



# **BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED**

**(Wholly owned Government of Karnataka undertaking)**

## **Revenue Monitoring Inspection/Review of S-7 Subdivision, Koramangala Division, BESCOM**

**Date: July 24<sup>th</sup>, 2014**

**Venue: S-7 Subdivision, Old Airport Road, Bangalore.**

### **BESCOM OFFICIALS:**

1. Sri. Guru Prasad B.L, Director (Finance), BESCOM.
2. Sri S T Shantmallappa, Executive Engineer(E), Koramangala Division
3. Sri. Shreepad Rao, DGM, F&T section Corporate Office.
4. Sri. Ram Prasad, AGM (F&C), Corporate Office.
5. Sri B Suresh, AGM, F&T section Corporate Office.
6. Smt S Asha, AO, Corporate Office.
7. Smt. Dhatri Joshi, AEE to D(F), Corporate Office.
8. Sri. . M M Sali, A.E.E (E), S-7 Sub-division
9. Accounts Officer, Koramangala Division
10. Accounts Officer (Internal Audit), Koramangala Division
11. Assistant Accounts Officer, S-7 Sub-division.
12. AE's/J.E's and Other officials / Meter Readers of S-7 Sub division

### **CONSULTANCY TEAM REPRESENTATIVES:**

1. Sri. Vasuki, Director, Dhiya Consulting
2. Sri. Srikanth Bhat, Manager, iDeCK

## 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-7 Sub division. The Director (Finance) addressed the BESCO Officers/employees of S-7 sub division and enlightened 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-7 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	<p>100% Billing efficiency was not achieved by the Sub division. – Actual billing efficiency for the month of July is 98%</p> <p>As per dashboard report, 2998 number of installations are not billed.</p>	<ul style="list-style-type: none"> <li>Provisional bills to be issued by the Meter Readers till all the Meter Changes have been effected into the system.</li> <li>AEE and AAO to resolve this issue on top priority by ensuring that Meter change details have been entered into the system by 31<sup>st</sup> of July-14.</li> <li>A.E.E to prepare a daily checklist which must be filled by meter readers daily on compulsion.</li> <li>AAO to send a compliance list on the above, every 15 days, to D (F), which also includes status of unbilled installations.</li> </ul>	AEE/AAO	25 <sup>th</sup> August-14	AO Division to follow-up	Ram Prasad	Approximate amount of Rs. <b>22.5 lakhs per month</b> demand not being raised due to this.
2	ARM from tariff increase	7% increase in billing achieved by the sub-division	<ul style="list-style-type: none"> <li>The ARR for the month of May was Rs 7.01 per kWh and for June was Rs 7.57 per kWh. This increase is in tune with the Tariff Increase approved by KERC in May 2014. This has to be sustained and efforts to should made to increase in the ARM per kWh by</li> </ul>	AEE/AAO				

			ensuring better consumer and sales mix.					
3	Abnormal /Subnormal Consumption. (A/S)	<ul style="list-style-type: none"> <li>The Abnormal/ Subnormal consumption analysis is not being done effectively.</li> </ul>	<ul style="list-style-type: none"> <li>AAO to take action to generate A/S report on daily basis.</li> <li>Though some action is taken, AE's/J.E's shall have to inspect the installations and submit reports on the same to A.E.E/AAO.</li> <li>To be discussed in the weekly meeting with AE/JE/MR</li> </ul>	AAO/AE/JE/ of O &M units	AEE to review on weekly basis.	AO, Internal Audit of the Division to follow-up	Dhatri	
4	Average billing in LT6 tariff.	<ul style="list-style-type: none"> <li><b>Out of 489 number of Water Supply installations, 373 installations have recorded Zero Consumption, 45 are shown as vacant and 3 are MNR.</b></li> </ul>	<ul style="list-style-type: none"> <li>AEE to take necessary action to replace the MNR meters immediately.</li> <li>AE/JE's of O&amp;M units to inspect all the installations with Zero Consumption and shall submit a report.</li> <li>All the Water Supply installations to be rated by MT staff.</li> </ul>	AEE/AE/JE's	30 <sup>th</sup> August-14 for report on zero consumption on installations	AO/ AO, Internal Audit of Division to follow-up	Asha	Due to Nil consumption for 373 installations, there is a revenue loss of Rs <b>14.17</b> lakhs per month. (219*1000 units/month/installation*avg. rate of Rs3.80)

5	<p>Status of installations with arrears of Rs 5000 and more (LT2, LT3 and LT5)</p>	<ul style="list-style-type: none"> <li>Disconnections are not effectively done and most of the installations having arrears were not disconnected.</li> <li>Timely and appropriate actions were not taken by the field staff.</li> <li>There are total of 425 Installations with Rs 5000 and above arrears amounting to <b>Rs 77.36</b> lakhs.</li> </ul> <p>LT2- 234 installations amounting to Rs 39.43 lakhs.</p> <p>LT3- 179 installations amounting to Rs 36.38 lakhs.</p> <p>LT5- 12 installations amounting to Rs 1.55 lakhs.</p> <ul style="list-style-type: none"> <li>During review of Rs 5000 and above arrears list, it was observed that there is serious lapse on part of field staff in effecting the disconnections.</li> </ul>	<ul style="list-style-type: none"> <li>All the disconnections should happen through SYSTEM ONLY. It was reported that though about 20,000 disconnections are effected in a month only 6,000 to 6,500 installations disconnection is happening through the system. For the rest of the installations, D&amp;R fee remains unclaimed. Dhatri – To kindly check the numbers and ensue that the point is correct.</li> <li>A.E.E &amp; AAO to send the list of arrears (MR wise) to D(F) immediately.</li> <li>AEE to ensure collection of Rs 77 lakhs within 31<sup>st</sup> August-14.</li> </ul>	MR/JE/AA O/AEE	30 <sup>th</sup> August- 2014	AO Division to follow-up	Ram Prasad	<p>Sub-division should ensure that 100% D&amp;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. <b>77 lakhs.</b></p>
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		<ul style="list-style-type: none"> <li>There are many installations with Rs 5000 and above arrears where payment is not received for more than 3 months.</li> </ul>						
6	Inventory of Street light installations	<p>It was observed that as per the latest (June-14) street light inventory, the total connected load of the sub division is 1600 KW, however as per the system the total connected load is 2052 KW. The connected load has reduced, which is a rare possibility.</p>	<ul style="list-style-type: none"> <li>Street light inventory needs to be verified and if found correct then reasons for reduction in connected load needs to be analyzed properly.</li> </ul>	AEE/AE's/ JE's		AO, Division AI IA	Shreepad Rao	<p>Sub-division office should open a Register (assigning separate folios for each O&amp;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</p>
7	Test reports	The 6A and 6B registers are not completely updated.	<ul style="list-style-type: none"> <li>All the registers to be updated immediately.</li> </ul>	AE(T)/AEE	Immediate action	AO, Internal Audit of the Division to follow-up	Ram Prasad	

Note: On review of 6A register, it was observed that in some cases new installations are serviced without preparation and collection of final bill of temporary installation serviced in the same premises. The RR No. 7SHL 79512 is serviced on 18.06.14 with initial reading of "1260". Before availing permanent power supply, the consumer has availed temporary power supply with RR No. 7SHTP16594 and the last bill for this installation is with reading "863". Thus the difference of 457 units is unaccounted. This has happened in several cases.  
 Immediate measures needs to be taken by sub division for Final billing of temporary installations, before servicing the new installation.  
 AO, Internal Audit to follow up on priority.

8	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 &amp; Level 2/, however not the amount is not recovered.</p> <ul style="list-style-type: none"> <li>• MRT- Rs <b>13.11 lakhs</b></li> <li>• Vigilance- Rs <b>49.40 lakhs</b></li> <li>• Level 1 and level 2 reports of O&amp;M -<b>16.81 lakhs.</b></li> </ul>	<ul style="list-style-type: none"> <li>• Effective and timely action has to be taken by the field staff to disconnect these installations. (Except disputed cases).</li> <li>• AE/JE (sub-division/ section/ division officers) to monitor.</li> </ul>		Immediate action		Ram Prasad	If timely and effective actions are taken then the company would immediately get BBC of at least <b>Rs. 79 lakhs.</b>
9	Receivables analysis	<ul style="list-style-type: none"> <li>• Age wise analysis of revenue has not been undertaken by the SD.</li> <li>• The details of action taken as per Recoveries of Due Act was not available during the review.</li> <li>• ABC analysis of revenue was not reviewed by the SD</li> </ul>	<ul style="list-style-type: none"> <li>• Immediate action to be taken and submit the compliance report to D(F).</li> </ul>	AEE/ AAO	Immediate action		Venkateshaiah / Dhatri/ Ram Prasad	

10	MNR Installations	<ul style="list-style-type: none"> <li>There are 40 MNR installations in the S/D.</li> </ul>	MNR meters to be replaced immediately.	All section officers of O& M unit	Immediate action	AEE/AAO to follow up	Dhatri	
11	Meter Readers observations and action taken	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>To be discussed in weekly meetings</li> <li>MRs have to be proactive and report their observations on daily basis.</li> </ul>	MRs/AE/JE	Immediate action	AEE/AAO to follow up		
12	Collection of additional security deposits from consumers	ASD amount pending is RS 696.54 lakhs. The tariff wise pendency is as listed below. LT2- Rs 312.4 lakhs. LT3-211.25 lakhs. LT5-6.01 lakhs. HT – 166.88 lakhs.	<ul style="list-style-type: none"> <li>Immediate action has to be initiated to collect ASD in all tariffs,</li> </ul>	AAO/AEE/AE's/JE's	Immediate action	EE/AO division to follow up.	Ram Prasad	
13	Slab wise, industry wise, consumption pattern analysis	No analysis has been made by the sub division officers	<ul style="list-style-type: none"> <li>AO IA has been asked to take up this review and send a report</li> </ul>	AO Internal Audit	Immediate action		Dhatri	
14	Raising demand for D&R fee and Cheque dishonor fee in the system	It was found that D&R fees raised for the month of June-14 is Rs 77820 only	D&R fees for the disconnected installations to be raised immediately.	AAO	Immediate action	AEE/AO division to follow up	Ram Prasad	

By implementing all these measures, S-7 sub-division has a potential of **Rs 193** 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:**

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6. Representatives of Infrastructure Development Corporation (Karnataka) Limited.,
7. PS to MD
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