

**BEFORE THE ORISSA ELECTRICITY REGULATORY COMMISSION  
BIDYUT NIYAMAK BHWAN,Unit-VIII ,BHUBANESWAR.**

**Case No.68 of 2008**

**In the matter of :** Western Electricity Supply Company of Orissa  
Limited (WESCO)

And

**In the matter of :** Shri Anand Prakash Mishra,  
Vice President,  
M/s L&T Ltd.,  
Kansbahal Works, Kansbahal-770034.  
Sundargarh

Rejoinder to objections received by the Secretary, Orissa Electricity Regulatory Commission against the Retail supply Tariff Application by WESCO for the year 2009-10

**1. LACK OF IMPROVEMENT IN QUALITY OF POWER SUPPLY BY WESCO :**

The objector has submitted that WESCO is purchasing power at much cheaper rate and selling in higher rate of 300 paise per unit and making huge profit. It may be mentioned here that the power purchase cost of WESCO is 157.25 paise apart from transmission charges of 21 paise per unit. If the same is compared with other DISCOM's the same is 70 paise p.u. in case of SOUTHCO, 101 paise p.u. for CESU and 125 paise p.u. for NESCO and 21 paise p.u. is the transmission charges for all the DISCOMs. With disparity in BST cost and uniformity in RST for whole state is continuing till date. The revenue requirement of WESCO is determined not only from the cost of power but other components of expenditure as mentioned in F-13 in the ARR application. The tariff rate of different categories of consumers is fixed by OERC to balance the revenue requirement. Hence, the objection raised by the objector that WESCO is making monopoly business in the western part of Orissa without looking quality power supply is base less. For giving quality power supply in FY 2009-10 we have taken up lot of system improvement work after Hon'ble Commission allowed escrow relaxation for R&M and SI work. Now we are going for up-rating of conductors, putting new transformers, installation of breakers which will help in providing steady power supply.

**2. FAILURE IN PREVENTION OF THEFT OF ELECTRICITY :**

To control and reduce theft of energy, Govt. of Orissa has planned to set-up an energy police station at Sambalpur and a Special Court at Sambalpur has already started functioning. In addition to the above Govt. of Orissa Deptt. Of Energy has notified to open another 9 nos of Energy Police Stations in WESCO area which will

strengthen the antitheft measures of the company. To arrest / minimize theft of energy WESCO has already taken up the work such as replacing of bare conductor with AB cable, installation of audit meters, replacement of metering units by metering cubicles, round the clock guard for audit meters installed for industries, deployment of de-hooking squads by Ex-military personnel, strengthening of MRT & vigilance activity and the percentage of loss is gradually going down. Hence objection of the petitioner for failure in prevention of theft of electricity by WESCO is not true. For prevention of theft we very much require the co-operation of public as well as the consumers so that paying consumers will derive its benefit.

**3. FREQUENT FAILURE OF POWER SUPPLY :**

With regard to frequent power failure and voltage fluctuation, 4th Auto Transformer has been installed in Tarkera Grid during January 2007 after which the power interruption rate has substantially reduced.

M/s. L & T at present is receiving power from two sources for minimizing the duration of interruption. Whenever there is change-over due to break-down of one feeder, there will be interruption. As there are many 33 KV consumers in that feeder, problem in any of industries may affect the feeder and there is likely that interruption will occur.

M/s. L & T is having a CD of 6 MVA which normally should be in EHT category. They have been informed no. of times to avail power supply at EHT. It is also understood that they will be going for 132 KV supply after which the failure rate will almost be eliminated.

**4. CHARGE OF TARIFF AT DOMESTIC RATE FOR USE OF POWER IN COLONY :**

At present industries are availing 10% of their consumption towards colony consumption which is an incentive by the Hon'ble Commission. Beyond 10% consumption, they are to pay at industrial rate, which is still, less than the prevailing rate of domestic category consumers.

**5. POWER FACTOR INCENTIVE :**

To maintain good power factor of the system, an industrial consumer should have almost unity power factor and in no case it should be below 90%. In order to achieve unity power factor, the commission has provided incentive for improvement of power factor above 95% upto 100%. The incentive for improvement of power factor was started from 97% up to 100% in the past. It may be mentioned here that revenue forgone on account of power factor incentive during FY 2007-08 and 1<sup>st</sup> six month of FY 2008-09 is Rs.8.98 crores and Rs.5.13 crores respectively. This is due to reduction of availing of PF incentive limit from 97% to 95%. At the same time the

licensee is getting Rs.5.10 crores and Rs.3.25 crores respectively for the same period from power factor penalty.

Further relaxation in the power factor for incentive will not only discourage the consumers for reaching higher power factor but also will affect demand and energy consumption.

Since availing power at very high power factor is giving an incentive to the consumer in terms of less demand for the same effective energy and also incentive as high load factor, the power factor incentive should be 97% instead of prevailing 95%. Accordingly, power factor incentive above 90% as proposed by the objector instead of 97% (previous tariff) should not be allowed by the commission

**6. PROMPT PAYMENT REBATE :**

The present rebate of 1% of the monthly bill if "full payment made within 72 hrs of presentation of bills" is an adequate incentive.

However, the licensee pays the BST bill & Transmission charges to GRIDCO and OPTCL within 48 hours through L.C. mechanism and the bills are submitted to the licensee by GRIDCO and OPTCL with a copy to the bank.

**7. LOAD FACTOR INCENTIVE :**

The Hon'ble Commission has already allowed load factor incentive beyond 50%.The amount lost due to the above is being passed on to the Consumers while fixing the tariff. As such any further incentive on load factor will have an adverse affect on the Consumers. Hon'ble Commission is requested not to accept the proposal.

**8. PROPER STEPS FOR COLLECTION OF BILLS :**

The contention of the objector that WESCO has been committing gross negligence in discharging responsibilities by not collecting revenue from defaulting consumers is not true. Regular disconnections are being made in case of defaulting consumers. On many occasions installments are allowed to consumers having huge arrears. As a result the collection has increased and still there is scope to improve. In the current tariff application the licensee has given an innovative proposal for collection of money from door to door service, for which a service charge Rs.10 will be levied. Through in the above scheme the consumer will not have to go cash collection center at the same time clear his dues at the door steps. The contention of the consumer that WESCO is shifting the financial burden to genuine consumers is not true as it is service given & better consumer satisfaction. The service charge will be passed on to the person concerned providing service.

**9. SPECIAL TARIFF FOR OFF PEAK HOURS :**

Concession given by OERC on TOD tariff to the consumer has already resulted in loss of revenue of Rs.7.40 crores for FY 2007-08 and Rs.4.40 crores for the 1<sup>st</sup> six month of the current year 2008-09 to WESCO in HT & EHT category. Further Concession on TOD will result in more loss on revenue and the tariff on other category of consumers will also be affected. As such the objector's suggestion may not be considered for further concession on TOD tariff.

Moreover it is not out of place to mention here that WESCO is not getting any incentive with regard to energy consumption during off peak hours. Therefore in overview the proposal needs no consideration.

**10. SPECIAL TARIFF FOR RUNNING OF FOUNDRY :**

OERC has categorized the consumers in various categories based on the usage of power and also fixes different rates of tariff for each category. Fixing different types of tariff for sub-categories like Foundry, Steel Industry, Cement Industry, Food processing, Fabrication within the Large Industry category, and sub-category based on contract demand is not a valid proposal.

**11. WAIVER OF PENALTY ON OVERDRAWAL :**

The existing provisions regarding over-drawal penalty for maximum demand is required to be maintained to guard against the understatement of contract demand by consumers. Overdrawal attracts additional burden for system stability and reliability thereby affecting all other consumers apart from distorting power procurement planning. Thus overdrawal charge is essential to discourage consumers from overdrawal especially when the ABT system is in vogue. Exemption has already been given by OERC for consideration of overdrawal up to the extent of 120% during off peak hours.

Further, WESCO is also paying overdrawal penalty to GRIDCO over and above the approved drawal.

**For and on behalf of Western Electricity  
Supply Company of Orissa Limited**

Burla  
Dated 21.01.2009

**Dy. General Manager  
(Commercial)**

**C.C. :** Shri A.P.Mishra,  
Vice President,  
M/s L&T Ltd.,  
Kansabahal Works, Kansabahal-770034.  
Sundargarh.

**Note-** This is also available at the licensee's website-[www.wescoorissa.com](http://www.wescoorissa.com)

**BEFORE THE ORISSA ELECTRICITY REGULATORY COMMISSION  
BIDYUT NIYAMAK BHAWAN, UNIT-VIII, BHUBANESWAR.**

**Case No. 68 of 2008**

**In the matter of :** Western Electricity Supply Company of Orissa  
Limited (WESCO)

And

**In the matter of :** Orissa Consumer's Association  
Debajyoti Upobhokta Kalyan Bhawan  
Biswanath Lane, Cuttack-753002.

The para-wise replies to the objections filed by the above association are enumerated below.

**1. INFRASTRUCTURE :**

It is not true that the licensee is not improving the infrastructure like replacement of damaged poles, transformers & wires etc as objected by the licensee. WESCO has availed System Improvement Loan from Rural Electrification Corporation (REC) apart from counter part funding against APDRP Scheme for strengthening the Net Work System. Prior to that in the IBRD scheme more than Rs.140 crores has been expended for strengthening the system. Further, in the tariff order dated 20.03.2008 Hon'ble Commission has categorically directed all the Distribution Companies to procure more than 2000 transformers, fencing of all the substations, up-gradation of LT lines etc, for which separate escrow arrangement was approved.

**2. T & D LOSS :**

WESCO is taking various steps for reduction of distribution loss such as installation of Audit Metering for industrial consumers, cubicle metering, Energy Audit, Feeder Metering, System Improvement Work, regularisation of unauthorized consumers through consumer camps, vigilance checking, introduction of monthly spot billing in urban areas, putting parallel meters, giving HT supply through metering cubicles and XLPE cables for HT consumers. We have also started putting round the clock guards (Ex-military personal) at strategic location and taking the meter readings at very frequent interval for minimizing the theft of energy. Financial loss is assessed on the consumers found indulging in theft of energy and additional bill is raised accordingly as per I.E. Act-2003. Moreover in LT category, process is always on to replace the defective meters, years old electromechanical meters & consumers without meter. We have also started checking the meters of the

consumers through our own MRT / Vigilance teams where consumption is found to be abnormally low.

WESCO has started analysing the consumption pattern of high value consumers almost on daily basis for reduction of losses. Where ever uprating of network is necessary high rating conductor size is laid to reduce losses. Although in Domestic category more and more consumers have been brought to the billing fold it is not possible to eliminate tampering and by-passing of meters in totality due to the vast geographical area and large number of consumers. In practice it is noticed that loss reduction can only be a gradual process, which cannot be achieved to a high degree within a year. Operating at targeted figures of distribution loss is not feasible due to other related factors including lack of Administrative support. Input based franchisee have also been engaged in rural areas with monthly billing system who have been entrusted for meter readings, bill distribution and revenue collection. The energy police station has started functioning at Burla for Sambalpur district. However, there is no appreciatly effect is on the consumers indulging in theft of energy due to non-availability of adequate police personnel in the energy police station. Further, although it has been decided by the Govt. to open energy police station in each district, it is yet to be materialized.

Further, due to no change in RST for last 8 years and continuous increase in BST as well as salary and wages, so far WESCO is concerned; no surplus is left for investment in system improvement. During FY 2008-09 Hon'ble Commission has allowed WESCO for an amount of Rs.25.66 crores. Accordingly a lot of S.I. works like up-gradation of Transformers, putting new transformers to new load center, up-rating of conductors, putting new lines etc which will help us in reduction of technical loss. Further, we have availed a loan of Rs.11.92 crores from REC towards S.I. Works. Another loan to the tune of Rs.42 crores from REC is also in the pipe line for S.I. Works. After investment in infrastructure development we expect a substantial reduction in the T&D loss. Pre-closure of APDRP schemes, inadequate funding of central assistance through State Govt. had considerable effect for which WESCO is not able to reduce distribution loss specifically in LT consumers. The massive rural electrification under PMGY & MNP has added a lot of line & transformer as has added to the distribution loss.

### **3. AUDIT OF ACCOUNTS :**

The annual accounts for FY 2007-08 of the Company have already been finalised and duly certified by the statutory auditor. The same also has been made available in the Company website [www.wescorissa.com](http://www.wescorissa.com) for public access. We have also submitted the annual audited accounts with Hon'ble Commission. Hence the objection of the objector that annual accounts for the year 2006-07 and 2007-08 has not been audited till date is not correct.

**4. CONSUMER EDUCATION/ RIGHT TO INFORMATION :**

As compared to the consumer awareness programme during 1999-00, the present awareness programme has already improved to a many fold. Hon'ble Commission is regularly publishing the right of the consumer in the Oriya and English dailies. The licensee also puts banner in all the sectional offices where right of the consumer is depicted. We have also published a booklet called "GRAHAK SATHI" where all rules, consumer's right, contact nos of field engineers are provided. The booklet has also distributed to all the sectional heads for onward distribution to the valued customers. All the information about the company along with monthly billing, collection data are also uploaded in the companies website for perusal of the consumer. Hence lack of consumer awareness and Right to information as objected by the objector is not true.

**5. GRF AND OMBUDSMAN :**

When president of GRF and the Ombudsman is carrying out hearing of the case, they used to intimate in writing to both the parties. When it has been intimated to the licensee, the licensee is duty bound to attend the same. It may so happen with prior intimation to the forum the officer of the licensee might have sought for time extension. One of the executive of the licensee is to attend the GRF for proper redressal. Hence the objector's view that the opposite party (licensee) is not attending the hearing in time is not correct.

**6. ACCOUNTABILITY OF STAFF :**

There is adequate punishment in the employee's service condition in case of negligence in duties. Where ever our staffs are indulging dishonest activity and the same has been brought to the notice of the management, we have taken disciplinary action against the employee.

WESCO has clearly described the facts and figures for the purpose of filing the Revenue requirement as per the Act and Regulation in the Executive summary before the Hon'ble O.E.R.C. All the documents which are vital for tariff proceedings they are also made available to the Hon'ble Commission.

**For and on behalf of Western Electricity  
Supply Company of Orissa Limited**

Burla  
Dated 21.01.2009

**Dy. General Manager  
(Commercial)**

C.C to:

Orissa Consumer's Association,  
Debajyoti Upobhokta Kalyan Bhawan  
Biswanath Lane, Cuttack 753002 for information.

**Note- This is also available at the licensee's website-[www.wescoorissa.com](http://www.wescoorissa.com)**

**BEFORE THE ORISSA ELECTRICITY REGULATORY COMMISSION  
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**Case No.68 of 2008**

**In the matter of :** Western Electricity Supply Company of Orissa  
Limited (WESCO)

And

**In the matter of :** The Secretary  
State Public Interest Protection Council,  
"Lavanya Vihar" Sarbodaya Road, Puri-2  
Under Kumbarpada P.S.  
Dist: -Puri

Rejoinder to objections received by the Secretary, Orissa Electricity Regulatory Commission against the Retail supply Tariff Application by WESCO for the year 2009-10.

**1. AVAILABILITY OF ARR COPY & IMPOSITION OF POWER CUT :**

The objector allegation regarding availability of ARR copy in Soro Division: The area is not under the jurisdiction of WESCO. The objector has annexed no of paper cuttings regarding power regulation and other allied matters which are purely in the area of CESU as well as NESCO. Hence WESCO has nothing to comment on it. WESCO does not go for power cut except in case of break down of Grid, preventive maintenance or power regulation by SLDC on real time basis.

**2. GENERATION AND TRANSMISSION COST :**

The objector has pointed out lavish expenditure of GRIDCO, OPTCL, OPGC which is affecting the power generation cost hence the ultimate consumer. No comment by WESCO as we are not aware of their lavish expenditure which is being audited by outside agency.

**3. WITHDRAWAL OF IMPORT DUTY :**

On withdrawal of import duty on Naptha cost of power is bound to decrease, as suggested by the objector. WESCO is the distribution licensee and nothing to comment on it.

**4. SERVICE OF CONSUMER BILL & PASS BOOK :**

As far as the licensee is concerned bill is being served to the consumer in time and adequate gestation period for making payment is given. As regards to supply of pass book to the consumer, no where in the regulation it is defined or it has been pronounced in the tariff order that Pass Book will be issued to the consumer. However a consumer can browse his billing and collection data from the company website on his needs. The suggestion as given by the objector will be duly examined for consideration.

**Para 6 to 10:-**

The various points raised by the objector are pertains to other licensee and hence WESCO has no comment.

**For and on behalf of Western Electricity  
Supply Company of Orissa Limited**

Burla  
Dated 21.01.2009

**Dy. General Manager  
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C.C to:  
The Secretary  
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**BEFORE THE ORISSA ELECTRICITY REGULATORY COMMISSION  
KALYANI MARKET COMPLEX, BHUBANESWAR.**

**Case No.68 of 2008**

**In the matter of :** Western Electricity Supply Company of Orissa  
Limited (WESCO)

And

**In the matter of :** Shri Suryakanta Pati,  
Sr. Manager (Electrical)/C,  
M/s OCL India Ltd.,  
PO/PS: Rajgangpur-770 017.  
Dist: Sundargarh

Rejoinder to objections received by the Secretary, Orissa Electricity Regulatory Commission against the Retail supply Tariff Application by WESCO for the year 2009-10

**1. OBJECTOR'S SUGGESTION FOR PROVIDING INCENTIVE FOR GOOD PERFORMER AND PENALTY FOR BAD PERFORMER :**

The objector has suggested various points like reduction of tariff for consumption between 50% to 60% and consumption >60%, TOD benefit from 10 paise to 20 paise per unit, TOD benefit time:- from 10 am to 6 pm., power factor incentive and power factor penalty etc. The above suggestions are not supported with any back-up calculation in consideration with facts and figures. It is not out of place to mention that WESCO in its Bulk power purchase from GRIDCO does not get any incentive for off-peak hour consumption. Accordingly the suggestion should not be accepted by the Hon'ble Commission.

**2. DISTRIBUTION LOSS :**

WESCO is taking various steps for reduction of distribution loss such as installation of Audit Metering for industrial consumers, cubicle metering, Energy Audit, Feeder Metering, System Improvement Work, regularisation of unauthorized consumers through consumer camps, vigilance checking, introduction of monthly spot billing in urban areas, putting parallel meters, giving HT supply through metering cubicles and XLPE cables for HT consumers. We have also started putting round the clock guards (Ex-military personal) at strategic location and taking the meter readings at very frequent interval for minimizing the theft of energy. Financial loss is assessed on the consumers found indulging in theft of energy and additional bill is raised accordingly as per I.E. Act-2003. Moreover in LT category, process is always on to replace the defective meters, years old electromechanical meters & consumers without meter. We have also started checking the meters of the

consumers through our own MRT / Vigilance teams where consumption is found to be abnormally low.

WESCO has started analysing the consumption pattern of high value consumers almost on daily basis for reduction of losses. Where ever uprating of network is necessary high rating conductor size is laid to reduce losses. Although in Domestic category more and more consumers have been brought to the billing fold it is not possible to eliminate tampering and by-passing of meters in totality due to the vast geographical area and large number of consumers. In practice it is noticed that loss reduction can only be a gradual process, which cannot be achieved to a high degree within a year. Operating at targeted figures of distribution loss is not feasible due to other related factors including lack of Administrative support. Input based franchisee have also been engaged in rural areas with monthly billing system who have been entrusted for meter readings, bill distribution and revenue collection. The energy police station has started functioning at Burla for Sambalpur district. However, there is no appreciatly effect is on the consumers indulging in theft of energy due to non-availability of adequate police personnel in the energy police station. Further, although it has been decided by the Govt. to open energy police station in each district, it is yet to be materialized.

Further, due to no change in RST for last 8 years and continuous increase in BST as well as salary and wages, so far WESCO is concerned; no surplus is left for investment in system improvement. During FY 2008-09 Hon'ble Commission has allowed WESCO for an amount of Rs.25.66 crores. Accordingly a lot of S.I. works like up-gradation of Transformers, putting new transformers to new load center, up-rating of conductors, putting new lines etc which will help us in reduction of technical loss. Further, we have availed a loan of Rs.11.92 crores from REC towards S.I. Works. Another loan to the tune of Rs.42 crores from REC is also in the pipe line for S.I. Works. After investment in infrastructure development we expect a substantial reduction in the T&D loss. Pre-closure of APDRP schemes, inadequate funding of central assistance through State Govt. had considerable effect for which WESCO is not able to reduce distribution loss specifically in LT consumers. The massive rural electrification under PMGY & MNP has added a lot of line & transformer as has added to the distribution loss.

### **3. TARIFF OF EHT CATEGORY :**

The objector has suggested tariff for EHT category off Consumers, which are not supported with any calculation. The objector is asking power at the rate of generation cost. It is impressed upon the consumer that no subsidy is being received from any source. The domestic, Lift irrigation, BPL consumers are being cross

subsidized by the EHT & HT consumers. Accordingly the suggestion should not be accepted. However the objector if so desire may go for an open access by paying cross subsidy surcharge, wheeling charges and other open access charges to the licensee

**4. SPECIAL TARIFF FOR EHT LARGE INDUSTRY ABOVE 40 MVA :**

At present OERC has allowed special tariff @ Rs2 per unit for the consumers having CD of more than 100 MVA. However if the same will be allowed for the consumers having CD of 40 MVA then the licensee will have heavy loss as EHT consumers are cross subsidizing the Domestic consumers of the state. Keeping the growth of the state's economy and other employment opportunities poor domestic consumers are sacrificing their normal peaceful life by inviting industrialization in the state. So by exploiting the domestic category of consumers where cost of supply is very much high , the suggestion may not be accepted.

**5. TARIFF FOR COLONY CONSUMPTION :**

At present industries are availing 10% of their consumption towards colony consumption is an incentive by the Hon'ble Commission. Beyond 10% consumption, they are to pay at industrial rate, which is still, less than the prevailing rate of domestic category consumers. Suggestion of objector to adjust the colony consumption from 1<sup>st</sup> 50% slab will again increase the loss of the licensee. Apart from the above as per regulation 80 i.e 'classification of consumer' in the OERC Distribution (Condition of Supply) Code, 2004, the domestic category does not include residential colonies attached to industrial establishment where power supply is drawn through the meter of the industrial establishment. Hence proposal of the objector may not be accepted.

**6. REBATE ON EARLY PAYMENT :**

The present rebate of 1% of the monthly bill if "full payment made within 72 hrs of presentation of bills" is an adequate incentive.

As far as liquidity is concerned licensee's liquidity position will not improve to the extent of BST and Transmission charges even 100% payment will be made by all the EHT and HT consumers immediately, as the licensee pays the BST bill and transmission charges to GRIDCO and OPTCL within 48 hours through L.C. mechanism and the bills are submitted to the licensee by GRIDCO and OPTCL with a copy to the bank.

**7. LOAD FACTOR :**

The licensee is following the prevailing tariff order for calculation of load factor. Hence suggestion of objector is not acceptable.

**For and on behalf of Western Electricity  
Supply Company of Orissa Limited**

Burla  
21.01.2009

**Dy. General Manager  
(Commercial)**

**C.C. :** Shri Suryakanta Pati,  
Sr. Manager (Electrical)/C,  
M/s OCL India Ltd.,  
PO/PS:Rajgangpur-770 017.  
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Limited (WESCO)

And

**In the matter of:** Shri Govind Narayan Agrawal,  
Convenor cum General Secretary  
Sambalpur Dist. Consumers Federation  
Balaji Mandir Bhawan, Khetrajpur, Sambalpur

Rejoinder to objections received by the Secretary, Orissa Electricity Regulatory Commission against the Retail supply Tariff Application by WESCO for the year 2009-10

**1. WHETHER THE LICENSEE IS DOING THE RIGHT THING REGARDING PERFECT METERING, PREVENTION OF ENERGY BY SWITCHING OFF THE STREET LIGHT POINTS IN TIME ETC :**

Adequate steps have been taken for 100% consumer metering. Separate staffs are being engaged for switch on and off of the street light points. Whenever lacuna in part of the employee is noticed, necessary disciplinary action is being taken.

**2. LIABILITY FOR FUTURE GENERATION :**

WESCO is not creating any forced liability for future generation. We are always trying not to make any liability for future generation for which the consumers have also to become sincere in their payment. They should be aware of their responsibility towards use of electricity. It is felt that both the licensee as well as the consumer has a role to play for avoiding liability for future generation.

**3. RESPONSIBILITY FOR POLLUTED ATMOSPHERE AND IMBALANCE TEMPERATURE :**

No way the licensee is concerned towards creation of polluted atmosphere and imbalance temperature.

**4. CONTRIBUTING TOWARDS RISE OF IGNORANT HABIT OF THE CONSUMERS :**

WESCO is the distribution licensee and engaged in the distribution of electricity in the Western part of Orissa. WESCO serving the bill to the consumer in time and collects money for the same. How WESCO is contributing towards rise of ignorant habit of the consumer. It is expected that once the consumer will start paying for what he is using, the ignorant habit will automatically go away. WESCO has published a book called "GRAHAK SATHI" for consumer awareness.

**5. GROWTH OF DISHONESTY :**

Any employee who is involved with dishonesty activity, necessary disciplinary action is being taken when noticed. If any public and consumer found that employees indulge in illegal and dishonesty activity, the matter shall be brought to the notice of the distribution licensee for making exemplary punishment to the employee. Electricity Act 2003 (Sec 150) also provides for it.

**6. DISTRIBUTION LOSS :**

WESCO is taking various steps for reduction of distribution loss such as installation of Audit Metering for industrial consumers, cubicle metering, Energy Audit, Feeder Metering, System Improvement Work, regularisation of unauthorized consumers through consumer camps, vigilance checking, introduction of monthly spot billing in urban areas, putting parallel meters, giving HT supply through metering cubicles and XLPE cables for HT consumers. We have also started putting round the clock guards (Ex-military personal) at strategic location and taking the meter readings at very frequent interval for minimizing the theft of energy. Financial loss is assessed on the consumers found indulging in theft of energy and additional bill is raised accordingly as per I.E. Act-2003. Moreover in LT category, process is always on to replace the defective meters, years old electromechanical meters & consumers without meter. We have also started checking the meters of the consumers through our own MRT / Vigilance teams where consumption is found to be abnormally low.

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Further, due to no change in RST for last 8 years and continuous increase in BST as well as salary and wages, so far WESCO is concerned; no surplus is left for investment in system improvement. During FY 2008-09 Hon'ble Commission has allowed WESCO for an amount of Rs.25.66 crores. Accordingly a lot of S.I. works like up-gradation of Transformers, putting new transformers to new load center, up-rating of conductors, putting new lines etc which will help us in reduction of technical loss. Further, we have availed a loan of Rs.11.92 crores from REC towards S.I. Works. Another loan to the tune of Rs.42 crores from REC is also in the pipe line for S.I. Works. After investment in infrastructure development we expect a substantial reduction in the T&D loss. Pre-closure of APDRP schemes, inadequate funding of central assistance through State Govt. had considerable effect for which WESCO is not able to reduce distribution loss specifically in LT consumers. The massive rural electrification under PMGY & MNP has added a lot of line & transformer as has added to the distribution loss.

**7. METERING :**

The necessary information regarding metering has been provided in the OERC form P-13.

**8. STRATEGY FOR GIVING NEW 3 PHASE, HT & EHT CONNECTION :**

Power supply is given to the consumer in compliance with OERC Regulation (Conditions of Supply), 2004.

**9. PERFORMANCE OF THE LICENSEE :**

Hon'ble Commission is carrying out quarterly performance review of the licensee regularly and the directions issued are being followed accordingly.

**10. FINANCIAL YEAR :**

WESCO is conducting audit and preparing its annual accounts from April to March as per regulation and submitting the same to OERC.

**11. EHT ZONE IS NO LOSS ZONE :**

EHT loss is being considered as "Zero" for all the purposes although there is some difference due to accuracy of meters since GRIDCO raise bill to WESCO for their meter and WESCO bills to the consumer for its meter.

**12. WESCO IS LOSING RS.250 CRS PER YEAR AND MORE :**

It is not known how the objector has arrived at Rs.250 crores and more loss when the Balance sheet is also available in the website. Accordingly the objectors view is not acceptable.

**13. SECURITY DEPOSIT IN TERMS OF GOVT. CERTIFICATES :**

There is no such certificate are being handed over to WESCO during privatization. Consumers those who were given the certificate they should come forward with the proof.

**14. LT AVERAGE RATE :**

The LT average rate for 2006-07 and 2007-08 is Rs.1.78 and Rs.1.83 respectively and Rs.1.86 for 1<sup>st</sup> six month of the current year. The same has been provided in our ARR filing in T-6 and T-6 (Current) OERC format. The figures shown by the objector are arbitrary.

**15. COMPARISON OF CALCULATION OF SYSTEM LOSS AND OTHER FIGURES :**

The objectors has calculated the system loss, AT & C loss and other figures and compared with the figures calculated by Hon'ble Commission in performance review report and finds mismatch. The calculations as done by the objector are without any supporting documents and hence should not be accepted.

**For and on behalf of Western Electricity  
Supply Company of Orissa Limited**

Burla  
21.01.2009

**Dy General Manager  
(Commercial)**

**C.C :** Shri Govind Narayan Agrawal,  
Convenor cum General Secretary  
Sambalpur Dist. Consumers Federation  
Balaji Mandir Bhawan, Khetrajpur, Sambalpur

Note- **This is also available at the licensee's website-[www.wescoorissa.com](http://www.wescoorissa.com)**

**BEFORE THE ORISSA ELECTRICITY REGULATORY COMMISSION  
KALYANI MARKET COMPLEX, BHUBANESWAR.**

**Case No. 68 of 2008**

**In the matter of :** Western Electricity Supply Company of Orissa  
Limited (WESCO)

And

**In the matter of :** The Secretary  
Orissa Electrical Consumers Association (OECA),  
Sibasakti Medicine Complex  
Bajrakabati Road, Cuttack-753001.

Rejoinder to objections received by the Secretary, Orissa Electricity Regulatory Commission against the Retail supply Tariff Application by WESCO for the year 2009-10.

**1. INFRASTRUCTURE :**

It is not true that the licensee is not improving the infrastructure like replacement of damaged poles, transformers & wires etc as objected by the licensee. WESCO has availed System Improvement Loan from Rural Electrification Corporation (REC) apart from counter part funding against APDRP Scheme for strengthening the Net Work System. Prior to that in the IBRD scheme more than Rs.140 crores has been expended for strengthening the system. Further, in the tariff order dated 20.03.2008 Hon'ble Commission has categorically directed all the Distribution Companies to procure more than 2000 transformers, fencing of all the substations, up-gradation of LT lines etc, for which separate escrow arrangement was approved.

**2. T& D LOSS :**

WESCO is taking various steps for reduction of distribution loss such as installation of Audit Metering for industrial consumers, cubicle metering, Energy Audit, Feeder Metering, System Improvement Work, regularisation of unauthorized consumers through consumer camps, vigilance checking, introduction of monthly spot billing in urban areas, putting parallel meters, giving HT supply through metering cubicles and XLPE cables for HT consumers. We have also started putting round the clock guards (Ex-military personal) at strategic location and taking the meter readings at very frequent interval for minimizing the theft of energy. Financial loss is assessed on the consumers found indulging in theft of energy and additional bill is raised accordingly as per I.E. Act-2003. Moreover in LT category, process is always on to replace the defective meters, years old electromechanical meters &

consumers without meter. We have also started checking the meters of the consumers through our own MRT / Vigilance teams where consumption is found to be abnormally low.

WESCO has started analysing the consumption pattern of high value consumers almost on daily basis for reduction of losses. Where ever uprating of network is necessary high rating conductor size is laid to reduce losses. Although in Domestic category more and more consumers have been brought to the billing fold it is not possible to eliminate tampering and by-passing of meters in totality due to the vast geographical area and large number of consumers. In practice it is noticed that loss reduction can only be a gradual process, which cannot be achieved to a high degree within a year. Operating at targeted figures of distribution loss is not feasible due to other related factors including lack of Administrative support. Input based franchisee have also been engaged in rural areas with monthly billing system who have been entrusted for meter readings, bill distribution and revenue collection. The energy police station has started functioning at Burla for Sambalpur district. However, there is no appreciatly effect is on the consumers indulging in theft of energy due to non-availability of adequate police personnel in the energy police station. Further, although it has been decided by the Govt. to open energy police station in each district, it is yet to be materialized.

Further, due to no change in RST for last 8 years and continuous increase in BST as well as salary and wages, so far WESCO is concerned; no surplus is left for investment in system improvement. During FY 2008-09 Hon'ble Commission has allowed WESCO for an amount of Rs.25.66 crores. Accordingly a lot of S.I. works like up-gradation of Transformers, putting new transformers to new load center, up-rating of conductors, putting new lines etc which will help us in reduction of technical loss. Further, we have availed a loan of Rs.11.92 crores from REC towards S.I. Works. Another loan to the tune of Rs.42 crores from REC is also in the pipe line for S.I. Works. After investment in infrastructure development we expect a substantial reduction in the T&D loss. Pre-closure of APDRP schemes, inadequate funding of central assistance through State Govt. had considerable effect for which WESCO is not able to reduce distribution loss specifically in LT consumers. The massive rural electrification under PMGY & MNP has added a lot of line & transformer as has added to the distribution loss.

### **3. AUDIT OF ACCOUNTS :**

The annual accounts for FY 2007-08 of the Company have already been finalised and duly certified by the statutory auditor. The same also has been made available in the Company website [www.wescorissa.com](http://www.wescorissa.com) for public access. We have also submitted the annual audited accounts with Hon'ble Commission. Hence the

objection of the objector that annual accounts for the year 2006-07 and 2007-08 has not been audited till date is not correct.

**4. CONSUMER EDUCATION/ RIGHT TO INFORMATION :**

As compared to the consumer awareness programme during 1999-00, the present awareness programme has already improved to a many fold. Hon'ble Commission is regularly publishing the right of the consumer in the Oriya and English dailies. The licensee also puts banner in all the sectional offices where right of the consumer is depicted. We have also published a booklet called "GRAHAK SATHI" where all rules, consumers right, contact nos of field engineers are provided. The booklet has also distributed to all the sectional heads for onward distribution to the valued customers. All the information about the company along with monthly billing, collection data are also uploaded in the companies website for perusal of the consumer. Hence lack of consumer awareness and Right to information as objected by the objector is not true.

**5. GRF AND OMBUDSMAN :**

When president of GRF and the Ombudsman is carrying out hearing of the case, they used to intimate in writing to both the parties. When it has been intimated to the licensee, the licensee is duty bound to attend the same. It may so happen with prior intimation to the forum the officer of the licensee might have sought for time extension. One of the executive of the licensee is to attend the GRF for proper redressal. Hence the objector's view that the opposite party (licensee) is not attending the hearing in time is not correct.

**6. ACCOUNTABILITY OF STAFF :**

There is adequate punishment in the employee's service condition in case of negligence in duties. Where ever our staffs are indulging dishonest activity and the same has been brought to the notice of the management, we have taken disciplinary action against the employee.

WESCO has clearly described the facts and figures for the purpose of filing the Revenue requirement as per the Act and Regulation in the Executive summary before the Hon'ble O.E.R.C. All the documents which are vital for tariff proceedings are also made available to the Hon'ble Commission.

For and on behalf of Western Electricity  
Supply Company of Orissa Limited

**C.C :**

The Secretary  
Orissa Electrical Consumers Association (OECA),  
Sibasakti Medicine Complex  
Bajrakabati Road, Cuttack-753001.

**Note-** This is also available at the licensee's website-[www.wescoorissa.com](http://www.wescoorissa.com)

**BEFORE THE ORISSA ELECTRICITY REGULATORY COMMISSION  
KALYANI MARKET COMPLEX, BHUBANESWAR.**

**Case No.68 of 2008**

**In the matter of :** Western Electricity Supply Company of Orissa  
Limited (WESCO)

And

**In the matter of :** Shri D.Bhattacharyya,  
Chief Electrical Distribution Engineer,  
S.E. Railway, Garden Reach,  
Kolkatta- 700043

Rejoinder to objections received by the Secretary, Orissa Electricity Regulatory Commission against the Retail supply Tariff Application by WESCO for the year 2009-10.

**1. HIGHER DEMAND AND ENERGY CHARGE :**

As per the tariff, WESCO pays to OPTCL & GRIDCO towards cost of power in the following ways:

- i) Transmission Charges
- ii) Energy Charges (Composite of energy charges & Demand charges)

WESCO is paying an energy charge which is inclusive of demand charges with a restriction of overall approved demand of 874 MVA and the demand charges of Rs 200/- per KVA per month to GRIDCO for the current year 2008-09. With the approved quantum of Demand the yearly demand charges is coming around Rs.230 crores at the same time the licensee will recover Rs.189 crores from consumers as Demand Charges and Monthly Minimum Fixed Charges (MMFC) for the current year. With the proposed demand charge of Rs.250/- per kVA per month the licensee will earn Rs.238 crores from the consumers as Demand charges and MMFC however during the same period will pay Rs.300 crores to GRIDCO towards demand charges. Still there is a shortfall of Rs.62 crores. Hence the demand charge as proposed by the objector is not acceptable.

The tariff design in the state of Orissa has traditionally been based on the perceived paying capacity of the consumers. The other social considerations have given rise to cross-subsidy. The reduction and elimination of the cross subsidy is a gradual process. The present BST is 157.25 paise per unit and the transmission charges is 21 paise per unit. The objector has requested for an energy charge of Rs.1.47 paise per unit which is lesser than the BST and not acceptable.

**2. PENALTY ON OVERDRAWAL :**

The existing provisions regarding overdrawal penalty for maximum demand is required to be maintained to guard against the understatement of contract demand by consumers. Overdrawal attracts additional burden for system stability and reliability thereby affecting all other consumers apart from disturbing power procurement planning. Thus overdrawal charge is essential to discourage consumers from overdrawal especially when the ABT system is in vogue. Provision has already been made by OERC for consideration of over drawal up to the extent of 120% during off peak hours for a better demand side management and to make a flat load curve.

In the present BST tariff, in case WESCO exceeds its overall approved demand in excess of 10%, then in that case there is an over drawl penalty of Rs. 200/- per KVA. In the current FY 2008-09 wesco has already paid a penalty of Rs.3.38 crores towards over drawal penalty.

**3. AVAILING TRACTION POWER SUPPLY FROM M/S GRIDCO INSTEAD OF DISTCOs :**

M/s GRIDCO purchases power from different generating stations and sells to distribution companies through M/s OPTCL who has got transmission licensee. M/s WESCO is purchaser of bulk power from M/s GRIDCO and sells power in its area of licensee. The energy billed to HT / EHT Consumers is from the energy meter installed by WESCO & not from M/s GRIDCO meters.

However as the open access is already in vogue, a consumer has got option to purchase power from other agencies in accordance with the regulation framed by the regulatory commission.

**4. ADOPTION OF SINGLE PART TARIFF :**

The statement given by SE Railway that Distcos are procuring bulk power supply from GRIDCO on single-part tariff is not true. As explained in the 1<sup>st</sup> paragraph WESCO is paying GRIDCO the composite of Demand and Energy Charges.

**5. ADOPTION OF SIMULTANEOUS MAXIMUM DEMAND :**

Railways have got seven traction points situated at various locations and has got individual identity as consumers. Different consumers at difference locations cannot be integrated as one consumers for billing purposes. Hence the proposal is not acceptable.

**6. PAYMENT OF SECURITY DEPOSIT :**

When a consumer enters into an agreement with the distribution company, they are required to pay the security deposit as per the guidelines framed by the regulatory Commission. Subsequently every year the amount of security deposit is revised as per the consumption and excess/less amount beyond 10% is refunded / claimed. Interest on Security Deposit is also paid to the consumer as per the instruction issued by the Commission.

All the state and Central Govt. organizations are paying security deposits as per the guidelines of OERC. Accordingly Railway should not be exempted from payment of security deposit.

**7. REDUCTION OF POWER FACTOR LIMIT :**

The normal power factor as adopted by Hon'ble Regulatory Commission is 0.9. Further relaxation in the power factor will discourage the consumer for reaching higher power factor and also have effect on the demand and effective energy. Accordingly, P.F. below 90% should attract penalty.

**8. INCENTIVE ON IMPROVED POWER FACTOR :**

To maintain good power factor of the system, an industrial consumer should have almost unity power factor and in no case it should be below 90%. In order to achieve unity power factor, the commission has provided incentive for improvement of power factor above 95% upto 100%. The incentive for improvement of power factor was started from 97% up to 100% in the past. It may be mentioned here that revenue forgone on account of power factor incentive during FY 2007-08 and 1<sup>st</sup> six month of FY 2008-09 is Rs.8.98 crores and Rs.5.13 crores respectively. This is due to reduction of availment of PF incentive limit from 97% to 95%. At the same time the licensee is getting Rs.5.10 crores and Rs.3.25 crores respectively for the same period from power factor penalty.

Further relaxation in the power factor for incentive will not only discourage the consumers for reaching higher power factor but also will affect demand and energy consumption.

Since availing power at very high power factor is giving an incentive to the consumer in terms of less demand for the same effective energy and also incentive as high load factor, the power factor incentive should be 97% instead of prevailing 95%. Accordingly, power factor incentive above 90% as proposed by the objector instead of 97% (previous tariff) should not be allowed by the commission.

**9. GRANT RELIEF TO RAILWAYS FOR POWER SUPPLY INTERRUPTION AS WELL AS POOR QUALITY OF SUPPLY :**

Since Railway is availing power supply at 132 KV from the existing system of network of OPTCL, trippings cannot be totally eliminated. However, the frequency of interruption on 132 KV is very low. An alternate arrangement is immediately made for railway traction from another place during which slight low voltage may be experienced. However, this is temporary in nature. As such objection by the petitioner is not justified & needs to be rejected.

**For and on behalf of Western Electricity  
Supply Company of Orissa Limited**

Burla  
21.01.2009

**Dy. General Manager  
(Commercial)**

**C.C.-** Shri D.Bhattacharyya,  
Chief Electrical Distribution Engineer,  
SE Railway, Garden Reach,  
Kolkatta- 700043

Note- This is also available at the licensee's website-[www.wescoorissa.com](http://www.wescoorissa.com)

**BEFORE THE ORISSA ELECTRICITY REGULATORY COMMISSION  
BIDYUT NIYAMAK BHAWAN, UNIT-VIII, BHUBANESWAR.**

**Case No. 68 of 2008**

**In the matter of :** Western Electricity Supply Company of Orissa  
Limited (WESCO)

And

**In the matter of :** Shri Kisurilal Sharma  
Director  
M/s. Shreeram Sponge & Steels Pvt. Ltd.  
Rajgangpur.

Rejoinder to objections received by the Secretary, Orissa Electricity Regulatory Commission against the Retail supply Tariff Application by WESCO for the year 2009-2010.

**1. COMPARISION OF TARIFF OF ORISSA WITH OTHER STATES :**

The tariff rates are determined by OERC keeping in view of recovery of energy charges from consumers against the revenue requirement of the Distribution Licensee. In Orissa, there is no subsidy to the distribution companies from the Govt. of Orissa which is not so in other states. The cost of power purchased for Discoms by GRIDCO from different sources is different. Higher power purchase cost is normally attributed to higher consumption of industries. Again the availability of power and the quantum of power purchase differs from state to state depending on their provincial conditions. Also, it has been observed that the retail supply tariff of Orissa State is cheaper in comparision to most of the other States in the country.

In continuation to the above, since the RST in Orissa is cheaper than most of the other States in the country, it is favourable for industrialisation in the State.

**2. POWER PROCUREMENT FROM HYDRO & THERMAL**

WESCO is purchasing power in bulk from GRIDCO who in turn purchase power from different generators which may be Hydro, Thermal or any other sources. Tariff rate both for Bulk supply as well as retail supply tariff (RST) is determined by OERC taking into consideration of all aspects i.e. purchase of power from different available sources & sale of power to all categories of consumers. In this context, the licensee has no role to determine the RST rate. Hence, the proposal of the objector regarding availability of power at cheaper rate under the jurisdiction of WESCO is not applicable on the part of WESCO as entire Orissa is considered as one unit. It may be intimated that in absence of adequate rain in the past years, OHPC also not able to generate the designed energy. To meet the need, GRIDCO is purchasing power from

thermal at a higher rate. The need of the state as regulation of power is strictly prohibited by OERC.

**3. SPECIAL TARIFF FOR FURNACE, SPONGE IRON & RE-ROLLING MILLS :**

OERC has categorized the consumers in various categories based on the usage of power and also fixed different rates of tariff for each category. It is out of place to mention here that, WESCO is not availing any special tariff with regard to energy consumption by the above said industries. If Hon'ble Commission will allow special tariff to those industries ignoring the BST price of the licensee, it will put financial impact on the other category of consumers. Therefore the proposal of the objector is to be rejected.

**4. MONOPOLY OF WESCO IN FIXATION OF RETAIL SUPPLY TARIFF :**

The question of monopoly in fixation of RST in the part of WESCO doesnot arise because M/s GRIDCO purchases power from different generating stations and sell it to distribution licensees (DISCOMs) through M/s OPTCL network, the transmission licensee of the state of Orissa. M/s WESCO is purchasing power from M/s. GRIDCO in bulk quantity and selling under its jurisdiction to different category of consumers. The RST is determined by the Hon'ble Commission. For the last eight years, there has been no rise in RST although there has been hike in BST rate and expenditure on salary & wages, O & M exp., repair on transformer has gone up abnormally. Financially if it is calculated in the last 8 years, BST rate has gone up from 99.20 paise per unit to Rs. 157.25 paise per unit, there is no increase in RST tariff (taking into account of the devaluation of money).

**5. PERFORMENACE BASE TARIFF IN FIXATION OF RST :**

Hon'ble OERC fixed the RST considering different factors e.g. quantum of purchase of different DISTCO's, quantum of sale to different category of consumers, T & D loss etc. ARR of the licensee is being determined considering all the costs like power purchase cost, employee cost, A & G cost, repair & maintenance cost etc where power purchase is the major components. Recovery of cost is being done through sale of power to different category of consumers. WESCO is the licensee for the western part of Orissa who is paying BST @ 157.25 paise per unit in comparision to 70 paise per unit of SOUTHCO, 101 paise per unit of CESU & 125 paise per unit of NESCO. Differentiation in RST may improve competition among DISCOM's, however at the same time socio economic factor cannot be ignored.

Different RST in different DISCOMs will lead to discrimination & chaos. The competition among the DISCOMs may be regarding performance by reducing BST.

**6. QUALITY OF SUPPLY :**

For providing better quality of supply for the FY 09-10, WESCO has taken up a lot of system improvement work after Hon'ble Commission has allowed escrow relaxation for O & M works & S.I. works. Now we are going for uprating of conductors, putting new transformers, installation of breakers which will help in providing quality supply.

**7. DISTRIBUTION LOSS :**

WESCO is taking various steps for reduction of distribution loss such as installation of Audit Metering for industrial consumers, cubicle metering, Energy Audit, Feeder Metering, System Improvement Work, regularisation of unauthorized consumers through consumer camps, vigilance checking, introduction of monthly spot billing in urban areas, putting parallel meters, giving HT supply through metering cubicles and XLPE cables for HT consumers. We have also started putting round the clock guards (Ex-military personal) at strategic location and taking the meter readings at very frequent interval for minimizing the theft of energy. Financial loss is assessed on the consumers found indulging in theft of energy and additional bill is raised accordingly as per I.E. Act-2003. Moreover in LT category, process is always on to replace the defective meters, years old electromechanical meters & consumers without meter. Recently, 1.2 lakhs static meter with latest technology is under the process of procurement. We have also started checking the meters of the consumers through our own MRT / Vigilance teams where consumption is found to be abnormally low.

WESCO has started analysing the consumption pattern of high value consumers almost on daily basis for reduction of losses. Where ever uprating of network is necessary high rating conductor size is laid to reduce losses. Although in Domestic category more and more consumers have been brought to the billing fold it is not possible to eliminate tampering and by-passing of meters in totality due to the vast geographical area and large number of consumers. In practice it is noticed that loss reduction can only be a gradual process, which cannot be achieved to a high degree within a year. Operating at targeted figures of distribution loss is not feasible due to other related factors including lack of Administrative support. Input based franchisee have also been engaged in rural areas with monthly billing system who have been entrusted for meter readings, bill distribution and revenue collection. The energy police station has started functioning at Burla for Sambalpur district. However, there is no appreciatly effect is on the consumers indulging in theft of energy due to non-availability of adequate police personnel in the energy police station. Further, although it has been decided by the Govt. to open energy police station in each district, it is yet to be materialized.

Further, due to no change in RST for last 8 years and continuous increase in BST as well as salary and wages, so far WESCO is concerned; no surplus is left for investment in system improvement. During FY 2008-09 Hon'ble Commission has allowed WESCO for an amount of Rs.25.66 crores. Accordingly a lot of S.I. works like up-gradation of Transformers, putting new transformers to new load center, up-rating of conductors, putting new lines etc which will help us in reduction of technical loss. Further, we have availed a loan of Rs.11.92 crores from REC towards S.I. Works. Another loan to the tune of Rs.42 crores from REC is also in the pipe line for S.I. Works. After investment in infrastructure development we expect a substantial reduction in the T&D loss. Pre-closure of APDRP schemes, inadequate funding of central assistance through State Govt. had considerable effect for which WESCO is not able to reduce distribution loss specifically in LT consumers. The massive rural electrification under PMGY & MNP has added a lot of line & transformer as has added to the distribution loss.

#### **8. ENERGY POLICE STATIONS :**

Presently, there is one energy police station functioning at Burla for Sambalpur District.

In addition to that, as per Notification no. 47514, dated 23.10.08 of Home dept., Govt. of Orissa another 29 nos. of Energy Police Station all over Orissa are to be formed all over Orissa, out of which 9 nos. of energy police stations will be established under WESCO jurisdiction. They are as follows,

<b>Sl. No.</b>	<b>Name of the Police Station</b>	<b>Headquarter of the Special Police Station</b>	<b>Territorial Jurisdiction</b>
1	Special Police Station (Energy) Bargarh	Bargarh	Bargarh Revenue District
2	Special Police Station (Energy) Jharsuguda	Jharsuguda	Jharsuguda Revenue District
3	Special Police Station (Energy) Bolangir	Bolangir	Bolangir Revenue District
4	Special Police Station (Energy) Sonapur	Sonapur	Sonapur Revenue District
5	Special Police Station (Energy) Deogarh	Deogarh	Deogarh Revenue District
6	Special Police Station (Energy) Bargarh	Kalahandi	Kalahandi Revenue District
7	Special Police	Nuapada	Nuapada Revenue

	Station (Energy) Bargarh		District
8	Special Police Station (Energy) Kalahandi	Sundergarh	Sundergarh Revenue District (Except Rourkela Sub-division)
9	Special Police Station (Energy) Rourkela	Rourkela	Revenue Sub- division, Rourkela

The Superintendent of Police, Jharsuguda & Bolangir has already asked WESCO for providing office for establishment of energy police station.

As regard to expenditure towards the energy police station, at present, WESCO is reimbursing the expenditure towards the energy police station to Home Department, Govt. of Orissa.

After implementation of the said energy police stations, WESCO's anti-theft measures will be strengthened.

**9. SPECIAL COURT FOR ENERGY DISPUTE :**

Presently, Govt. of Orissa has empowered Additional District & Sessions Judge, Sambalpur as special Court for Sambalpur Revenue District for this purpose.

**10. BAD DEBT:**

WESCO has taken steps to collect the dues from its consumers. For defaulting consumers, power supply has been disconnected after serving disconnection notice. Also WESCO is organizing consumer / collection camp in different areas to collect the dues and solve the dispute of the consumer if any at the earliest. Hence, the contention of the objector that, unrealized amount are increasing and it affecting the genuine consumers is not true.

In the regulatory regime, Hon'ble Commission had declared & directed to all DISCOM's to carry out the receivable audit of the outstanding amount as on 31 Mar 2005 through outside agencies. Accordingly, they have recommended 19 Chartered Accountant firms to conduct the same. All the Chartered Accountant firms have already submitted their report to the Hon'ble Commission with a copy to the licensee. As per their report, the non-receivable amount as on 31.03.2005 is to the tune of Rs. 453 crore. However, Hon'ble Commission has approved only Rs. 89 Crore from 01.04.1999 to 31.03.2005 in the ARR. The difference of Rs. 365 crore is yet to be factored in the truing up exercise.

**11. ENHANCEMENT OF DEMAND CHARGES :**

Proposal of enhancement of demand charges is justified as BST of the licensee is being determined through composite of demand as well as energy charges. When demand charges is being levied which is fixed in nature, that should be recovered from the consumers.

**12. SERVICE CHARGES FOR DOOR COLLECTION :**

The licensee has proposed the most innovative model which will improve the collection efficiency as well as better service to the consumers as they will not travel from their home to licensee's cash collection centre. This has been proposed for the better convenience and satisfaction of the consumer.

**13. LOAD FACTOR INCENTIVE :**

The Hon'ble Commission has already allowed load factor incentive beyond 50%. The amount lost due to the above is being passed on to the Consumers while fixing the tariff. In case of EHT consumers, consumption above 50% L.F. is Rs. 2.02 as against the purchase cost of Rs. 1.80 paise. As such any further incentive on load factor will have an adverse effect on the Consumers. Hence, it is requested before the Hon'ble Commission not to allow the proposal of the objector.

**14. LOAD FACTOR BASED ON "POWER ON HOUR" :**

Load factor of an industry is calculated as per the guidelines of OERC distribution (Conditions Of Supply) Code 2004.

Power supply interruption may be due to many reasons, some of which are beyond the control of the licensee. It will be unjustified to allow load factor incentive to consumers only for power on hours because the licensee will have to provide incentive even though power failure is attributed by the consumer or might be beyond its control & it will be impractical to segregate power interruptions caused due to various reasons.

**15. POWER FACTOR INCENTIVE :**

To maintain good power factor of the system, an industrial consumer should have almost unity power factor and in no case it should be below 90%. In order to achieve unity power factor, the commission has provided incentive for improvement of power factor above 95% upto 100%. The incentive for improvement of power factor was started from 97% upto 100% in the past. It may be mentioned here that revenue forgone on account of power factor incentive during FY 2007-08 and 1<sup>st</sup> six month of FY 2008-09 is Rs. 8.98 crores and Rs. 5.13 Crores respectively. This is due to reduction of availment of PF incentive limit from 97% to 95%. At the same time,

the licensee is getting Rs. 5.10 crores and Rs. 3.25 Crores respectively for the same period from power factor penalty.

Further relaxation in the power factor for incentive will not only discourage the consumers for reaching higher power factor but also will affect demand and energy consumption.

Since availing power at very high power factor in giving an incentive to the consumer in terms of less demand for the same effective energy and also incentive as high load factor, the power factor incentive should be 97% in stead of prevailing 95%. Accordingly, power factor incentive above 90% as proposed by the objector instead of 97% (previous tariff) should not be allowed by the Commission.

#### **16. SECURITY DEPOSIT**

Bank guarantee against security deposit should not be allowed to the consumers as it will be very difficult to monitor the expiry date of the Bank Guarantee and its renewal. Earlier, there is no interest provision on the security deposit. Subsequently, Hon'ble Commission has allowed interest bearing @ 6% p.a. towards Security Deposit to the respective consumers. Increase in interest rate will impose extra financial burden to WESCO. Hence, it is requested before the Hon'ble Commission for not considering the proposal of the objector.

Regarding installation of pre-paid meter, WESCO is trying to put pre-paid meter in 3-ph & Govt. consumers in the 1<sup>st</sup> phase. Since the cost involvement is very high, pre-paid meters can be replaced in phases for different category of consumers.

Security deposit amount from a consumer is collected to cover at least two months energy bill, which will be adjusted in case of default of non-payment of the bill by the consumer. Hence there is no relation between Security Deposit and Share Capital. Thus, the ratio calculated for comparison is not relevant in this context. Apart from this on privatization, the amount of security deposit was around Rs.48 crores, which was on paper only. No physical cash has been transferred. Presently the licensee is paying @ 6% p.a. interest on the security deposit amount as per the Electricity Act 2003. As already explained security deposit amount is only caution money against some future default by the consumer. The interest on security deposit at higher rate than the prescribed limit of @ 6% p.a. asked by the objector is not within the purview of WESCO. Moreover interest payable will be based on the current market situation to be decided by the Hon'ble Commission.

#### **17. DEMAND FOR CD FOR C.P.P. :**

The Hon'ble Commission has made a provision for CPP emergency power for start-up purpose and in the event of failure of the captive plant, they are to draw survival power. The energy drawn is to be paid only by flat unit rate. Often, it is seen that even if there is no failure of captive plant, in case the generation becomes less,

the industry having captive power drawing energy from the system to make good of their deficit which may not be a survival power. In the region of WESCO, since there are many captive power plants and in case of grid failure all the CGP trip and everybody draws emergency power at a time, then the SMD of WESCO may increase. Since there is a ceiling of SMD by the Hon'ble Commission & penalty is levied by GRIDCO for excess drawal of demand, the demand charges as per actual (recorded) should be borne by the consumer which is quite reasonable & justified. Therefore, the objection raised by the objector may not be considered by the Hon'ble Commission.

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The present rebate of 1% of the monthly bill if "full payment made within 72 hrs of presentation of bills" is an adequate incentive.

However, the licensee pays the bill for the energy purchase for all its consumers as a whole to GRIDCO within 48 hours through an LC mechanism and the bills are submitted to the licensee by GRIDCO / OPTCL with a copy to the bank.

**19. PERIOD OF AGREEMENT TO BE REDUCED TO 1 YEAR**

While making projection on load forecasting and estimate for investment plans, it is considered that an existing load continues for at least five years. If the period of agreement is reduced, there will be frequent change of load pattern of industrial consumers. As a result of the same, a situation of chaos will arise. Also infrastructure created may be left underutilized. Keeping all these points in view, the proposal should not be considered.

**20.** The annual account of the licensee for the period upto FY 2007-08 has already been finalized and duly certified by the statutory auditors. Soft copy of the annual accounts are also made available in the website of the licensee ([www.wescoorissa.com](http://www.wescoorissa.com)). From the balance sheet, it is revealed that WESCO has incurred cumulative loss of Rs. 467.33 crore till 2007-08. Hence, the contention of the objector that WESCO is making huge profit is not true.

**21.** WESCO has proposed for hike in demand charges in case of consumers having CD is 70 KVA and above but below 110 KVA. The wide difference in demand charges between HT and high valued MI consumers is tempting to the MI consumers for pilferage of electricity and suppressing the demand even if there connected load is more than 110 KVA.

**For and on behalf of Western Electricity  
Supply Company of Orissa Limited**

Burla  
Dated 21.01.2009

**Dy. General Manager  
(Commercial)**

**Copy to :** Shri Kisurilal Sharma  
Director  
M/s. Shreeram Sponge & Steels Pvt. Ltd.  
Rajgangpur.

**Note-** This is also available at the licensee's website-[www.wescoorissa.com](http://www.wescoorissa.com)

**BEFORE THE ORISSA ELECTRICITY REGULATORY COMMISSION  
BIDYUT NIYAMAK BHAWAN, UNIT-VIII, BHUBANESWAR.**

**Case No. 68 of 2008**

**In the matter of :** Western Electricity Supply Company of Orissa  
Limited (WESCO)

And

**In the matter of :** Shri Ramesh Kumar Agrawal  
Director  
M/s. Bajrang Steel & Alloys Limited  
Plot No. 31, Goibhanga, Kalunga,  
Rajgangpur, Dist. : Sundergarh.

Rejoinder to objections received by the Secretary, Orissa Electricity Regulatory Commission against the Retail supply Tariff Application by WESCO for the year 2009-2010.

**1. COMPARISION OF TARIFF OF ORISSA WITH OTHER STATES :**

The tariff rates are determined by OERC keeping in view of recovery of energy charges from consumers against the revenue requirement of the Distribution Licensee. In Orissa, there is no subsidy to the distribution companies from the Govt. of Orissa which is not so in other states. The cost of power purchased for Discoms by GRIDCO from different sources is different. Higher power purchase cost is normally attributed to higher consumption of industries. Again the availability of power and the quantum of power purchase differs from state to state depending on their provincial conditions. Also, it has been observed that the retail supply tariff of Orissa State is cheaper in comparision to most of the other States in the country.

In continuation to the above, since the RST in Orissa is cheaper than most of the other States in the country, it is favourable for industrialisation in the State.

**2. POWER PROCUREMENT FROM HYDRO & THERMAL**

WESCO is purchasing power in bulk from GRIDCO who in turn purchase power from different generators which may be Hydro, Thermal or any other sources. Tariff rate both for Bulk supply as well as retail supply tariff (RST) is determined by OERC taking into consideration of all aspects i.e. purchase of power from different available sources & sale of power to all categories of consumers. In this context, the licensee has no role to determine the RST rate. Hence, the proposal of the objector regarding availability of power at cheaper rate under the jurisdiction of WESCO is not applicable on the part of WESCO as entire Orissa is considered as one unit. It may be intimated that in absence of adequate rain in the past years, OHPC also not able to generate the designed energy. To meet the need, GRIDCO is purchasing power from

thermal at a higher rate. The need of the state as regulation of power is strictly prohibited by OERC.

**3. SPECIAL TARIFF FOR FURNACE, SPONGE IRON & RE-ROLLING MILLS :**

OERC has categorized the consumers in various categories based on the usage of power and also fixed different rates of tariff for each category. It is out of place to mention here that, WESCO is not availing any special tariff with regard to energy consumption by the above said industries. If Hon'ble Commission will allow special tariff to those industries ignoring the BST price of the licensee, it will put financial impact on the other category of consumers. Therefore the proposal of the objector is to be rejected.

**4. MONOPOLY OF WESCO IN FIXATION OF RETAIL SUPPLY TARIFF :**

The question of monopoly in fixation of RST in the part of WESCO doesnot arise because M/s GRIDCO purchases power from different generating stations and sell it to distribution licensees (DISCOMs) through M/s OPTCL network, the transmission licensee of the state of Orissa. M/s WESCO is purchasing power from M/s. GRIDCO in bulk quantity and selling under its jurisdiction to different category of consumers. The RST is determined by the Hon'ble Commission. For the last eight years, there has been no rise in RST although there has been hike in BST rate and expenditure on salary & wages, O & M exp., repair on transformer has gone up abnormally. Financially if it is calculated in the last 8 years, BST rate has gone up from 99.20 paise per unit to Rs. 157.25 paise per unit, there is no increase in RST tariff (taking into account of the devaluation of money).

**5. PERFORMENACE BASE TARIFF IN FIXATION OF RST :**

Hon'ble OERC fixed the RST considering different factors e.g. quantum of purchase of different DISTCO's, quantum of sale to different category of consumers, T & D loss etc. ARR of the licensee is being determined considering all the costs like power purchase cost, employee cost, A & G cost, repair & maintenance cost etc where power purchase is the major components. Recovery of cost is being done through sale of power to different category of consumers. WESCO is the licensee for the western part of Orissa who is paying BST @ 157.25 paise per unit in comparision to 70 paise per unit of SOUTHCO, 101 paise per unit of CESU & 125 paise per unit of NESCO. Differentiation in RST may improve competition among DISCOM's, however at the same time socio economic factor cannot be ignored.

Different RST in different DISCOMs will lead to discrimination & chaos. The competition among the DISCOMs may be regarding performance by reducing BST.

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For providing better quality of supply for the FY 09-10, WESCO has taken up a lot of system improvement work after Hon'ble Commission has allowed escrow relaxation for O & M works & S.I. works. Now we are going for uprating of conductors, putting new transformers, installation of breakers which will help in providing quality supply.

**7. DISTRIBUTION LOSS :**

WESCO is taking various steps for reduction of distribution loss such as installation of Audit Metering for industrial consumers, cubicle metering, Energy Audit, Feeder Metering, System Improvement Work, regularisation of unauthorized consumers through consumer camps, vigilance checking, introduction of monthly spot billing in urban areas, putting parallel meters, giving HT supply through metering cubicles and XLPE cables for HT consumers. We have also started putting round the clock guards (Ex-military personal) at strategic location and taking the meter readings at very frequent interval for minimizing the theft of energy. Financial loss is assessed on the consumers found indulging in theft of energy and additional bill is raised accordingly as per I.E. Act-2003. Moreover in LT category, process is always on to replace the defective meters, years old electromechanical meters & consumers without meter. Recently, 1.2 lakhs static meter with latest technology is under the process of procurement. We have also started checking the meters of the consumers through our own MRT / Vigilance teams where consumption is found to be abnormally low.

WESCO has started analysing the consumption pattern of high value consumers almost on daily basis for reduction of losses. Where ever uprating of network is necessary high rating conductor size is laid to reduce losses. Although in Domestic category more and more consumers have been brought to the billing fold it is not possible to eliminate tampering and by-passing of meters in totality due to the vast geographical area and large number of consumers. In practice it is noticed that loss reduction can only be a gradual process, which cannot be achieved to a high degree within a year. Operating at targeted figures of distribution loss is not feasible due to other related factors including lack of Administrative support. Input based franchisee have also been engaged in rural areas with monthly billing system who have been entrusted for meter readings, bill distribution and revenue collection. The energy police station has started functioning at Burla for Sambalpur district. However, there is no appreciatly effect is on the consumers indulging in theft of energy due to non-availability of adequate police personnel in the energy police station. Further, although it has been decided by the Govt. to open energy police station in each district, it is yet to be materialized.

Further, due to no change in RST for last 8 years and continuous increase in BST as well as salary and wages, so far WESCO is concerned; no surplus is left for investment in system improvement. During FY 2008-09 Hon'ble Commission has allowed WESCO for an amount of Rs.25.66 crores. Accordingly a lot of S.I. works like up-gradation of Transformers, putting new transformers to new load center, up-rating of conductors, putting new lines etc which will help us in reduction of technical loss. Further, we have availed a loan of Rs.11.92 crores from REC towards S.I. Works. Another loan to the tune of Rs.42 crores from REC is also in the pipe line for S.I. Works. After investment in infrastructure development we expect a substantial reduction in the T&D loss. Pre-closure of APDRP schemes, inadequate funding of central assistance through State Govt. had considerable effect for which WESCO is not able to reduce distribution loss specifically in LT consumers. The massive rural electrification under PMGY & MNP has added a lot of line & transformer as has added to the distribution loss.

#### **8. ENERGY POLICE STATIONS :**

Presently, there is one energy police station functioning at Burla for Sambalpur District.

In addition to that, as per Notification no. 47514, dated 23.10.08 of Home dept., Govt. of Orissa another 29 nos. of Energy Police Station all over Orissa are to be formed all over Orissa, out of which 9 nos. of energy police stations will be established under WESCO jurisdiction. They are as follows,

<b>Sl. No.</b>	<b>Name of the Police Station</b>	<b>Headquarter of the Special Police Station</b>	<b>Territorial Jurisdiction</b>
1	Special Police Station (Energy) Bargarh	Bargarh	Bargarh Revenue District
2	Special Police Station (Energy) Jharsuguda	Jharsuguda	Jharsuguda Revenue District
3	Special Police Station (Energy) Bolangir	Bolangir	Bolangir Revenue District
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6	Special Police Station (Energy) Bargarh	Kalahandi	Kalahandi Revenue District

7	Special Police Station (Energy) Bargarh	Nuapada	Nuapada Revenue District
8	Special Police Station (Energy) Kalahandi	Sundergarh	Sundergarh Revenue District (Except Rourkela Sub-division)
9	Special Police Station (Energy) Rourkela	Rourkela	Revenue Sub-division, Rourkela

The Superintendent of Police, Jharsuguda & Bolangir has already asked WESCO for providing office for establishment of energy police station.

As regard to expenditure towards the energy police station, at present, WESCO is reimbursing the expenditure towards the energy police station to Home Department, Govt. of Orissa.

After implementation of the said energy police stations, WESCO's anti-theft measures will be strengthened.

**9. SPECIAL COURT FOR ENERGY DISPUTE :**

Presently, Govt. of Orissa has empowered Additional District & Sessions Judge, Sambalpur as special Court for Sambalpur Revenue District for this purpose.

**10. BAD DEBT:**

WESCO has taken steps to collect the dues from its consumers. For defaulting consumers, power supply has been disconnected after serving disconnection notice. Also WESCO is organizing consumer / collection camp in different areas to collect the dues and solve the dispute of the consumer if any at the earliest. Hence, the contention of the objector that, unrealized amount are increasing and it affecting the genuine consumers is not true.

In the regulatory regime, Hon'ble Commission had declared & directed to all DISCOM's to carry out the receivable audit of the outstanding amount as on 31 Mar 2005 through outside agencies. Accordingly, they have recommended 19 Chartered Accountant firms to conduct the same. All the Chartered Accountant firms have already submitted their report to the Hon'ble Commission with a copy to the licensee. As per their report, the non-receivable amount as on 31.03.2005 is to the tune of Rs. 453 crore. However, Hon'ble Commission has approved only Rs. 89 Crore from 01.04.1999 to 31.03.2005 in the ARR. The difference of Rs. 365 crore is yet to be factored in the truing up exercise.

**11. ENHANCEMENT OF DEMAND CHARGES :**

Proposal of enhancement of demand charges is justified as BST of the licensee is being determined through composite of demand as well as energy charges. When demand charges is being levied which is fixed in nature, that should be recovered from the consumers.

**12. SERVICE CHARGES FOR DOOR COLLECTION :**

The licensee has proposed the most innovative model which will improve the collection efficiency as well as better service to the consumers as they will not travel from their home to licensee's cash collection centre. This has been proposed for the better convenience & satisfaction of the consumer.

**13. LOAD FACTOR INCENTIVE :**

The Hon'ble Commission has already allowed load factor incentive beyond 50%. The amount lost due to the above is being passed on to the Consumers while fixing the tariff. In case of EHT consumers, consumption above 50% L.F. is Rs. 2.02 as against the purchase cost of Rs. 1.80 paise. As such any further incentive on load factor will have an adverse effect on the Consumers. Hence, it is requested before the Hon'ble Commission not to allow the proposal of the objector.

**14. LOAD FACTOR BASED ON "POWER ON HOUR" :**

Load factor of an industry is calculated as per the guidelines of OERC distribution (Conditions Of Supply) Code 2004.

Power supply interruption may be due to many reasons, some of which are beyond the control of the licensee. It will be unjustified to allow load factor incentive to consumers only for power on hours because the licensee will have to provide incentive even though power failure is attributed by the consumer or might be beyond its control & it will be impractical to segregate power interruptions caused due to various reasons.

**15. POWER FACTOR INCENTIVE :**

To maintain good power factor of the system, an industrial consumer should have almost unity power factor and in no case it should be below 90%. In order to achieve unity power factor, the commission has provided incentive for improvement of power factor above 95% upto 100%. The incentive for improvement of power factor was started from 97% upto 100% in the past. It may be mentioned here that revenue forgone on account of power factor incentive during FY 2007-08 and 1<sup>st</sup> six month of FY 2008-09 is Rs. 8.98 crores and Rs. 5.13 Crores respectively. This is due to reduction of availment of PF incentive limit from 97% to 95%. At the same time,

the licensee is getting Rs. 5.10 crores and Rs. 3.25 Crores respectively for the same period from power factor penalty.

Further relaxation in the power factor for incentive will not only discourage the consumers for reaching higher power factor but also will affect demand and energy consumption.

Since availing power at very high power factor in giving an incentive to the consumer in terms of less demand for the same effective energy and also incentive as high load factor, the power factor incentive should be 97% in stead of prevailing 95%. Accordingly, power factor incentive above 90% as proposed by the objector instead of 97% (previous tariff) should not be allowed by the Commission.

#### **16. SECURITY DEPOSIT**

Bank guarantee against security deposit should not be allowed to the consumers as it will be very difficult to monitor the expiry date of the Bank Guarantee and its renewal. Earlier, there is no interest provision on the security deposit. Subsequently, Hon'ble Commission has allowed interest bearing @ 6% p.a. towards Security Deposit to the respective consumers. Increase in interest rate will impose extra financial burden to WESCO. Hence, it is requested before the Hon'ble Commission for not considering the proposal of the objector.

Regarding installation of pre-paid meter, WESCO is trying to put pre-paid meter in 3-ph & Govt. consumers in the 1<sup>st</sup> phase. Since the cost involvement is very high, pre-paid meters can be replaced in phases for different category of consumers.

Security deposit amount from a consumer is collected to cover at least two months energy bill, which will be adjusted in case of default of non-payment of the bill by the consumer. Hence there is no relation between Security Deposit and Share Capital. Thus, the ratio calculated for comparison is not relevant in this context. Apart from this on privatization, the amount of security deposit was around Rs.48 crores, which was on paper only. No physical cash has been transferred. Presently the licensee is paying @ 6% p.a. interest on the security deposit amount as per the Electricity Act 2003. As already explained security deposit amount is only caution money against some future default by the consumer. The interest on security deposit at higher rate than the prescribed limit of @ 6% p.a. asked by the objector is not within the purview of WESCO. Moreover interest payable will be based on the current market situation to be decided by the Hon'ble Commission.

#### **17. DEMAND FOR CD FOR C.P.P. :**

The Hon'ble Commission has made a provision for CPP emergency power for start-up purpose and in the event of failure of the captive plant, they are to draw survival power. The energy drawn is to be paid only by flat unit rate. Often, it is seen that even if there is no failure of captive plant, in case the generation becomes less,

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After implementation of the said energy police stations, WESCO's anti-theft measures will be strengthened.

**9. SPECIAL COURT FOR ENERGY DISPUTE :**

Presently, Govt. of Orissa has empowered Additional District & Sessions Judge, Sambalpur as special Court for Sambalpur Revenue District for this purpose.

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WESCO has taken steps to collect the dues from its consumers. For defaulting consumers, power supply has been disconnected after serving disconnection notice. Also WESCO is organizing consumer / collection camp in different areas to collect the dues and solve the dispute of the consumer if any at the earliest. Hence, the contention of the objector that, unrealized amount are increasing and it affecting the genuine consumers is not true.

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The Hon'ble Commission has already allowed load factor incentive beyond 50%. The amount lost due to the above is being passed on to the Consumers while fixing the tariff. In case of EHT consumers, consumption above 50% L.F. is Rs. 2.02 as against the purchase cost of Rs. 1.80 paise. As such any further incentive on load factor will have an adverse effect on the Consumers. Hence, it is requested before the Hon'ble Commission not to allow the proposal of the objector.

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Power supply interruption may be due to many reasons, some of which are beyond the control of the licensee. It will be unjustified to allow load factor incentive to consumers only for power on hours because the licensee will have to provide incentive even though power failure is attributed by the consumer or might be beyond its control & it will be impractical to segregate power interruptions caused due to various reasons.

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To maintain good power factor of the system, an industrial consumer should have almost unity power factor and in no case it should be below 90%. In order to achieve unity power factor, the commission has provided incentive for improvement of power factor above 95% upto 100%. The incentive for improvement of power factor was started from 97% upto 100% in the past. It may be mentioned here that revenue forgone on account of power factor incentive during FY 2007-08 and 1<sup>st</sup> six month of FY 2008-09 is Rs. 8.98 crores and Rs. 5.13 Crores respectively. This is due to reduction of availment of PF incentive limit from 97% to 95%. At the same time,

the licensee is getting Rs. 5.10 crores and Rs. 3.25 Crores respectively for the same period from power factor penalty.

Further relaxation in the power factor for incentive will not only discourage the consumers for reaching higher power factor but also will affect demand and energy consumption.

Since availing power at very high power factor in giving an incentive to the consumer in terms of less demand for the same effective energy and also incentive as high load factor, the power factor incentive should be 97% in stead of prevailing 95%. Accordingly, power factor incentive above 90% as proposed by the objector instead of 97% (previous tariff) should not be allowed by the Commission.

#### **16. SECURITY DEPOSIT**

Bank guarantee against security deposit should not be allowed to the consumers as it will be very difficult to monitor the expiry date of the Bank Guarantee and its renewal. Earlier, there is no interest provision on the security deposit. Subsequently, Hon'ble Commission has allowed interest bearing @ 6% p.a. towards Security Deposit to the respective consumers. Increase in interest rate will impose extra financial burden to WESCO. Hence, it is requested before the Hon'ble Commission for not considering the proposal of the objector.

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The Hon'ble Commission has made a provision for CPP emergency power for start-up purpose and in the event of failure of the captive plant, they are to draw survival power. The energy drawn is to be paid only by flat unit rate. Often, it is seen that even if there is no failure of captive plant, in case the generation becomes less,

the industry having captive power drawing energy from the system to make good of their deficit which may not be a survival power. In the region of WESCO, since there are many captive power plants and in case of grid failure all the CGP trip and everybody draws emergency power at a time, then the SMD of WESCO may increase. Since there is a ceiling of SMD by the Hon'ble Commission & penalty is levied by GRIDCO for excess drawal of demand, the demand charges as per actual (recorded) should be borne by the consumer which is quite reasonable & justified. Therefore, the objection raised by the objector may not be considered by the Hon'ble Commission.

**18. PROMPT PAYMENT REBATE**

The present rebate of 1% of the monthly bill if "full payment made within 72 hrs of presentation of bills" is an adequate incentive.

However, the licensee pays the bill for the energy purchase for all its consumers as a whole to GRIDCO within 48 hours through an LC mechanism and the bills are submitted to the licensee by GRIDCO / OPTCL with a copy to the bank.

**19. PERIOD OF AGREEMENT TO BE REDUCED TO 1 YEAR**

While making projection on load forecasting and estimate for investment plans, it is considered that an existing load continues for at least five years. If the period of agreement is reduced, there will be frequent change of load pattern of industrial consumers. As a result of the same, a situation of chaos will arise. Also infrastructure created may be left underutilized. Keeping all these points in view, the proposal should not be considered.

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charges between HT and high valued MI consumers is tempting to the MI consumers for pilferage of electricity and suppressing the demand even if there connected load is more than 110 KVA.

**For and on behalf of Western Electricity  
Supply Company of Orissa Limited**

Burla  
Dated 21.01.2009

**Dy. General Manager  
(Commercial)**

**Copy to :**

Shri Ashok Agrawal  
Director  
M/s. Shree Salasar Castings Pvt. Limited  
P-26, Civil Township  
Rourkela-769 004.

**Note-** This is also available at the licensee's website-[www.wescoorissa.com](http://www.wescoorissa.com)

**BEFORE THE ORISSA ELECTRICITY REGULATORY COMMISSION  
BIDYUT NIYAMAK BHAWAN, UNIT-VIII, BHUBANESWAR.**

**Case No. 68 of 2008**

**In the matter of :** Western Electricity Supply Company of Orissa  
Limited (WESCO)

And

**In the matter of :** Shri Chandra Kumar Kejriwal  
Director  
M/s. Rexon Strips Limited  
Or. No. : S-1, Civil Township,  
Rourkela-769 004.

Rejoinder to objections received by the Secretary, Orissa Electricity Regulatory Commission against the Retail supply Tariff Application by WESCO for the year 2009-2010.

**1. LACK OF IMPROVEMENT IN QUALITY OF POWER SUPPLY BY WESCO :**

The objector has submitted that WESCO has failed to provide quality supply of power and also failed to do the system augmentation work. It may be mentioned here that, regarding collection of system augmentation charges amounting to Rs. 13.21 lacs from the objector, WESCO has done the system augmentation work and has made huge expenditure. Towards conductor up-rating and fixing some new poles in the above line after which it was feasible to extend power supply to the industries of the objector. Further regarding power-cut and interruption, WESCO has installed a 33 KV VCB at 33/11 KV S/s at Lathikata for minimizing tripping. Afterwords, the tripping is reduced to 8 hrs. in the month of Nov-08. During the month of Dec-08, the power supply was interrupted for more hour due to damage of 33 KV pole which was occurred by the accident of unidentified truck with the 33 KV line and subsequently theft of conductor. For that, the said line was break-down for 40 to 50 hrs.

Also, it is out of place to mention here that, the said 33 KV line is also passing through dense forest and hilly area which is a cause of power interruption. However, WESCO has taken best effort to extend power supply at a minimum time. In the meanwhile, 20 MVA transformer at Barkote Grid S/s has already been charged in Jan.-2009. Some of the load of 33 KV Bonai feeder Rajamunda 33/11 KV S/s will be diverted to Barkote feeder resulting in further reduction of tripping as well as improvement of voltage.

**2. COMPARISION OF TARIFF OF ORISSA WITH OTHER STATES :**

The tariff rates are determined by OERC keeping in view of recovery of energy charges from consumers against the revenue requirement of the Distribution Licensee. In Orissa, there is no subsidy to the distribution companies from the Govt. of Orissa which is not so in other states. The cost of power purchased for Discoms by GRIDCO from different sources is different. Higher power purchase cost is normally attributed to higher consumption of industries. Again the availability of power and the quantum of power purchase differs from state to state depending on their provincial conditions. Also, it has been observed that the retail supply tariff of Orissa State is cheaper in comparison to most of the other States in the country.

In continuation to the above, since the RST in Orissa is cheaper than most of the other States in the country, it is favourable for industrialisation in the State.

**3. SPECIAL TARIFF FOR FURNACE, SPONGE IRON & RE-ROLLING MILLS :**

OERC has categorized the consumers in various categories based on the usage of power and also fixed different rates of tariff for each category. It is out of place to mention here that, WESCO is not availing any special tariff with regard to energy consumption by the above said industries. If Hon'ble Commission will allow special tariff to those industries ignoring the BST price of the licensee, it will put financial impact on the other category of consumers. Therefore the proposal of the objector is to be rejected.

**4. POWER PROCUREMENT FROM HYDRO & THERMAL**

WESCO is purchasing power in bulk from GRIDCO who in turn purchase power from different generators which may be Hydro, Thermal or any other sources. Tariff rate both for Bulk supply as well as retail supply tariff (RST) is determined by OERC taking into consideration of all aspects i.e. purchase of power from different available sources & sale of power to all categories of consumers. In this context, the licensee has no role to determine the RST rate. Hence, the proposal of the objector regarding availability of power at cheaper rate under the jurisdiction of WESCO is not applicable on the part of WESCO. It may be intimated that in absence of adequate rain in the past years, OHPC also not able to generate the designed energy. To meet the need, GRIDCO is purchasing power from thermal at a higher rate. The need of the state as regulation of power is strictly prohibited by OERC.

**5. MONOPOLY OF WESCO IN FIXATION OF RETAIL SUPPLY TARIFF :**

The question of monopoly in fixation of RST in the part of WESCO doesnot arise because M/s GRIDCO purchases power from different generating stations and sell it to distribution licensees (DISCOMs) through M/s OPTCL network, the transmission licensee of the state of Orissa. M/s WESCO is purchasing power from

M/s. GRIDCO in bulk quantity and selling under its jurisdiction to different category of consumers. The RST is determined by the Hon'ble Commission. For the last eight years, there has been no rise in RST although there has been hike in BST rate and expenditure on salary & wages, O & M exp., repair on transformer has gone up abnormally. Financially if it is calculated in the last 8 years, BST rate has gone up from 99.20 paise per unit to Rs. 157.25 paise per unit, there is no increase in RST tariff (taking into account of the devaluation of money).

**6. PERFORMENACE BASE TARIFF IN FIXATION OF RST :**

Hon'ble OERC fixed the RST considering different factors e.g. quantum of purchase of different DISTCO's, quantum of sale to different category of consumers, T & D loss etc. ARR of the licensee is being determined considering all the costs like power purchase cost, employee cost, A & G cost, repair & maintenance cost etc where power purchase is the major components. Recovery of cost is being done through sale of power to different category of consumers. WESCO is the licensee for the western part of Orissa who is paying BST @ 157.25 paise per unit in comparision to 70 paise per unit of SOUTHCO, 101 paise per unit of CESU & 125 paise per unit of NESCO. Differentiation in RST may improve competition among DISCOM's, however at the same time socio economic factor cannot be ignored.

Different RST in different DISCOMs will lead to discrimination & chaos. The competition among the DISCOMs may be regarding performance by reducing BST.

**6. QUALITY OF SUPPLY :**

For providing better quality of supply for the FY 09-10, WESCO has taken up a lot of system improvement work after Hon'ble Commission has allowed escrow relaxation for O & M works & S.I. works. Now we are going for uprating of conductors, putting new transformers, installation of breakers which will help in providing quality supply.

**7. DISTRIBUTION LOSS :**

WESCO is taking various steps for reduction of distribution loss such as installation of Audit Metering for industrial consumers, cubicle metering, Energy Audit, Feeder Metering, System Improvement Work, regularisation of unauthorized consumers through consumer camps, vigilance checking, introduction of monthly spot billing in urban areas, putting parallel meters, giving HT supply through metering cubicles and XLPE cables for HT consumers. We have also started putting round the clock guards (Ex-military personal) at strategic location and taking the meter readings at very frequent interval for minimizing the theft of energy. Financial loss is assessed on the consumers found indulging in theft of energy and additional bill is raised accordingly as per I.E. Act-2003. Moreover in LT category, process is

always on to replace the defective meters, years old electromechanical meters & consumers without meter. Recently, 1.2 lakhs static meter with latest technology is under the process of procurement. We have also started checking the meters of the consumers through our own MRT / Vigilance teams where consumption is found to be abnormally low.

WESCO has started analysing the consumption pattern of high value consumers almost on daily basis for reduction of losses. Where ever uprating of network is necessary high rating conductor size is laid to reduce losses. Although in Domestic category more and more consumers have been brought to the billing fold it is not possible to eliminate tampering and by-passing of meters in totality due to the vast geographical area and large number of consumers. In practice it is noticed that loss reduction can only be a gradual process, which cannot be achieved to a high degree within a year. Operating at targeted figures of distribution loss is not feasible due to other related factors including lack of Administrative support. Input based franchisee have also been engaged in rural areas with monthly billing system who have been entrusted for meter readings, bill distribution and revenue collection. The energy police station has started functioning at Burla for Sambalpur district. However, there is no appreciatly effect is on the consumers indulging in theft of energy due to non-availability of adequate police personnel in the energy police station. Further, although it has been decided by the Govt. to open energy police station in each district, it is yet to be materialized.

Further, due to no change in RST for last 8 years and continuous increase in BST as well as salary and wages, so far WESCO is concerned; no surplus is left for investment in system improvement. During FY 2008-09 Hon'ble Commission has allowed WESCO for an amount of Rs.25.66 crores. Accordingly a lot of S.I. works like up-gradation of Transformers, putting new transformers to new load center, up-rating of conductors, putting new lines etc which will help us in reduction of technical loss. Further, we have availed a loan of Rs.11.92 crores from REC towards S.I. Works. Another loan to the tune of Rs.42 crores from REC is also in the pipe line for S.I. Works. After investment in infrastructure development we expect a substantial reduction in the T&D loss. Pre-closure of APDRP schemes, inadequate funding of central assistance through State Govt. had considerable effect for which WESCO is not able to reduce distribution loss specifically in LT consumers. The massive rural electrification under PMGY & MNP has added a lot of line & transformer as has added to the distribution loss.

#### **8. ENERGY POLICE STATIONS :**

Presently, there is one energy police station functioning at Burla for Sambalpur District.

In addition to that, as per Notification no. 47514, dated 23.10.08 of Home dept., Govt. of Orissa another 29 nos. of Energy Police Station all over Orissa are to be formed all over Orissa, out of which 9 nos. of energy police stations will be established under WESCO jurisdiction. They are as follows,

<b>Sl. No.</b>	<b>Name of the Police Station</b>	<b>Headquarter of the Special Police Station</b>	<b>Territorial Jurisdiction</b>
1	Special Police Station (Energy) Bargarh	Bargarh	Bargarh Revenue District
2	Special Police Station (Energy) Jharsuguda	Jharsuguda	Jharsuguda Revenue District
3	Special Police Station (Energy) Bolangir	Bolangir	Bolangir Revenue District
4	Special Police Station (Energy) Sonapur	Sonapur	Sonapur Revenue District
5	Special Police Station (Energy) Deogarh	Deogarh	Deogarh Revenue District
6	Special Police Station (Energy) Bargarh	Kalahandi	Kalahandi Revenue District
7	Special Police Station (Energy) Bargarh	Nuapada	Nuapada Revenue District
8	Special Police Station (Energy) Kalahandi	Sundergarh	Sundergarh Revenue District (Except Rourkela Sub-division)
9	Special Police Station (Energy) Rourkela	Rourkela	Revenue Sub-division, Rourkela

The Superintendent of Police, Jharsuguda & Bolangir has already asked WESCO for providing office for establishment of energy police station.

As regard to expenditure towards the energy police station, at present, WESCO is reimbursing the expenditure towards the energy police station to Home Department, Govt. of Orissa.

After implementation of the said energy police stations, WESCO's anti-theft measures will be strengthened.

**9. SPECIAL COURT FOR ENERGY DISPUTE :**

Presently, Govt. of Orissa has empowered Additional District & Sessions Judge, Sambalpur as special Court for Sambalpur Revenue District for this purpose.

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Burla  
Dated 21.01.2009

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In continuation to the above, since the RST in Orissa is cheaper than most of the other States in the country, it is favourable for industrialisation in the State.

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WESCO is purchasing power in bulk from GRIDCO who in turn purchase power from different generators which may be Hydro, Thermal or any other sources. Tariff rate both for Bulk supply as well as retail supply tariff (RST) is determined by OERC taking into consideration of all aspects i.e. purchase of power from different available sources & sale of power to all categories of consumers. In this context, the licensee has no role to determine the RST rate. Hence, the proposal of the objector regarding availability of power at cheaper rate under the jurisdiction of WESCO is not applicable on the part of WESCO as entire Orissa is considered as one unit. It may be intimated that in absence of adequate rain in the past years, OHPC also not able to generate the designed energy. To meet the need, GRIDCO is purchasing power from

thermal at a higher rate. The need of the state as regulation of power is strictly prohibited by OERC.

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The question of monopoly in fixation of RST in the part of WESCO doesnot arise because M/s GRIDCO purchases power from different generating stations and sell it to distribution licensees (DISCOMs) through M/s OPTCL network, the transmission licensee of the state of Orissa. M/s WESCO is purchasing power from M/s. GRIDCO in bulk quantity and selling under its jurisdiction to different category of consumers. The RST is determined by the Hon'ble Commission. For the last eight years, there has been no rise in RST although there has been hike in BST rate and expenditure on salary & wages, O & M exp., repair on transformer has gone up abnormally. Financially if it is calculated in the last 8 years, BST rate has gone up from 99.20 paise per unit to Rs. 157.25 paise per unit, there is no increase in RST tariff (taking into account of the devaluation of money).

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Hon'ble OERC fixed the RST considering different factors e.g. quantum of purchase of different DISTCO's, quantum of sale to different category of consumers, T & D loss etc. ARR of the licensee is being determined considering all the costs like power purchase cost, employee cost, A & G cost, repair & maintenance cost etc where power purchase is the major components. Recovery of cost is being done through sale of power to different category of consumers. WESCO is the licensee for the western part of Orissa who is paying BST @ 157.25 paise per unit in comparision to 70 paise per unit of SOUTHCO, 101 paise per unit of CESU & 125 paise per unit of NESCO. Differentiation in RST may improve competition among DISCOM's, however at the same time socio economic factor cannot be ignored.

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In addition to that, as per Notification no. 47514, dated 23.10.08 of Home dept., Govt. of Orissa another 29 nos. of Energy Police Station all over Orissa are to be formed all over Orissa, out of which 9 nos. of energy police stations will be established under WESCO jurisdiction. They are as follows,

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To maintain good power factor of the system, an industrial consumer should have almost unity power factor and in no case it should be below 90%. In order to achieve unity power factor, the commission has provided incentive for improvement of power factor above 95% upto 100%. The incentive for improvement of power factor was started from 97% upto 100% in the past. It may be mentioned here that revenue forgone on account of power factor incentive during FY 2007-08 and 1<sup>st</sup> six month of FY 2008-09 is Rs. 8.98 crores and Rs. 5.13 Crores respectively. This is due to reduction of availment of PF incentive limit from 97% to 95%. At the same time, the licensee is getting Rs. 5.10 crores and Rs. 3.25 Crores respectively for the same period from power factor penalty.

Further relaxation in the power factor for incentive will not only discourage the consumers for reaching higher power factor but also will affect demand and energy consumption.

Since availing power at very high power factor in giving an incentive to the consumer in terms of less demand for the same effective energy and also incentive as high load factor, the power factor incentive should be 97% in stead of prevailing 95%. Accordingly, power factor incentive above 90% as proposed by the objector instead of 97% (previous tariff) should not be allowed by the Commission.

**15. SECURITY DEPOSIT**

Bank guarantee against security deposit should not be allowed to the consumers as it will be very difficult to monitor the expiry date of the Bank

Guarantee and its renewal. Earlier, there is no interest provision on the security deposit. Subsequently, Hon'ble Commission has allowed interest bearing @ 6% p.a. towards Security Deposit to the respective consumers. Increase in interest rate will impose extra financial burden to WESCO. Hence, it is requested before the Hon'ble Commission for not considering the proposal of the objector.

Regarding installation of pre-paid meter, WESCO is trying to put pre-paid meter in 3-ph & Govt. consumers in the 1<sup>st</sup> phase. Since the cost involvement is very high, pre-paid meters can be replaced in phases for different category of consumers.

Security deposit amount from a consumer is collected to cover at least two months energy bill, which will be adjusted in case of default of non-payment of the bill by the consumer. Hence there is no relation between Security Deposit and Share Capital. Thus, the ratio calculated for comparison is not relevant in this context. Apart from this on privatization, the amount of security deposit was around Rs.48 crores, which was on paper only. No physical cash has been transferred. Presently the licensee is paying @ 6% p.a. interest on the security deposit amount as per the Electricity Act 2003. As already explained security deposit amount is only caution money against some future default by the consumer. The interest on security deposit at higher rate than the prescribed limit of @ 6% p.a. asked by the objector is not within the purview of WESCO. Moreover interest payable will be based on the current market situation to be decided by the Hon'ble Commission.

**16. DEMAND FOR CD FOR C.P.P. :**

The Hon'ble Commission has made a provision for CPP emergency power for start-up purpose and in the event of failure of the captive plant, they are to draw survival power. The energy drawn is to be paid only by flat unit rate. Often, it is seen that even if there is no failure of captive plant, in case the generation becomes less, the industry having captive power drawing energy from the system to make good of their deficit which may not be a survival power. In the region of WESCO, since there are many captive power plants and in case of grid failure all the CGP trip and everybody draws emergency power at a time, then the SMD of WESCO may increase. Since there is a ceiling of SMD by the Hon'ble Commission & penalty is levied by GRIDCO for excess drawal of demand, the demand charges as per actual (recorded) should be borne by the consumer which is quite reasonable & justified. Therefore, the objection raised by the objector may not be considered by the Hon'ble Commission.

**17. PROMPT PAYMENT REBATE**

The present rebate of 1% of the monthly bill if "full payment made within 72 hrs of presentation of bills" is an adequate incentive.

However, the licensee pays the bill for the energy purchase for all its consumers as a whole to GRIDCO within 48 hours through an LC mechanism and the bills are submitted to the licensee by GRIDCO / OPTCL with a copy to the bank.

**18. PERIOD OF AGREEMENT TO BE REDUCED TO 1 YEAR**

While making projection on load forecasting and estimate for investment plans, it is considered that an existing load continues for at least five years. If the period of agreement is reduced, there will be frequent change of load pattern of industrial consumers. As a result of the same, a situation of chaos will arise. Also infrastructure created may be left underutilized. Keeping all these points in view, the proposal should not be considered.

**19.** The annual account of the licensee for the period upto FY 2007-08 has already been finalized and duly certified by the statutory auditors. Soft copy of the annual accounts are also made available in the website of the licensee ([www.wescoorissa.com](http://www.wescoorissa.com)). From the balance sheet, it is revealed that WESCO has incurred cumulative loss of Rs. 467.33 crore till 2007-08. Hence, the contention of the objector that WESCO is making huge profit is not true.

**20.** WESCO has proposed for hike in demand charges in case of consumers having CD is 70 KVA and above but below 110 KVA. The wide difference in demand charges between HT and high valued MI consumers is tempting to the MI consumers for pilferage of electricity and suppressing the demand even if there connected load is more than 110 KVA.

**For and on behalf of Western Electricity  
Supply Company of Orissa Limited**

Burla  
Dated 21.01.2009

**Dy. General Manager  
(Commercial)**

**Copy to :** Shri Binod Sharma  
Joint Managing Director  
M/s. Shreechem Resins Limited  
Qtr. No. : L/1, Civil Township  
Rourkela-769 004.

**Note-** This is also available at the licensee's website-[www.wescoorissa.com](http://www.wescoorissa.com)

**BEFORE THE ORISSA ELECTRICITY REGULATORY COMMISSION  
BIDYUT NIYAMAK BHAWAN, UNIT-VIII, BHUBANESWAR.**

**Case No. 68 of 2008**

**In the matter of :** Western Electricity Supply Company of Orissa  
Limited (WESCO)

And

**In the matter of :** Shri Rakesh Gadodia  
Managing Director  
M/s. Scan Steels Limited  
Civil Township, Rourkela.

Rejoinder to objections received by the Secretary, Orissa Electricity Regulatory Commission against the Retail supply Tariff Application by WESCO for the year 2009-2010.

**1. COMPARISION OF TARIFF OF ORISSA WITH OTHER STATES :**

The tariff rates are determined by OERC keeping in view of recovery of energy charges from consumers against the revenue requirement of the Distribution Licensee. In Orissa, there is no subsidy to the distribution companies from the Govt. of Orissa which is not so in other states. The cost of power purchased for Discoms by GRIDCO from different sources is different. Higher power purchase cost is normally attributed to higher consumption of industries. Again the availability of power and the quantum of power purchase differs from state to state depending on their provincial conditions. Also, it has been observed that the retail supply tariff of Orissa State is cheaper in comparision to most of the other States in the country.

In continuation to the above, since the RST in Orissa is cheaper than most of the other States in the country, it is favourable for industrialisation in the State.

**2. POWER PROCUREMENT FROM HYDRO & THERMAL**

WESCO is purchasing power in bulk from GRIDCO who in turn purchase power from different generators which may be Hydro, Thermal or any other sources. Tariff rate both for Bulk supply as well as retail supply tariff (RST) is determined by OERC taking into consideration of all aspects i.e. purchase of power from different available sources & sale of power to all categories of consumers. In this context, the licensee has no role to determine the RST rate. Hence, the proposal of the objector regarding availability of power at cheaper rate under the jurisdiction of WESCO is not applicable on the part of WESCO as entire Orissa is considered as one unit. It may be intimated that in absence of adequate rain in the past years, OHPC also not able to generate the designed energy. To meet the need, GRIDCO is purchasing power from thermal at a higher rate. The need of the state as regulation of power is strictly prohibited by OERC.

**3. SPECIAL TARIFF FOR FURNACE, SPONGE IRON & RE-ROLLING MILLS :**

OERC has categorized the consumers in various categories based on the usage of power and also fixed different rates of tariff for each category. It is out of place to mention here that, WESCO is not availing any special tariff with regard to energy consumption by the above said industries. If Hon'ble Commission will allow special tariff to those industries ignoring the BST price of the licensee, it will put financial impact on the other category of consumers. Therefore the proposal of the objector is to be rejected.

**4. MONOPOLY OF WESCO IN FIXATION OF RETAIL SUPPLY TARIFF :**

The question of monopoly in fixation of RST in the part of WESCO doesnot arise because M/s GRIDCO purchases power from different generating stations and sell it to distribution licensees (DISCOMs) through M/s OPTCL network, the transmission licensee of the state of Orissa. M/s WESCO is purchasing power from M/s. GRIDCO in bulk quantity and selling under its jurisdiction to different category of consumers. The RST is determined by the Hon'ble Commission. For the last eight years, there has been no rise in RST although there has been hike in BST rate and expenditure on salary & wages, O & M exp., repair on transformer has gone up abnormally. Financially if it is calculated in the last 8 years, BST rate has gone up from 99.20 paise per unit to Rs. 157.25 paise per unit, there is no increase in RST tariff (taking into account of the devaluation of money).

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the industry having captive power drawing energy from the system to make good of their deficit which may not be a survival power. In the region of WESCO, since there are many captive power plants and in case of grid failure all the CGP trip and everybody draws emergency power at a time, then the SMD of WESCO may increase. Since there is a ceiling of SMD by the Hon'ble Commission & penalty is levied by GRIDCO for excess drawal of demand, the demand charges as per actual (recorded) should be borne by the consumer which is quite reasonable & justified. Therefore, the objection raised by the objector may not be considered by the Hon'ble Commission.

**18. PROMPT PAYMENT REBATE**

The present rebate of 1% of the monthly bill if "full payment made within 72 hrs of presentation of bills" is an adequate incentive.

However, the licensee pays the bill for the energy purchase for all its consumers as a whole to GRIDCO within 48 hours through an LC mechanism and the bills are submitted to the licensee by GRIDCO / OPTCL with a copy to the bank.

**19. PERIOD OF AGREEMENT TO BE REDUCED TO 1 YEAR**

While making projection on load forecasting and estimate for investment plans, it is considered that an existing load continues for at least five years. If the period of agreement is reduced, there will be frequent change of load pattern of industrial consumers. As a result of the same, a situation of chaos will arise. Also infrastructure created may be left underutilized. Keeping all these points in view, the proposal should not be considered.

**20.** The annual account of the licensee for the period upto FY 2007-08 has already been finalized and duly certified by the statutory auditors. Soft copy of the annual accounts are also made available in the website of the licensee ([www.wescoorissa.com](http://www.wescoorissa.com)). From the balance sheet, it is revealed that WESCO has incurred cumulative loss of Rs. 467.33 crore till 2007-08. Hence, the contention of the objector that WESCO is making huge profit is not true.

**21.** WESCO has proposed for hike in demand charges in case of consumers having CD is 70 KVA and above but below 110 KVA. The wide difference in demand

charges between HT and high valued MI consumers is tempting to the MI consumers for pilferage of electricity and suppressing the demand even if there connected load is more than 110 KVA.

**For and on behalf of Western Electricity  
Supply Company of Orissa Limited**

Burla  
Dated 21.01.2009

**Dy. General Manager  
(Commercial)**

**Copy to :** Shri Rakesh Gadodia  
Managing Director  
M/s. Scan Steels Limited  
Civil Township, Rourkela.

**Note-** This is also available at the licensee's website-[www.wescoorissa.com](http://www.wescoorissa.com)

**BEFORE THE ORISSA ELECTRICITY REGULATORY COMMISSION  
BIDYUT NIYAMAK BHAWAN, UNIT-VIII, BHUBANESWAR.**

**Case No. 68 of 2008**

**In the matter of :** Western Electricity Supply Company of Orissa  
Limited (WESCO)

And

**In the matter of :** Shri Balmukund Kadamwala  
Executive Director  
M/s. Shree Lingaraj Feeds Limited  
House No. : HIG/B/130, Phase-III  
Chhend Colony, Rourkela-769 015.

Rejoinder to objections received by the Secretary, Orissa Electricity Regulatory Commission against the Retail supply Tariff Application by WESCO for the year 2009-2010.

**1. COMPARISION OF TARIFF OF ORISSA WITH OTHER STATES :**

The tariff rates are determined by OERC keeping in view of recovery of energy charges from consumers against the revenue requirement of the Distribution Licensee. In Orissa, there is no subsidy to the distribution companies from the Govt. of Orissa which is not so in other states. The cost of power purchased for Discoms by GRIDCO from different sources is different. Higher power purchase cost is normally attributed to higher consumption of industries. Again the availability of power and the quantum of power purchase differs from state to state depending on their provincial conditions. Also, it has been observed that the retail supply tariff of Orissa State is cheaper in comparision to most of the other States in the country.

In continuation to the above, since the RST in Orissa is cheaper than most of the other States in the country, it is favourable for industrialisation in the State.

**2. POWER PROCUREMENT FROM HYDRO & THERMAL**

WESCO is purchasing power in bulk from GRIDCO who in turn purchase power from different generators which may be Hydro, Thermal or any other sources. Tariff rate both for Bulk supply as well as retail supply tariff (RST) is determined by OERC taking into consideration of all aspects i.e. purchase of power from different available sources & sale of power to all categories of consumers. In this context, the licensee has no role to determine the RST rate. Hence, the proposal of the objector regarding availability of power at cheaper rate under the jurisdiction of WESCO is not applicable on the part of WESCO as entire Orissa is considered as one unit. It may be intimated that in absence of adequate rain in the past years, OHPC also not able to generate the designed energy. To meet the need, GRIDCO is purchasing power from

thermal at a higher rate. The need of the state as regulation of power is strictly prohibited by OERC.

**3. MONOPOLY OF WESCO IN FIXATION OF RETAIL SUPPLY TARIFF :**

The question of monopoly in fixation of RST in the part of WESCO doesnot arise because M/s GRIDCO purchases power from different generating stations and sell it to distribution licensees (DISCOMs) through M/s OPTCL network, the transmission licensee of the state of Orissa. M/s WESCO is purchasing power from M/s. GRIDCO in bulk quantity and selling under its jurisdiction to different category of consumers. The RST is determined by the Hon'ble Commission. For the last eight years, there has been no rise in RST although there has been hike in BST rate and expenditure on salary & wages, O & M exp., repair on transformer has gone up abnormally. Financially if it is calculated in the last 8 years, BST rate has gone up from 99.20 paise per unit to Rs. 157.25 paise per unit, there is no increase in RST tariff (taking into account of the devaluation of money).

**4. PERFORMENACE BASE TARIFF IN FIXATION OF RST :**

Hon'ble OERC fixed the RST considering different factors e.g. quantum of purchase of different DISTCO's, quantum of sale to different category of consumers, T & D loss etc. ARR of the licensee is being determined considering all the costs like power purchase cost, employee cost, A & G cost, repair & maintenance cost etc where power purchase is the major components. Recovery of cost is being done through sale of power to different category of consumers. WESCO is the licensee for the western part of Orissa who is paying BST @ 157.25 paise per unit in comparision to 70 paise per unit of SOUTHCO, 101 paise per unit of CESU & 125 paise per unit of NESCO. Differentiation in RST may improve competition among DISCOM's, however at the same time socio economic factor cannot be ignored.

Different RST in different DISCOMs will lead to discrimination & chaos. The competition among the DISCOMs may be regarding performance by reducing BST.

**5. DISTRIBUTION LOSS :**

WESCO is taking various steps for reduction of distribution loss such as installation of Audit Metering for industrial consumers, cubicle metering, Energy Audit, Feeder Metering, System Improvement Work, regularisation of unauthorized consumers through consumer camps, vigilance checking, introduction of monthly spot billing in urban areas, putting parallel meters, giving HT supply through metering cubicles and XLPE cables for HT consumers. We have also started putting round the clock guards (Ex-military personal) at strategic location and taking the meter readings at very frequent interval for minimizing the theft of energy. Financial

loss is assessed on the consumers found indulging in theft of energy and additional bill is raised accordingly as per I.E. Act-2003. Moreover in LT category, process is always on to replace the defective meters, years old electromechanical meters & consumers without meter. Recently, 1.2 lakhs static meter with latest technology is under the process of procurement. We have also started checking the meters of the consumers through our own MRT / Vigilance teams where consumption is found to be abnormally low.

WESCO has started analysing the consumption pattern of high value consumers almost on daily basis for reduction of losses. Where ever uprating of network is necessary high rating conductor size is laid to reduce losses. Although in Domestic category more and more consumers have been brought to the billing fold it is not possible to eliminate tampering and by-passing of meters in totality due to the vast geographical area and large number of consumers. In practice it is noticed that loss reduction can only be a gradual process, which cannot be achieved to a high degree within a year. Operating at targeted figures of distribution loss is not feasible due to other related factors including lack of Administrative support. Input based franchisee have also been engaged in rural areas with monthly billing system who have been entrusted for meter readings, bill distribution and revenue collection. The energy police station has started functioning at Burla for Sambalpur district. However, there is no appreciatly effect is on the consumers indulging in theft of energy due to non-availability of adequate police personnel in the energy police station. Further, although it has been decided by the Govt. to open energy police station in each district, it is yet to be materialized.

Further, due to no change in RST for last 8 years and continuous increase in BST as well as salary and wages, so far WESCO is concerned; no surplus is left for investment in system improvement. During FY 2008-09 Hon'ble Commission has allowed WESCO for an amount of Rs.25.66 crores. Accordingly a lot of S.I. works like up-gradation of Transformers, putting new transformers to new load center, up-rating of conductors, putting new lines etc which will help us in reduction of technical loss. Further, we have availed a loan of Rs.11.92 crores from REC towards S.I. Works. Another loan to the tune of Rs.42 crores from REC is also in the pipe line for S.I. Works. After investment in infrastructure development we expect a substantial reduction in the T&D loss. Pre-closure of APDRP schemes, inadequate funding of central assistance through State Govt. had considerable effect for which WESCO is not able to reduce distribution loss specifically in LT consumers. The massive rural electrification under PMGY & MNP has added a lot of line & transformer as has added to the distribution loss.

#### **6. AGRO-INDUSTRIAL CONSUMER :**

Hon'ble Commission vide Regulation-80 (5) (1) of the Supply Code has defined (Agro Industrial Consumer", a separate category of consumers where

Pisciculture, Horticulture, Floriculture, Sericulture & other allied agricultural activities including animal husbandry, poultry & cold storage (i.e. temperature controlled storage where flowers, fruits, vegetable, meat, fish and food etc can be kept fresh or frozen until it is needed).

As per tariff order dated 20.03.2008, Hon'ble Commission vide para-442 had pronounced a separate tariff for the above category. However, WESCO could not extend the revised new tariff to the newly defined Agro-industrial consumers where consumers could not satisfied the required norms as per the defined category and sought for clarification to the Hon'ble Commission which was not admitted before the Hon'ble Commission. Subsequently, the licensee has filed a petition before Hon'ble ATE and registered as Case no. 688/2008 which is pending for disposal.

In the same matter, Hon'ble High Court has passed an interim order with a direction to maintain status quo.

No where WESCO is misleading the Hon'ble Commission as contended by the objector, we are only seeking clarification in the following lines,

**a) Cold Storage :** Whether it will be appreciable to the consumers those who are producing agricultural products and preserving the same in their cold storage till usage occurs or it will be applicable to the commercial establishments those who are doing only trading as the real benefits is not going to the farmers.

Similarly, as cold storage is the temperature controlled storage, whether it will be applicable to the ice factory, ice cream parlour and those commercial shops who are preserving ice cream for trading, milk chilling plants, big commercial establishments like sweet shops etc.

**b) Cattle feeds & Poultry Feeds :** Whether the said tariff will be applicable to this category or not , the said regulation is silent.

**c) Industrial Units :** No where in the regulation that the said tariff will be applicable to the oil mill / rice mill / flour mills.

The licensee has only cited an example of case where pisciculture is denied as agro industries & hence the poultry firm & animal husbandry are also not coming under Agro based industries.

Hence the licensee submits before the Hon'ble Commission for clarification and no where misleading the Hon'ble Commission. Therefore, the submission of the objector is not correct.

## **7. ENERGY POLICE STATIONS :**

Presently, there is one energy police station functioning at Burla for Sambalpur District.

In addition to that, as per Notification no. 47514, dated 23.10.08 of Home dept., Govt. of Orissa another 29 nos. of Energy Police Station all over Orissa are to

be formed all over Orissa, out of which 9 nos. of energy police stations will be established under WESCO jurisdiction. They are as follows,

Sl. No.	Name of the Police Station	Headquarter of the Special Police Station	Territorial Jurisdiction
1	Special Police Station (Energy) Bargarh	Bargarh	Bargarh Revenue District
2	Special Police Station (Energy) Jharsuguda	Jharsuguda	Jharsuguda Revenue District
3	Special Police Station (Energy) Bolangir	Bolangir	Bolangir Revenue District
4	Special Police Station (Energy) Sonapur	Sonapur	Sonapur Revenue District
5	Special Police Station (Energy) Deogarh	Deogarh	Deogarh Revenue District
6	Special Police Station (Energy) Bargarh	Kalahandi	Kalahandi Revenue District
7	Special Police Station (Energy) Bargarh	Nuapada	Nuapada Revenue District
8	Special Police Station (Energy) Kalahandi	Sundergarh	Sundergarh Revenue District (Except Rourkela Sub-division)
9	Special Police Station (Energy) Rourkela	Rourkela	Revenue Sub-division, Rourkela

The Superintendent of Police, Jharsuguda & Bolangir has already asked WESCO for providing office for establishment of energy police station.

As regard to expenditure towards the energy police station, at present, WESCO is reimbursing the expenditure towards the energy police station to Home Department, Govt. of Orissa.

After implementation of the said energy police stations, WESCO's anti-theft measures will be strengthened.

#### **8. SPECIAL COURT FOR ENERGY DISPUTE :**

Presently, Govt. of Orissa has empowered Additional District & Sessions Judge, Sambalpur as special Court for Sambalpur Revenue District for this purpose.

**9. BAD DEBT :-**

WESCO has taken steps to collect the dues from its consumers. For defaulting consumers, power supply has been disconnected after serving disconnection notice. Also WESCO is organizing consumer / collection camp in different areas to collect the dues and solve the dispute of the consumer if any at the earliest. Hence, the contention of the objector that, unrealized amount are increasing and it affecting the genuine consumers is not true.

In the regulatory regime, Hon'ble Commission had declared & directed to all DISCOM's to carry out the receivable audit of the outstanding amount as on 31 Mar 2005 through outside agencies. Accordingly, they have recommended 19 Chartered Accountant firms to conduct the same. All the Chartered Accountant firms have already submitted their report to the Hon'ble Commission with a copy to the licensee. As per their report, the non-receivable amount as on 31.03.2005 is to the tune of Rs. 453 crore. However, Hon'ble Commission has approved only Rs. 89 Crore from 01.04.1999 to 31.03.2005 in the ARR. The difference of Rs. 365 crore is yet to be factored in the truing up exercise.

**10. ENHANCEMENT OF DEMAND CHARGES :**

Proposal of enhancement of demand charges is justified as BST of the licensee is being determined through composite of demand as well as energy charges. When demand charges is being levied which is fixed in nature, that should be recovered from the consumers.

**11. SERVICE CHARGES FOR DOOR COLLECTION :**

The licensee has proposed the most innovative model which will improve the collection efficiency as well as better service to the consumers as they will not travel from their home to licensee's cash collection centre. This has been proposed for the better convenience and satisfaction of the consumer.

**12. LOAD FACTOR INCENTIVE :**

The Hon'ble Commission has already allowed load factor incentive beyond 50%. The amount lost due to the above is being passed on to the Consumers while fixing the tariff. In case of EHT consumers, consumption above 50% L.F. is Rs. 2.02 as against the purchase cost of Rs. 1.80 paise. As such any further incentive on load factor will have an adverse effect on the Consumers. Hence, it is requested before the Hon'ble Commission not to allow the proposal of the objector.

**13. LOAD FACTOR BASED ON "POWER ON HOUR" :**

Load factor of an industry is calculated as per the guidelines of OERC distribution (Conditions Of Supply) Code 2004.

Power supply interruption may be due to many reasons, some of which are beyond the control of the licensee. It will be unjustified to allow load factor incentive to consumers only for power on hours because the licensee will have to provide incentive even though power failure is attributed by the consumer or might be beyond its control & it will be impractical to segregate power interruptions caused due to various reasons.

**14. POWER FACTOR INCENTIVE :**

To maintain good power factor of the system, an industrial consumer should have almost unity power factor and in no case it should be below 90%. In order to achieve unity power factor, the commission has provided incentive for improvement of power factor above 95% upto 100%. The incentive for improvement of power factor was started from 97% upto 100% in the past. It may be mentioned here that revenue forgone on account of power factor incentive during FY 2007-08 and 1<sup>st</sup> six month of FY 2008-09 is Rs. 8.98 crores and Rs. 5.13 Crores respectively. This is due to reduction of availment of PF incentive limit from 97% to 95%. At the same time, the licensee is getting Rs. 5.10 crores and Rs. 3.25 Crores respectively for the same period from power factor penalty.

Further relaxation in the power factor for incentive will not only discourage the consumers for reaching higher power factor but also will affect demand and energy consumption.

Since availing power at very high power factor in giving an incentive to the consumer in terms of less demand for the same effective energy and also incentive as high load factor, the power factor incentive should be 97% in stead of prevailing 95%. Accordingly, power factor incentive above 90% as proposed by the objector instead of 97% (previous tariff) should not be allowed by the Commission.

**15. SECURITY DEPOSIT**

Bank guarantee against security deposit should not be allowed to the consumers as it will be very difficult to monitor the expiry date of the Bank Guarantee and its renewal. Earlier, there is no interest provision on the security deposit. Subsequently, Hon'ble Commission has allowed interest bearing @ 6% p.a. towards Security Deposit to the respective consumers. Increase in interest rate will impose extra financial burden to WESCO. Hence, it is requested before the Hon'ble Commission for not considering the proposal of the objector.

Regarding installation of pre-paid meter, WESCO is trying to put pre-paid meter in 3-ph & Govt. consumers in the 1<sup>st</sup> phase. Since the cost involvement is very high, pre-paid meters can be replaced in phases for different category of consumers.

Security deposit amount from a consumer is collected to cover at least two months energy bill, which will be adjusted in case of default of non-payment of the

bill by the consumer. Hence there is no relation between Security Deposit and Share Capital. Thus, the ratio calculated for comparison is not relevant in this context. Apart from this on privatization, the amount of security deposit was around Rs.48 crores, which was on paper only. No physical cash has been transferred. Presently the licensee is paying @ 6% p.a. interest on the security deposit amount as per the Electricity Act 2003. As already explained security deposit amount is only caution money against some future default by the consumer. The interest on security deposit at higher rate than the prescribed limit of @ 6% p.a. asked by the objector is not within the purview of WESCO. Moreover interest payable will be based on the current market situation to be decided by the Hon'ble Commission.

**16. DEMAND FOR CD FOR C.P.P. :**

The Hon'ble Commission has made a provision for CPP emergency power for start-up purpose and in the event of failure of the captive plant, they are to draw survival power. The energy drawn is to be paid only by flat unit rate. Often, it is seen that even if there is no failure of captive plant, in case the generation becomes less, the industry having captive power drawing energy from the system to make good of their deficit which may not be a survival power. In the region of WESCO, since there are many captive power plants and in case of grid failure all the CGP trip and everybody draws emergency power at a time, then the SMD of WESCO may increase. Since there is a ceiling of SMD by the Hon'ble Commission & penalty is levied by GRIDCO for excess drawal of demand, the demand charges as per actual (recorded) should be borne by the consumer which is quite reasonable & justified. Therefore, the objection raised by the objector may not be considered by the Hon'ble Commission.

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infrastructure created may be left underutilized. Keeping all these points in view, the proposal should not be considered.

**19.** The annual account of the licensee for the period upto FY 2007-08 has already been finalized and duly certified by the statutory auditors. Soft copy of the annual accounts are also made available in the website of the licensee ([www.wescoorissa.com](http://www.wescoorissa.com)). From the balance sheet, it is revealed that WESCO has incurred cumulative loss of Rs. 467.33 crore till 2007-08. Hence, the contention of the objector that WESCO is making huge profit is not true.

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**For and on behalf of Western Electricity  
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Director  
M/s. Radha Krishna Ispat Pvt. Ltd.  
U-10, Civil Township,  
Rourkela.

Rejoinder to objections received by the Secretary, Orissa Electricity Regulatory Commission against the Retail supply Tariff Application by WESCO for the year 2009-2010.

**1. COMPARISION OF TARIFF OF ORISSA WITH OTHER STATES :**

The tariff rates are determined by OERC keeping in view of recovery of energy charges from consumers against the revenue requirement of the Distribution Licensee. In Orissa, there is no subsidy to the distribution companies from the Govt. of Orissa which is not so in other states. The cost of power purchased for Discoms by GRIDCO from different sources is different. Higher power purchase cost is normally attributed to higher consumption of industries. Again the availability of power and the quantum of power purchase differs from state to state depending on their provincial conditions. Also, it has been observed that the retail supply tariff of Orissa State is cheaper in comparison to most of the other States in the country.

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**2. POWER PROCUREMENT FROM HYDRO & THERMAL**

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thermal at a higher rate. The need of the state as regulation of power is strictly prohibited by OERC.

**3. SPECIAL TARIFF FOR FURNACE, SPONGE IRON & RE-ROLLING MILLS :**

OERC has categorized the consumers in various categories based on the usage of power and also fixed different rates of tariff for each category. It is out of place to mention here that, WESCO is not availing any special tariff with regard to energy consumption by the above said industries. If Hon'ble Commission will allow special tariff to those industries ignoring the BST price of the licensee, it will put financial impact on the other category of consumers. Therefore the proposal of the objector is to be rejected.

**4. MONOPOLY OF WESCO IN FIXATION OF RETAIL SUPPLY TARIFF :**

The question of monopoly in fixation of RST in the part of WESCO doesnot arise because M/s GRIDCO purchases power from different generating stations and sell it to distribution licensees (DISCOMs) through M/s OPTCL network, the transmission licensee of the state of Orissa. M/s WESCO is purchasing power from M/s. GRIDCO in bulk quantity and selling under its jurisdiction to different category of consumers. The RST is determined by the Hon'ble Commission. For the last eight years, there has been no rise in RST although there has been hike in BST rate and expenditure on salary & wages, O & M exp., repair on transformer has gone up abnormally. Financially if it is calculated in the last 8 years, BST rate has gone up from 99.20 paise per unit to Rs. 157.25 paise per unit, there is no increase in RST tariff (taking into account of the devaluation of money).

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Hon'ble OERC fixed the RST considering different factors e.g. quantum of purchase of different DISTCO's, quantum of sale to different category of consumers, T & D loss etc. ARR of the licensee is being determined considering all the costs like power purchase cost, employee cost, A & G cost, repair & maintenance cost etc where power purchase is the major components. Recovery of cost is being done through sale of power to different category of consumers. WESCO is the licensee for the western part of Orissa who is paying BST @ 157.25 paise per unit in comparision to 70 paise per unit of SOUTHCO, 101 paise per unit of CESU & 125 paise per unit of NESCO. Differentiation in RST may improve competition among DISCOM's, however at the same time socio economic factor cannot be ignored.

Different RST in different DISCOMs will lead to discrimination & chaos. The competition among the DISCOMs may be regarding performance by reducing BST.

**6. QUALITY OF SUPPLY :**

For providing better quality of supply for the FY 09-10, WESCO has taken up a lot of system improvement work after Hon'ble Commission has allowed escrow relaxation for O & M works & S.I. works. Now we are going for uprating of conductors, putting new transformers, installation of breakers which will help in providing quality supply.

#### **7. DISTRIBUTION LOSS :**

WESCO is taking various steps for reduction of distribution loss such as installation of Audit Metering for industrial consumers, cubicle metering, Energy Audit, Feeder Metering, System Improvement Work, regularisation of unauthorized consumers through consumer camps, vigilance checking, introduction of monthly spot billing in urban areas, putting parallel meters, giving HT supply through metering cubicles and XLPE cables for HT consumers. We have also started putting round the clock guards (Ex-military personal) at strategic location and taking the meter readings at very frequent interval for minimizing the theft of energy. Financial loss is assessed on the consumers found indulging in theft of energy and additional bill is raised accordingly as per I.E. Act-2003. Moreover in LT category, process is always on to replace the defective meters, years old electromechanical meters & consumers without meter. Recently, 1.2 lakhs static meter with latest technology is under the process of procurement. We have also started checking the meters of the consumers through our own MRT / Vigilance teams where consumption is found to be abnormally low.

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Further, due to no change in RST for last 8 years and continuous increase in BST as well as salary and wages, so far WESCO is concerned; no surplus is left for

investment in system improvement. During FY 2008-09 Hon'ble Commission has allowed WESCO for an amount of Rs.25.66 crores. Accordingly a lot of S.I. works like up-gradation of Transformers, putting new transformers to new load center, up-rating of conductors, putting new lines etc which will help us in reduction of technical loss. Further, we have availed a loan of Rs.11.92 crores from REC towards S.I. Works. Another loan to the tune of Rs.42 crores from REC is also in the pipe line for S.I. Works. After investment in infrastructure development we expect a substantial reduction in the T&D loss. Pre-closure of APDRP schemes, inadequate funding of central assistance through State Govt. had considerable effect for which WESCO is not able to reduce distribution loss specifically in LT consumers. The massive rural electrification under PMGY & MNP has added a lot of line & transformer as has added to the distribution loss.

#### **8. ENERGY POLICE STATIONS :**

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In addition to that, as per Notification no. 47514, dated 23.10.08 of Home dept., Govt. of Orissa another 29 nos. of Energy Police Station all over Orissa are to be formed all over Orissa, out of which 9 nos. of energy police stations will be established under WESCO jurisdiction. They are as follows,

<b>Sl. No.</b>	<b>Name of the Police Station</b>	<b>Headquarter of the Special Police Station</b>	<b>Territorial Jurisdiction</b>
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5	Special Police Station (Energy) Deogarh	Deogarh	Deogarh Revenue District
6	Special Police Station (Energy) Bargarh	Kalahandi	Kalahandi Revenue District
7	Special Police Station (Energy) Bargarh	Nuapada	Nuapada Revenue District

8	Special Police Station (Energy) Kalahandi	Sundergarh	Sundergarh Revenue District (Except Rourkela Sub-division)
9	Special Police Station (Energy) Rourkela	Rourkela	Revenue Sub-division, Rourkela

The Superintendent of Police, Jharsuguda & Bolangir has already asked WESCO for providing office for establishment of energy police station.

As regard to expenditure towards the energy police station, at present, WESCO is reimbursing the expenditure towards the energy police station to Home Department, Govt. of Orissa.

After implementation of the said energy police stations, WESCO's anti-theft measures will be strengthened.

**9. SPECIAL COURT FOR ENERGY DISPUTE :**

Presently, Govt. of Orissa has empowered Additional District & Sessions Judge, Sambalpur as special Court for Sambalpur Revenue District for this purpose.

**10. BAD DEBT:-**

WESCO has taken steps to collect the dues from its consumers. For defaulting consumers, power supply has been disconnected after serving disconnection notice. Also WESCO is organizing consumer / collection camp in different areas to collect the dues and solve the dispute of the consumer if any at the earliest. Hence, the contention of the objector that, unrealized amount are increasing and it affecting the genuine consumers is not true.

In the regulatory regime, Hon'ble Commission had declared & directed to all DISCOM's to carry out the receivable audit of the outstanding amount as on 31 Mar 2005 through outside agencies. Accordingly, they have recommended 19 Chartered Accountant firms to conduct the same. All the Chartered Accountant firms have already submitted their report to the Hon'ble Commission with a copy to the licensee. As per their report, the non-receivable amount as on 31.03.2005 is to the tune of Rs. 453 crore. However, Hon'ble Commission has approved only Rs. 89 Crore from 01.04.1999 to 31.03.2005 in the ARR. The difference of Rs. 365 crore is yet to be factored in the truing up exercise.

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Proposal of enhancement of demand charges is justified as BST of the licensee is being determined through composite of demand as well as energy

charges. When demand charges is being levied which is fixed in nature, that should be recovered from the consumers.

**12. SERVICE CHARGES FOR DOOR COLLECTION :**

The licensee has proposed the most innovative model which will improve the collection efficiency as well as better service to the consumers as they will not travel from their home to licensee's cash collection centre. This has been proposed for the better convenience and satisfaction of the consumer.

**13. LOAD FACTOR INCENTIVE :**

The Hon'ble Commission has already allowed load factor incentive beyond 50%. The amount lost due to the above is being passed on to the Consumers while fixing the tariff. In case of EHT consumers, consumption above 50% L.F. is Rs. 2.02 as against the purchase cost of Rs. 1.80 paise. As such any further incentive on load factor will have an adverse effect on the Consumers. Hence, it is requested before the Hon'ble Commission not to allow the proposal of the objector.

**14. LOAD FACTOR BASED ON "POWER ON HOUR" :**

Load factor of an industry is calculated as per the guidelines of OERC distribution (Conditions Of Supply) Code 2004.

Power supply interruption may be due to many reasons, some of which are beyond the control of the licensee. It will be unjustified to allow load factor incentive to consumers only for power on hours because the licensee will have to provide incentive even though power failure is attributed by the consumer or might be beyond its control & it will be impractical to segregate power interruptions caused due to various reasons.

**15. POWER FACTOR INCENTIVE :**

To maintain good power factor of the system, an industrial consumer should have almost unity power factor and in no case it should be below 90%. In order to achieve unity power factor, the commission has provided incentive for improvement of power factor above 95% upto 100%. The incentive for improvement of power factor was started from 97% upto 100% in the past. It may be mentioned here that revenue forgone on account of power factor incentive during FY 2007-08 and 1<sup>st</sup> six month of FY 2008-09 is Rs. 8.98 crores and Rs. 5.13 Crores respectively. This is due to reduction of availment of PF incentive limit from 97% to 95%. At the same time, the licensee is getting Rs. 5.10 crores and Rs. 3.25 Crores respectively for the same period from power factor penalty.

Further relaxation in the power factor for incentive will not only discourage the consumers for reaching higher power factor but also will affect demand and energy consumption.

Since availing power at very high power factor in giving an incentive to the consumer in terms of less demand for the same effective energy and also incentive as high load factor, the power factor incentive should be 97% in stead of prevailing 95%. Accordingly, power factor incentive above 90% as proposed by the objector instead of 97% (previous tariff) should not be allowed by the Commission.

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Bank guarantee against security deposit should not be allowed to the consumers as it will be very difficult to monitor the expiry date of the Bank Guarantee and its renewal. Earlier, there is no interest provision on the security deposit. Subsequently, Hon'ble Commission has allowed interest bearing @ 6% p.a. towards Security Deposit to the respective consumers. Increase in interest rate will impose extra financial burden to WESCO. Hence, it is requested before the Hon'ble Commission for not considering the proposal of the objector.

Regarding installation of pre-paid meter, WESCO is trying to put pre-paid meter in 3-ph & Govt. consumers in the 1<sup>st</sup> phase. Since the cost involvement is very high, pre-paid meters can be replaced in phases for different category of consumers.

Security deposit amount from a consumer is collected to cover at least two months energy bill, which will be adjusted in case of default of non-payment of the bill by the consumer. Hence there is no relation between Security Deposit and Share Capital. Thus, the ratio calculated for comparison is not relevant in this context. Apart from this on privatization, the amount of security deposit was around Rs.48 crores, which was on paper only. No physical cash has been transferred. Presently the licensee is paying @ 6% p.a. interest on the security deposit amount as per the Electricity Act 2003. As already explained security deposit amount is only caution money against some future default by the consumer. The interest on security deposit at higher rate than the prescribed limit of @ 6% p.a. asked by the objector is not within the purview of WESCO. Moreover interest payable will be based on the current market situation to be decided by the Hon'ble Commission.

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The Hon'ble Commission has made a provision for CPP emergency power for start-up purpose and in the event of failure of the captive plant, they are to draw survival power. The energy drawn is to be paid only by flat unit rate. Often, it is seen that even if there is no failure of captive plant, in case the generation becomes less, the industry having captive power drawing energy from the system to make good of their deficit which may not be a survival power. In the region of WESCO, since there

are many captive power plants and in case of grid failure all the CGP trip and everybody draws emergency power at a time, then the SMD of WESCO may increase. Since there is a ceiling of SMD by the Hon'ble Commission & penalty is levied by GRIDCO for excess drawal of demand, the demand charges as per actual (recorded) should be borne by the consumer which is quite reasonable & justified. Therefore, the objection raised by the objector may not be considered by the Hon'ble Commission.

**18. PROMPT PAYMENT REBATE**

The present rebate of 1% of the monthly bill if "full payment made within 72 hrs of presentation of bills" is an adequate incentive.

However, the licensee pays the bill for the energy purchase for all its consumers as a whole to GRIDCO within 48 hours through an LC mechanism and the bills are submitted to the licensee by GRIDCO / OPTCL with a copy to the bank.

**19. PERIOD OF AGREEMENT TO BE REDUCED TO 1 YEAR**

While making projection on load forecasting and estimate for investment plans, it is considered that an existing load continues for at least five years. If the period of agreement is reduced, there will be frequent change of load pattern of industrial consumers. As a result of the same, a situation of chaos will arise. Also infrastructure created may be left underutilized. Keeping all these points in view, the proposal should not be considered.

**20.** The annual account of the licensee for the period upto FY 2007-08 has already been finalized and duly certified by the statutory auditors. Soft copy of the annual accounts are also made available in the website of the licensee ([www.wescoorissa.com](http://www.wescoorissa.com)). From the balance sheet, it is revealed that WESCO has incurred cumulative loss of Rs. 467.33 crore till 2007-08. Hence, the contention of the objector that WESCO is making huge profit is not true.

**21.** WESCO has proposed for hike in demand charges in case of consumers having CD is 70 KVA and above but below 110 KVA. The wide difference in demand charges between HT and high valued MI consumers is tempting to the MI consumers

for pilferage of electricity and suppressing the demand even if there connected load is more than 110 KVA.

**For and on behalf of Western Electricity  
Supply Company of Orissa Limited**

Burla  
Dated 21.01.2009

**Dy. General Manager  
(Commercial)**

**Copy to :**

Shri Binod Kumar Agrawal  
Director  
M/s. Radha Krishna Ispat Pvt. Ltd.  
U-10, Civil Township,  
Rourkela.

**Note-** This is also available at the licensee's website-[www.wescoorissa.com](http://www.wescoorissa.com)

**BEFORE THE ORISSA ELECTRICITY REGULATORY COMMISSION  
BIDYUT NIYAMAK BHAWAN, UNIT-VIII, BHUBANESWAR.**

**Case No. 68 of 2008**

**In the matter of :** Western Electricity Supply Company of Orissa  
Limited (WESCO)

And

**In the matter of :** Shri Nrusingha Ch. Panda  
Manager,  
M/s. Grihasti Udyog  
Chhend Basti, Rourkela-769 015.

Rejoinder to objections received by the Secretary, Orissa Electricity Regulatory Commission against the Retail supply Tariff Application by WESCO for the year 2009-2010.

**1. COMPARISION OF TARIFF OF ORISSA WITH OTHER STATES :**

The tariff rates are determined by OERC keeping in view of recovery of energy charges from consumers against the revenue requirement of the Distribution Licensee. In Orissa, there is no subsidy to the distribution companies from the Govt. of Orissa which is not so in other states. The cost of power purchased for Discoms by GRIDCO from different sources is different. Higher power purchase cost is normally attributed to higher consumption of industries. Again the availability of power and the quantum of power purchase differs from state to state depending on their provincial conditions. Also, it has been observed that the retail supply tariff of Orissa State is cheaper in comparision to most of the other States in the country.

In continuation to the above, since the RST in Orissa is cheaper than most of the other States in the country, it is favourable for industrialisation in the State.

**2. POWER PROCUREMENT FROM HYDRO & THERMAL**

WESCO is purchasing power in bulk from GRIDCO who in turn purchase power from different generators which may be Hydro, Thermal or any other sources. Tariff rate both for Bulk supply as well as retail supply tariff (RST) is determined by OERC taking into consideration of all aspects i.e. purchase of power from different available sources & sale of power to all categories of consumers. In this context, the licensee has no role to determine the RST rate. Hence, the proposal of the objector regarding availability of power at cheaper rate under the jurisdiction of WESCO is not applicable on the part of WESCO as entire Orissa is considered as one unit. It may be intimated that in absence of adequate rain in the past years, OHPC also not able to generate the designed energy. To meet the need, GRIDCO is purchasing power from

thermal at a higher rate. The need of the state as regulation of power is strictly prohibited by OERC.

**3. MONOPOLY OF WESCO IN FIXATION OF RETAIL SUPPLY TARIFF :**

The question of monopoly in fixation of RST in the part of WESCO doesnot arise because M/s GRIDCO purchases power from different generating stations and sell it to distribution licensees (DISCOMs) through M/s OPTCL network, the transmission licensee of the state of Orissa. M/s WESCO is purchasing power from M/s. GRIDCO in bulk quantity and selling under its jurisdiction to different category of consumers. The RST is determined by the Hon'ble Commission. For the last eight years, there has been no rise in RST although there has been hike in BST rate and expenditure on salary & wages, O & M exp., repair on transformer has gone up abnormally. Financially if it is calculated in the last 8 years, BST rate has gone up from 99.20 paise per unit to Rs. 157.25 paise per unit, there is no increase in RST tariff (taking into account of the devaluation of money).

**4. PERFORMENACE BASE TARIFF IN FIXATION OF RST :**

Hon'ble OERC fixed the RST considering different factors e.g. quantum of purchase of different DISTCO's, quantum of sale to different category of consumers, T & D loss etc. ARR of the licensee is being determined considering all the costs like power purchase cost, employee cost, A & G cost, repair & maintenance cost etc where power purchase is the major components. Recovery of cost is being done through sale of power to different category of consumers. WESCO is the licensee for the western part of Orissa who is paying BST @ 157.25 paise per unit in comparision to 70 paise per unit of SOUTHCO, 101 paise per unit of CESU & 125 paise per unit of NESCO. Differentiation in RST may improve competition among DISCOM's, however at the same time socio economic factor cannot be ignored.

Different RST in different DISCOMs will lead to discrimination & chaos. The competition among the DISCOMs may be regarding performance by reducing BST.

**5. DISTRIBUTION LOSS :**

WESCO is taking various steps for reduction of distribution loss such as installation of Audit Metering for industrial consumers, cubicle metering, Energy Audit, Feeder Metering, System Improvement Work, regularisation of unauthorized consumers through consumer camps, vigilance checking, introduction of monthly spot billing in urban areas, putting parallel meters, giving HT supply through metering cubicles and XLPE cables for HT consumers. We have also started putting round the clock guards (Ex-military personal) at strategic location and taking the meter readings at very frequent interval for minimizing the theft of energy. Financial

loss is assessed on the consumers found indulging in theft of energy and additional bill is raised accordingly as per I.E. Act-2003. Moreover in LT category, process is always on to replace the defective meters, years old electromechanical meters & consumers without meter. Recently, 1.2 lakhs static meter with latest technology is under the process of procurement. We have also started checking the meters of the consumers through our own MRT / Vigilance teams where consumption is found to be abnormally low.

WESCO has started analysing the consumption pattern of high value consumers almost on daily basis for reduction of losses. Where ever uprating of network is necessary high rating conductor size is laid to reduce losses. Although in Domestic category more and more consumers have been brought to the billing fold it is not possible to eliminate tampering and by-passing of meters in totality due to the vast geographical area and large number of consumers. In practice it is noticed that loss reduction can only be a gradual process, which cannot be achieved to a high degree within a year. Operating at targeted figures of distribution loss is not feasible due to other related factors including lack of Administrative support. Input based franchisee have also been engaged in rural areas with monthly billing system who have been entrusted for meter readings, bill distribution and revenue collection. The energy police station has started functioning at Burla for Sambalpur district. However, there is no appreciatly effect is on the consumers indulging in theft of energy due to non-availability of adequate police personnel in the energy police station. Further, although it has been decided by the Govt. to open energy police station in each district, it is yet to be materialized.

Further, due to no change in RST for last 8 years and continuous increase in BST as well as salary and wages, so far WESCO is concerned; no surplus is left for investment in system improvement. During FY 2008-09 Hon'ble Commission has allowed WESCO for an amount of Rs.25.66 crores. Accordingly a lot of S.I. works like up-gradation of Transformers, putting new transformers to new load center, up-rating of conductors, putting new lines etc which will help us in reduction of technical loss. Further, we have availed a loan of Rs.11.92 crores from REC towards S.I. Works. Another loan to the tune of Rs.42 crores from REC is also in the pipe line for S.I. Works. After investment in infrastructure development we expect a substantial reduction in the T&D loss. Pre-closure of APDRP schemes, inadequate funding of central assistance through State Govt. had considerable effect for which WESCO is not able to reduce distribution loss specifically in LT consumers. The massive rural electrification under PMGY & MNP has added a lot of line & transformer as has added to the distribution loss.

## 6. **ENERGY POLICE STATIONS :**

Presently, there is one energy police station functioning at Burla for Sambalpur District.

In addition to that, as per Notification no. 47514, dated 23.10.08 of Home dept., Govt. of Orissa another 29 nos. of Energy Police Station all over Orissa are to be formed all over Orissa, out of which 9 nos. of energy police stations will be established under WESCO jurisdiction. They are as follows,

<b>Sl. No.</b>	<b>Name of the Police Station</b>	<b>Headquarter of the Special Police Station</b>	<b>Territorial Jurisdiction</b>
1	Special Police Station (Energy) Bargarh	Bargarh	Bargarh Revenue District
2	Special Police Station (Energy) Jharsuguda	Jharsuguda	Jharsuguda Revenue District
3	Special Police Station (Energy) Bolangir	Bolangir	Bolangir Revenue District
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9	Special Police Station (Energy) Rourkela	Rourkela	Revenue Sub-division, Rourkela

Superintendent of Police, Jharsuguda & Bolangir has already asked WESCO for providing office for establishment of energy police station.

As regard to expenditure towards the energy police station, at present, WESCO is reimbursing the expenditure towards the energy police station to Home Department, Govt. of Orissa.

After implementation of the said energy police stations, WESCO's anti-theft measures will be strengthened.

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Presently, Govt. of Orissa has empowered Additional District & Sessions Judge, Sambalpur as special Court for Sambalpur Revenue District for this purpose.

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WESCO has taken steps to collect the dues from its consumers. For defaulting consumers, power supply has been disconnected after serving disconnection notice. Also WESCO is organizing consumer / collection camp in different areas to collect the dues and solve the dispute of the consumer if any at the earliest. Hence, the contention of the objector that, unrealized amount are increasing and it affecting the genuine consumers is not true.

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**For and on behalf of Western Electricity  
Supply Company of Orissa Limited**

Burla  
Dated 21.01.2009

**Dy. General Manager  
(Commercial)**

**Copy to :** Nrusingha Ch. Panda  
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M/s Grihasti Udyog  
Chhend Basti, Rourkela-769 015.

**Note-** This is also available at the licensee's website-[www.wescoorissa.com](http://www.wescoorissa.com)

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**In the matter of :** Western Electricity Supply Company of Orissa  
Limited (WESCO)

And

**In the matter of :** Shri Ramesh Jalan  
Managing Director  
M/s. Refulgent Ispat Pvt. Ltd.  
X-14, Civil Township,  
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The tariff rates are determined by OERC keeping in view of recovery of energy charges from consumers against the revenue requirement of the Distribution Licensee. In Orissa, there is no subsidy to the distribution companies from the Govt. of Orissa which is not so in other states. The cost of power purchased for Discoms by GRIDCO from different sources is different. Higher power purchase cost is normally attributed to higher consumption of industries. Again the availability of power and the quantum of power purchase differs from state to state depending on their provincial conditions. Also, it has been observed that the retail supply tariff of Orissa State is cheaper in comparison to most of the other States in the country.

In continuation to the above, since the RST in Orissa is cheaper than most of the other States in the country, it is favourable for industrialisation in the State.

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Hon'ble OERC fixed the RST considering different factors e.g. quantum of purchase of different DISTCO's, quantum of sale to different category of consumers, T & D loss etc. ARR of the licensee is being determined considering all the costs like power purchase cost, employee cost, A & G cost, repair & maintenance cost etc where power purchase is the major components. Recovery of cost is being done through sale of power to different category of consumers. WESCO is the licensee for the western part of Orissa who is paying BST @ 157.25 paise per unit in comparision to 70 paise per unit of SOUTHCO, 101 paise per unit of CESU & 125 paise per unit of NESCO. Differentiation in RST may improve competition among DISCOM's, however at the same time socio economic factor cannot be ignored.

Different RST in different DISCOMs will lead to discrimination & chaos. The competition among the DISCOMs may be regarding performance by reducing BST.

**5. QUALITY OF SUPPLY :**

For providing better quality of supply for the FY 09-10, WESCO has taken up a lot of system improvement work after Hon'ble Commission has allowed escrow relaxation for O & M works & S.I. works. Now we are going for uprating of conductors, putting new transformers, installation of breakers which will help in providing quality supply.

**6. DISTRIBUTION LOSS :**

WESCO is taking various steps for reduction of distribution loss such as installation of Audit Metering for industrial consumers, cubicle metering, Energy

Audit, Feeder Metering, System Improvement Work, regularisation of unauthorized consumers through consumer camps, vigilance checking, introduction of monthly spot billing in urban areas, putting parallel meters, giving HT supply through metering cubicles and XLPE cables for HT consumers. We have also started putting round the clock guards (Ex-military personal) at strategic location and taking the meter readings at very frequent interval for minimizing the theft of energy. Financial loss is assessed on the consumers found indulging in theft of energy and additional bill is raised accordingly as per I.E. Act-2003. Moreover in LT category, process is always on to replace the defective meters, years old electromechanical meters & consumers without meter. Recently, 1.2 lakhs static meter with latest technology is under the process of procurement. We have also started checking the meters of the consumers through our own MRT / Vigilance teams where consumption is found to be abnormally low.

WESCO has started analysing the consumption pattern of high value consumers almost on daily basis for reduction of losses. Where ever uprating of network is necessary high rating conductor size is laid to reduce losses. Although in Domestic category more and more consumers have been brought to the billing fold it is not possible to eliminate tampering and by-passing of meters in totality due to the vast geographical area and large number of consumers. In practice it is noticed that loss reduction can only be a gradual process, which cannot be achieved to a high degree within a year. Operating at targeted figures of distribution loss is not feasible due to other related factors including lack of Administrative support. Input based franchisee have also been engaged in rural areas with monthly billing system who have been entrusted for meter readings, bill distribution and revenue collection. The energy police station has started functioning at Burla for Sambalpur district. However, there is no appreciatly effect is on the consumers indulging in theft of energy due to non-availability of adequate police personnel in the energy police station. Further, although it has been decided by the Govt. to open energy police station in each district, it is yet to be materialized.

Further, due to no change in RST for last 8 years and continuous increase in BST as well as salary and wages, so far WESCO is concerned; no surplus is left for investment in system improvement. During FY 2008-09 Hon'ble Commission has allowed WESCO for an amount of Rs.25.66 crores. Accordingly a lot of S.I. works like up-gradation of Transformers, putting new transformers to new load center, up-rating of conductors, putting new lines etc which will help us in reduction of technical loss. Further, we have availed a loan of Rs.11.92 crores from REC towards S.I. Works. Another loan to the tune of Rs.42 crores from REC is also in the pipe line for S.I. Works. After investment in infrastructure development we expect a substantial reduction in the T&D loss. Pre-closure of APDRP schemes, inadequate funding of central assistance through State Govt. had considerable effect for which WESCO is

not able to reduce distribution loss specifically in LT consumers. The massive rural electrification under PMGY & MNP has added a lot of line & transformer as has added to the distribution loss.

#### **7. ENERGY POLICE STATIONS :**

Presently, there is one energy police station functioning at Burla for Sambalpur District.

In addition to that, as per Notification no. 47514, dated 23.10.08 of Home dept., Govt. of Orissa another 29 nos. of Energy Police Station all over Orissa are to be formed all over Orissa, out of which 9 nos. of energy police stations will be established under WESCO jurisdiction. They are as follows,

<b>Sl. No.</b>	<b>Name of the Police Station</b>	<b>Headquarter of the Special Police Station</b>	<b>Territorial Jurisdiction</b>
1	Special Police Station (Energy) Bargarh	Bargarh	Bargarh Revenue District
2	Special Police Station (Energy) Jharsuguda	Jharsuguda	Jharsuguda Revenue District
3	Special Police Station (Energy) Bolangir	Bolangir	Bolangir Revenue District
4	Special Police Station (Energy) Sonapur	Sonapur	Sonapur Revenue District
5	Special Police Station (Energy) Deogarh	Deogarh	Deogarh Revenue District
6	Special Police Station (Energy) Bargarh	Kalahandi	Kalahandi Revenue District
7	Special Police Station (Energy) Bargarh	Nuapada	Nuapada Revenue District
8	Special Police Station (Energy) Kalahandi	Sundergarh	Sundergarh Revenue District (Except Rourkela Sub-division)
9	Special Police Station (Energy) Rourkela	Rourkela	Revenue Sub-division, Rourkela

The Superintendent of Police, Jharsuguda & Bolangir has already asked WESCO for providing office for establishment of energy police station.

As regard to expenditure towards the energy police station, at present, WESCO is reimbursing the expenditure towards the energy police station to Home Department, Govt. of Orissa.

After implementation of the said energy police stations, WESCO's anti-theft measures will be strengthened.

**8. SPECIAL COURT FOR ENERGY DISPUTE :**

Presently, Govt. of Orissa has empowered Additional District & Sessions Judge, Sambalpur as special Court for Sambalpur Revenue District for this purpose.

**9. BAD DEBT:-**

WESCO has taken steps to collect the dues from its consumers. For defaulting consumers, power supply has been disconnected after serving disconnection notice. Also WESCO is organizing consumer / collection camp in different areas to collect the dues and solve the dispute of the consumer if any at the earliest. Hence, the contention of the objector that, unrealized amount are increasing and it affecting the genuine consumers is not true.

In the regulatory regime, Hon'ble Commission had declared & directed to all DISCOM's to carry out the receivable audit of the outstanding amount as on 31 Mar 2005 through outside agencies. Accordingly, they have recommended 19 Chartered Accountant firms to conduct the same. All the Chartered Accountant firms have already submitted their report to the Hon'ble Commission with a copy to the licensee. As per their report, the non-receivable amount as on 31.03.2005 is to the tune of Rs. 453 crore. However, Hon'ble Commission has approved only Rs. 89 Crore from 01.04.1999 to 31.03.2005 in the ARR. The difference of Rs. 365 crore is yet to be factored in the truing up exercise.

**10. ENHANCEMENT OF DEMAND CHARGES :**

Proposal of enhancement of demand charges is justified as BST of the licensee is being determined through composite of demand as well as energy charges. When demand charges is being levied which is fixed in nature, that should be recovered from the consumers.

**11. SERVICE CHARGES FOR DOOR COLLECTION :**

The licensee has proposed the most innovative model which will improve the collection efficiency as well as better service to the consumers as they will not travel from their home to licensee's cash collection centre. This has been proposed for the better convenience and satisfaction of the consumer.

**12. LOAD FACTOR INCENTIVE :**

The Hon'ble Commission has already allowed load factor incentive beyond 50%. The amount lost due to the above is being passed on to the Consumers while fixing the tariff. In case of EHT consumers, consumption above 50% L.F. is Rs. 2.02 as against the purchase cost of Rs. 1.80 paise. As such any further incentive on load factor will have an adverse effect on the Consumers. Hence, it is requested before the Hon'ble Commission not to allow the proposal of the objector.

**14. LOAD FACTOR BASED ON "POWER ON HOUR" :**

Load factor of an industry is calculated as per the guidelines of OERC distribution (Conditions Of Supply) Code 2004.

Power supply interruption may be due to many reasons, some of which are beyond the control of the licensee. It will be unjustified to allow load factor incentive to consumers only for power on hours because the licensee will have to provide incentive even though power failure is attributed by the consumer or might be beyond its control & it will be impractical to segregate power interruptions caused due to various reasons.

**15. POWER FACTOR INCENTIVE :**

To maintain good power factor of the system, an industrial consumer should have almost unity power factor and in no case it should be below 90%. In order to achieve unity power factor, the commission has provided incentive for improvement of power factor above 95% upto 100%. The incentive for improvement of power factor was started from 97% upto 100% in the past. It may be mentioned here that revenue forgone on account of power factor incentive during FY 2007-08 and 1<sup>st</sup> six month of FY 2008-09 is Rs. 8.98 crores and Rs. 5.13 Crores respectively. This is due to reduction of availment of PF incentive limit from 97% to 95%. At the same time, the licensee is getting Rs. 5.10 crores and Rs. 3.25 Crores respectively for the same period from power factor penalty.

Further relaxation in the power factor for incentive will not only discourage the consumers for reaching higher power factor but also will affect demand and energy consumption.

Since availing power at very high power factor in giving an incentive to the consumer in terms of less demand for the same effective energy and also incentive as high load factor, the power factor incentive should be 97% in stead of prevailing 95%. Accordingly, power factor incentive above 90% as proposed by the objector instead of 97% (previous tariff) should not be allowed by the Commission.

## **16. SECURITY DEPOSIT**

Bank guarantee against security deposit should not be allowed to the consumers as it will be very difficult to monitor the expiry date of the Bank Guarantee and its renewal. Earlier, there is no interest provision on the security deposit. Subsequently, Hon'ble Commission has allowed interest bearing @ 6% p.a. towards Security Deposit to the respective consumers. Increase in interest rate will impose extra financial burden to WESCO. Hence, it is requested before the Hon'ble Commission for not considering the proposal of the objector.

Regarding installation of pre-paid meter, WESCO is trying to put pre-paid meter in 3-ph & Govt. consumers in the 1<sup>st</sup> phase. Since the cost involvement is very high, pre-paid meters can be replaced in phases for different category of consumers.

Security deposit amount from a consumer is collected to cover at least two months energy bill, which will be adjusted in case of default of non-payment of the bill by the consumer. Hence there is no relation between Security Deposit and Share Capital. Thus, the ratio calculated for comparison is not relevant in this context. Apart from this on privatization, the amount of security deposit was around Rs.48 crores, which was on paper only. No physical cash has been transferred. Presently the licensee is paying @ 6% p.a. interest on the security deposit amount as per the Electricity Act 2003. As already explained security deposit amount is only caution money against some future default by the consumer. The interest on security deposit at higher rate than the prescribed limit of @ 6% p.a. asked by the objector is not within the purview of WESCO. Moreover interest payable will be based on the current market situation to be decided by the Hon'ble Commission.

## **17. DEMAND FOR CD FOR C.P.P. :**

The Hon'ble Commission has made a provision for CPP emergency power for start-up purpose and in the event of failure of the captive plant, they are to draw survival power. The energy drawn is to be paid only by flat unit rate. Often, it is seen that even if there is no failure of captive plant, in case the generation becomes less, the industry having captive power drawing energy from the system to make good of their deficit which may not be a survival power. In the region of WESCO, since there are many captive power plants and in case of grid failure all the CGP trip and everybody draws emergency power at a time, then the SMD of WESCO may increase. Since there is a ceiling of SMD by the Hon'ble Commission & penalty is levied by GRIDCO for excess drawal of demand, the demand charges as per actual (recorded) should be borne by the consumer which is quite reasonable & justified. Therefore, the objection raised by the objector may not be considered by the Hon'ble Commission.

## **17. PROMPT PAYMENT REBATE**

The present rebate of 1% of the monthly bill if "full payment made within 72 hrs of presentation of bills" is an adequate incentive.

However, the licensee pays the bill for the energy purchase for all its consumers as a whole to GRIDCO within 48 hours through an LC mechanism and the bills are submitted to the licensee by GRIDCO / OPTCL with a copy to the bank.

**18. PERIOD OF AGREEMENT TO BE REDUCED TO 1 YEAR**

While making projection on load forecasting and estimate for investment plans, it is considered that an existing load continues for at least five years. If the period of agreement is reduced, there will be frequent change of load pattern of industrial consumers. As a result of the same, a situation of chaos will arise. Also infrastructure created may be left underutilized. Keeping all these points in view, the proposal should not be considered.

**19.** The annual account of the licensee for the period upto FY 2007-08 has already been finalized and duly certified by the statutory auditors. Soft copy of the annual accounts are also made available in the website of the licensee ([www.wescoorissa.com](http://www.wescoorissa.com)). From the balance sheet, it is revealed that WESCO has incurred cumulative loss of Rs. 467.33 crore till 2007-08. Hence, the contention of the objector that WESCO is making huge profit is not true.

**20.** WESCO has proposed for hike in demand charges in case of consumers having CD is 70 KVA and above but below 110 KVA. The wide difference in demand charges between HT and high valued MI consumers is tempting to the MI consumers for pilferage of electricity and suppressing the demand even if there connected load is more than 110 KVA.

**For and on behalf of Western Electricity  
Supply Company of Orissa Limited**

Burla  
Dated 21.01.2009

**Dy. General Manager  
(Commercial)**

**Copy to :** Shri Ramesh Jalan  
Managing Director  
M/s. Refulgent Ispat Pvt. Ltd.  
X-14, Civil Township,  
Rourkela.

**Note-** This is also available at the licensee's website-[www.wescoorissa.com](http://www.wescoorissa.com)

**BEFORE THE ORISSA ELECTRICITY REGULATORY COMMISSION  
BIDYUT NIYAMAK BHWAN, UNIT-VIII, BHUBANESWAR.**

**Case No. 68 of 2008**

**In the matter of :** Western Electricity Supply Company of Orissa  
Limited (WESCO)

And

**In the matter of :** Shri Ramesh Ch. Satpathy  
Plot No.302 (B), Beherasahi,  
Nayapalli, Bhubaneswar-751 012.

Rejoinder to objections received by the Secretary, Orissa Electricity Regulatory Commission against the Retail supply Tariff Application by WESCO for the year 2009-10.

**1. QUALITY POWER SUPPLY :**

The objector's allegation is that since reform the licensee is not providing quality supply and better service. It may be mentioned here that at the time of privatization the T&D loss was more than 50% which is now close to 30%. Before privatization there was a provision for minimum unit charges per KW which was restricting the consumers for stealing of energy to some extent. This system was withdrawn and consumers were allowed to pay as per actual meter reading and have created an attempt to some consumers to be tempted for theft of energy. During 1999-00 the consumer strength was only 2.5 lacs now it is more than 5 lacs. With completion of rural electrification under RGGVY and BJGY scheme, the total consumer strength is likely go beyond 10 lacs where 90% of new consumers will be under BPL category. With double the consumer more the responsibility to control theft and provide quality supply, still then WESCO has reasonably able to control theft and curbed the T&D loss from above 50% to a limit of 30% projected for ensuing year. Hence objection of the objector is not correct.

**2. OPERATION AND MAINTENANCE OF SUBSTATIONS :**

When the distribution business was hand over to WESCO, there were 109 nos of 33/11 KV S/S. Subsequently through IBRD scheme WESCO has upgraded around 60 nos of S/S and added another 17 nos of new S/S to the system. Similarly the 11/4 KV S/S was around 8000 nos the same has been increased to 15186 nos at present along with 3158 km of 33 KV lines, 22080 ckt KM of 11 KV lines and 13764 ckt KM of LT lines . Hence allegation of the objector that the Company is not maintaining the Net Work Asset is not correct.

**3. APPOINTMENT TO RETRENCHED EMPLOYEES :**

Increase of legal expenses because of no of legal cases on account of retrenched employees. The objectors allegation is base less and not true.

**4. ENERGY AUDIT :**

The company is carrying the energy audit regularly for all the 11 KV feeders. Selected DTRs are also covered under Energy Audit. Hence objectors view is not correct.

**5. UTILISATION OF APDRP FUND :**

The company has already utilized its entire fund of Rs.30 crores in the above scheme in the 10<sup>th</sup> plan period where no of S/S and LT lines were upgraded.

**6. NO OF WORKERS WORKING IN THE COMPANY :**

The no of Technical -Executive & Non-Executive and Non-Technical :- Executive & Non-Executive category wise along with their cost is being filed with the ARR vide form F-21.

**7. CONSUMER AWARENESS/ RIGHT TO INFORMATION :**

As compared to the consumer awareness programme during 1999-00, the present awareness programme has already improved to a many fold. Hon'ble Commission is regularly publishing the right of the consumer in the Oriya and English dailies. The licensee also puts banner in all the sectional offices where right of the consumer is depicted. We have also published a booklet called "GRAHAK SATHI" where all rules, consumer's right, contact nos of field engineers are provided. The booklet has also distributed to all the sectional heads for onward distribution to the valued customers. All the information about the company along with monthly billing, collection data are also uploaded in the company's website for perusal of the consumer. Hence lack of consumer awareness and Right to information as objected by the objector is not true.

**For and on behalf of Western Electricity  
Supply Company of Orissa Limited**

Burla  
21.01.2009

**Dy. General Manager  
(Commercial)**

**C.C :**

Shri Ramesh Ch.Satpathy  
Plot No.302 (B), Beherasahi,  
Nayapalli, Bhubaneswar-751 012.

**BEFORE THE ORISSA ELECTRICITY REGULATORY COMMISSION  
KALYANI MARKET COMPLEX, BHUBANESWAR.**

**Case No. 68 of 2008**

**In the matter of :** Western Electricity Supply Company of Orissa  
Limited (WESCO)

And

**In the matter of :** Dr. B.K.Panda  
Director, Dalmia Institute of Scientific And  
Industrial Research,  
Rajgangpur.

Rejoinder to objections received by the Secretary, Orissa Electricity Regulatory Commission against the Retail supply Tariff Application by WESCO for the year 2009-10.

**1. RECTIFICATION OF DISCREPANCY IN TARIFF ORDER 2006-07 :**

The objector needs rectification of the tariff order of 2006-07. It may be mentioned here that the same point has already been clarified by the Hon'ble Commission in the tariff order dated 20.03.2008 for 2008-09 vide para 451.

**2. INCENTIVE FOR HIGHER CONSUMPTION OF HT CONSUMERS :**

The Hon'ble Commission has already allowed load factor incentive beyond 50%. The amount lost due to the above is being passed on to the Consumers while fixing the tariff. As such any further incentive on load factor will have an adverse effect on the Consumers. Hon'ble Commission is requested not to accept the proposal.

**3. HIGHER DISCOUNT FOR "OFF-PEAK PERIOD TARIFF" :**

The objector has asked for TOD benefit of 25 paise per unit instead of 10 paise per unit. The suggestion of the objector is not acceptable as it will contribute to ore loss to the licensee as well as load imbalance in the system.

**4. INCENTIVE ON IMPROVED POWER FACTOR :**

To maintain good power factor of the system, an industrial consumer should have almost unity power factor and in no case it should be below 90%. In order to achieve unity power factor, the commission has provided incentive for improvement of power factor above 95% up-to 100%. The incentive for improvement of power factor was started from 97% up to 100% in the past. It may be mentioned here that revenue forgone on account of power factor incentive during FY 2007-08 and 1<sup>st</sup> six

month of FY 2008-09 is Rs.8.98 crores and Rs.5.13 crores respectively. This is due to reduction of availment of PF incentive limit from 97% to 95%. At the same time the licensee is getting Rs.5.10 crores and Rs.3.25 crores respectively for the same period from power factor penalty.

Further relaxation in the power factor for incentive will not only discourage the consumers for reaching higher power factor but also will affect demand and energy consumption.

Since availing power at very high power factor is giving an incentive to the consumer in terms of less demand for the same effective energy and also incentive as high load factor, the power factor incentive should be 97% instead of prevailing 95%. Accordingly, power factor incentive above 90% as proposed by the objector instead of 97% (previous tariff) should not be allowed by the commission.

**For and on behalf of Western Electricity  
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Burla  
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**BEFORE THE ORISSA ELECTRICITY REGULATORY COMMISSION  
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**Case No. 68 of 2008**

**In the matter of :** Western Electricity Supply Company of Orissa  
Limited (WESCO)

And

**In the matter of :** Shri Shyam Sundar Pansari  
President,  
Western Orissa Cold Storage Association,  
Baraipali, Sambalpur 768 006.

Rejoinder to objections received by the Secretary, Orissa Electricity Regulatory Commission against the Retail supply Tariff Application by WESCO for the year 2009-10.

**1. AGRO-INDUSTRIAL CONSUMER :**

Hon'ble Commission vide Regulation-80 (5) (1) of the Supply Code has defined ("Agro Industrial Consumer", a separate category of consumers where Pisciculture, Horticulture, Floriculture, Sericulture & other allied agricultural activities including animal husbandry, poultry & cold storage (i.e. temperature controlled storage where flowers, fruits, vegetable, meat, fish and food etc can be kept fresh or frozen until it is needed).

As per tariff order dated 20.03.2008, Hon'ble Commission vide para-442 had pronounced a separate tariff for the above category. However, WESCO could not extend the revised new tariff to the newly defined Agro-industrial consumers where consumers were not satisfied the required norms as per the defined category and sought for clarification to the Hon'ble Commission which was not admitted before the Hon'ble Commission. Subsequently, the licensee has filed a petition before Hon'ble ATE and registered as Case no. 688/2008 which is pending for disposal with an interim order for maintaining the status-quo.

No where WESCO is misleading the Hon'ble Commission as contended by the objector, we are only seeking clarification in the following lines,

**a) Cold Storage :** Whether it will be appreciable to the consumers those who are producing agricultural products and preserving the same in their cold storage till usage occurs or it will be applicable to the commercial establishments those who are doing only trading as the real benefits is not going to the farmers.

Similarly, as cold storage is the temperature controlled storage, whether it will be applicable to the ice factory, ice cream parlour and those commercial shops who are preserving ice cream for trading, milk chilling plants, big commercial establishments like sweet shops etc.

**b) Cattle feeds & Poultry Feeds:** Whether the said tariff will be applicable to this category or not, the said regulation is silent.

**c) Industrial Units :** No where in the regulation it is mentioned that the said tariff will be applicable to the oil mill / rice mill / flour mills.

The licensee has only cited an example of case where pisciculture is denied as agro industries & hence the poultry firm & animal husbandry are also not coming under Agro based industries.

Hence the licensee submits before the Hon'ble Commission for clarification and no where misleading the Hon'ble Commission. Therefore, the submission of the objector is not correct.

## **2. PROVISION FOR BAD & DOUBT FULL DEBT :**

WESCO has taken steps to collect the dues from its consumers. For defaulting consumers, power supply has been disconnected after serving disconnection notice. Also WESCO is organizing consumer / collection camp in different areas to collect the dues and solve the dispute of the consumer if any at the earliest. Hence, the contention of the objector that, unrealized amount are increasing and it affecting the genuine consumers is not true.

In the regulatory regime, Hon'ble Commission had declared & directed to all DISCOM's to carry out the receivable audit of the outstanding amount as on 31 Mar 2005 through outside agencies. Accordingly, they have recommended 19 Chartered Accountant firms to conduct the same. All the Chartered Accountant firms have already submitted their report to the Hon'ble Commission with a copy to the licensee. As per their report, the non-receivable amount as on 31.03.2005 is to the tune of Rs. 453 crore. However, Hon'ble Commission has approved only Rs. 89 Crore from 01.04.1999 to 31.03.2005 in the ARR. The difference of Rs. 365 crore is yet to be factored in the truing up exercise.

## **3. ELECTRICITY DUTY :**

The objector has mentioned that in money receipt the E.D. mentioned is not the actual Electricity duty. The amount of ED is higher in the bill but the cash collector has wrongly mentioned it in lower side. IT is clarified that irrespective of the amount mentioned by the cash collectors in the money receipt, while posting the collection in the consumer ledger ED amount is being properly accounted for through

the system software, which has already been cross checked by the EIC in our billing center. Hence the objector contention regarding less collection of the ED is not correct as the system is taking care for the human error.

**For and on behalf of Western Electricity  
Supply Company of Orissa Limited**

Burla  
21.01.2009

**Dy. General Manager  
(Commercial)**

**C.C :** Shri Shyam Sundar Pansari  
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**BEFORE THE ORISSA ELECTRICITY REGULATORY COMMISSION  
BIDYUT NIYAMAK BHAVAN, UNIT VIII, BHUBANESWAR.**

**Case No. 68 of 2008**

**In the matter of:** Western Electricity Supply Company of Orissa  
Limited (WESCO)

And

**In the matter of:** Shri R.P. Mahapatra,  
Plot No.-775 (P), Lane-3  
Jaydev Vihar, Bhubaneswar-751 013.

Rejoinder to objections received by the Secretary, Orissa Electricity Regulatory Commission against the Retail supply Tariff Application by WESCO for the year 2009-10

**1. DISTRIBUTION LOSS:-**

WESCO is taking various steps for reduction of distribution loss such as installation of Audit Metering for industrial consumers, cubicle metering, Energy Audit, Feeder Metering, System Improvement Work, regularisation of unauthorized consumers through consumer camps, vigilance checking, introduction of monthly spot billing in urban areas, putting parallel meters, giving HT supply through metering cubicles and XLPE cables for HT consumers. We have also started putting round the clock guards (Ex-military personal) at strategic location and taking the meter readings at very frequent interval for minimizing the theft of energy. Financial loss is assessed on the consumers found indulging in theft of energy and additional bill is raised accordingly as per I.E. Act-2003. Moreover in LT category, process is always on to replace the defective meters, years old electromechanical meters & consumers without meter. We have also started checking the meters of the consumers through our own MRT / Vigilance teams where consumption is found to be abnormally low.

WESCO has started analysing the consumption pattern of high value consumers almost on daily basis for reduction of losses. Where ever uprating of network is necessary high rating conductor size is laid to reduce losses. Although in Domestic category more and more consumers have been brought to the billing fold it is not possible to eliminate tampering and by-passing of meters in totality due to the vast geographical area and large number of consumers. In practice it is noticed that loss reduction can only be a gradual process, which cannot be achieved to a high degree within a year. Operating at targeted figures of distribution loss is not feasible due to other related factors including lack of Administrative support. Input based franchisee have also been engaged in rural areas with monthly billing system who have been entrusted for meter readings, bill distribution and revenue collection.

The energy police station has started functioning at Burla for Sambalpur district. However, there is no appreciably effect is on the consumers indulging in theft of energy due to non-availability of adequate police personnel in the energy police station. Further, although it has been decided by the Govt. to open energy police station in each district, it is yet to be materialized.

Further, due to no change in RST for last 8 years and continuous increase in BST as well as salary and wages, so far WESCO is concerned; no surplus is left for investment in system improvement. During FY 2008-09 Hon'ble Commission has allowed WESCO for an amount of Rs.25.66 crores. Accordingly a lot of S.I. works like up-gradation of Transformers, putting new transformers to new load center, up-rating of conductors, putting new lines etc which will help us in reduction of technical loss. Further, we have availed a loan of Rs.11.92 crores from REC towards S.I. Works. Another loan to the tune of Rs.42 crores from REC is also in the pipe line for S.I. Works. After investment in infrastructure development we expect a substantial reduction in the T&D loss. Pre-closure of APDRP schemes, inadequate funding of central assistance through State Govt. had considerable effect for which WESCO is not able to reduce distribution loss specifically in LT consumers. The massive rural electrification under PMGY & MNP with a lot of lines & transformers has added to the distribution loss. With the coming up of RGGVY and BJGY scheme the consumer strength is expected to be more than double and as 90% of consumers are of BPL categories it will added to more T & D loss

**2.** Amount collected from consumers is being properly accounted for against current and arrear. In the performance review the licensee is showing both collection from arrear and current. While calculating collection efficiency only collection from current dues is being considered.

**3.** T&D loss target as allowed by Hon'ble commission from time to time is very tough and becoming difficult to achieve. Based on the approved T&D loss if the differential power purchase cost will not be allowed in the ARR, it will not be possible in part of WESCO to pay the BST bill in full due to shortage of revenue.

**4.** As far as securitisation is concerned, it will be securitised with 0% interest and payable in 10 years equal installments. Recently an order has already been pronounced by Hon'ble Commission for securitization of old outstanding (Power bond not included) where the securitization is with 0% interest. Hence there is no possibility of passing of interest cost in the ARR and as such to the consumers.

5. Revenue collected out of outstanding of Govt. consumers as on 1-4-1999 has already remitted to GRIDCO. Regarding sharing of amount collected, 50% to GRIDCO and balance 50% of DISCOM. It is the amount if collected out of the consumers declared as bad and doubtful as on 31-3-1999 and collection made out of the consumers declared as bad and doubtful. As per direction of Hon'ble Commission we have already completed the receivable audit through outside chartered accountant firms duly approved by Hon'ble Commission. They have already submitted their report to the Hon'ble Commission with a copy to us where collection out of arrear is clearly mentioned.

**6. PROVISIONS FOR BAD & DOUBTFUL DEBTS :**

Provision for bad and doubtful debt is considered as per AT & C concept, hence the difference between billing made and the amount of collection is shown as provision for Bad debt. In addition to this it has already proved from the revenue audit report submitted by auditor that the % of recoverability is around 30% of the outstanding amount.

Hon'ble Commission had declared & directed to all DISCOM's to carry out the receivable audit of the outstanding amount as on 31 Mar 2005 through outside agencies. Accordingly, they have recommended 19 Chartered Accountant firms to conduct the same. All the Chartered Accountant firms have already submitted their report to the Hon'ble Commission with a copy to the licensee. As per their report, the non-receivable amount as on 31.03.2005 is to the tune of Rs. 453 crore. However, Hon'ble Commission has approved only Rs. 89 Crore from 01.04.1999 to 31.03.2005 in the ARR. The difference of Rs. 365 crore is yet to be factored in the truing up exercise.

**7. INCENTIVE TARIFF FOR HT & EHT CATEGORY OF CONSUMERS :**

The objector has suggested tariff structure for HT & EHT category of consumers, as it is increasing cross subsidy which is contrary to the principle annunciated in the OERC (Terms & Conditions of Determination of Tariff) Regulation, 2004 and the National Tariff Policy. In this case the objector has suggested considering only the revenue portion of the licensee without looking the cost aspect. So when higher BST and other O&M cost will be taken in to account the cross subsidy will not increase with increase RST. Hence the suggestion of the objector will be appreciable, when BST cost will be reduced to a greater extent so far the licensee is concerned.

## **OTHER TARIFF RELATED ISSUES**

### **a) Power Factor Penalty for LT & HT category of Consumers**

The licensee has suggested power factor penalty for LT industrial (M) and LT PWWS.22 Kva and in case of HT for SPP, GP<110 KVA and HT Industrial (M) supply in order to bring more efficiency in power system operation.

### **b) Bulk Supply Price**

Adoption of two part tariff for BST is always beneficial to the licensee. Hence the licensee has no comment on the same. Hon'ble Commission may consider appropriate step accordingly.

### **c) Allowance towards interruption of Power Supply**

In a distribution system, interruption of the line, which may be due to various reason can not be eliminated. We are trying our best to reduce the duration of interruption to minimum. In a system many industries are availing power. Due to fault developed in any industry may cause line shut down which affects the other industries. Sometimes the interruption is also caused due to Grid failure of OPTCL. Apart from preventive maintenance.

Demand charges is calculated as per the prescribed regulation/ notification of the Hon'ble Commission.

**d)** Supervision charges are collected on account of services rendered by the licensee for supervising the electrical installation work of the prospective consumer. The asset ultimately transferred to the licensee, who will maintain the asset at its own cost. The amount so collected is booked as other income in the books and accounts of the licensee, which is ultimately passed on in the ARR. When an up-gradation of conductor and transformer is required for giving power supply to the consumer, a non-remunerative portion is being taken from the consumer in order to make the new line/ up gradation of the line for giving power supply to the consumer.

This matter has already been discussed in several occasions before the Hon'ble Commission.

## **OTHER ISSUES :**

The objector has suggested for non-implementation of the various proposals as follows

### **a) Increase in the reconnection charges**

The objector's view is to adjust the same from S.D amount, which is not at all correct as S.D is only against energy charges. Apart from the above it is not at all practically possible to adjust the reconnection amount from SD amount.

**b) DPS FOR LT CONSUMERS :-**

Rebate has been allowed by the Hon'ble Commission to encourage the consumer to pay their dues in time. A consumer not paying in time has to lose rebate. At the same time for non payment of energy charges DPS is payable as the licensee is paying DPS for non payment of BST bills within due date.

**c) EMERGENCY POWER SUPPLY TO THE CPP/ GENERATING STATION:-**

In case of outage of CPP due to system disturbances, they require start up power which will effect the SMD for the entire month even if the drawal of power is half an hour for which distribution licensee will have to pay to GRIDCO without charging the same to the concerned CPP. This may put the Distco in financial burden. To avoid such unforeseen cost, it has been proposed to the Hon'ble Commission for considering the demand charge @ 120% of the demand charges applicable to the respective tariff category on the maximum demand recorded by the meter of the CPP. However, the minimum demand charge concept i.e. 80% of CD should not be applicable to the CPPs. As suggested by the objector for reimbursement of Demand charges, the same may not be collectible from the consumer unless it is notified in the tariff structure by Hon'ble Commission.

**d)** The justification for non-acceptance of various tariff rationalization measures, has not been suggested by the objector. Hence it is not acceptable.

**e) Withdrawal of recovery of meter rent.**

As far as OSEB is concerned sales tax was exempted as explained by the objector. However at the present scenario Distribution companies are not exempted from purview of sales tax. Hence the suggestion of the objector will not hold good for the present scenario.

Regarding installation of static meter, we have installed in all the 3-phase connection where maximum demand can be recorded.

**f) Tariff for medium Industries.**

We have suggested tariff change for the consumer type like Ice factories, plastic industries, rice mills, crushers etc those who are normally installed in scattered area preferably in rural and jungle area where L.T. lines are very lengthy. Because of such lengthy lines System loss is very high and prone to accidents. So if the tariff for the medium industries will be changed to GP they will prefer to avail power supply at HT. Hence ultimate benefit will be to the general consumer.

**g) Tariff for Agro Industrial consumers**

The prevailing tariff for Agro industrial consumers is even less than 1<sup>st</sup> slab of the Domestic consumer. When a domestic consumer is paying more than the Agro

Industrial Consumer, a consumer carrying out agro industrial activity should not be incentivised more and more.

## **VIOLATION OF TARIFF ORDERS**

### **Load factor billing**

For calculation of consumption ratio, as pronounced by the Hon'ble Commission in the tariff order FY 08-09, the licensee has sought for clarification which was not entertained by the Hon'ble Commission and subsequently the licensee move to ATE for clarification of the same.

### **TOD meter**

The pronouncement of the tariff order from time to time has been implemented by the licensee. As far as TOD meter is concerned, where facilities were available the benefit was extended to the consumer. WESCO has extended 1<sup>st</sup> among all the four DISCOM's the TOD benefit to its consumers.

At present all the three phase consumers are connected with TOD meters.

### **Remunerative Calculation**

All the estimates done by the licensee are attached with remunerative calculation.

### **Supply of power to EHT consumers**

Whenever there is power break down in the system it is being intimated in advance to the consumer. Necessary steps are being taken by the licensee with coordination with OPTCL, SLDC etc for early restoration of power supply.

The application for supplying power to EHT consumers should move through the licensee, other wise the licensee could not project the consumption in its ARR as the distribution business is lying with WESCO.

Due to paucity of fund as well as non relaxation of the escrow by GRIDCO it was very difficult to invest in R&M works. After interference of Hon'ble Commission ion the recent past GRIDCO is allowing escrow. Therefore WESCO can infuse some fund towards R&M work and hence system improvement.

**For and on behalf of Western Electricity  
Supply Company of Orissa Limited**

Burla  
21.01.2009

**Dy. General Manager  
(Commercial)**

**C.C :** Shri R.P. Mahapatra,  
Plot No.-775 (P), Lane-3  
Jaydev Vihar, Bhubaneswar-751 013.

**Note-** This is also available at the licensee's website-[www.wescoorissa.com](http://www.wescoorissa.com)

**BEFORE THE ORISSA ELECTRICITY REGULATORY COMMISSION  
BIDYUT NIYAMAK BHAWAN, UNIT-VIII, BHUBANESWAR.**

**Case No.68 of 2008**

**In the matter of :** Western Electricity Supply Company of Orissa  
Limited (WESCO)

And

**In the matter of :** The Utkal Chamber of Commerce & Industry  
N/6, IRC Village, Nayapalli, Bhubaneswar.

Rejoinder to objections received by the Secretary, Orissa Electricity Regulatory Commission against the Retail supply Tariff Application by WESCO for the year 2009-10.

**1      DISTRIBUTION LOSS :-**

WESCO is taking various steps for reduction of distribution loss such as installation of Audit Metering for industrial consumers, cubicle metering, Energy Audit, Feeder Metering, System Improvement Work, regularisation of unauthorized consumers through consumer camps, vigilance checking, introduction of monthly spot billing in urban areas, putting parallel meters, giving HT supply through metering cubicles and XLPE cables for HT consumers. We have also started putting round the clock guards (Ex-military personal) at strategic location and taking the meter readings at very frequent interval for minimizing the theft of energy. Financial loss is assessed on the consumers found indulging in theft of energy and additional bill is raised accordingly as per I.E. Act-2003. Moreover in LT category, process is always on to replace the defective meters, years old electromechanical meters & consumers without meter. We have also started checking the meters of the consumers through our own MRT / Vigilance teams where consumption is found to be abnormally low.

WESCO has started analysing the consumption pattern of high value consumers almost on daily basis for reduction of losses. Where ever uprating of network is necessary high rating conductor size is laid to reduce losses. Although in Domestic category more and more consumers have been brought to the billing fold it is not possible to eliminate tampering and by-passing of meters in totality due to the vast geographical area and large number of consumers. In practice it is noticed that loss reduction can only be a gradual process, which cannot be achieved to a high degree within a year. Operating at targeted figures of distribution loss is not feasible due to other related factors including lack of Administrative support. Input based franchisee have also been engaged in rural areas with monthly billing system who have been entrusted for meter readings, bill distribution and revenue collection.

The energy police station has started functioning at Burla for Sambalpur district. However, there is no appreciatly effect is on the consumers indulging in theft of energy due to non-availability of adequate police personnel in the energy police station. Further, although it has been decided by the Govt. to open energy police station in each district, it is yet to be materialized.

Further, due to no change in RST for last 8 years and continuous increase in BST as well as salary and wages, so far WESCO is concerned; no surplus is left for investment in system improvement. During FY 2008-09 Hon'ble Commission has allowed WESCO for an amount of Rs.25.66 crores. Accordingly a lot of S.I. works like up-gradation of Transformers, putting new transformers to new load center, up-rating of conductors, putting new lines etc which will help us in reduction of technical loss. Further, we have availed a loan of Rs.11.92 crores from REC towards S.I. Works. Another loan to the tune of Rs.42 crores from REC is also in the pipe line for S.I. Works. After investment in infrastructure development we expect a substantial reduction in the T&D loss. Pre-closure of APDRP schemes, inadequate funding of central assistance through State Govt. had considerable effect for which WESCO is not able to reduce distribution loss specifically in LT consumers. The massive rural electrification under PMGY & MNP has added a lot of line & transformer as has added to the distribution loss.

## **2. COLLECTION OF REVENUE :**

i) Amount collected from consumers is being properly accounted for against current and arrear. In the performance review the licensee is showing both collection from arrear and current. While calculating collection efficiency only collection from current dues is being considered.

ii) As per direction of Hon'ble Commission the licensee had carried out receivable audit of LT category of consumers though outside Chattered Accountant firms. They have already submitted their report to the Hon'ble Commission with a copy to WESCO, where amount collected out of the balance of 1.04.99 is clearly mentioned.

iii) The T&D loss and AT &C loss before privatization was more than 50% and the same for 1999-00 was 44.20% and 54.22% respectively. In the ensuing year the licnese is projecting the T&D and AT & C loss as 30.49% and 32.88% respectively. Hence the view of the objector is not correct.

iv)The licensee is always reporting the collection efficiency from current as well as from arrear in its all communications to the Hon'ble Commission from time to time.

**3. PAST LOSSES :**

Truing up exercise is always required and it is based certain principles which the Hon'ble Commission may adhere while carrying out the same.

**4. PROVISIONS FOR BAD & DOUBTFUL DEBTS :**

Provision for bad and doubtful debt is considered as per AT & C concept, hence the difference between billing made and the amount of collection is shown as provision for Bad debt. In addition to this it has already proved from the revenue audit report submitted by auditor that the % of recoverability is around 30% of the outstanding amount.

Hon'ble Commission had declared & directed to all DISCOM's to carry out the receivable audit of the outstanding amount as on 31 Mar 2005 through outside agencies. Accordingly, they have recommended 19 Chartered Accountant firms to conduct the same. All the Chartered Accountant firms have already submitted their report to the Hon'ble Commission with a copy to the licensee. As per their report, the non-receivable amount as on 31.03.2005 is to the tune of Rs. 453 crore. However, Hon'ble Commission has approved only Rs. 89 Crore from 01.04.1999 to 31.03.2005 in the ARR. The difference of Rs. 365 crore is yet to be factored in the truing up exercise.

5. The licensee proposes to adjust the dues of the Govt. Department and the Govt. undertakings from the amount payable towards principal and interest against the Power Bond , as it has already allowed by Hon'ble Commission in the Business Plan order.

**6. INCENTIVE TARIFF :**

The objector has suggested tariff structure for HT & EHT category of consumers without proper calculation and impact on ARR of the licensee, hence the same is not acceptable.

**7. OTHER TARIFF RELATED ISSUES :**

**a) Power Factor Incentive :**

To maintain good power factor of the system, an industrial consumer should have almost unity power factor and in no case it should be below 90%. In order to achieve unity power factor, the commission has provided incentive for improvement of power factor above 95% upto 100%. The incentive for improvement of power factor was started from 97% up to 100% in the past. It may be mentioned here that revenue forgone on account of power factor incentive during FY 2007-08 and 1<sup>st</sup> six month of FY 2008-09 is Rs.8.98 crores and Rs.5.13 crores respectively. This is due to

reduction of availing of PF incentive limit from 97% to 95%. At the same time the licensee is getting Rs.5.10 crores and Rs.3.25 crores respectively for the same period from power factor penalty.

Further relaxation in the power factor for incentive will not only discourage the consumers for reaching higher power factor but also will affect demand and energy consumption.

Since availing power at very high power factor is giving an incentive to the consumer in terms of less demand for the same effective energy and also incentive as high load factor, the power factor incentive should be 97% instead of prevailing 95%. Accordingly, power factor incentive above 90% as proposed by the objector instead of 97% (previous tariff) should not be allowed by the commission.

#### **b) Consumption Ratio**

The licensee is following the existing system of tariff for calculation of consumption ratio.

#### **c) Bulk Supply Price**

Adoption of two part tariff for BST is always beneficial to the licensee. Hence the licensee has no comment on the same. Hon'ble Commission may consider appropriate step accordingly.

#### **d) Allowance in Load factor for annual maintenance**

There are consumers getting a special incentive tariff with higher standard in 80% guaranteed load factor. They must take adequate planning that they will be in a position to take annual maintenance, such that they can consume energy with minimum 80% load factor. In instant case M/S Hindalco had availed energy with more than 90% L.F. continuously for more than 2 and ½ years.

#### **e) Allowance towards interruption of Power Supply**

In a distribution system, interruption of the line, which may be due to various reason can not be eliminated. We are trying our best to reduce the duration of interruption to minimum. In a system there are many industries are availing power, due to fault developed in any industry may cause line shut down which affects the other industries. Sometimes the interruption is also caused due to Grid failure of OPTCL.

Demand charges are calculated as per the prescribed regulation/ notification of the Hon'ble Commission.

In addition to the above, the prayer made by the licensee are base less and should not be acceptable.

**For and on behalf of Western Electricity  
Supply Company of Orissa Limited**

Burla  
21.01.2009

**Dy General Manager  
(Commercial)**

**C.C. :** Shri M.V Rao,  
Utkal Chamber of Commerce & Industry  
N/6, IRC VILLAGE, Nayapalli  
Bhubaneswar 751 015.

**Note:** This is also available at the licensee's website-[www.wescoorissa.com](http://www.wescoorissa.com)

**BEFORE THE ORISSA ELECTRICITY REGULATORY COMMISSION  
BIDYUT NIYAMAK BHAVAN, UNIT VIII, BHUBANESWAR.**

**Case No. 68 of 2008**

**In the matter of:** Western Electricity Supply Company of Orissa  
Limited (WESCO)

And

**In the matter of:** Pravakar Dora (Advocate)  
3Rd , lane Vidya Nagar(Co-Operative Colony)  
PO/Dist: Rayagada-765001.

Rejoinder to objections received by the Secretary, Orissa Electricity Regulatory Commission against the Retail supply Tariff Application by WESCO for the year 2009-10

**1. TARRIF HIKE AND CROSS SUBSIDY :**

The point raised by the objector that there is continuous rise in RST and without reduction of cross subsidy. In fact since last 8 years there is no RST hike rather the BST cost has now rise to 157.25 paise per unit instead of 99.20 paise per unit during 2000-01. hence the objectors view is not at all correct.

**2. DATA SOURCE :**

It may be intimated that the annual accounts of the company has already been finalised up to 2007-08 and duly audited by the statutory auditor of the company. We have already submitted the accounts before Hon'ble Commission. Our annual accounts are also available in our website [www.wescoorisa.com](http://www.wescoorisa.com) for reference. Hence the point raised by the Company data are manipulated, fabricated, wilfully done are not true.

**3. CONSUMER EDUCATION/ RIGHT TO INFORMATION:**

As compared to the consumer awareness programme during 1999-00, the present awareness programme has already improved to a many fold. Hon'ble Commission is regularly publishing the right of the consumer in the Oriya and English dailies. The licensee also puts banner in all the sectional offices where right of the consumer is depicted. We have also published a booklet called "GRAHAK SATHI" where all rules, consumer's right, contact nos of field engineers are provided. The booklet has also distributed to all the sectional heads for onward distribution to the valued customers. All the information about the company along with monthly billing, collection data are also uploaded in the companies website for perusal of the consumer. Hence lack of consumer awareness and Right to information as objected by the objector is not true.

**4. ACCOUNTABILITY OF STAFF :**

There is adequate punishment in the employee's service condition in case of negligence in duties. Where ever our staffs are indulging dishonest activity and the

same has been brought to the notice of the management, we have taken disciplinary action against the employee.

**5. MMFC :**

Enhancement of MMFC is strongly objected by the objector as the licensee has not put demand meters to its consumers. As far as WESCO is concerned we have already installed static meters in all the three phase consumers where facility of recording maximum demand is available. Now in case of single phase consumers we are installing the static meters also. Hence the contention of the objector is not correct.

**6. 6% SUPERVISION CHARGES :**

The objector has cited a letter issued by Deptt. Of Energy Govt. of Orissa, where 6% supervision charges includes inspection fee. However the objector has not mentioned that the letter issued by the Energy Department only pertains to RGGVY scheme not for other deposit work. RGGVY scheme is a centrally aided scheme where all the consumers will be covered under franchisee. The scheme is altogether different from normal deposit work hence the confusion created by the objector is not accepted.

**7. EMPLOYEE COST :**

As per transfer scheme all the DISCOMs have inherited the employees to their role with a condition that in any case the DISCOMs will curtail their remuneration rather they can increase the same. However the objector is praying for reduction of employee salary which is against the policy of transfer scheme. As per wage board which is applicable for non executive category of employee in every 5 years there salary has to be revised based on the socio economic and inflation factor. Accordingly the 1st wage board after privatisation was due on 01.01.2000, second on 01.01.2005 and the third will be on 01.01.2010. Similarly for Executives the pay revision is in every ten year. Accordingly after privatization the 1st pay revision is due from 1.01.2006. Therefore WESCO is liable to follow the statutory obligations for the employees engaged and can not be withheld as suggested by the objector.

Additionally the objector has clarified that GRIDCO has paid Rs.15 hundred crores for retrenching about 3000 nos of employee during 1997-98. The fund was provided by World Bank. It is surprised to note that if the above Rs.1500 crore will be allocated to each retrenched employee per employee will be Rs.50,00,000. Such a huge amount has been disbursed by GRIDCO for only 3000 employees. Therefore the objector's figure is not correct.

**8. TARIFF FOR RURAL CONSUMERS :**

The reasons cited by the objector for the rural consumer has not been supported with proper calculation as it will affect the ARR of the Company. Hence it is not acceptable.

**9. LACK OF IMPROVEMENT IN QUALITY OF POWER SUPPLY BY WESCO :**

It may be mentioned here that the power purchase cost of WESCO is 157.25 paise apart from transmission charges of 21 paise per unit. If the same is compared with other DISCOM's the same is 70 paise p.u. in case of SOUTHCO, 101.5 paise p.u. for CESU and 125 paise p.u. for NESCO and 21 paise p.u. is the transmission charges for all the DISCOMs. With disparity in BST cost and uniformity in RST for whole state is continuing till date. The revenue requirement of WESCO is determined not only from the cost of power but other components of expenditure as mentioned in F-13 in the ARR application. The tariff rate of different categories of consumers is fixed by OERC to balance the revenue requirement. Hence, the objection raised by the objector that WESCO is making monopoly business in the western part of Orissa without looking quality power supply is base less. For giving quality power supply in FY 2009-10 we have taken up lot of system improvement work after Hon'ble Commission allowed escrow relaxation for R&M and SI work. Now we are going for up-rating of conductors, putting new transformers, installation of breakers which will help in providing steady power supply.

**10 SECURITY DEPOSIT :**

The objector has asked for security deposit amount lying in licensee account. As per audited accounts the SD amount is Rs.234.38 Crores. However actual cash is around Rs.115 crores as on 31.03.2008. It may be intimated that during 1999-00 the opening SD was to the tune of Rs.48 crores which were transferred to the licensee in paper only no physical cash was provided during that time. Wesco is paying interest @6% p.a. on the balance available in the consumer ledger as on march each year. No security amount has been forfeited.

**11. DEPOSIT/ CAPITAL WORKS :**

The accounts of the company have already been audited by statutory auditor up to FY 2007-08, where points raised by the objector has been taken care. Hence it is not feasible at this point to provide such huge data.

Information regarding remunerative Scheme

The objector has asked for the detail remuneration since 2001-02 to 2008-09, which is voluminous in nature and not possible to compile. However if a sample copy is needed for verification the same can be made available.

**12. Information Regarding Billing, Collection, Metering, Meter Rent, Technical information :**

The various information as desired by the objector are quite comprehensive. Hon'ble Commission in a regular manner is carrying out the performance review of the company in each quarter where all the information are being provided. The information also available in the Hon'ble Commission's website for perusal of the public.

**For and on behalf of Western Electricity  
Supply Company of Orissa Limited**

Burla  
21.01.2009

**Dy General Manager  
(Commercial)**

C.C  
Pravakar Dora (Advocate)  
3Rd , lane Vidya Nagar(Co-Operative Colony)  
PO/Dist: Rayagada-765001.

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