



BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED

(Wholly owned Government of Karnataka undertaking)

Revenue Monitoring Inspection/Review of E-9 Subdivision, Shivaji Nagar Division, BESCOM

Date: January 6, 2015

Venue: E-9 Subdivision, Nagawar, Bangalore.

BESCOM OFFICIALS:

1. Sri. Guru Prasad B.L, Director (Finance), BESCOM
2. Sri. Ram Prasad, AGM (F&C), Corporate Office.
3. Smt S Asha, AO to D (F), Corporate Office.
4. Sri Anand, AO(O&M), Shivaji Nagar Division.
5. Smt Sunanda AO (Internal Audit), Shivaji Nagar Division.
6. Sri Lokesh, AEE (E), E-9 Sub division, BESCOM.
7. Smt. Dhatri Joshi, AEE to D(F), Corporate Office
8. Sri Dhananjay, Assistant Accounts Officer, Indira Nagar Division.
9. AE's/J.E's and Other officials / meter readers of E-9 sub division

CONSULTANCY TEAM REPRESENTATIVES:

1. Sri. Vasuki, Director, Dhiya Consulting

PROCEEDINGS OF THE MEETING:

A meeting was held under the chairmanship of the Director (Finance), BESCO to discuss revenue recovery related issues of E-7 Sub Division. The Director (Finance) addressed the BESCO Officers/employees of E-7 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.

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, the billing efficiency is 98% in Dec-14 i.e. 2256 number of installations are not billed. There are 2726 DL installations, 3852 vacant count, 7,653 zero consumption installation in Dec. 14, Out of total 1, 13,230 installations in December 2014, 11,326 installations are shown as inactive installations. Though some effort is made for inspection of long disconnected installations and suitable administrative 	<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 checklist which must be filled by meter readers daily on compulsion. AAO to send a compliance list on the above to D (F). 	AEE/AAO	31 st January-15	AO Division to follow-up	Ram Prasad	<p>Approximate amount of Rs. 16.92 lakhs per month demand not being raised due to this, (2256 installations unbilled)</p> <p>(assumed at the rate of Rs. 750/ installation * 2256 installations* 1 month)</p>

		<p>action is proposed, the exercise is in not complete.</p> <ul style="list-style-type: none"> • Action plan to inspect all inactive installation has to be drawn up and based on the field status, action should be proposed to either recover the receivables, or to adjust the deposit and propose suitable action for the debit balance if any. 						
2	Abnormal /Subnormal Consumption. (A/S)	<ul style="list-style-type: none"> • As per dash board report there are 7421 installations with abnormal and 20103 with sub normal consumption. • Sub-division is doing the abnormal consumption analysis with specific focus on billing discrepancies. However, the analysis should cover wider aspects viz., analysis of consumption pattern, variations, reasons for such variations etc., and try to use the results of the analysis for increasing the consumption in each metered category. 	<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/J/MR 	AAO/AE/JE/ of O &M units	AEE to review on weekly basis.	AO, Internal Audit of the Division to follow-up	Dhatri	

3	Average billing in LT6 tariff.	<ul style="list-style-type: none"> • Out of 529 number of Water Supply installations, 135 installations have recorded Zero Consumption and 68 installations are under DC. Besides, there are 15 MNR installations • Similarly out of 449 street light installations, 81 have recorded zero consumption and 66 installations are under DC. Besides, three installations are under MNR. • Street light inventory is provided by technical section up to March 14, which is considered for the billing purpose. 	<ul style="list-style-type: none"> • AE/JE's of O&M units to inspect all the installations and submit a report. • Corrective actions (Fixing / Replacement of Meters) to be initiated to get actual recorded consumption. 	AEE/AE/JE's	15th February-15	AO/AO, Internal Audit of Division to follow-up	Ram Prasad	
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 arrears were not disconnected. • Timely and appropriate actions were not taken by the field staff. • Part payment are accepted in some cases and no disconnections are 	<ul style="list-style-type: none"> • All the disconnections should happen through SYSTEM ONLY. • 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 	MR/JE/AAO/AEE	31 st January-15	AO Division to follow-up	Dhatri / Ram Prasad / Asha	

		<p>effected.</p> <ul style="list-style-type: none"> • AO of the Division and AEE of the sub-division were advised to take the help of Vigilance team for disconnection, wherever necessary. • 302 LT-2 installations with more than Rs 5000 arrears amount to a total arrears of Rs 47 lakhs. • 200 LT-3 installations with more than Rs 5000 arrears amount to a total arrears of Rs 50.81 lakhs. • 58 LT-5 installations with more than Rs 5000 arrears amount to a total arrears of Rs 12.32 lakhs. 	<p>have to be personally dealt by AEE/AAO.</p> <ul style="list-style-type: none"> • The AE's/JE's of O&M units are instructed to effect disconnections for all Rs 5000 and above arrears case within a week and AEE shall send the compliance on the same. 					<p>If timely and effective actions are taken then the company would immediately get revenue of Rs. 110 lakhs.</p>
5	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. These installations are still running from several months.</p> <ul style="list-style-type: none"> • MT- Rs 52 lakhs. • Vigilance- Rs 301 lakhs (Out of which 	<ul style="list-style-type: none"> • Effective and timely action has to taken by the field staff to disconnect these installations. (Except disputed cases). • The installations back billed are not regularized nor disconnected. • AE/JE (sub-division/ section/ division officers) to monitor. 		Immediate action		Ram Prasad	<p>If timely and effective actions are taken then the company would immediately get BBC of at least Rs. 422 lakhs.</p>

		181 lakhs pertains to LT6 installations). Level 1 and level 2 reports of O&M- Rs 52 lakhs. Audit Short Claim –Rs 17 lakhs.						
6	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 not available during the review. ABC analysis of revenue was not reviewed by the SD.	<ul style="list-style-type: none"> Immediate action to be taken and submit the compliance report to D(F). 	AEE/ AAO	Immediate action		Venkateshaiah/ Dhatri/ Ram Prasad	
7	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		Dhatri	
8	LT 7 – Load and renewal issues, Billing, Termination of service, Installations with debit balance.	<ul style="list-style-type: none"> 1061 installations are showing a recoverable balance of Rs. 36.34 lakhs. On discussions it was explained that, this is largely due to non-adjustment of Advance power charges collected from consumers. However, it was directed that case by case analysis has 	<ul style="list-style-type: none"> AEE/AAO to take necessary action for final billing of LT7 installations. 	AO Division to follow up.	24 th January 2015.		Asha	

		to be carried out and a detailed compliance report has to be submitted with a week's time.						
9	Wrong application of Meter Constants	<ul style="list-style-type: none"> From review of Register and the file, it was noticed that based on the analysis of consumption carried out by the sub-division, and sub-subsequent inspection and review of MT reports, about 7 cases where wrong MCs were applied for billing have been noticed and a BBC of Rs 79 lakhs has been levied. In some cases, the differential amount is claimed for the last 13 years. This needs a detailed verification of MT reports, MC Register, Load considered in the system for billing purpose etc., 	Action needs to be initiated to recover the short claim.	AO, Internal Audit to follow up.			Ram prasad	
10	Additional Security Deposit	<ul style="list-style-type: none"> It was observed that ASD amounting to Rs 2.27 crs. is yet to be collected from consumers. 	ASD amount demand for HT & LT to be collected on priority basis.	AEE/AAO	31 st January-2015		dhatari	

11	Meter Readers observations and action taken	<ul style="list-style-type: none"> • Though Meter Reader observation book is maintained by MR's, it is not properly updated. • No observations have been recorded by MR's in respect of misuse of tariff, theft, additional load etc. 	<ul style="list-style-type: none"> • To be discussed in weekly meetings • MRs have to be proactive and report their observations on daily basis. • AE/JEs to review the observations book on daily basis and take needful action including field inspections wherever necessary. 	AE's/JE's			Dhatri	
12	BRS Verification	46 cheques amounting to Rs 3.63 lakhs pertaining to 8/14, remitted to Axis Bank, has not been transferred to Bescom main account. Sub-division has taken up the issue with Bank.	Transfer of the money to the main account along with the interest for the delayed credit has to be ensured by the sub-division and reported.				Asha	
13	HT consumption trend analysis	<ul style="list-style-type: none"> • Since the HT consumption across Bescom is coming down month on month, AEE and AAO were advised to carry out RR number wise trend analysis and submit a report immediately. • It was advised, to identify the reasons for fall in consumption and suggest suitable remedial measures to address the declining trend. 	<ul style="list-style-type: none"> • AEE/JTA to follow the status of applications registered at sub-division office and address issues, if any 				Dhatri	

14	Field inspections by team	<p>The team inspected two installations with Rs 5000 and above arrears.</p> <p>The LT5 installation bearing RR No. 8EP960 was inspected – The outstanding arrears as on date of inspection was Rs 1.32 lakhs. It was observed that installation was a stone crusher unit and was not in use at the time of inspection. When the concerned O&M unit JE was enquired about this, he informed that the installation is not in use since last two years and is under disconnection. It is 40HP and above installation and the reading is taken by JE himself. Even though he was aware of the fact that installation is not in use, he has not taken necessary steps and kept on billing the installation, which contributed to unnecessary increase in demand on account of fixed charges.</p> <p>Also there is one more installation of the same consumer which is active, however no steps have taken by SDO to transfer the balance to active installation.</p> <p>The LT3 installation bearing Rr No. 9ECLG2106 was inspected- The outstanding arrears as on date of inspection was Rs 1.32 lakhs.</p> <p>It was observed that installation was disconnected after a gap of three months of non-payment of arrears causing loss to the company.</p>
15	Suggestions/ ideas came up for discussions	<ul style="list-style-type: none"> • Above 18 KW installations reading has to be entrusted to JEs instead of MRs (on par with 40 HP and above reading) as the MRIs provided to Meter Readers does not have the facility to capture the Maximum Demand recorded in the meter. If the reading work is entrusted to JEs, they can bring the MD recorded details also, which would enable the sub-division to bill the FC on the basis of either Sanctioned load or the actual recorded load, whichever, is higher. AO of the division suggested this and plans to implement this in division. • LT 7 installations – In order to ensure correct meter reading and billing of LT 7 installations, actual meter readings and MD recorded of all the LT7 installations has to be taken as one time effort apart from taking reading on renewal. For the difference in energy consumption and the load, necessary demand has to be raised and followed up periodically. AO of the Division has implemented this across his sub-division and is able to realize higher revenue.

By implementing all these measures, E-7 sub-division has a potential of **Rs 302** lakhs increase in revenue realization. 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. The General Manager (Expenditure) to monitor Axis Bank related issues.
4. Executive Engineer (E), Shivaji Nagar Division.
5. Assistant Executive Engineer(E), E-9 Urban Sub division
6. Sri Vasuki, Director,,Dhiya Consultancy
7. PS to MD
8. MF