



BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED

(Wholly owned Government of Karnataka undertaking)

Revenue Monitoring Inspection/Review of W-4 Subdivision, Vidhana Soudha Division, BESCOM

Date: April 03rd, 2014

Venue: W-4 Subdivision, Anandarao Circle, Bangalore.

BESCOM OFFICIALS:

1. Sri. Guru Prasad B.L, Director (Finance), BESCOM
2. Sri. Venkateshaiah H.C, DGM Personnel, Corporate Office
3. Sri. Ram Prasad, AGM(F&C), Corporate Office
4. Smt. Dhatri Joshi, AEE to D(F), Corporate Office
5. Sri. . Balakrishna, A.E.E (E), W-4 Sub-division
6. Smt Vijayalakshmi, Accounts Officer (Internal Audit), Vidhana Soudha Division
7. Sri Shreenivas, Assistant Accounts Officer, W-4 Sub division.
8. AE's/J.E's and Other officials / meter readers of W-4 sub division

CONSULTANCY TEAM REPRESENTATIVES:

1. Sri. Vasuki, Dhiya Consulting
2. Sri. Avinash, Manager, iDeCK

PROCEEDINGS OF THE MEETING:

A meeting was held under the chairmanship of the Director (Finance), BESCO to discuss revenue recovery related issues of W-4 Sub Division. The Director (Finance) addressed the BESCO Officers/employees of W-4 and emphasized on the need of increase in revenue realization rate in order to improve the overall health of the organization. He stressed upon improvement in key parameters (Input, Demand, sales and collection) of the sub division to boost the revenue realization rate.

Mr. Vasuki of Dhiya Consulting briefly explained to the Officers/Employees of W-4 sub division that how a performance dash board is being developed by the Corporate office to capture the performance of sub-divisions and grading of them as “Red”, “Yellow” and “Green” in terms achievement the Effective Realization Rate (ERR), which is a combination of input, sales, demand, collection and supply availability compared between the target set up front and the actual achievement.

With this background the review of the sub division was conducted in line with the following points:

1. Billing (including bills issuing efficiency) and collection efficiency
2. Abnormal/ Subnormal consumption
3. Reading of Street light and Water supply installations.
4. Average billing cases in LT6 tariff.
5. Street light inventory.
6. Status of installations with Rs 5000 and more arrears tariff wise.
7. Receivables analysis
8. Action on the inspection reports of vigilance, MT, audit, O&M etc.
9. Demand and collection of DR& fee, Cheque dishonor fee etc.,
10. Pending test reports.
11. Collection of additional security deposits etc.,

The key issues found during the review and the directions issued are tabulated below.

Sl. No	Focus Area	Particulars/ Issues	Plan of Action	Key personnel responsible	Deadline	Review/ Remarks	Follow up- Corporate Office	Amount which could be recovered
1	Billing Efficiency	<p>100% Billing efficiency was not achieved by the Sub division.</p> <ul style="list-style-type: none"> It was observed that as per the system generated report, 1483 installations are unbilled during March-14. As stated by AEE, out of 1483, 671 installations are not billed on account of Meter Replacement since 4 months. It was observed that no efforts were made by the sub division to issue provisional manual bills to consumers. 	<ul style="list-style-type: none"> AEE and AAO to resolve the system related issues in billing on top priority by taking necessary measures. <p>All the Meter Readers to upload the meter readings on the day of reading.</p> <ul style="list-style-type: none"> A.E.E to prepare a daily checklist¹ which must be filled by meter readers daily on compulsion. AAO to send a compliance list on the above, every 15 days, to D (F), which also includes status of unbilled installations. 	AEE/AAO	15 th April	AO Division to follow-up	Ram Prasad	Approximate amount of Rs. 5.03 lakhs per month demand not being raised due to this, which accounts to approximately Rs 20.12 lakhs for last four months. (assumed at the rate of Rs. 750/ installation * 953 installations*10 months)
2	Abnormal /Subnormal Consumption. (A/S)	<ul style="list-style-type: none"> It was observed that 12491 installations have recorded subnormal consumption, 5242 installations have recorded zero consumption and 1712 are door lock. From above it is observed that nearly 41% (19445) of total live installations (47254) are either having subnormal consumption or zero consumption or are door lock. 	<ul style="list-style-type: none"> AAO to take action to generate A/S report on daily basis. AE's/J.E's to inspect the installations and submit reports on the same to A.E.E/AAO. To be discussed in the weekly meeting with AE/JE/MR 	AAO/AE/JE/ of O &M units	AEE to review on weekly basis.	AO, Internal Audit of the Division to follow-up	Dhatri	

¹ Checklist shall be mailed to respective sub division. Apart from complying the points mentioned in the checklist, the Sub division AEE(ele) could add more points to the same.

		<ul style="list-style-type: none"> Field staff, AE/JE/MRs have not inspected such installations and taken corrective action wherever required 						
3	D&R fee	<ul style="list-style-type: none"> The D&R fees raised is only Rs 12000 for the month of March-2014. 	D&R fees raised is very less has to be raised for all disconnected installations.	AEE/AAO		AO Division to follow up.	Venkteshaiah	<p>Demand not raised towards D&R fee alone is about Rs 2.5 lakhs per month. (Calculated at an average of 5000 installations disconnected per month* Rs 50)</p> <p>Immediate action to be taken to raise the demand including the previous months and collection ensured</p>
4	Status of installations with arrears of Rs 5000 and more (LT2, LT3 and LT5)	<ul style="list-style-type: none"> Disconnections are not effectively done and most of the installations having huge arrears were not disconnected. Timely and appropriate actions were not taken by the field staff. 58 number of installations with arrears range of Rs 5000 to Rs 10000 exist in LT2, LT3 and LT5 tariff. 322 installations with more than Rs 10000 arrears amount exist in LT2, LT3 and LT5 tariff with the total arrears of Rs 98 lakhs. Arrears with respect to LT6 installations is Rs 42 lakhs. 	<ul style="list-style-type: none"> All the disconnections should happen through SYSTEM ONLY. A.E.E & AAO to send the list of arrears (MR wise) to D(F) immediately. Immediate action has to be taken to disconnect the installations with arrears and Compliance report for the same to be furnished to D(F) on weekly basis. If further readings are reported against disconnected installations such cases have to be personally dealt by AEE/AAO. 	MR/JE/AAO/AEE	25 th April-14	AO Division to follow-up	Venkateshaiah	If timely and effective actions are taken then the company would immediately get revenue of Rs. 98 lakhs.
5	Inventory of Street light installations and zero	It was found that Street light inventory has been taken till December-13. However demand has not been raised for	<ul style="list-style-type: none"> AEE /AAO to take immediate action ensure 			AO (I/A) Division		Due to Nil consumption for 8 installations, there is a revenue loss of

	consumption in LT6 tariff.	<p>additional load.</p> <p>For billing of street light installations, the meter readings are not considered. The Street Light billing sheet provided at the time of inspection shows that consumption is not as per readings, i.e., F.R-I.R is not equal to consumption.</p> <p>Water supply installations are also billed in similar manner and 8 No. are having zero consumption.</p>	proper billing of Street Light and water supply installations.	AAO/AEE		to follow-up	Ram Prasad	<p>Rs 0.30 lakhs per month and loss since last 12 months is 3.6 lakhs.</p> <p>(8*1000 units/month/installation*avg. rate of Rs3.80)</p>
6	Test reports	<p>265 number of RR dockets are to be entered into the system and first bill to be issued. As stated by AE(T), these are pending since July-2013.</p>	<ul style="list-style-type: none"> Action to be initiated to open the pending test reports immediately. 	AE(T)/AEE	Immediate action	AO, Internal Audit of the Division to follow-up	Dhatri	<p>Due to pending of test reports there is loss of Rs 1.95 lakhs per month and cumulative loss since July -13 is Rs 15.9 lakhs.</p> <p>(265*estimated avg demand of Rs750/month/inst.</p>
7	Compliance to inspection reports	<p>There are number of installations for which Back billing charges (BBC) have been claimed on inspection reports of MT / vigilance/ Level1 & Level 2/, however not the amount is not recovered.</p> <p>These installations are still running from several months.</p> <ul style="list-style-type: none"> MRT/Vigilance/O&M –Total BBC to be collected Rs 15.61 lakhs. 	<ul style="list-style-type: none"> Effective and timely action has to taken by the field staff to disconnect these installations. (except disputed cases). AE/JE (sub-division/ section/ division officers) to monitor. 		Immediate action	AO, I/A to follow up.	Venkateshaiah	<p>If timely and effective actions are taken then the company would immediately get BBC of at least Rs. 15.61 lakhs.</p>
8	Receivables analysis	<ul style="list-style-type: none"> Agewise analysis of revenue has not been undertaken by the SD. The details of action taken as per Recoveries of Due Act were 	<ul style="list-style-type: none"> Immediate action to be taken and submit the compliance report to D(F). 		Immediate action		Venkateshaiah/ Dhatri/ Ram Prasad	

		not available during the review. ABC analysis of revenue was not reviewed by the SD.		AEE/ AAO				
9	Slab wise, industry wise, consumption pattern analysis	<ul style="list-style-type: none"> No analysis has been made by the sub division officers 	<ul style="list-style-type: none"> AO IA has been asked to take up this review and send a report 	AO Internal Audit	Immediate action	AO, I/A	Dhatri	
10	Cheque dishonored analysis	It is observed that Postdated cheques are being received and receipt is drawn for the same resulting in cheque dishonor. 15 such cases were observed for the F.Y 13-14 and current F.Y.	<ul style="list-style-type: none"> AAO to take immediate action to not receive the postdated cheques. 	AO I/A Division to follow up.	Immediate action	AO, I/A	Venkateshiah	
11	Violation of General Condition 19 of tariff	<ul style="list-style-type: none"> It is observed that General condition 19 of tariff, which says that for individual installation, there cannot be two or more meters is violated. It was observed during the field inspection that R C College and Mount Carmel College have been serviced with more than one meter and no efforts have been made by the sub division to merge the installations. 	AEE to take immediate action to merge the installations, where more than one meter is provided for individual installations.	AO, Division to follow up.	Immediate action	AO Division	Venkateshiah	There is revenue loss on account of providing multiple meters, as the installations are billed under lower slab rates.

Note: On inspection of SJRC college at Anandarao Circle, it was observed that 9 number of installations have been serviced with separate meters under different tariff in one premises , used for education purpose and run by a single trust.

RR No. of installations serviced under LT2 tariff – LG38427, P-4264, LG39958, LG34390, LG39960, and LG46131 – Total 6 installations.

RR No. of installations serviced under LT3 tariff– HG1768, LG46620, and HG-2414- Total 3 installations.

Immediately notice has to be served to consumer to merge all the installations and the installation to be serviced under HT tariff. Till such time the sum of consumption recorded by the meters of respective tariff (LT2 and LT3) shall be taken for billing purpose as per para 19 of General terms and condition of tariff. Further the bills need to be revised accordingly and consumer needs to be intimated for payments. A compliance has to be sent to this office on this issue.

12	Domestic water supply motors serviced under LT5 Tariff.	<ul style="list-style-type: none"> It was observed that many Domestic water supply motors serviced under LT5 Tariff instead of LT2, causing loss of revenue to the company. 	<ul style="list-style-type: none"> AEE/AE's to take immediate action to change the tariff to LT2 	AE's/AAO	25 th April-14	AEE	Ram Prasad	
13	HT applications	<ul style="list-style-type: none"> Register is not reviewed regularly and status of applications is not followed up 	<ul style="list-style-type: none"> AEE/JTA to follow the status of applications registered at sub-division office and address issues, if any 	AE(T)	Immediate	AEE	Dhatri	
14	Meter readers observations	<ul style="list-style-type: none"> Reviewed the observations book maintained in two of the four O&M units 	<ul style="list-style-type: none"> More attention has to be given to record as well review of the observations Field inspections have to be immediately carried out wherever required Immediate action should be taken to comply the requirements 	AE's/JE's		AEE/AAO	Dhatri	
15	Cases of wrong application of tariff	<ul style="list-style-type: none"> In field there are many installations where electricity is being used for the activities other than the purpose for which power is sanctioned. 	<ul style="list-style-type: none"> MR/JE/AE should scrupulously observe this month on month and ensure no such installations are found in the field. AEE should fix a monthly target to MR/JE/AEEs and closely monitor this 	AE/JE/MR	25 th April-14	AEE/AAO	Ram Prasad	

Note: On inspection of Mount Carmel College, it was observed that there are 2 HT installations bearing RR No.'s W4HT130 (Date of Service- 27.03.2005) and W4HT 179 (Date of Service- 21.08.2009). Both the HT installations are serviced under HT2(a) tariff. However, the college is an unaided educational institution and needs to be billed under HT2(b) tariff.

Immediate action has to be taken to serve the notice to consumer for tariff change and also to revise the bill for last one year.

Executive Engineer of the Division and SEE of the circle have to visit the sub-division regularly and ensure that the above observations are complied. By implementing all these measures, W-4 sub-division has a potential of **Rs 122** lakhs increase in revenue realization apart from increase in revenue due to demand raised on account of violation of para19 of General Conditions of tariff and regularization of installations, back billed for misuse of tariff. Besides taking one time action as suggested above, the AEE and his team should ensure that the suggestions are followed regularly and sustained.

Director (Finance)
BESCOM

Copy to:

1. Chief Engineer (E), BMAZ, BESCO.
2. Superintending Engineer(E), East Circle, BESCO, Bangalore
3. Executive Engineer (E), Vidhana Soudha Division.
4. Assistant Executive Engineer(E), W-4 Sub division
5. Sri Vasuki, Representative of M/s.Dhiya Consultancy
6. Representative of Infrastructure Development Corporation (Karnataka) Limited.,
7. PS to MD
8. MF