

**Minutes of Performance Review of SOUTHCO  
from October,09 to March,10 and for FY 2009-10 held in OERC on 20.05.2010.**

Date of Review : 20.05.2010 at 11.00 AM

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

Representative of SOUTHCO and OPTCL present during the review:

- (i) Mr. T K Mishra, Vice President, SOUTHCO
- (ii) Mr. S.K .Chowdhury, Sr. G.M. SOUTHCO
- (iii) Mr. P.C. Das, GM, EHT Maintenance, SOUTHCO

1. Mr T.K.Mishra, V. P, SOUTHCO made a presentation before the Commission about the performance of SOUTHCO 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

**Key performance indicators of SOUTHCO**

Description	Actual for FY.2008-09	Actual for FY.2009-10	OERC Target for FY-09-10
Input(MU)	2175.93	2285.33	2161.00
EHT Sales	224.76	236.24	225.4
HT Sales	248.29	224.52	260.25
LT Sales	663.15	727.06	1071.93
Total Sales(MU)	1136.21	1187.82	1557.59
Billing Efficiency in LT %	42.88	43.78	70.50
Sales (Rs. Crore)	331.83	345.51	373.63
Collection (Rs. Crore)	311.53	331.32	
Collection efficiency (%)	93.88	95.89	
LT collection efficiency (%)	89	93	98
Overall Distribution loss (%)	47.78	48.02	27.92
LT Distribution loss (%)	57.12	56.22	29.50
AT&C loss (%)	50.98	50.16	29.36
AT&C loss (%) LT	61.80	59.39	30.91
LT Per Unit Realization in paisa per LT Input	96.1	102.20	
Overall Per Unit Realization (Toal Rev/Net Purchase)	143.17	136.21	172.89

2. **Efficiency of the Licensee**

The Commission has expressed concern that the drawl (2285.33 MU) by the DISCOMs has over shoot the MU fixed (2161 MU) by the Commission but the sale has reduced (1187.82 MU) compared to 1557.60 MU approved for 2009-10. Though the EHT sales have been better this years (236.24 MU) but no proportionate increase in LT sales and lower HT sales has led to increase in overall loss as well as low Overall Per Unit Realisation by the DISCOM. With billing efficiency achieved being

very low (43.78% LT) compared to the target (70.5% LT) set by the Commission higher collection efficiency shown by the licensee including collection of arrear has got no meaning. Due to low billing and collection efficiency coupled with high distribution loss, per unit realization, as well as AT&C loss has gone down below the target set by the Commission. Although the realization per LT input has gone up during the year under review but it is much bellow the target set by the Commission. To add to the woe the licensee has not taken any appreciable initiative for collecting the arrear to meet the overall target of AT & C set by the Commission

### 3. Performance of Divisions during FY 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 paisa per Input.
1	AED, Aska	269.74	82.38	69.5%	80%	75.7%	56.9
2	BNED, Bhanjanagar	191.86	63.80	66.7%	82%	72.7%	64.4
3	BOED, Boudh	47.64	18.43	61.3%	79.4%	69.3%	75.1
4	GSED, Digapahandi	145.35	52.96	63.6%	86%	68.7%	73.7
5	MED, Malkangiri	44.97	16.06	64.3%	94%	66.6%	89.3
6	GNED, Chatrapur	151.09	60.52	59.9%	87%	65.3%	79.9
7	NED, Nowrangapur	98.25	39.88	59.4%	98%	60.3%	107.2
8	JED, Jeypore	147.59	64.51	56.3%	104%	54.7%	123.1
9	PKED, Parlakhemundi	72.38	35.93	50.4%	93%	53.9%	116.7
10	PED, Phulbani	55.09	28.09	49.0%	93%	52.5%	124.8
11	GED, Gunupur	38.56	19.02	50.7%	101%	50.4%	126.0
12	BED-2, Berhampur	151.39	92.28	39.0%	97%	40.7%	153.6
13	BED-1, Berhampur	164.28	97.91	40.4%	103%	38.7%	158.2
14	RED, Rayagada	82.46	55.29	32.9%	93%	37.9%	163.0
<b>ACTUAL TOTAL SOUTHCO</b>		<b>1,660.6</b>	<b>727.1</b>	<b>56.2%</b>	<b>93%</b>	<b>59.4%</b>	<b>102.2</b>

The BSP of the licensee is 70 paise (including transmission charges 91 paise) and the average Per Unit Realization (PUR) at 102.2 paise is far bellow the overall tariff realization fixed by the Commission at 172.89 paise. Each divisional head must keep this in his mind and his performance should be assessed basing on those parameters only. Commission expressed dissatisfaction over low rate of realization in the divisions such as Digapahandi (GSED – 73.7 paise), Chhatrapur (COED-79.9 paise), Aska (AED-56.9 paise), Bhanjanagar (BNED-64.4 paise) and Boud (BOED-75.1

paise). The realization in remote districts such as Rayagada (163 paise), Jeypore (123.1 paise) and even naxal hit Malkangiri (89.3 Paise) is far better compared to coastal districts like Chatrapur (79.4 paise). The Commission directed to keep a strict vigil on the performance of Circles such as Berhampur-1 and Bhanjanagar and all effort should be made to improve collection in those circles. The average LT per unit realization during 2009-10 being 102.2 paise compared to BST of 91 paise (including transmission charges) this should increase to 150 paise at the minimum Vis-à-vis the BST for SOUTHCO i.e 113.50 paise fixed for FY 2010-11 and average BST for the state that is 193.75 paise including transmission charge of 23.50 paise.

The Vice-President of SOUTHCO in his reply stated that he has made all out effort to reduce LT loss in those circles which has resulted in minor increase in realization. The LT network of these areas is very poor for which technical loss is around 25% in these circles. There is a strong presence of culprits in those areas. In the mean time the licensee has replaced 55 mm<sup>2</sup> conductors between Aska to Kabisuryanagar of 11 KM length with 100 mm<sup>2</sup> conductor which has resulted in decreased distribution loss of 25 %. The Commission directed to prepare a Investment Plan including replacement of conductors with suitable conductor size and submit its cost benefit analysis before the Commission for approval. The Vice-President SOUTHCO stated that mass disconnection and Regularization drive has been initiated by the licensee in worst affected areas to improve collection. While appreciating the initiatives taken by SOUTHCO under the leadership of Vice President Shri Mishra Commission directed that such efforts should be intensified particularly in all urban areas and loss making rural areas.

#### 4. **Less Reduction Strategy and anti theft Drive**

The LT performance of the licensee shows that the distribution loss which is 56.22% at present is just double the target set by the Commission i.e. 29.50% for 2009-10. With such dismal performance the sector can not survive. The VP SOUTHCO stated that he has taken several innovative measures to curtail loss. There is a strong nexus between the power thieves and meter readers. To break this nexus meter readers are asked to produce the photo of the locked houses to verify the same and avoid average billing of the consumers. One JE has been permanently attached to the energy police station for prompt action against hooking and theft. It was brought to the notice of the Commission that in certain cases the consumers are habitual defaulter in paying the electricity charges are approaching the GRF to avoid the payment and disconnection

of power supply. The existing provision regarding admission of cases by GRF and Ombudsman may be carried out making it mandatory for payment of certain percentage of the total outstanding amount by the consumer before the petition is admitted. The VP, SOUTHCO stated that he has been organizing Bijilee adalat to settle old dues and regularize unauthorized connections. So far 2200 consumer disputes have been cleared by organizing vizlee adalats at Hinjilee and all the 2200 nos. of consumers have been brought to the Billing fold in one day. They have planned for a series of such adalats to clear the disputes and regularize the unauthorized connections. Commission observed that all other three DISCOMS should also take such initiative.

5. The Commission instructed that local leaders should be involved while carrying out anti-theft drive. Employees should declare their own consumer number for the sake of honesty and set precedence for consumers to go for it. The Commission also instructed to reward good workers by organizing functions on specific occasions like Independence Day or Republic Day.

6. **Analysis of Arrear (All Rs Crore )**

Billing from General Consumer FY 2009-10 (Rs Cr)	315.75
Billing of Govt and PSU during FY 2009-10	29.76
Net Billed	345.51
Collection from General Consumer during FY 2009-10	304.55
Collection from Govt and PSU	26.77
Net Collected	331.32
Net arrear added during FY 2009-10	14.20

**Accumulated Arrear (Rs Cr)**

	<b>As on March 1999</b>	<b>Arrear from 01.04.1999 to 31.03.2009</b>	<b>Arrear for the period 2009-10</b>	<b>Arrear from 01.04.1999 to 31.03.2010</b>	<b>Accumulated Arrear as on 31.03.2010</b>
Accumulated arrear general customer	170.87	171.81	11.21	183.02	353.02
Accumulated arrear from Govt and PSU	18.01	39.83	2.99	42.82	60.83
<b>Total Arrear</b>	<b>188.88</b>	<b>211.64</b>	<b>14.20</b>	<b>225.84</b>	<b>414.72</b>

From the submission of the licensee it is observed that net arrear added during the period under review is Rs 14.20 Cr. The accumulated arrear position at the beginning of the year under review was Rs 400.52 Cr and at the end of the year it touched to Rs

414.72 Cr. It has further been observed that amount of arrear has just doubled from Rs 188.88 Cr on March 1999 to Rs 414.72 Cr as on March 2010. The Commission stated that aggressive steps should be taken to collect the arrears and power supply should be disconnected if the arrear is not paid as per the time fixed by the licensee in the written notice served to the defaulting consumers.

7. The Commission instructed SOUTHCO to treat the Govt Deptt. as ordinary consumers and their supply should be disconnected if they do not pay their arrears. The Vice-President SOUTHCO stated that they are taking the help of Govt treasury for collection of arrear dues which has resulted in improved collection. The Commission impressed upon the VP to discuss the problem of non payment of arrears by the urban local bodies with Secretary, Housing and Urban Development Department and settle the matter. The Commission directed that there should not be any hesitation to disconnect the power supply to the defaulting urban local bodies and it should begin with the office of the Executive Officer/Manager/Chairman of the defaulting Urban local bodies. The Commission instructed the licensee to give arrear collection target to all divisions separately and 30 % of the arrear outstanding as on 31<sup>st</sup> March 2010 should be collected. The loss and realization figure etc. should be calculated deducting the arrear amount.

8. **System Improvement Works**

The licensee produced the list of achievements in improving the supply system. The Commission instructed to give a fresh target to be accomplished during 2010-11 with regard to the system improvement work.

<b>Item</b>	<b>Quantity</b>
Up gradation of Power Transformer	24 Nos
Installation of New Sub Stations	43 Nos
Upgradation of Distribution Transformers	142
Replacement of LTOH lines to AB Cables	31.60 Kms
Installation of 11 KV VCBs	6 Nos
Installation of Pillar Boxes	6 Nos

9. **Consumers Indexing and Atomization**

The Vice President SOUTHCO stated that work on consumer indexing has started by the licensee. So far most of the urban consumers have been covered. The automatic and on line payment facility for the consumer will be shortly introduced by the licensee and work in this front has been initiated by M/S OCAC for collection of bill even at panchayat level. For effective billing, Meter Management System has been

developed with in-house knowledge. The Commission suggested that some reputed IT software companies like Infosys has shown interest to provide software based service and their support may be taken at an appropriate time.

10. **Quality of Supply:**

The performance of the licensee shows that the failure of distribution transformers has increased during the year. The Commission instructed to take timely R&M work to reduce the failure rate. The licensee should stress on the installation of unmanned distribution substations to improve quality of supply. To improve voltage profile instead of upgrading transformer capacity the licensee should use two transformers of similar rating and use them in parallel.

Proper load balancing should be done to improve load profile wherever possible. The LT network in a segment may be redrawn for effective load demand management to improve the voltage profile of the segment.

<b>QUALITY OF SUPPLY</b>	<b>As on Mar-09</b>	<b>As on Mar-10</b>
<b>METERING POSITION</b>		
Total no of Meters	556610	616658
No of working Meters	522942	569027
Percentage of working meters	94	92
No of 33 KV feeders	112	112
No of 33 KV metering	112	112
No of 11 KV feeders	425	425
No of 11 KV feeder metering	425	425
No of DTRs	12351	14694
No of DTR metered	9236	9236
Failure of Power Transformer Nos	8	8
Failure of Distribution Transformer	1465	1669
Interruption of 11 KV feeders from 33/11 KV s/s	96474	170347

11. The Commission observed that there is urgent need to replace the high percentage of defective meters. The VP submitted that the installations of VCB (Circuit Breaker) are very much required for implementation of ABT in SOUTHCO. 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 SOUTHCO area. It was found out that the power transformers need to be upgraded at OPTCL substation in Bhanjanagar, Sunabeda, Jaynagar and Berhampur on priority basis. The representative of OPTCL submitted that the

upgradation work shall be completed in Bhanjanagar, Sunabeda and Jaynagar by 2010-11 during 2<sup>nd</sup> phase of expansion.

<b>Name of the Sub Station</b>	<b>Present Capacity in MVA</b>	<b>Capacity to be augmented urgently</b>	<b>Target</b>
Bhanjanagar	1x160+1x100+1x12.5+1x16	1x40	2 <sup>nd</sup> Phase by Dec 2011
Jaynagar	2x100+1x20+1x12.5	1x20	2 <sup>nd</sup> Phase by Dec 2011
Sunabeda	2x12.5+1x12.5(33/0.4)	1x12.5	2 <sup>nd</sup> Phase by Dec 2011
Berhampur	1x40+1x20+1x12.5	1x40	During 3 <sup>rd</sup> Phase

The Commission directed that Sunabeda should be given utmost priority for its national importance and to increase the industrial consumption of SOUTHCO. The persistent low voltage problem at Bhanjanagar needs to be solved by OPTCL on priority basis during 2010-11.

12. 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 without overloading with improved voltage condition to set an example for others to follow. Thereafter, the Licensee should concentrate on another S/S and so on 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.
13. 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.
14. 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 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. Rural feeders should be separated from Urban & Industrial feeders and load balancing should be carried out to reduce interruptions. Regular analysis of interruption including field inspection should be carried out by GM/SEs of all field circles.

15. The Commission directed that the licensee is 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**

16. The Vice President stated that Franchise has already been given to M/s Enzen Global Solutions (P) Ltd. on input based assured revenue model in two Sub Divisions namely Rambha & Khalikote Sub Division covering around 35000 nos of consumers since Apr-08. SOUTHCO has given Collection based and Consumer Service Franchisee to two NGOs namely BISMAY & ISRRA involving WSHGs from March-09 & May-09 respectively in Nuagaon & Kanchuru Section of Aska Division covering around 17000 nos of consumers. There seems to be an improvement in the realization from these subdivisions. Since the BSP for SOUTHCO is 113.50 paise and avg BSP of the state is 170.25 paise for 2010-11, the realizations from these subdivisions should at least the avg BSP of the state i.e 170.25 paise. Suitable modification should be carried out while execution of agreement for franchise to encourage higher realization.

LT Per Unit Realisation of Sub-Divisions ( Paise )

Sub-Division	FY 2007-08	FY 2008-09	FY 2009-10
Rambha	49	59	66
Khalikote	55	51	62

17. The Vice President SOUTHCO submitted that they would install five micro franchisees per Division by organizing Women Self Help Group and NGOs. The Commission instructed SOUTHCO to operationalise at least six franchisees during 2010-11. In other urban/ semi urban areas in addition to 70 micro franchise there should be Women Self Help Group etc at micro level.
18. 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 and effectively utilize the



vigilance wing for initiating action against the unscrupulous consumers and the employees who are aiding and abating theft of electricity.

### **ACTION POINTS**

**19. 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 2008-09 was 61.80% which has marginally decreased to 59.39% during 2009-10 which is far away from the OERC target of 30.91%. The minimum reduction of AT&C loss in LT category must not be less than 10% for SOUTHCO 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 48.63% during 2007-08 which instead of declining increased to 50.97 % during 2008-09 and for 2009-10, the ATC loss achieved is 50.16 % which is more than the level achieved in 2007-08 and marginally declined during 2009-10. The target for 2009-10 was 29.36 %. The gap between the target and achievement for the year 2009-10 is as high as 20.8 %. This is simply unacceptable. The target for 2010-11 has been fixed at 29.27%. While SOUTHCO must try to achieve the overall AT&C loss target of 29.27% 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% AT&C overall, specific loss reduction target for AT & C (LT and overall) target should be fixed for the Circle wise, Division wise, sub-division wise and section wise.

**20. 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 visit 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 the consumers.

- 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 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.

21. **LT Per Unit Realisation should be equal to Overall Per Unit Realisation fixed by the Commission.**

- Although the LT collection to LT input has increased from 96 paise/unit in 2008-09 to 102 paise/unit in 2009-10 against the Bulk Supply price of 91.00 paise/Kwh GRIDCO (including Transmission Charge) there is a large variation of realization between different divisions of the licensee. The LT collection to LT input varies from as low as 56.9 paise per unit in case of Aska Electrical Division, 64.4 paise in case of Bhanjanagar Electrical Division, and 163 paise in case of Rayagada Electrical Division.
- The Overall Per Unit Realisation (PUR) for SOUTHCO had been fixed at 172 paise for FY 2009-10 and the avg BSP for the state during FY 2010-11 has been fixed at 170.25 paise/Kwh (Excluding transmission charges of 23.5 paise). SOUTHCO must take steps to increase the LT collection to LT input( LT Per Unit Realisation ) at least to the level of 150 paise. All effort should be made to achieve Overall Per Unit Realisation at 193.75 paise (The avg BSP rate including transmission Charges)

22. **Separate Target for collection of current revenue and arrear revenue**

- The overall collection efficiency was 94.16% (LT-88%) during 2007-08 which declined to 93.8% during 2008-09. The overall collection efficiency during 2009-10 has been shown at 95.89% against the target of 98% as fixed by the Commission. It may, however, be noted that the collection efficiency said to have been achieved includes arrear of approximately Rs 20.00 Cr.
- 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 1<sup>st</sup> 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.

**23. Arrear Collection Target – Rs.100 crore for 2010-11**

- Total arrear outstanding as on 31.3.2009 was 400.52 crore including the accumulated arrear of Rs.188.88 crore outstanding as on 31.03.1999. Out of Rs.400.52 crore outstanding as on 31.3.2009, SOUTHCO has collected approximately Rs.20.00 crore. But what is a matter of great concern is that against the billing amount of Rs. 345.51 crore during 2009-10, amount collected is Rs.331.32 crore which shows that the balance of Rs.14.20 crore which was not collected has been added to the arrear. 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, SOUTHCO must collect at least Rs.100 crore during 2010-11 which roughly works out 25 % of the arrear outstanding of Rs.414.72 crore. The performance of the circle officers and division officers must be assessed based on the achievement of the target of collection of current revenue and arrear revenue during 2010-11.

**24. Arrear collection from Govt. Departments, PSUs, Municipalities, etc.**

- The total arrear outstanding against Govt. departments, Municipalities, PSUs, etc. was Rs.61.44 crore as on 31.3.2010.

<b>Rs. in crore</b>	
<b>Organization</b>	<b>As on 31.3.2010</b>
PHD Deptt.	14.98
Irrigation Deptt.	7.09
NAC/Municipality	18.72
OLIC	9.47
Other Deptt.	11.18
<b>Total</b>	<b>61.44</b>

- Out of the Rs 61.44 Cr., maximum amount pertains to NAC/Municipality (Rs18.72 Cr followed by) followed by Public Health Dept. (Rs.14.98 crore) , Irrigation Deptt(Rs Rs 9.47 Cr) and other departments (Rs.11.18 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 and purchase of electrical instruments other than paying electricity dues in full , this would be clearly brought 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 consequences that would be followed for disconnection of power to the Municipalities due to their continued default in paying the electricity dues for the energy consumed by them which is being procured by paying to the generators through GRIDCO.

## 25. **Target for Franchise Operation**

- The VP SOUTHCO stated that at present two numbers of sub-divisions has been given with input based franchise after which there is a marginal improvement of realization. DGM (Com.), REL stated that Reliance is planning to give franchise to 11 numbers of sub-divisions. All of them will be collection based for 1<sup>st</sup> 6 months and there after they will be converted to input based system.

- 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 26 divisions for 2010-11 through the Women Self Help Group, Village Committee, NGO, etc. is fixed at 130 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 two numbers of subdivisions namely Rambha and Khalikote. No systematic approach appears to have been taken to extend franchise operation to other loss prone Sub-divisions. The Corporate office of SOUTHCO 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 six at macro level excluding the Women Self Help Groups or NGOs in rural areas, for which separate target of 130 is now fixed.

## 26. **Metering**

### **(i) 11 kV feeder metering**

- Number of Distribution Transformer was 8,993, as on 31.3.2005 and this has been increased to 14,694 as on 31.3.2010. But corresponding to this raise the metering position position has increased from 8,993 as on 31.3.1999 to 9,236 on 31.03.2010. When there is no metering of the Distribution transformer of 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 are not serious 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**

- The number of defective meters has increased from 20,683 as on 31.3.05 to 33,668 as on 31.3.2009 and 47,631 as on 31.3.2010. SOUTHCO must take steps on priority basis to replace all the defective meters of 47,631 during

2010-11 and month-wise target must be fixed for each Division and it should be closely monitored at the circle as well as corporate office level.

**27. New connection and additional revenue**

- Number of new connections given during 2009-10 was 62,317 against 36,043 during 2008-09. Similarly, the number of connections regularized during 2009-10 was 241 against 491 during 2008-09. To a query of the Commission as to what is the input for the new connections and the illegal connections regularized, the bills raised against such consumers and the amount collected, definite correct answer could not be given. 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 from new consumers added and illegal connections regularized.

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

- The number of failure of Distribution Transformer was 787 during 2005-06 that has been increased to more than two times (i.e. 1669 nos.) by the year 2009-10. (Excluding the failed transformers having warranty period). SOUTHCO 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.

**29. 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 been increased, there has been number of cases in which replies are yet to be received from SOUTHCO. The list of such cases has been handed over during Performance Review and SOUTHCO is directed to furnish compliance in respect of those pending cases by 15.6.2010.
- The Vice President SOUTHCO in his reply stated that at present an Assistant Manager has been posted as Law officer at circle level to look after all the cases and orders of GRF and Omudsman and compliance there to.

30. **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 be increased 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 SOUTHCO 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, SOUTHCO 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 SOUTHCO by 15.6.2010 in respect of implementation of the order passed by the GRF & Ombudsman upto 31.3.2010. In case it is noticed that there has been intentional delayed 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.

31. **Enquiry of the Expert Team engaged by the Commission**

- Compliance report for maintenance of lines and S/Ss as per the enquiry of the Expert Team engaged by the Commission, in the mean time some compliances have been received from SOUTHCO in respect of short-term and long-term measures recommended by the Expert Team. But still a number of compliances are yet to be received. SOUTHCO is directed to furnish a full compliance as per the pro-forma handed over during the time of Review and this would be submitted to the Commission on or before 15.6.10 at the latest.

32. **Verification of meters of the employees of SOUTHCO**

- It is said that charity begins at home. SOUTHCO 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.

**33. Effective functioning of the Energy Police Stations and Vigilance Squad**

- At present only one Energy Police Stations is functioning at Berhampur. The Energy police station at Bhanjanagar will be made functional by june 2010. Infrastructure for opening of Energy Police Station at Phulbani, Rayagada, Koraput, Boudh and Chatrapur is also ready and the concerned SPs are already being informed.
- Dedicated Vigilance Cell has been created at the corporate office headed by a SP vigilance and a chief Vigilance officer and SOUTHCO has planned to open such cells at all its circles. The effectiveness of Energy Police Stations and dedicated Vigilance Cell are 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 CEO 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 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.

**34. Action on the report of the MRT, Vigilance Cell and Other Enquiry**

- It is seen that the Vigilance Cell and MRT 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, the VP must ensure quick finalization of the disciplinary proceeding and encourage the good workers and officers for their better performance.

35. **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 defaulted 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, so that after meeting the required expenditure, they 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 SOUTHCO 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.

36. 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”.
37. The Commission expects that with initiatives already taken by SOUTHCO under the leadership of its Vice President Shri Tapan Kumar Mishra, SOUTHCO must live up to the expectation of the Commission in all aspects as enumerated from para-19 to 36.

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