



BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED

(Wholly owned Government of Karnataka undertaking)

Revenue Monitoring Inspection/Review of S-12 Subdivision, HSR Division, BESCOM

Date: November 7th, 2014

Venue: S-12 Subdivision, Gaurav Nagar, Bangalore.

BESCOM OFFICIALS:

1. Sri. Guru Prasad B.L, Director (Finance), BESCOM.
2. Sri. Shreepad Rao, DGM, F&T section Corporate Office.
3. Sri. Ram Prasad, AGM (F&C), Corporate Office.
4. Sri B Suresh, AGM, F&T section Corporate Office.
5. Smt. Dhatri Joshi, AEE to D(F), Corporate Office.
6. Sri. . Dhananjaya, A.E.E (E), S-12 Sub-division
7. Sri Manjunath, I/c, Accounts Officer, HSR Division
8. I/c Assistant Accounts Officer, S-12 Sub-division.
9. AE's/J.E's and Other officials / Meter Readers of S-12 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 review the progress of revenue recovery related issues pertaining to S-12 Sub division. The Director (Finance) addressed the BESCO Officers/employees of S-12 sub division and stressed on the need for increase in revenue realization 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 S-12 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. ARM from tariff increase
3. Abnormal/ Subnormal consumption
4. Reading of Street light and Water supply installations.
5. Average billing cases in LT6 tariff.
6. Street light inventory.
7. Status of installations with Rs 5000 and more arrears tariff wise.
8. Receivables analysis
9. Action on the inspection reports of vigilance, MT, audit, O&M etc.
10. Demand and collection of DR& fee, Cheque dishonor fee etc.,
11. Pending test reports.
12. 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	100% Billing efficiency was not achieved by the Sub division. – As per dashboard report for the month of October-2014, 682 number of installations are not billed.	<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, every 15 days, to D (F), which also includes status of unbilled installations. 	AEE/AAO	25 th November -2014	AO Division to follow-up	Ram Prasad	Approximate amount of Rs. 5.11 lakhs per month demand not being raised due to this. Calculated at an avg. bill of Rs 750 per installation. (Rs*750*682)
2	Abnormal /Subnormal Consumption. (A/S)	<ul style="list-style-type: none"> The Abnormal/ Subnormal consumption analysis is not being done effectively. 	<ul style="list-style-type: none"> AAO to take action to generate A/S report on daily basis. AE's/J.E's shall have 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/J E/ 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 488 number of Water Supply installations, 244 installations have recorded Zero Consumption. 	<ul style="list-style-type: none"> AE/JE's of O&M units to inspect all the installations with Zero Consumption and shall submit a report. All the Water Supply installations to be rated by MT staff. 	AEE/AE/JE's	29 th Nov-14 for report on zero consumption installations	AO/ AO, Internal Audit of Division to follow-up	Asha	Due to Nil consumption for 244 installations, there is a revenue loss of Rs 9.27 lakhs per month.

		<ul style="list-style-type: none"> • Similarly out of 278 street light installations, 136 have recorded zero consumption. 						<p>(244*1000 units/month/installation*avg. rate of Rs3.80)</p> <p>Similarly for street light installations there is a loss of Rs 5.58 lakhs (Calculated at 3KW per inst.)</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 arrears were not disconnected. • Timely and appropriate actions were not taken by the field staff. • There are total of 201 Installations with Rs 5000 and above arrears amounting to Rs 41.38 lakhs. LT2- 89 installations amounting to Rs 7.54 lakhs. LT3- 79 installations amounting to Rs 24.5 lakhs. LT5- 33 installations amounting to Rs 9.34 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. • D&R fees raised for the month of October-2014 is Rs 52260. • Action needs to be initiated to increase the D&R fees. 	MR/JE/AA O/AEE	29 th November -2014	AO Division to follow-up	Ram Prasad	<p>Sub-division should ensure that 100% D&R is demanded and collected from all the installations that are disconnected during the month</p> <p>If timely and effective actions are taken then the company would immediately get revenue of Rs. 41.38 lakhs.</p>

Note: Meter Readers are instructed to strictly effect the disconnections and collect 50% of their Closing Balance along with regular demand, failing which the AEE shall initiate action to withhold their salaries and only 50% salary shall be paid.

5	Inventory of Street light installations	It was observed that as per the latest (June-14) street light inventory, the total connected load of the sub division is 917 KW, however as per the system the total connected load is 1471 KW. The connected load has reduced, which is a rare possibility and needs to be reconnected.	<ul style="list-style-type: none"> Street light inventory needs to verified and if found correct then reasons for reduction in connected load needs to be analyzed properly. 	AEE/AE's/ JE's		AO, Division AI IA	Shreepad Rao	Sub-division office should open a Register (assigning separate folios for each O&M unit) to watch and record periodical changes (additions/ reductions etc.,). This register should be verified and audited by IA and should form the basis for ensuring the correctness of the SL inventory in the sub-division
6	Test reports	A total of 492 RR dockets were pending in LT2, LT3, LT5 and LT7 tariff as on date of inspection.	<ul style="list-style-type: none"> All pending dockets to be opened immediately. 	AE(T)/AEE	Immediate action	AO, Internal Audit of the Division to follow-up	Ram Prasad	
7	Compliance to inspection	There are number of installations for which Back billing charges (BBC) have been claimed on inspection reports of MT /	<ul style="list-style-type: none"> Effective and timely action has to be taken by the field staff to disconnect these installations. (Except disputed cases). 		Immediate action			If timely and effective actions are taken then the company

	reports	<ul style="list-style-type: none"> vigilance/ Level1 & Level 2/, however not the amount is not recovered. • MRT- Rs 16.69 lakhs • Vigilance- Rs 16.97 lakhs • Level 1 and level 2 reports of O&M – Rs 5.0 lakhs. • Audit Short Claim – Rs 11.68 lakhs 	<ul style="list-style-type: none"> • AE/JE (sub-division/ section/ division officers) to monitor. 				Ram Prasad	would immediately get BBC of at least Rs. 50.34 lakhs.
<p>Note : It is observed that installations which are back billed for excess load/misuse of tariff are not regularized within stipulated period of three months nor they are disconnected. Also there is substantial delay in rising BBC demand in the system and in some cases speaking orders are issued after a gap 8-9 months of date of issuing notice.</p> <p>For RR No. S12TP3457, inspection is done by vigilance staff on 10.07.14 and the demand for the same is not raised till date.</p> <p>And for RR No. BGP2950 the inspection is done by vigilance staff on 27.12.2013, the demand for the same was raised on 05.04.14 after a gap of 4 months and the amount is not collected till date nor is the installation disconnected.</p>								
9	Receivables analysis	<ul style="list-style-type: none"> • Age wise analysis of revenue has not been undertaken by the SD. • The details of action taken as per Recoveries of Due Act was 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	
10	MNR	<ul style="list-style-type: none"> • There are only 6 MNR installations in the S/D 	MNR meters to be replaced	All section	Immediate	AEE/AAO to	Dhatri	

	Installations	against total active installation count of 68794. • This needs to be verified	immediately.	officers of O& M unit	action	follow up		
11	Meter Readers observations and action taken	• Meter readers have maintained the observation book, but the observations are to be recorded properly and action is to be taken by superior officers to review.	<ul style="list-style-type: none"> To be discussed in weekly meetings MRs have to be proactive and report their observations on daily basis. 	MRs/AE/JE	Immediate action	AEE/AAO to follow up		
12	Debit balance in LT7 installations	There are 175 number of installations with debit balance amounting to Rs 4.7 lakhs. Sub division I/c AAO/AE(T) have not taken initiatives to recover the arrears.	<ul style="list-style-type: none"> Immediate action has to be initiated to collect the arrears. 	AAO/AE(T) /AAO	Immediate action	AO Internal Audit to follow up.	Ram Prasad	
Note: It is observed that many temporary installations are not disconnected after non-renewal. Also there is mismatch in Meter Reading between field and system. Corrective measures to be initiated immediately.								
13	Slab wise, industry wise, consumption pattern analysis	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	

14	Status of inactive installations.	Sub division has made some effort to recover the arrears of inactive installations, but more efforts are required for collection of arrears.	AAO to generate a list of inactive installations and field officers to ensure recovery of arrears.					
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Note: Two installations with stats as inactive were inspected and below listed are the observations. Corrective measures needs to be initiated.

RR No.	Tariff	Field Observations
S5P524	LT5	As per the concerned JE, the installation was disconnected around 10 years back, however the meter is not removed. At the time of inspection, it was under disconnection.
S12TP3446	LT7	At the time of inspection, the installation was in running condition (Had power supply). The difference between system final reading and spot reading is about 16000 units, which needs to be billed and collected.

By implementing all these measures, S-7 sub-division has a potential of **Rs 111 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, BESCOM.
2. Superintending Engineer(E), South Circle, BESCOM, Bangalore
3. Executive Engineer (E), HSR Division.

4. Assistant Executive Engineer(E), S-12,Sub division
5. Sri Vasuki, Director, M/s.Dhiya Consulting (Private) Limited
6. PS to MD
7. MF