

**Minutes of Performance Review of WESCO  
from April, 10 to September, 10 held in OERC on 16.12.2010.**

Date of Review : 16.12.2010 at 11.00 AM

Period of Review : From April, 2010 to September, 2010

Representative of WESCO and OPTCL present during the review:

- (i) Mr. Bhupen Patnaik, VP, WESCO
- (ii) Mr. G C Mohanty, G.M (Com),WESCO
- (iii) Mr. K.C Nanda,, AGM (Fin), WESCO
- (iv) Mr. Dilip Ku Panda, DGM,(Fin),WESCO
- (v) Mr. P K Sahoo, SE,(R&T),WESCO
- (vi) Mr. Sandip Mishra, DGM, (R&T) Reliance Energy,
- (vii) Mr. Ajoy Kumar, GM, R&T,OPTCL

1. Mr. Bhupen Patnaik, VP, WESCO made a presentation before the Commission about the performance of WESCO during the period from April, 2010 to September, 2010.

Commission's Observations on Licensee's Performance in brief are as follows:

**(A) PERFORMANCE OF WESCO**

**Sales Analysis of WESCO**

2. The Commission expressed concern that during the period under review the sales on HT and LT has decreased by 15.58 % and 43.12 % respectively compared to the target fixed by the Commission. Apart from the lower sales figures of the DISCOM, the collection has also declined by 16.86 % from the target of the Commission. Accordingly, the collection per unit input has decreased by 44.80 Paise from the target fixed by the Commission i.e. at 257.15 Paise.

<b>PERFORMANCE OF WESCO-sales</b>					
<b>BULK SUPPLY</b>	<b>2009-10</b>	<b>Actual 2010-11</b>	<b>OERC Target 2010-11 (Proportionate)</b>	<b>Deviation from target</b>	<b>% of deviation</b>
AVG. DEMAND (MVA)	975.00	962.17	971.00	-8.83	
Energy input (MU)	6299.99	3143.09	3122.00	21.09	0.68%
<b>SALE TO CONSUMERS (MU)</b>					
EHT	1586.77	729.86	691.50	38.36	5.55%
HT	1424.02	659.78	781.50	-121.72	-15.58%
LT	1079.11	584.14	1026.90	-442.76	-43.12%
<b>TOTAL</b>	<b>4089.90</b>	<b>1973.78</b>	<b>2499.99</b>	<b>-526.12</b>	<b>-21.05%</b>
<b>COLLECTION RECEIVED (CR.)</b>					
EHT	587.35	282.84			
HT	487.20	271.08			
LT	191.01	113.51			
<b>TOTAL</b>	<b>1265.56</b>	<b>667.43</b>	<b>802.80</b>	<b>-135.396</b>	<b>-16.86%</b>
Collection from Govt. Dept & PSU	24.15	11.72			
<b>Collection P/U</b>	<b>200.88</b>	<b>212.35</b>	<b>257.15</b>	<b>-44.80</b>	<b>-34.85%</b>

**Loss Analysis of the WESCO**

3. It is a matter of serious concern that the licensee is not able to contain loss. The AT&C loss in LT sector has increased by 4.21% compared to the previous year. The AT&C in LT sector was found to be 75.70 % compared to the OERC target 30.81%. The VP, WESCO stated that with their best possible effort it was not possible to

reduce the distribution loss due to poor billing and collection efficiency. The failure to achieve the AT & C loss target as fixed by the Commission was partly attributed to 10% addition in rural consumers due to RGGVY and BGJY scheme implemented by Govt. of Orissa. The total number of consumers has gone up from 569,147 to 587,701. The Commission is convinced about the lack of serious and sincere efforts by WESCO to reduce the loss. There is allegation of rampant theft by high end consumers like Ferro Alloys, Mini-steel plants and the management in sitting as silent on looker.

<b>PERFORMANCE OF WESCO-LOSS</b>					
	<b>Actual 2009-10</b>	<b>Actual 2010-11</b>	<b>OERC Target 2010-11</b>	<b>Deviation from OERC Target</b>	<b>Deviation from last year</b>
<b>LOSS (%)</b>					
LT	63.00%	62.56%	29.40%	33.16%	-0.44%
HT & LT	46.90%	48.45%	25.60%	22.86%	1.55%
OVERALL	34.68%	37.20%	19.93%	17.28%	2.52%
<b>BILLING EFFECIENCY (%)</b>					
HT	92.00%	92.00%	92.00%	0.00%	0.00%
LT	37.51%	37.44%	70.60%	-33.16%	-0.08%
HT & LT	53.55%	51.55%	74.40%	-22.86%	-2.00%
OVERALL	65.32%	62.80%	80.07%	-17.28%	-2.52%
<b>COLLECTION EFFICIENCY (%)</b>					
EHT	105.02%	91.96%	98.00%	-6.04%	-13.06%
HT	102.39%	100.85%	98.00%	2.85%	-1.54%
LT	76.01%	64.92%	98.00%	-33.08%	-11.09%
HT & LT	93.28%	86.69%	98.00%	-11.31%	-6.59%
OVERALL	98.38%	88.85%	98.00%	-9.15%	-9.54%
<b>AT &amp; C LOSS (%)</b>					
LT	71.49%	75.70%	30.81%	44.89%	4.21%
HT & LT	50.06%	55.32%	27.08%	28.23%	5.26%
OVERALL	35.74%	44.21%	21.53%	22.68%	8.47%

**Performance of Divisions:**

- The divisional performance sheet of WESCO as tabled below shows that LT-AT&C Loss in BWED Bargarh Div has remained highest at 86.9 % followed by NED Nuapada Div. at 86.0 %. The overall loss has remained high at BWED Bargarh at 84.7 % followed by NED Nuapada at 84.6 %. The collection per unit input in all the Divisions has shown a sign of decline. The LT collection per unit input in Bargarh West Nuapada has decreased from 40.4 paisa to 33 paisa and 49.3 paisa to 41.1 paisa respectively even after the RST hike of 22.2% on the average during 2010-11. The collection per unit in other Divisions also has shown a sign of decline. Considering the BSP cost of WESCO which has been fixed at 194.00 paisa, the overall LT collection to input has remained at 72.8 paisa compared to 66.4 paise in 2009-10, though there is a tariff hike of 22.2 % in the FY 2010-11. This is the yardstick of best possible efforts of VP, WESCO as claimed. With such miserable performance the sustainability of DISCOM is becoming doubtful. The Commission is of opinion that such a large extent of loss where only revenue for 20-30 units are collected out of 100 units supplied in LT would not have been occurred unless there is a strong nexus between unscrupulous employees of the licensee with the consumer or simply the employees and management are too callous in their assigned responsibility. It appears that the management of WESCO is not serious to curb the theft of energy. Unless

theft is controlled the survival of the licensee in it's business will be at great stake and the Commission can not remain a passive onlooker. Immediate disciplinary action must be initiated against the poor performing Executive Engineers like those of BWED, Baragarh (WEST), NED, Nuapara, BED, Balangiri, SED, Sonapur, SED, Sundargarh etc.

Considering HT Loss @ 8%		DIVISIONAL PERFORMANCE OF WESCO							
Sl. No.	Name of Division	Energy Input (MU) (Assuming HT Loss 8%)	Energy Sold (MU)	Loss (%) (Assuming HT Loss 8%)		AT & C Loss (%)		LT Collection to LT Input P/U for 2010-11 (upto Sept,10)	LT Collection to LT Input P/U for 2009-10
		Total	LT	LT	Over All	LT	Over All		
<b>OERC TARGET /APPROVED</b>		<b>6,244.0</b>	<b>2,053.0</b>	<b>29.4%</b>	<b>19.9%</b>	<b>30.8%</b>	<b>21.5%</b>	<b>130.4</b>	
<b>ACTUAL</b>									
1	B.W.E.D. Bargarh (West)	129.23	30.33	73.7%	73.8%	86.9%	84.7%	33.0	40.4
2	N.E.D. Nuapada	79.30	17.61	75.3%	75.6%	86.0%	84.6%	41.1	49.3
3	B.E.D. Bargarh	253.25	56.56	71.2%	62.4%	81.2%	68.7%	53.0	43.4
4	B.E.D. Bolangir	138.68	41.11	66.1%	65.8%	80.6%	77.0%	57.5	58.5
5	S.N.E.D. Sonapur	81.96	23.44	67.3%	66.8%	79.7%	77.0%	48.7	49.9
6	S.E.D. Sundargarh	112.95	22.49	69.8%	54.1%	78.1%	59.4%	61.1	62.9
7	S.E.D. Sambalpur	192.46	63.89	56.4%	50.6%	78.1%	65.3%	71.2	67.8
8	K.W.E.D. Bhawanipatna	65.40	20.42	65.9%	68.4%	75.4%	77.2%	70.1	68.5
9	J.E.D. Jharsuguda	530.78	61.25	58.6%	19.7%	74.4%	31.1%	78.7	61.6
10	T.E.D. Titilagarh	117.90	34.98	61.7%	54.9%	74.3%	63.3%	69.5	69.5
11	D.E.D. Deogarh	42.55	10.52	59.8%	44.7%	72.0%	52.6%	79.9	72.3
12	K.E.E.D. Bhawanipatna (E)	77.88	30.69	53.1%	52.3%	71.3%	66.1%	87.5	86.4
13	R.E.D. Rourkela	445.92	95.29	56.7%	34.1%	66.2%	40.4%	105.7	90.9
14	S.E.D. Sambalpur (East)	108.06	41.79	43.7%	37.8%	66.1%	51.9%	111.3	78.2
15	R.E.D. Rajgangpur	766.78	33.82	56.8%	11.0%	63.8%	11.0%	120.3	113.7
<b>ACTUAL TOTAL WESCO</b>		<b>3,143.1</b>	<b>584.2</b>	<b>62.6%</b>	<b>37.2%</b>	<b>75.7%</b>	<b>44.2%</b>	<b>72.8</b>	<b>66.4</b>

### Arrear Analysis

- The performance of WESCO in collection of arrear is also found to be dismal. It is not clear how Rs. 23.39 crore has been added in EHT arrear against the starting arrear of (-) Rs.12.63 crores as on 31.03.2010 has. WESCO is indulging in all sorts bungling of figures and data. This needs thorough investigation. There was an increase of 10% in arrear of LT consumers. The Commission notes with anguish that despite several instructions WESCO has not yet been able to collect the Govt. arrears. Finance Dept. has issued instruction for timely payment of electricity dues and the DISCOMs are free to disconnect power supply to Govt. offices, ULBs etc. as sufficient budget is reported to have been provided for the Finance Dept. to user department for payment of electricity dues. Not a single disconnection has been made in respect of defaulting department/ULBs. The Commission expressed displeasure that despite of several instructions WESCO has not yet been able to collect the Govt. arrears as well as current dues. The Commission again instructed WESCO to take up with Govt Dept. to clear at least the arrear (without DPS) and current dues failing which action on disconnection of electricity should be resorted to. About the increase in EHT arrear the CEO, WESCO stated that the outstanding EHT arrear increased primarily because of differential tariff during the month of March, 2010 paid in April. It is difficult to buy such an argument.

Category	Arrear as on 31-03-2010 (Rs crs)	Billing for the period (Rs cr.)	Collection against current dues (Rs cr.)	Collection against arrear (Rs cr.)	Total collection (Rs cr.)	Arrear for the period (Rs cr.)	Arrear as on 30-09-10 (Rs cr.)	Net arrear added (Rs cr.)
EHT	-12.63	307.61	282.85	0.02	282.87	24.76	12.1	24.73
HT	-1.62	262.86	261.13	4.52	265.65	1.73	-4.41	-2.79
LT	700.47	164.68	99.01	9.57	108.58	65.66	756.56	56.09
GOVT.& PSU	72.47	16.17	10.37	0.05	10.42	5.8	78.23	5.76
TOTAL	758.69	751.32	653.36	14.16	667.52	97.95	842.48	83.79

### Addition of Infrastructure

6. During the period of review the number of 33 KV feeders has gone up from 85 to 88 and their metering position has also increased proportionately increased from 85 nos. to 88 nos. The Commission expressed displeasure for low level of metering in 11 KV network. The Commission further instructed to increase the 11 KV metering position in view of the applicability of ABT from next financial year. It was observed that the no. of transformer burning has increased and number of hooks detected has declined.

	As on 30th Sept,2009	As on 31st Mar,2010	As on Sept. 2010
<b>CONSUMER STATUS</b>	551,556	569,147	587707
<b>FEEDER METERING</b>			
No. of 33 KV feeders	87	85	88
No. of 33 KV feeder metering	87	85	88
No. of 11 KV feeders	417	466	484
No. of 11 KV feeder metering	417	451	469
No. of 33 / 11 kv transformers	257	261	262
No. of 33/11 kv transformer metering position	-	-	0
No. of distribution transformers ( 11/0.4 & 33/ 0.4 kv)	16,941	18,565	19475
No. of distribution transformer metering position	12,558	12,558	12558
Total number of meters	529,977	549,845	577680
No. of working meters	509,327	539,311	532016
Percentage of working meters (%)	96%	98%	92%
No. of defective meters	20,650	10,534	45,664
No. of transformers burnt	1,463	1,514	1693
Cost involved (Cr.)	2.93	3.03	2.2
No. of Hooks Detected	2,587	2,062	1427
No of new Connections given			
No of Connection Regularised	2,388	1,859	1385

### Quality of Supply

7. The VP, WESCO stated that they are taking all necessary measures to improve quality of supply in their area of operation. The table below shows their effort to improve quality of supply in WESCO area. But as compared to the target set by the Commission vide para-569 of RST order this achievement falls short of the target. VP, WESCO opined that to improve the quality of supply to the desired level Capex program is absolutely required. Routine O & M allocation and expenditure is too inadequate to the requirement. To this Commission observed it is the licensee who should collect and utilize a part thereof for O&M expenditure. Without sufficient efforts it is not possible to improve the quality.

Task	Target	Achievement
Upgradation of Power Transformer	1000	N/S
Addition of power transformer		N/S
Recondition and filtration of power transformer		N/S
Addition of DTRs under System improvement scheme		74 Nos.
Addition of DTRs under RGGVY and BGJY		N/S
Upgradation of distribution transformers		69 Nos.
Phase balancing of distribution transformers	2000	523 Nos.
Re-earthing of sub-stations	500	384 Nos.
Conversion of single phase to three-phase	150 KM	15 KM
No. 33 KV VCBs till date	25	N/S
No. 11 KV VCBs till date	50	N/S
Length 33 KV lines drawn		N/S
Upgradation of LT line		N/S
Upgradation of 11 KV line		N/S
Addition of 11 KV line		N/S
No. of electrical accidents occurred		N/S
Replacement of LT lines with aerial bunch cables		N/S
No. of automatic meter reading (AMR) introduced		N/S

#### **Initiatives to Reduce Loss**

8. VP, WESCO stated that WESCO has made all sorts of efforts to reduce theft of electricity. The load verification of all high end consumers above contract demand of 10KW is under progress. All the divisional Officers are given monthly targets to be achieved and initiated strong administrative measures in case of non-achievement of the same. Dedicated Vigilance Cell headed by Chief. Vigilance Officer (CVO) are functioning at Burla. More over WESCO has already appointed Asstt. Vigilance Officers in all Divisions. The Vigilance squads are engaged in the realization of outstanding arrear of three phase and high value consumers of WESCO. Regarding no of FIRs lodged, no of accused persons forwarded to the Court of Law, no of raids conducted and no of disconnection made etc. the VP WESCO could not provide any categorical answer. The Commission expressed displeasure for non-seriousness of the licensee for which only Rs. 14.16 Cr was collected out of the arrear amount Rs. 758.69 Cr. and an increased AT & C Loss compared to the previous year. Efforts stated to have been made are for namesake only without any concrete results. Nobody can believe that consumers of comparatively developed area like Baragarh and Rourkela are not paying; perhaps they are encouraged to do so.

**(B) Sectoral Analysis**

## 9. Performance of WESCO vis-à-vis the Sector as a whole.

<b>Performance of DISCOMs at a Glance</b>						
	<b>Distribution Loss LT</b>			<b>Distribution Loss Overall</b>		
	<b>2009-10</b>	<b>2010-11</b>		<b>2009-10</b>	<b>2010-11</b>	
	<b>Actual</b>	<b>OERC Approval</b>	<b>Actual Up to Sept.2010</b>	<b>Actual</b>	<b>OERC Approval</b>	<b>Actual Up to Sept.2010</b>
<b>CESU</b>	51.97%	29.40%	50.10%	39.43%	25.37%	38%
<b>NESCO</b>	55.83%	29.40%	54.94%	32.52%	18.46%	32.8%
<b>WESCO</b>	62.49%	29.40%	62.56%	34.68%	19.93%	37.2%
<b>SOUTHCO</b>	56.22%	29.40%	54.52%	48.02%	27.82%	47.8%
<b>ALL ORISSA</b>	56.26%	29.40%	55.04%	37.24%	22.22%	37.5%
	<b>AT&amp;C Loss LT</b>			<b>AT&amp;C Loss Overall</b>		
<b>CESU</b>	53.65%	31%	58%	41.20%	27%	43%
<b>NESCO</b>	65.80%	31%	73%	35.73%	20%	43%
<b>WESCO</b>	71.49%	31%	76%	35.74%	22%	44%
<b>SOUTHCO</b>	59.39%	31%	65%	50.16%	29%	56%
<b>ALL ORISSA</b>	61.67%	31%	67%	39.15%	24%	45%
<b>COLLECTION PER INPUT-LT(Paise Per Unit)</b>						
	<b>(2009-10)</b>			<b>(2010-11)</b>		
	<b>Target for 2009-10 in Paise</b>	<b>Achieved for 2009-10</b>	<b>% of Target Realised FY 2009-10</b>	<b>Target for FY 2010-11 in Paise</b>	<b>Achieved UP TO Sept 2010</b>	<b>%of Target Realised</b>
<b>CESU</b>	131.02	122	<b>93.12%</b>	174.90	138.76	<b>79.34%</b>
<b>NESCO</b>	120.05	81.06	<b>67.52%</b>	143.20	81.89	<b>57.19%</b>
<b>WESCO</b>	94.95	66.4	<b>69.93%</b>	130.40	72.78	<b>55.81%</b>
<b>SOUTHCO</b>	135.09	102.02	<b>75.52%</b>	143.70	106.23	<b>73.92%</b>
<b>ALL ORISSA</b>	118.73	95.36	<b>80.32%</b>	154.76	104.61	<b>67.59%</b>
<b>BSP+Trans</b>	<b>142.70</b>			<b>193.75</b>		
<b>COLLECTION PER INPUT-OVERALL(Paise Per Unit)</b>						
<b>CESU</b>	201.72	170.21	<b>84.34%</b>	236.73	214.87	<b>90.77%</b>
<b>NESCO</b>	192.07	189.11	<b>98.45%</b>	260.69	208.84	<b>80.11%</b>
<b>WESCO</b>	203.13	201.73	<b>99.31%</b>	257.15	212.37	<b>82.59%</b>
<b>SOUTHCO</b>	169.44	144.98	<b>85.56%</b>	196.07	155.13	<b>79.12%</b>
<b>ALL ORISSA</b>	196.32	180.89	<b>92.14%</b>	244.37	205.56	<b>84.12%</b>

The performance statement of DISCOMS throws light on so many angles of the licensees. It is observed that the overall AT&C loss achieved by the licensee falls short of around of 22 % from the loss allowed by the Commission for the year 2010-11. In LT segment alone the AT & C loss is 76% as compared to the target set by the Commission at 31 %. The overall LT and AT & C loss has increased by 8.26% and 4.5% percentage points as compared to the performance of the previous year at 35.74 % and 71.49% respectively. With Destitution loss in LT remaining more or same at 62.5 % the main area of concern is billing & collection efficiency. It was a matter of concern that this year the Collection Per Input (CPI)-LT rate has decreased to 55.81 % of the target approved in 2010-11 against 69.93 % of achievement during 2009-10. In LT sector the best performing DISCOM was found to be CESU with CPI realization of 79.34% of the target set by the Commission followed by SOUTHCO with 73.92% achievement in LT sector. The overall achievements of all DISCOMS have remained

more or less same at 84%. The ratio analysis shows that the consumption of LT to total input is low in WESCO and that in SOUTHCO & CESU is higher by around 10 to 20%. So far the performance in reducing LT loss compared to the overall loss is concerned, performance of SOUTHCO is found to be the best which is nearer to the ratio of unit.

<b>Ratio Analysis of DISCOMs for FY 2010-11 up to Sept 10</b>						
	<b>Total Purchase</b>	<b>Total LT Purchase</b>	<b>Ratio of LT Purchase</b>	<b>AT &amp; C Loss in LT</b>	<b>AT &amp; C Loss- Overall</b>	<b>Ratio of LT Loss</b>
CESU	3,623.38	2,250.66	62%	58%	43%	0.74
NESCO	2,519.73	1,260.77	50%	73%	43%	0.58
WESCO	3,143.09	1,560.39	50%	76%	44%	0.57
SOUTHCO	1,260.51	938.67	74%	65%	56%	0.86
<b>All Orissa</b>	<b>10,546.71</b>	<b>6,010.49</b>	<b>57%</b>	<b>67%</b>	<b>45%</b>	<b>0.67</b>

#### **Arrear Collection of the Licensee vis-à-vis the Sector**

10. The Commission noted that in the review period WESCO is able to realize only Rs.14.16 Cr out of the arrear amount of Rs.758.69 Cr. The management needs to take special drive to collect the arrear. Coming to the collection of arrear of the state by all licensees it is a matter of regret that despite repeated instruction from the Commission, the net arrear added during the period was to the tune of Rs.337.74 Cr making the total arrear amount of about Rs 3605.54 Cr as on 30.09.10. The contribution of all DISCOMs to addition of arrears is found to be 36.23 % in case of CESU, 28.82 % in case of NESCO, 24.81% in case of WESCO and 10.14 % in case of SOUTHCO. This clearly indicates lack of seriousness on the part of WESCO to collect the arrear and also the current revenue.

The VP WESCO in its reply stated that the major portion of the arrear outstanding has been carried over since pre-reform era. The VP, WESCO opined that the WESCO's petition on One Time Settlement (OTS) scheme is pending at the Commission. He requested for early sanction of the OTS scheme for recovery of long pending arrears. To this Commission observed that without serious efforts being made OTS or no OTS will help the licensee.

<b>Arrear Contributions in the state</b>									
	<b>Total</b>	<b>CESU</b>	<b>Contribution</b>	<b>WESCO</b>	<b>Contribution</b>	<b>WESCO</b>	<b>Contribution</b>	<b>SOUTHCO</b>	<b>Contribution</b>
Arrear as on 31.03.2010 (Rs Cr)	<b>3267.8</b>	1379.5	<b>42.21%</b>	710.56	<b>21.74%</b>	758.69	<b>23.22%</b>	419.09	<b>12.82%</b>
Collection against Arrear	<b>79.89</b>	28.93	<b>36.21%</b>	25.15	<b>31.48%</b>	14.16	<b>17.72%</b>	11.65	<b>14.58%</b>
Arrear Added during the period	<b>405.98</b>	151.31	<b>37.27%</b>	122.48	<b>30.17%</b>	97.95	<b>24.13%</b>	34.24	<b>8.43%</b>
Arrear as on 30.09.2010	<b>3605.54</b>	1501.8	<b>41.65%</b>	807.89	<b>22.41%</b>	842.48	<b>23.37%</b>	453.33	<b>12.57%</b>
Net Arrear added	<b>337.74</b>	122.38	<b>36.23%</b>	97.33	<b>28.82%</b>	83.79	<b>24.81%</b>	34.24	<b>10.14%</b>

#### **Fixation of Responsibility & Accountability**

11. The Commission is of the opinion that unless substantial improvement of performance is made the very survival of the sector as a whole would be in doubt. If such performance is allowed to continue the loss trajectory will touch the pre reforms level. In this respect the Commission warned of serious consequences for the officials responsible for the same. The Commission is of the opinion that the accountability should start from the top & go down the ladder up to the lineman of the licensee. The linemen of the licensee should be treated as DTR manager, section officers should be treated as 11 KV feeder managers, similarly a SDO as a 33/11 KV substation manager

and 132/33 KV sub station as Divisional Manager. Every body must give account to every unit consumed by the respective unit. Strict administrative action must be taken against errant and non performing employees. As provided under service code and relevant rules continuance of the employees attaining the age of 50 years should be reviewed with reference for their performance in the matter of collection of revenue, reduction of AT&C loss and improvement in standard of service. Fixation of responsibility and stringent administrative action should be taken against the non-performing and poor performing officials from top to the bottom.

**Concrete action taken in this regard should be reported to the Commission by 30.04.2011.**

**Load Verification in Feeders**

12. Except WESCO none of the DISCOMS have submitted the extent and details of energy Audit carried out in 11KV & 33 KV feeders. The Commission is of opinion that the load verification of all feeders up to 440 V LT network should be carried out. This is to verify the maximum demand in MVA that a licensee is drawing from GRIDCO with the demand at output end of licensees. With development & modernization across all sectors, the consumption of every individual and industry as a whole has increased. The DISCOMS must keep updated about the increase in load in all feeders .Accordingly they can go for up gradation of transformers load balancing etc to provide qualitative supply to consumers.

**The load verification report should be submitted to the Commission before next review meeting.**

**Submission of cost Data**

13. It has been observed that DISCOMS are not serious in submitting the cost data for various deposit work. Till date cost data up to 2007-08 and partially up to 2008-09 have been approved. Cost data for 2008-09 and for 2009-10 have recently been submitted by SOUTHCO and CESU. All licensees were instructed to submit the cost data regularly to carry out deposit works on an efficient and economic manner. Non submission of data in time indicates the utter negligence and unwillingness by the licensees to work in an efficient manner to serve the consumers. The defaulting licensees should note that the Commission can no longer be passive onlooker to their audacity and non-performances in different aspects.

**All Licensees should submit their Cost Data upto the preceding year(2009-10) before 28<sup>th</sup> of February 2011.**

14. **Delegation of Power**

Despite repeated instructions the issue of the delegation of power at appropriate level has not been resolved. The Commission vide its letters No OERC/4967 Dtd 21/09/2010 had provided guidelines and a model for effective delegation of power. The GM (Commerce) of Reliance DISCOMS was supposed to submit a delegation structure & finalize it in consultation with Chairman-cum-CEO, CESU. But a little progress has been achieved on this front. This reflects the callous nature of DISCOM authorities to ensure responsibility and accountability. Sufficient delegation of power on technical, administrative and financial matter should be made at least at par with the Govt. departments so that timely repair, renovation and restoration work is taken up in time. The tendency of concentrating all powers at the corporate office or CSO office should be discouraged. Adequate power should be delegated to CEO/VP and other field functionaries in order to enable them to take up repair and maintenance work effectively in time.



**The delegation of technical, financial and administrative matter should be finalized before 28.02.2011 in view of the proposed capex program of Govt. of Orissa.**

**Preparedness of DISCOMS to utilize capex**

15. The DISCOMS are advised to ring fence project area and find base line loss data and strategy to reduce loss to the desired level as envisaged in the letter No. R&R-1-06/2010 (P)-9230/En dtd. 21.10.2010 read with the stipulations made vide Para-14 of the order dtd. 10.11.2010 in Case No. 109, 110 and 111 of 2010 (Investment proposal of WESCO, WESCO and SOUTHCO) and read with Para 13 of Order dtd. 06.10.2010 in Case No. 134/2010 (investment proposal of CESU)

(C) **Compliance to the action points outlined by the Commission in the performance review meeting for FY 2009-10 on dated 18.05.2010**

Commission then verified the para-wise action taken report (ATR) of its direction in the last performance review meeting for the year FY 2009-10.

**Para-11- Reduction of AT&C loss**

16. In the said review meeting the Commission had instructed the followings:-
- a) The LT loss reduction for FY 2010-11 should not be less than 10%
  - b) Divisions with LT loss more than 50% should achieve minimum 10% LT loss during FY 2010-11
  - c) Verification of load and contract demand for all high valued consumers with CD>20KW
  - d) Handing over of DTRs of loss making 11KV feeders to micro/macro franchisees
  - e) Voluntary declaration of contract demand of residential premises of the DISCOM employees

**OBSERVATION**

**During the period under review the LT AT & C loss has reached 75.70 % against the OERC target of 30.81%. Instead of decreasing the AT &C loss by 10 % the licensee has increased the loss by 7.52% which is undesirable. So far the performances of divisions are concerned, as observed in para 4 above there is no sign of abatement in loss. Rather some more divisions are added to the list of poor performing division's where LT AT & C loss is more than 70 %. Except RED Rourkela(66.2 %), SED Sambalpur (66.1%) and RED Rajgangpur (63.8%) the LT AT &C loss in all divisions found to be in between 70-80%.**

**Para -12 cross checking of meter readings**

17. In this Para the Commission had instructed to go for cross checking of meter readers to stop the practice of meters readers to prepare meter readings with out visiting the premises of the consumers.

**OBSERVATION**

**But no positive confirmation could be obtained from the licensee regarding cross verification of meter reading. Recent visit by CEO, CESU to Dhenkanal, Anugul, Kendrapara, Marshaghai, Jagatsinghpur etc. has proved beyond doubt the meter readings are being manipulated in the bill and are shown less than the actual meter reading. Further bills are being generated without visiting the**

consumers premises and without taking actual meter reading. Similar problem must be existing in WESCO area. Cross checking of the meter reading needs to be ascertained and checked by the officers not below the rank of Executive Engineer. It appears that WESCO in averse to take any action to improve performance which is deteriorating day by day.

**Para 13 -LT collection LT input (collection per Input)**

18. The licensee was instructed to increase Collection per Input to match with the BST figure which is fixed at 217.50 paisa for WESCO with transmission price for FY 2010-11.

**OBSERVATION**

Despite 22.20% increase rate in Avg RST by the Commission for 2010-11, the CPI figure of WESCO has remained at 72.8 paisa. This implies that the raise of avg RST by the Commission has no bearing on total revenue of WESCO. The CPI- LT of BWEED Baragad & NED Nuapada has remained as low as 33 & 41 paisa against BSP of 217.50 paisa and avg RST of 327 paisa. In this context the CEO WESCO opined that there was no RST increase in the 1<sup>st</sup> slab of LT consumption and most of WESCO consumers comes under 1<sup>st</sup> slab category. The Commission observed this far from truth because the CPI-LT for CESU has increased by 16.76 paisa with similar category of consumers.

**Para -14 Separate target for collection of Current and Arrear revenue and Improvement of Collection Efficiency.**

19. WESCO was instructed to achieve collection efficiency of 98% excluding collection of arrear.

**OBSERVATION**

On the contrary, the collection efficiency in LT has declined to 64.92 % upto Sept. 2010 from 76.01% in 2009-10. The overall collection efficiency has also declined from 95.24 % during FY 2009-10 to 88.85 % during the current year that too with the collection of arrear. With such poor collection efficiency the licensee cannot run the business of distribution of electricity.

**Para 15 Collection of Arrear**

20. Vide this para the Commission had directed to achieve an arrear collection target Rs 200 Cr out of arrear outstanding at Rs.758.69 Cr as on 31.3.2010.

**OBSERVATION**

On the contrary, the licensee was able to collect only Rs 14.16 Cr an achievement of 7% compared to the target set by the Commission and the arrear added by the licensee during April-Sept., 2010 Rs83.79 Cr which is 11% of the outstanding arrear at beginning of the year within 6 months of operation. The outstanding arrear as on 30th sept has reached up to is Rs.842.48 Cr against Rs.667.52 crore as on 30.09.2010 which is undesirable.

### **Para – 16 Arrear for Govt Dept & PSU**

21. The Commission had instructed to take all sorts of measures including disconnection of Govt. offices whenever required to collect the arrear dues of various departments treating them at par with ordinary consumer.

### **OBSERVATION**

**The Commission observed that a little effort has been taken by the licensee to collect the arrear. Unless disconnection is made it is unlikely that any department will come forward voluntarily to pay the electricity dues.**

### **DIRECTION OF THE COMMISSION**

The licensee should raise these issues with district administrative authorities in the District Electricity Coordination Committee meetings to pursue the concerned departments for payments of outstandings electricity dues. Apart from that, they should furnish the list defaulting Govt. offices, urban local bodies, Panchayat Raj Institutions, Co-operative, autonomous organization of the concerned treasury, special treasury not to entertain any bill of such defaulting organizations as advised by Finance Department in their letter dtd. 26.08.2010.

### **Para -17 Target for Franchisee Operation**

22. WESCO was instructed to introduce 75 Micro & 6 Macro Franchisees at least in its area of operation during 2010-11. The target was revised during the meeting on performance of franchisees on 26.10.2010. Accordingly the latest target is to introduce at least one micro franchisee per Section by end of the year 2010. So with 202 Sections, WESCO should cover at least 125 micro franchisees by end of the year. With each micro franchise covering 5 numbers of 100 KVA DTRs and approximately 100 consumers per DTR the number of consumers covered under micro-franchisee should have been at least 1, 01,000.

### **OBSERVATION**

**How ever WESCO has covered only 2 subdivisions namely PaikaMala and Bhaden. The Commission feels that the licensee is intentionally not extending franchisee operation to cover up its own failure. The Commission is of the opinion that engagement of consultant for selection of Women Self-Help Groups for franchisee operation in uncalled for.**

### **Para 18-Metering and Energy Audit**

23. The Commission vide above para had expected DISCOMs to achieve at least 50% of 11 KV feeder metering by end of this year. The number of defective consumer meters should have been reduced to Zero.

### **OBSERVATION**

**But to the contrary, the no of 11 KV feeders metering has gone up from 451 as on 31<sup>st</sup> March 2010 to 469 as on 30<sup>th</sup> Sept. 2010 against 466 and 484 no of 11 KV feeders respectively. WESCO has already achieved energy audit 30 % of 11 number of 11 Kv feeders and planning to cover energy audit for rest by end of**

**this financial year. But it is surprising that the energy audit has neither resulted in reduction of input nor collection of revenue. The energy audit appears to have been done in a routine fashions.**

#### **DIRECTIVES OF THE COMMISSION**

Energy audit for at least 50 % of the feeders should be completed by end of the current Financial Year and feeder wise energy transaction report should be submitted before the Commission before next review meeting.

#### **Para 20 Quality of Supply**

24. WESCO was directed to update routine maintenance of power distribution transformers so that the rate of failure of transformers should be reduced by 50 %

#### **OBSERVATION**

**However, the present data shows that there is no let up in the failure rate of transformers. During the period under review the failure of distribution transformers has increased to 1693 numbers from 1514 during 1<sup>st</sup> half of last financial year. Regarding the interruptions in the 33 Kv feeders and 11 KV feeders the licensee has not submitted the exact number of occurrences. This is highly undesirable.**

#### **Para 21 Consumer Complaints**

25. WESCO was provided with a list of 24 pending consumer complaints/grievances reported in newspaper dailies up to May 2010 forwarded by OERC for disposal vide Commission's letter no Secy/CC/3970 dtd 21.5.10.

#### **OBSERVATION**

**Compliance reports on the above are yet to be submitted. Similarly 104 vigilance related complaints were lodged on which there is no information regarding disposal as per reports submitted up to September, 2010. The Commission feels that serious follow up action is lacking in the action taken by the licensees.**

#### **Para 22-Implementation of GRF Orders**

26. Regarding implementation of GRF orders up to November 2010, as reported by the respective GRFs, 79 orders of GRF Burla & 400 of GRF Balangir are pending for implementation by WESCO.

#### **OBSERVATION**

**In the year 2009-10 till June as reported by the respective GRFs, 23 cases have been registered by GRF Burla and 25 disposed of (Up to August 2010). Similarly, 256 cases were registered by GRF Raurkela in 2009-10 and up to September, 2010 and 405 have been disposed and in case of Balangir 316 numbers are registered and 425 Nos are disposed. WESCO is directed to submit full compliance report for implementation of the order of GRFs and Ombudsman up to the period 30.09.2010 by 31.01.2011. Action taken against the officers for non-implementation should be reported to the Commission.**

**Para-23-Inquiry of the Expert Team**

27. The licensees are required to take up the follow-up action on the pending recommendations /directions with reference to the enquiry conducted by independent expert as regards to maintenance and operation of distribution S/S and lines.

**OBSERVATION**

**Major compliances are yet to be met by WESCO as is shown in Annexure-I for necessary action .Necessary works of one 33-11 KV S/S in each division selected by WESCO should be fully equipped in all respect and should be completed in time bound manner. WESCO should implement the completion date with reference to those model substations. The Commission feels that non-compliance is rather deliberate and intentional.**

**Para-24- Functioning of the police station & Vigilance**

28. The Commission had directed WESCO to inspect minimum 30 villages / urban areas per month per energy police station so as to generate revenue at least 20 times the expenditure incurred towards salary and other associated expenses for energy police station. Thus with one Energy Police station under WESCO area at Burla there should be at least 30 raids in a month and during 6 month the number of raids should have been 180 and with at least 10 checking per raid the number of checking should have been 1800.

**OBSERVATION**

**But against this target WESCO could not categorically submit the number of raids conducted. In the ARR approved for WESCO for FY 2010-11 the cost allowed for maintenance of Energy Police Station is Rs 3.81 Cr, which comes to Rs 1.9 cr for 6 month. So WESCO should realize minimum 10 times these amount by conducting raids in its areas of operation which works out to Rs. 19.00 Cr. Initiative should be taken by VP/CEO for effective utilization of energy-police stations/Vigilance wing.**

**Para 25 & 26 Action taken with report of EMR ,Vigilance cell Report & voluntary declaration of load by the DISCOM employees.**

29. The Commission vide this para had directed WESCO to take stern action against the non-performing/poor performing employees of the WESCO. Action should have been initiated against the errant, unscrupulous officers failing to achieve target set by the management. All employees were supposed to declare there own electricity consumption & get their own meter reading correct.

**OBSERVATION**

**But WESCO seems to be non-committal to full fill the same. There is no cross checking of employees' meter. The action taken list as provided by the licensee covers mostly show cause notices. Almost all divisions have failed to touch the collection target but no action has been taken against the officers concerned.**

### **COMMISSION DIRECTIVES**

100% verification of meters and load of the employees of WESCO should be made and up to date electricity be collected from all employees of the WESCO for which a special verification squad should conduct the verification and raid. This job should be entrusted for the CVO.

### **Reduction of Loss & Turn around strategy of DISCOMS**

30. The Commission vide this Para had directed DISCOMS to generate sufficient revenue to meet their cost of service & turn around the distribution business.

### **OBSERVATION**

**However WESCO seems to be callous and non-serious in its day to day activities. The VP, WESCO in his reply stated that they are trying their best to increase revenue & reduce theft despite non-cooperation from employees union & public in general. The Commission finds that assurance remains in assurance only without any concrete action being taken.**

### **DIRECTION OF THE COMMISSION**

The Commission reiterated its direction in curtailing loss and reduction of theft of Electricity. Regular monitoring and spot verification by Energy Police Stations, Vigilance squad and MRT staff should be done vigorously in respect of all high end consumers particularly Hotels, Shopping malls, Fabrication units, Rice Mills, Industrial establishments, Fish processing units, Nursing homes, professional Educational Institutes etc.

### **(D) CONCLUSION**

31. **The overall performance of WESCO during the half year of the current FY 2010-11 continued to be poor in all respects and what is disturbing is that the performance in different aspects particularly in matter of loss reduction, quality of supply and timely compliances of the various directions/instructions of the Commission has deteriorated during the current FY compared to the FY 2009-10. The performance of WESCO must be improved during the remaining period of the current FY, failing which accountability and responsibility will be fixed on the key Officers and Managers which may result on penalties under Section 142 of the Electricity Act, 2003, on such officers in their individuals capacities and on the company as a whole. Sufficient opportunities have been given for improving performance and it is no longer possible to be mere meek spectators. It is high time to act decisively.**