL may arrange for augmentation of transformation capacity in its substations particularly in Chhend substation on urgent basis. The OPTCL representative present in the meeting stated that after charging of new Bolangir sub-station most of the power problems in the vast tract of Bolangir and Bargarh districts would be solved.
8. The Commission deliberated on the devolution of financial power to the subordinate offices of WESCO. The Commission opined that the power delegation should be first discussed with concerned S.E./E.E.s and according to their requirement and practicability the limits of financial authority should be fixed. The Commission directed that report on delegation of power should be submitted to the Commission by 30.6.09.
9. 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.

10. 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.
11. 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.
12. 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.
13. In summary, the Commission directed the following to WESCO to be achieved during the current year: -
 - Identify the divisions/subdivisions/sections where billing and collection efficiencies are low. Loss making feeders should be identified and maintenance should be prioritized accordingly. WESCO is to submit an action

plan for collection of arrears as well as current dues to Commission within 15 days.

- Fixing of responsibility on the person who are responsible for low billing and collection.
- Compliance be ensured on Para 9 to 12.
- More nos. of distribution transformers should be covered under Energy Audit. The Commission would review the status of energy audit time to time. Licensee must make a programme for each 11 KV feeder / distribution transformer as individual profit centre.
- The transformer failure reduction target should be fixed division-wise and report submitted to the Commission for review.
- SHG may be engaged for billing and collection work.
- Low voltage problem should be analysed along with OPTCL wherever necessary and capacitor banks should be installed wherever there is more drawal of reactive power.
- The bare LT conductor be replaced with AB cable in theft prone area.
- WESCO should maintain the account of the assets under RGGVY and BGJY which have been transferred to WESCO. WESCO has to maintain those assets ensuring least power pilferage and high collection efficiency.
- The following targets are to be achieved during FY 2009-10

Phase balancing of distribution transformer	-	2000 nos.
New/re-earthing of substations	-	1500 nos.
Phase conversion	-	150 locations
Installation of 33 KV VCB	-	50 nos.
Installation of 11 KV VCB	-	100 nos.
Bare LT conductors be replaced by AB cables	-	500 Kms.