

ODISHA ELECTRICITY REGULATORY COMMISSION
BIDYUT NIYAMAK BHAVAN
UNIT - VIII, BHUBANESWAR - 751 012
PBX : (0674) 2393097, 2396117
FAX : (0674) 2395781, 2393306
E-mail : orierc@rediffmail.com
Website : www.orierc.org

No.DIR (T)-371/09/13/1178
Dated-22.08.2014

To

The Managing Director
SOUTHCO, Courtpeta,
Berhampur.

Sub: **Review of Performance of SOUTHCO for the FY 2013-14 held in OERC on 08.08.2014.**

Sir,

In inviting a reference to the subject cited above, I am directed to send herewith the record note on the review of Performance of SOUTHCO for the FY 2013-14 held in OERC on 08.08.2014 for your information and necessary action.

Yours faithfully,

Encl: As above.

Sd/-

SECRETARY

Copy to:

- i) The Principal Secretary, Department of Energy, Govt. of Odisha along with copy of the enclosure for favour of information.
- ii) The CMD, GRIDCO, Janpath, Bhubaneswar along with copy of the enclosure for favour of information.
- iii) The CMD, OPTCL, Janpath, Bhubaneswar along with copy of the enclosure for favour of information.

Encl: As above.

SECRETARY

Record Note of Performance Review of SOUTHCO held on 08.08.2014 at 3.30AM in the Conference Hall of the OERC in presence of the Commission

Date of Review : 8th August, 2014

Period of Review : April-March, 2013-14

Representatives of SOUTHCO, GRIDCO and OPTCL: list enclosed as Annexure-I.

The performance of SOUTHCO for the FY 2013-14 was reviewed by the Commission on 8th August, 2014 at 3.30 PM in the presence of senior officials of SOUTHCO, GRIDCO and OPTCL. Prior to this review, the Commission had prepared a set of queries which was sent to SOUTHCO on 21.07.2014 requesting them to prepare their performance presentation in line with the queries raised in the letter. The details of the performance of SOUTHCO as indicated in its presentation, with regard to the key performance indicators of SOUTHCO are as below:-

Table-1

REVENUE PERFORMANCE OF SOUTHCO				
	Actual 2012-13	Actual for FY 13-14	Improvement over Previous Year	Approval for 2013-14
Energy input (MU)	2929.88	2915.56	-14.33	3187.00
SALE TO CONSUMERS (MU)				
EHT	413.84	404.57	-9.28	434.17
HT	157.73	151.75	-5.97	199.74
LT	1089.10	1164.04	74.94	1740.41
TOTAL	1660.67	1720.36	59.69	2374.32
LOSS (%)				
LT	49.51%	46.07%	-3.44%	25.40%
HT & LT	50.44%	47.60%	-2.85%	71.17%
OVERALL	43.32%	40.99%	-2.33%	25.50%
BILLING EFFECIENCY (%)				
HT	92.00%	92.00%	0.00%	92.00%
LT	50.49%	53.93%	3.44%	74.60%
HT & LT	49.56%	52.40%	2.85%	70.48%
OVERALL	56.68%	59.01%	2.33%	74.50%
COLLECTION EFFICIENCY				
EHT	102%	100%	-2.29%	99.00%
HT	98%	97%	-0.48%	99.00%
LT	90%	85%	-4.66%	99.00%
TOTAL	94%	91%	-3.63%	99.00%
AT & C LOSS (%)				
LT	54.67%	54.10%	-0.58%	26.14%
HT & LT	54.81%	54.37%	-0.45%	30.23%
OVERALL	46.45%	46.39%	-0.06%	26.25%

Commission's Observations:

The key observations are as follows:-

1. The total number of consumers rose to 12.54 lakhs as on 31.03.2014 from 10.80 lakhs as on 31.03.2013 indicating a rise of the order of 16.11%. However, the energy demand went up marginally to 532 MVA from 510 MVA during the corresponding period registering a rise of 4.31%.
2. The total input in MU marginally declined from 2930 MU in FY 2012-13 to 2916 MU in FY 2013-14 in spite of a rise in No. of consumers. The total sales in MU registered a rise of the order of 3.56% during the same period. While HT and EHT sales have reduced in FY 2013-14, LT sales have gone up by 6.89% during the year.
3. Overall billing efficiency has increased to 59% in FY 2013-14 from 57% in FY 2012-13. LT billing efficiency increased from 50% in FY 2012-13 to 54% during FY 2013-14. The LT level billing efficiency is poor which is only 50% overall in SOUTHCO. The billing efficiency is less than 40% in Malkangiri, Aska-II, Koraput, Boudh, Purusottampur, Aska-I, Nowrangpur, Chatrapur and Bhanjanagar. The SOUTHCO should focus in improving the billing efficiency in these divisions.
4. The overall collection efficiency decreased from 94% in FY 2012-13 to 91% in FY 2013-14 which was largely on account of HT & LT collection efficiency going down.
5. The overall distribution loss came down from 43.32% in FY 2012-13 to 40.99% in FY 2013-14.
6. The overall AT & C loss went down marginally from 46.45% in FY 2012-13 to 46.39% in FY 2013-14. However, division level performance at LT level shows a dismal performance. The AT & C Loss is more than 75% in Malkangiri and Aska-II divisions and more than 65% in Nowrangpur, Aska-I, Purusottampur, Boudh and Koraput. Concerted efforts should be made bring it down to at least 50% by next quarter. The division level performance submitted by SOUTHCO is given below :

Table-2

DIVISION	2013-14			
	T & D LOSS	BILLING EFFICIENCY	AT & C LOSS	REALISATION PER UNIT (RS)
BERHAMPUR- II	24%	76%	22%	3.58
BERHAMPUR- I	24%	76%	25%	3.40
GUNUPUR	25%	75%	34%	2.51
BERHAMPUR- III	31%	69%	35%	2.74
RAYAGADA	25%	75%	36%	2.58
PARALAKHEMUNDI	40%	60%	46%	2.09
PHULBANI	41%	59%	50%	1.77
JEYPORE	45%	55%	51%	2.09
DIGAPAHANDI	50%	50%	61%	1.49
BHANJANAGAR	56%	44%	61%	1.55
CHATRAPUR	50%	50%	63%	1.46
NOWRANGPUR	45%	55%	65%	1.33
ASKA- I	61%	39%	65%	1.37
PURUSOTTAMPUR	54%	46%	66%	1.30
BOUDH	46%	54%	66%	1.19
KORAPUT	62%	38%	67%	1.39
ASKA- II	68%	32%	75%	1.01
MALKANGIRI	65%	35%	77%	0.91
SOUTHCO	46%	54%	54%	1.85

7. On the Commission's query of low billing efficiency, SOUTHCO submitted that the overall billing efficiency during 2012-13 was 56.68%. This has increased to 59.01% during FY 2013-14. In case of LT, the billing efficiency has increased to 53.43% during FY 2013-14 from 50.49% in FY 2012-13. SOUTHCO has proposed to increase the overall billing efficiency by 3.5% during FY 2014-15. This target shall be achieved by covering majority of the consumers under mobile based photo billing. Among the other measures are included additional vigilance and MRT activities, replacement of defective meters, implementation of Feeder Manager Concept and assigning of 11KV feeders to JE, line men etc covering BPL consumers under spot billing and so on.

SOUTHCO informed that 51 cases of suppressed reading in Aska and Bhanjanagar area has been traced and was of the view that photo analysis need be increased for better result. SOUTHCO said that 40% of photos taken were not clear due to poor visibility. Commission directed SOUTHCO to terminate the contract of such erring meter readers

forthwith. MD, SOUTHCO informed that incentives were provided for correct billing with the target to reduce house lock cases, improve input billing, improve clarity in photo image and ensure zero suppressed reading. SOUTHCO reported that out of 5000 cases verified, 60 meter bypass cases were detected in Belanguntha Division and these cases were dealt as per Section 126 of the Electricity Act, 2003. Commission advised SOUTHCO to opt for static meters. Regarding AMR meters SOUTHCO stated that so far 4025 Nos. of AMR have been installed and balance 2121 AMR shall be installed by Sept, 2014. Further, SOUTHCO commented that the AMR metering was having signal problem. SOUTHCO assured the Commission to achieve definite improvement in billing efficiency this year.

8. On the issue of decline in HT & EHT sales, SOUTHCO said that along with such decline, the input requirement has also reduced by about 14 MU during FY 2013-14. The reduction in sales is due to decline in consumption of some large industries like Ballarpur Industries, Mangalam Timbers etc.
9. SOUTHCO submitted that it had accumulated arrears to the tune of Rs.493 crore as on 31.03.2014 out of which Rs.458 crore was on account of LT alone. Arrear in respect of Govt. & PSU offices together accounted for Rs.32 crore. The Commission observed that there should be a systematic Arrear Analysis by SOUTHCO preferably by deploying some chartered accountants and the report should be submitted to the Commission at the earliest. The Commission further directed that SOUTHCO should fix responsibility on erring officers for not collecting arrears. Further SOUTHCO should distinguish between collectible and non-collectible arrears and accordingly write off those not collectible from the ledger. Similarly, SOUTHCO should plan out action to collect the recoverable arrears. Commission further observed that it was in this connection that consumer indexation assumed primary importance. Along with consumer indexation, GPS should also be done.
10. On the query of billing and collection in respect of HT sales, SOUTHCO replied that there was decline in billing by Rs.52 lakhs in HT during FY 2013-14. Accordingly, the collection amount had decreased by Rs.95 lakhs. The decrease in collection is largely due to Phailin in Ganjam District but subsequently the same amount is being collected.
11. Regarding decline in collection efficiency, SOUTHCO said that this was due to super cyclone 'Phailin' which had very badly affected Ganjam, Gajapati, Boudh and Rayagarha districts comprising of 11 Divisions of SOUTHCO. Due to Phailin the collection efficiency in LT was also down. However, SOUTHCO mentioned steps taken to improve collection. These include setting of additional customer care centres in urban areas, increase in computerized cash collection centres, engagement of WSHGs under SEFA and agencies to recover PDC arrear, operation of disconnection squad at section level, installation of pre-paid meters for Govt. consumers, setting up dispute settlement camps etc. Post offices in SOUTHCO area have been authorized to accept the collection of electricity bills. As on date 50 post offices are collecting energy bills. As a measure to improve collection, SOUTHCO has deployed 308 WSHGs in 8 districts with

consumer coverage of 134512. The performance of the WSHGs has been reflected in the improvement of their collection to Rs. 31.10 crore in FY 2013-14 from Rs. 22.43 crore during FY 2012-13. Commission suggested to involve them for billing purposes also after evaluating capacity. However, Commission also suggested that billing and collection should not be with one agency. The Commission further directed M.D, SOUTHCO to monitor the performance of WSHGs under SEFA and other agencies at least once in every month. SOUTHCO should take steps to create awareness among the consumers about the roles and duties of the WSHGs under SEFA.

12. Regarding the low collection efficiency in respect of HT arrear demand, SOUTHCO explained that HT arrear is mainly due to one Govt. consumer namely Potteru Irrigation Division in Balimela which has not been making any payment of current dues as well as arrear. As on 31st March 2014 the accumulated arrear is of the order of Rs.4 crore.
13. On the slow reduction of AT&C loss, SOUTHCO replied that AT&C loss reduction was slow due to decrease in collection efficiency by 4.89% in LT category. Further, due to reduction in sales in HT & EHT, the overall T&D loss reduction is also adversely affected by 1.11%.
14. Regarding the observation of the Commission in the letter dt.1019 dt.21.07.2014 that though the number of SI consumers has increased from 1212 to 2521, but the consumption thereof has decreased by 41.22 MU, SOUTHCO replied that the comparison has been made of LT small industry of the current year with LT medium industry of the previous year. Similar comparison in respect of MI consumers has resulted in discrepancy. However, there is no discrepancy in the data.
15. On the observation of the Commission that false bills were being served in certain feeders with high loss levels, SOUTHCO replied that it has implemented in-house mobile based billing to keep strict vigil on meter readers. Three meter readers have been removed for taking incorrect meter reading in Buguda, Boudh and Rambha Sub-Divisions.
16. In the context of steps taken for installation of pre-paid meters, SOUTHCO stated that in first phase, work has been awarded to M/s JNJ Powercom Systems Ltd. of Hyderabad to install pre-paid meters for 930 consumers in Berhampur Circle. SOUTHCO has been conducting frequent meetings with the concerned District Administrations for resolving the problem of resistance from the Govt. consumers. SOUTHCO further replied that so far it has installed 183 pre-paid meters in the premises of Govt. consumers. Some 27 consumers have been recharged for their anticipated consumption and an amount of Rs.1.60 lakhs has been collected till July, 2014. However, SOUTHCO submitted that in some cases recharging the pre-paid meters has difficulties due to non cooperation from concerned offices. Commission opined that it was the lethargy of the respective offices which was responsible for the same and directed SOUTHCO to produce the relevant Finance Dept. letter to the Govt. offices showing the requirement of pre-paid meters in those offices. While sufficient fund is being provided by the State Govt. to the Govt. offices, SOUTHCO should not allow any grace period for receiving payment. In offices

where timely recharge was a problem, the power supply has to be disconnected immediately as there is no security deposit from these consumers. SOUTHCO may seek intervention of respective District Collectors to ensure timely recharging in order to avail power supply on a continuous basis.

17. On the OERC direction vide letter dated 11.11.2013 to take up at least one feeder on project basis for carrying out energy audit upto DTR level and regarding poor performance of SOUTHCO in respect of energy audit, SOUTHCO replied that it has chosen Ramachandrapur 33/11 KV S/s comprising of three 11KV feeders. Some 5000 consumers are supplied electricity from these 3 feeders. SOUTHCO said that it has installed meters at all 11 KV feeders and 96 Nos. of DTRs under this 33/11 KV S/s. Further, in order to reduce the loss at LT level SOUTHCO has initiated action for replacement of defective and mechanical meters, shifting of meters from inside to outside of the consumers' premises etc.. SOUTHCO has also introduced photo billing in this area in order to ensure correct billing. Further action on determination of loss levels DTR/area-wise shall yield the loss figures so that action could be initiated for reduction of loss. By the end of this month SOUTHCO would submit a report on the loss figures required by the Commission.
18. In response to the Commission's query as to whether SOUTHCO has taken administrative action against any employee involved in theft of electricity, SOUTHCO replied that there has not been a single instance of involvement of DISCOM employee in any theft case during FY 2013-14. SOUTHCO assured the Commission that action shall be taken immediately, if any such cases are detected.
19. On replacement of bare conductors by AB cables, SOUTHCO stated that out of total 18965.66 Km LT lines, 6725 Km have been already covered by AB cables which works out to 35.46%. Out of the remaining 12240.66 Km, the scope of AB cable laying under CAPEX Phase-I is 1985 Km and that under CAPEX Phase-II is 5874.92 Km. Hence, the total coverage under AB cable in 18 Divisions of SOUTHCO shall be of the order of 74% of the total LT lines.
20. On the progress of CAPEX programme, SOUTHCO stated that out of the approved amount of Rs.196.97 crore in CAPEX-I, tender has been floated for Rs.119.80 crore. Purchase order for materials has been placed for Rs.49.32 crore and work order on turnkey basis has been placed for Rs.35.77 crore. So the total order placed is Rs.85.09 crore and GRIDCO has released as on date Rs.51.38 crore.
21. Regarding BST bill payment, SOUTHCO said that out of the total BST bill of Rs.598.20 crore raised by GRIDCO, it has paid Rs.477.47 crore (80%) leaving an arrear BST of Rs. 120.73 crore. However, during the review meeting of GRIDCO it was revealed that the BST arrear was Rs.128.28 crore. Further, during review meeting of SLDC, CMD, OPTCL stated that SOUTHCO had overdrawn 83212 MWH of energy and UI payable was of the order of Rs.16.57 crore which SOUTHCO has not paid. Other DISCOMs in their respective review meetings with similar UI arrears stated that the ESCROW mechanism approved by the Commission in BSP and RST orders for FY 2013-14

categorically mentioned about payment of current BST dues, current transmission charges, SLDC charges, licence fee, the energy bill of DISCOMs in respect of direct power purchase from CGPs or other agencies etc. There was no mention of payment of UI charges from the current revenue. Commission advised DISCOMs and GRIDCO not to interpret the language of the prescribed ESCROW mechanism and directed CMD, OPTCL to sit with the DISCOMs and resolve the issue of UI payment to GRIDCO at the earliest.

22. While discussing issues with respect to GRIDCO and OPTCL, SOUTHCO submitted that Govt. of Odisha vide its resolution dated 15.10.2013 has adjusted the arrear dues of SOUTHCO upto 31st March, 2012 which constituted OLIC arrear dues of Rs.6.69 crore and Govt. Department arrear of Rs.44.54 crore. SOUTHCO submitted that the Govt. has provided subvention towards special rebate of Rs.25.78 crore for the FY 2011-12. However, GRIDCO has not adjusted Rs.32.47 crore as on date. The representative of GRIDCO clarified that such a letter has already been issued by GRIDCO.
23. While discussing about the DTR metering and pole indexing, the Commission stressed for distribution system element data base and network diagram. The Commission vide its letter No. 927 dated 02.07.2014 had requested DISCOMs to furnish the same. The Commission, therefore, now directs the DISCOMs to furnish the system data in the format attached in the aforesaid letter alongwith the network diagram as on 31.03.2014 showing the existing 33KV and 11KV lines and S/s (33/11KV, 11 /0.4KV) in their area of operation. The data base network should also be sent electronically to the Commission for reference.
24. During the discussion, in the matter of improvement of power supply to Umarkote, the Commission asked SOUTHCO about the compliance made so far on the report of fact finding team for Umarkote.

In reply, SOUTHCO submitted that all the short term recommendations such as phase balancing, earthing, tree cutting etc. has been completed. Since, 132 / 33 KV grid s/s at Dabugaon will be commissioned by October, 2014, Tentulikhunti – Dabugaon 33 KV line is not required. SOUTHCO will float the tender shortly for construction of Umarkote-Raigarh line. Further, the construction of 30.4 Km new 33 KV line from Dabugaon to Jharigaon is going on and shall be completed within two months.

The Commission directed SOUTHCO to complete all the works as per the recommendation of fact finding team.

25. During discussion, it was pointed out to SOUTHCO that the gross sundry debtors as on 31.03.2013 is Rs.420.00 Cr. as per Performance Review Report, whereas the same is shown at Rs.325.63 Cr. as per audited accounts for the FY 2012-13. The M.D. was asked to clarify the status.

The all-Odisha performance indicators with all the four DISCOMs data put together are presented below:

Table-3

PERFORMANCE OF DISCOMS For FY 2013-14						
	Odisha Fy 2012- 13	Performance of DISCOMs				Odisha FY 2013-14
		CESU	NESCO	WESCO	SOUTHCO	
Input in MU	21768.13	7973.19	5045.29	6623.65	2915.56	22557.68
SALE TO CONSUMERS (MU)						
EHT	4,762.03	1618.28	1532.46	1646.45	404.57	5201.76
HT	2,754.20	921.32	440.54	1161.03	151.75	2674.65
LT	6,035.60	2671.95	1364.83	1393.58	1164.04	6594.40
TOTAL	13,551.84	5211.55	3337.83	4201.06	1720.36	14470.81
DISTRIBUTION LOSS						
LT	53.18%	45.75%	51.10%	59.23%	46.07%	50.39%
HT & LT	48.31%	43.46%	48.61%	48.67%	47.60%	46.59%
OVERALL	37.74%	34.64%	33.84%	36.57%	40.99%	35.85%
BILLING EFFECIENCY (%)						
HT	92.00%	92.00%	92.00%	92.00%	92.00%	92.00%
LT	46.82%	54.25%	48.90%	40.77%	53.93%	49.61%
HT & LT	51.69%	56.54%	51.39%	51.33%	52.40%	53.41%
OVERALL	62.26%	65.36%	66.16%	63.43%	59.01%	64.15%
COLLECTION EFFICIENCY (%)						
EHT	99.63%	106.07%	100.21%	81.68%	100.00%	101.73%
HT	98.09%	97.47%	98.47%	98.73%	97.25%	97.85%
LT	83.91%	84.81%	90.30%	73.15%	85.11%	83.41%
HT & LT	89.36%	88.75%	93.03%	86.19%	87.09%	88.58%
OVERALL	93.34%	94.63%	96.85%	92.28%	90.85%	94.02%
AT & C LOSS (%)						
LT	60.71%	53.99%	55.85%	70.18%	54.10%	58.62%
HT & LT	53.81%	49.82%	52.19%	55.76%	54.37%	52.69%
OVERALL	41.89%	38.15%	35.93%	41.47%	46.39%	39.69%

Directives of the Commission:

1. The Commission further directs SOUTHCO to monitor the performance of WSHGs under SEFA and other agencies at least once in every month. SOUTHCO should take steps to create awareness among the consumers about the roles and duties of the WSHGs under SEFA.
2. While sufficient fund is being provided by the State Govt. to the Govt. offices, SOUTHCO should not allow any grace period for receiving payment from Govt. Consumers except in genuine and extra ordinary. In offices where recharging in time was a problem, Commission directs SOUTHCO to disconnect the power supply immediately as there is no security deposit from these consumers. SOUTHCO may seek intervention of respective District Collectors to ensure timely recharging in order to avail of power supply on a continuous basis.
3. The Commission directs SOUTHCO to come up with a plan of measures to reduce distribution loss, increase billing efficiency particularly in LT and also enhance Collection Efficiency in the short run as well as long run.
4. Looking at the huge arrears accumulation by SOUTHCO, the Commission directs that there should be a systematic Arrear Analysis by SOUTHCO preferably by deploying some chartered accountants and the report should be submitted to the Commission at the earliest. SOUTHCO should fix responsibility on erring officers for not collecting arrears. Further SOUTHCO should distinguish between collectible and non-collectible arrears and record the same in separate ledger pages. Similarly, SOUTHCO should plan out action to collect the recoverable arrears and intimate the same to the Commission by 15th of September, 2014.
5. The Commission directs SOUTHCO to come up with a plan of measures to reduce distribution loss, increase billing efficiency particularly in LT and also enhance Collection Efficiency in the short run as well as long run keeping in view the directives in ARR.
6. SOUTHCO should introduce the proven/tested technology available in the market to reduce human interface to increase revenue. Also, SOUTHCO should take the help of the local District Administration for collection of revenue and disconnection etc. A plan of action of introduction of Technological Intervention and adoption of new technology should be furnished within a month. The plan should focus on methods of loss reduction and revenue enhancement mechanism.
7. SOUTHCO should take appropriate action for acceptance of the technology/concept of Smart Meters by the consumers. Proper communication/awareness programmes should be conducted by the DISCOMs prior to its introduction. The consumer should know that it is only an additional benefit without paying any extra cost. In any case, consumer's confidence on the system is required for its successful implementation. The monthly progress report against the set target be furnished by 10th of every month.

8. SOUTHCO should maintain a detailed profile of the consumers and have an automatic system of response through SMS. The consumer indexation with GPS is to be completed on a priority basis for which preparatory work should be completed on computerization of all the consumers at the earliest. A plan of action for consumer indexing by tagging it to the feeder and ultimately to the entire system be furnished within a month. Further, a chart on standard safety procedure should be displayed in all the offices of SOUTHCO.
9. The Commission directs SOUTHCO to intimate the name of the 33/11 kV S/S considered for Energy Audit and submit the energy audit report starting from the S/S covering up to the consumer down the line. The monthly progress of such audit be furnished in terms of metering, MU and revenue gain.
10. SOUTHCO is directed to furnish the system data in the format attached in the letter dated 02.07.2014 alongwith the network diagram as on 31.03.2014 showing the existing 33 kV and 11 kV lines and S/S(33/11 kV, 11/0.4 kV) in its area of operation. The database & network should also be sent electronically to the Commission for reference.
11. SOUTHCO should prioritize the replacement of AB cable considering the loss in the area. Sub-urban areas (nearby peripheral areas including some villages/slums) should be taken first for such replacement. A detailed area specific plan mentioning the length of available bare conductors and proposal for replacement in each section with a definite time line should be furnished within one month.
12. The Commission directs to reconcile the difference of gross sundry debtors figure as on 31.03.2013 which does not match with the Audited Accounts of SOUTHCO for the FY 2012-13.
13. The licensee should submit an action taken report on all the items mentioned above positively by 15.09.2014.

