BEFORE THE ODISHA ELECTRICITY REGULATORY COMMISSION BHUBANESWAR

IN THE MATTER OF

An Application for approval of Annual Revenue Requirement and Retail Supply Tariff for the financial year 2017-18, under Section 62 and other applicable provisions of the Electricity Act 2003 and in conformity with the provisions of OERC (Terms and Conditions for determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014 and OERC (Conduct of Business) Regulations 2004.

AND

IN THE MATTER OF

SOUTHCO Utility (SOUTHCO)
Head Office : Kamapalli, Courtpeta, Berhampur-760004

---------Licensee

The Humble applicant above named respectfully sheweth:

Authorised Officer, Southco Utility

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---------Licensee

Affidavit verifying the application for the Aggregate Revenue Requirement and Tariff Application

I, Sri R.R.Panda, Son of Late Ramesh Chadra Padhi, aged about 58 years, residing at, Courtpeta, Berhampur, do hereby solemnly affirm and state as follows:-

I am the Authorised Officer of the SOUTHCO Utility (SOUTHCO), Head Office :Kamapalli, Courtpeta, Berhampur-760004

The statements made above along with the annexures annexed to this application are true to the best of my knowledge and the statements made are based on information and records and I believe them to be true.

Bhubaneswar

Date 30th November 2016

DEPONENT

Authorised Officer,SOUTHCO Utility

CERTIFICATE

Certified that we have not made any change in any row and column of the Formats prescribed by the Commission for the purpose of filing of Aggregate Revenue Requirement for the FY 2017-18 it is also certified that the hard copy is an exact reproduction of the soft copy attached.

Authorised Officer , SOUTHCO Utility

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Due to huge investments made for up gradation of lines and sub-stations the voltage levels are within the prescribed parameters for LT system and LT Consumers are also getting steady supply and no of interruptions are reduced to be minimum and at par with HT. Copies of 31 numbers of LT consumers and 27 numbers of HT are given. Hence it is proposed to raise the demand charges to Rs125/- per KVA from present Rs80/- per KW to attract more of HT category of consumers. 64
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1. Executive Summary

SOUTHCO Utility formed as per the direction of Hon'ble Commission in Case no. 55 of 2013 by revoking the License of SOUTHCO as per Section 19 of the E.Act,2003 and appointed CMD, GRIDCO as Administrator as per Sec.20 of the E.Act,2003 from 4th March 2015.

Consequent upon such revocation and considering the situation at hand due to such revocation of Licences of NESCO, WESCO & SOUTHCO and also keeping in view, the salient objectives and purpose of the Electricity Act, 2003 Hon'ble Commission in exercising powers conferred on it under Section 20 (d) of the Electricity Act, 2003 vests the management and control of NESCO, WESCO and SOUTHCO utilities along with their assets, interests and rights with Chairman-Cum-Managing Director, GRIDCO (CMD, GRIDCO) in order to ensure the maintenance of continued supply of electricity in the Northern, Western and Southern Zone (area of supply of NESCO, WESCO and SOUTHCO) in the interest of consumers and the public interest at large. This is an interim arrangement under Section 20 (d) of the Electricity Act, 2003.

Hon'ble Commission further directs that the management and control of the utilities of NESCO, WESCO and SOUTHCO with all the assets, interests and rights shall vest with Chairman-Cum-Managing Director, GRIDCO with immediate effect and he shall manage the electricity supply activities in the revoked licensed area of NESCO, WESCO and SOUTHCO respectively till further orders of the Hon'ble Commission.

Subsequent to above direction of Hon'ble Commission the Administrator of the Utility has appointed an authorised officer to look after the day to day operation of the utility without affecting the consumer service of the southern part of the state.

SOUTHCO Utility has been carrying out the business of distribution and retail supply of electricity in the Eight districts of Odisha namely Ganjam, Gajapati, Boudh, Kandhamal, Rayagarda, Koraput, Nabarangapur and Malkanagiri with an aggregate population of 94.38 lakhs over an area of supply of 48,751sq km. This submission is made by the licensee to the Hon'ble Commission for the determination of Aggregate Revenue Requirement and the Retail Supply Tariffs for the Financial Year 2017-18.

The licensee has been able to charge all the villages electrified under RGGVY scheme which is coming to an end on 31st March 2015. Consequently in the process of adding newly 1.50 lakhs consumers into the billing fold totalling to 7 lakhs BPL consumers, the licensee has also initiated implementation of in-house developed mobile phone based billing system, meter reading and photo analysis of the meter readings on monthly and daily basis. Besides, installation of pre-paid metering as per direction of Hon'ble Commission, the licensee till now has installed 368 nos. of prepaid meters in respect of Govt. consumers under Berhampur Circle.

That, the Licensee in accordance with the license conditions, have calculated the total expected revenue from sale of electricity charges in accordance with the provisions of Section 5 Chapter 3 of the OERC (Terms and Conditions for determination of tariff) Regulations 2004 and hereby submitting in the foregoing paragraphs as per the following structure.

a. A statement with full details of its expected aggregate revenue and costs for the ensuing year FY 17-18 for its Business along with technical, commercial and financial parameters in the formats prescribed by the Hon'ble Commission.
b. Statements of additional information as desired by Hon'ble Commission vide letter No.DIR(T)-336/2008(Vol-II)/1467 dt.10.11.2016.
c. Statement of allocation of wheeling and retail supply cost as per provisions of OERC (Terms and Conditions for determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014
d. Proposal for tariff rationalisation measures.
e. Submission of Business Plan Proposal as per OERC Letter No.OERC/RA/DISCOMs-9/2013/1466 dt.09.11.2016
f. Initiatives of SOUTHCO Utility
g. Concerns
h. Compliance of the directives issued by the Hon'ble Commission.

i. While complying the ARR, the licensee has adopted the AT& C loss reduction trajectory of the Ministry of Power, Govt. of India communicated through the Govt of Odisha, for the period FY 14 to FY 22,

ii. That, the Licensee has made certain assumptions while projecting its operations for the FY 2017-18. These projections are based upon the best estimates of the operations and prospective plans of the company at the time of the ARR filing. The actual ARR and the revenue figures would be different from the above estimates due to several external factors such as power purchase cost and change in consumer mix/ consumption etc.

iii. Based on estimated Revenue Requirement and Revenue at existing tariff, the revenue gap for FY 2017-18 works out to **Rs.544.54 Crore**. The licensee submits that the revenue gap of FY 2017-18 includes uncovered revenue gap for on account of 1/3rd truing up as Rs.111.33 Crore for FY 2016-17.

Table 1 : Revenue Gap

	Rs Crore
Expenditure including Special Appropriation	**1505.88**
Reasonable return	6.03
Truing up of Revenue Gap for FY 2016-17(1/3rd)	111.33
Sub Total	**1623.24**
Revenue from sale of power at existing tariffs	1061.70
Non Tariff Income	17.01
TOTAL REVENUE GAP	**544.54**

The revenue gap for the year 2017-18, considering the BSP at 2016-17 rate is arrived at **Rs.544.54 crores**.

Revenue GAP if Railway would avail power supply from other source:

Presently the Utilty is having 8 Nos of traction load with Contract Demand of 71700 KVA. Considering 1st Six months consumption of 60.768 MU the current year's consumption has been estimated as 122.236 MU. Similarly the Utility has projected 122.236 MU towards traction consumption for the ensuing year FY 2017-18.

If railway would be completely availing power supply from other source other than the Distribution Company then the revenue gap would be **Rs 597.43** crore. Hence the GAP would increase by another **Rs.52.89 crs**.

Table 1B : Revenue Gap without Railway

	Rs Crore
Expenditure including Special Appropriation	**1478.74**
Reasonable return	6.03
Truing up of Revenue Gap for FY 2016-17(1/3rd)	111.33
Sub Total	1596.10
Revenue from sale of power at existing tariffs	981.67
Non Tariff Income	17.01
TOTAL REVENUE GAP WITHOUT RAILWAY	**597.43**

Therefore the revenue gap for the year 2017-18, with BSP rate at FY 2016-17 without railway would be **Rs.597.43 crores.**

That, it is worth mentioning that as of now, at existing tariffs, the Utility is unable to meet its current costs, and unless there is decrease in input costs in FY 17-18 or any grant/ subsidy is provided, the Utility requires to meet its obligations as a distribution Utility. Accordingly the utility prays that such exigencies be considered while processing this Petition.

Submission of Business Plan

Hon'ble Commission has issued direction for submission of business plan vide letter no.DIR (T) 349/2008/432 dt.04.04.2016 to the licensee. The above business plan was for 3rd control period ending on FY 17-18. While approving various parameters of business plan Hon'ble Commission has considered the same till FY 2015-16. In the mean time Hon'ble Commission has already approved ARR of the licensee for FY 2016-17. Now, the utility is submitting its ARR for FY 2017-18 for approval. In view of the above the Business plan for the third control period has lost its significance. Therefore the utility humbly submits before the Commission to give appropriate direction while approving ARR for FY 2017-18 regarding Business plan for subsequent control period.

iv. Prayer

In the aforesaid facts and circumstances, the licensee prays that the Hon'ble Commission may be pleased to:

- Take the ARR application and Tariff Petition on record.

- Approve the Annual Revenue Requirement for FY 2017-18 including truing up of FY 2016-17
- Bridge the Revenue Gap for the FY 2017-18 through reduction in Bulk Supply Tariff (BST), grant of subsidy from the Government of Odisha as per Section 65 of the Electricity Act 2003 and balance, if any increase in Retail Supply Tariff.
- To consider the AT & C Loss Trajectory accepted by Ministry of Power, Govt. of India.
- To do away with Intra state ABT till generators are involved.

Allow the following Tariff rationalisation measures as proposed

- Tariff of Rs.100 per month for kutirjyoti category of consumers
- Rs.150/- per month for consuming less than 50 units in Domestic tariff category and increase in Slab Tariff of Domestic consumers as proposed.
- Introduction of L.F. Billing for irrigation and agriculture category of consumers.
- Levy of monthly Demand charges for consumers having CD of 110 KVA and above @ 85% of CD or MD whichever is higher instead of existing level of 80% CD.
- Additional rebate of 1% to LT Single phase category of consumers over and above normal rebate if payment made through online, credit card, debit card etc.
- Levy of meter rent for Smart and Prepaid meters
- Introduction of KVAH Billing
- Applicability of Power Factor Penalty
- Two part tariff be made applicable in respect of Emergency power supply category to Captive Power Plants (CPP).
- Introduction of MMFC for Consumers with Contract Demand <110 KVA on the basis of MD recorded or connected load whichever is higher.
- Applicability of Demand Charges for GP> 70KVA and < 110KVA and HT Industrial(M) supply
- Rate of Tariff for LT Medium Industry and HT Medium Industry
- Demand charges to be in KVA only instead of KVA/KW.

- Continuation of bi-monthly billing in case of rural consumers where the billing and collection coverage is very low.
- Introduction of Amnesty arrear clearance scheme for LT non industrial category of consumer.
- 2% Rebate be allowed on **payment of current monthly BST bills (excluding all arrears) within 3 days time instead of 2 working days** and also to allow rebate on part payment of BST bills.
- Other Tariff rationalization measures as proposed in this application
- To consider the consumers like NALCO as the consumer of the Utility being situated in the Utility area.
- Looking to the geographical area and the consumer mix, the cheap cost of power may be allocated to the Southco Utility while finalizing the BSP.
- Allow the Utility to submit additional documents, modify the present petition, if so required, during the proceeding of this application.

Any other relief, order or direction which the Hon'ble Commission deems fit

ARR and Tariff proposal for FY 2017-18:

As per provisions of Regulation 53 of OERC (Conduction of Business) Regulations, 2004 and Regulation 6 of OERC (Terms and Conditions for determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014 the Utility are required to file the applications for determination of Annual Revenue Requirement (ARR) and revision of Retail Supply Tariff (RST) for the ensuing financial year with the Commission by 30th November of the current year. Accordingly, SOUTHCO UTILITY (Petitioner) hereby submits its Application for approval of Annual Revenue Requirement and Retail Supply Tariff for the financial year 2017-18. The Petitioner is filing this Petition under Section 62 and other applicable provisions of the Electricity Act 2003 and in conformity with the provisions of OERC (Terms and Conditions for determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2014 and OERC (Conduct of Business) Regulations 2004.

1.1. Revenues and Costs

The existing tariffs determined on normative loss levels for SOUTHCO Utility do not cover costs and affect the financial viability and sustainability of distribution and retail supply operations. The National Electricity Policy aims to achieve financial turnaround and commercial viability of the electricity sector, whereas the objective of the National Tariff

Policy is to ensure financial viability of the sector. Thus to ensure financial viability, it is necessary that costs ought to be recovered.

The Petitioner humbly requests the Commission to approve the ARR and Tariff for FY 2017-18 in such a manner to match the expected revenue from the retail supply tariffs with the total Annual Revenue Requirement of the Petitioner as approved by the Commission.

The details of category-wise sales mix with No. of consumers, contract demand and percentage change in sales are given in OERC Form: T-1. Further, the expected revenue for the ensuing year estimated sale at existing RST along with details is also provided in OERC Form No: T-8.

1.2. Review of Operations of the FY 2014-15 to FY 2016-17

The sales performance for the FY 2015-16, previous year (FY 2014-15), expected performance of current year (FY 2016-17) are as shown below

Distribution Loss FY 2014-15 to FY 2016-17 :

Particulars	FY 2014-15	FY 2015-16	FY 2016-17 (Est)
Energy Sales in MU	1947.733	2077.871	2167.138
Energy Purchased in MU	3192.837	3282.784	3340.00
Overall Distribution Loss%	39.00%	36.70%	35.12%

SOUTHCO has reduced the distribution loss about 2.30% during the FY 2015-16 in spite of increase in subsidized category of consumers under Rural Electrification programme of GoI and GoO. Considering the actual performance till September 2016, and in spite of the fact that large numbers of consumers under the RGGVY scheme have been added, the Licensee has estimated distribution loss of 35.12% for FY 2016-17 which reflects a reduction of 1.58 % over the previous year. It is worthwhile to mention that by the end of FY 17, an additional 1.20 lacs consumers in the subsidized category are to be added to the billing fold.

1.3. Performance Estimates in FY 2017-18

During FY 2017-18, the sale of energy has been estimated at 2394.722 MU. During FY 2017-18, the Licensee proposes to reduce the distribution losses by 2.76 % from estimated 35.11 % in FY 2015-16 to 32.35 % in FY 2017-18.

Distribution Loss of FY 2017-18

	FY 2017-18
Energy Sales in MU	2394.722
Energy Purchase in MU	3540.000
Overall Distribution Loss %	32.35%

The licensee submits that business sustainability and performance of distribution utilities is directly related to achievement of technical and commercial loss reduction parameters. The Hon'ble Commission while passing the ARR and tariff Orders have set the ambitious loss reduction trajectory. There is a need to re-fix loss reduction targets on a realistic basis so that the Annual Revenue Requirement for FY 17-18 is determined on a pragmatic basis.

1.4. AT&C Loss in FY 2017-18

The Hon`ble Commission in their Tariff Order for 2003-04, recognised the AT&C Loss concept (in line with Nationwide approach) as distinct from the conventional T&D Loss and adopted the same as a performance parameter. OERC's intent towards 'Performance based regulation', the Licensee is committed to the spirit of reducing the AT&C Loss. Though the Hon'ble Commission has set the AT&C performance targets for measuring, monitoring and controlling the efficiency of the operation of the Petitioner, the Hon'ble Commission has approved ARR and determined RST for FY 2005-06 till FY 2012-13 for the Licensee based on the distribution loss target and not based on the AT&C loss target. The Commission has considered the distribution loss target for ARR determination on the grounds that the AT&C loss shall be the criteria for determination of performance of the DISTCOs that provide them to handle for improvement in the field of distribution loss and the collection efficiency. For the purposes of tariff determination, the revenue requirement of the DISCOMs has been determined based on accrual of revenue during the financial year based on the set target of T&D loss for the Financial Year without considering actual collection of revenue. The actual collection efficiency of SOUTHCO during FY 2015-16 was 88.60 % and is expected 94.00% during FY 2016-17 in spite of addition of consumers under Kutir Jyoti Category. During FY 2017-18, SOUTHCO proposes to maintain the collection efficiency of 96 % in spite of huge addition under subsidized category. The actual AT&C loss performance for FY 2015-16 and estimated AT&C loss for FY 2016-17 and FY 2017-18 based on the improvements proposed in distribution loss and collection efficiency is given in Table below.

AT & C Loss

	FY2015-16	OERC (Approved- (2016-17)	FY 2016-17 (Estt)	FY 2017-18(Estt)
Distribution Loss %	36.70%	25.50%	35.12%	**32.35%**
Collection Efficiency %	88.60%	99.00%	94.00%	**96.00%**
AT & C Loss %	43.92%	26.25%	39.01%	**35.06%**

The SOUTHCO Utility proposes the reduction target of AT&C Loss of around **3.95 % during the FY 2017-18 as per the MoP, GoI plan for AT&C Loss reduction Trajectory.** Therefore, the licensee proposes recognition of actual AT&C loss levels and setting of the sustainable reduction targets, which is of utmost importance to the survival of business. Accordingly, SOUTHCO Utility requests the Hon'ble Commission to consider the AT&C Loss as proposed in its ARR application for FY 2017-18. The AT&C Loss reduction trajectory as per the MoP,GoI for the FY 2014-15 to FY 2021-22 has been duly intimated by the Licensee through the GoO vide its letter no. 10714 dt. 01.09.2014. The same is also filed before Hon'ble Commission and request to consider the AT&C loss target set by the MoP,GoI for the licensee, Southco Utility for the FY 2017-18.

2. Revenue Requirement for FY 2017-18

This section outlines the assumptions for estimation of Revenue Requirement for FY 2017-18.

2.1. Data Sources

The Licensee is complying with the information requirements of the Hon'ble Commission for the purpose of making this application for Annual Revenue Requirement and Tariff for the financial year 2017-18. The schedule of formats submitted along with this proposal is shown in the Table of Contents. The Accounts up to March 2016 have been audited the financial formats prescribed by the Hon'ble Commission and copies of the audited accounts submitted to the Hon'ble Commission.

The Licensee would like to submit that the input cost is the most important cost for SOUTHCO Utility. For authentication of input cost, the BSP bills on the basis of scheduled energy received from the bulk supplier, GRIDCO, Transmission Charges on the basis of actual energy received from OPTCL, SLDC charges received from SLDC and deviation/UI computed on the basis of BSP rate has been taken into account.

Thus, the Licensee submits that the data given by us is authentic and reliable for formulation of Annual Revenue Requirement and Tariff Application for the FY 2017-18.

2.2. Sales Forecast

For projecting the consumption of different categories, the Licensee has analysed and relied on the past trends of consumption pattern for last fourteen years i.e. FY 2001-2002 to FY 2015-16 and actual sales data for the first six months of FY 2016-17, the impact of electrification of new villages under the RGGVY, Biju Saharanchal, Biju Grama Jyoti Yojana, Lift Irrigation and Deep Borewell Project of GoO and actual addition of loads and other factors such as global recession. The category-wise consumption projected for FY 2017-18 is discussed in following sections.

LT Category

The growth in the domestic category has been estimated at 14% during FY 2017-18 as against the estimated growth of around 11% during FY 2016-17. The Licensee would like to submit that under various schemes like RGGVY,BSVY, BGJY etc. many households are already electrified and also likely to be electrified and around 120000 nos of BPL (Below Poverty Line) and 49779 nos of APL (Above poverty line) consumers will be added by March 2017. The balance number of consumers under RGGVY Scheme about 1.20 lakhs of consumers will be brought into the billing fold in the ensuing year FY 2017-18 and the impact of same has been considered while estimating the sales for Kutir jyoti and Domestic category respectively for FY 2017-18.

The growth in the sales of other categories in the LT sector has been estimated in the range of 10-15% during 2017-18 considering the past trends except irrigation and pumping where growth rate has been estimated at 20%. This is mainly due to Lift Irrigation Project of GoO and energisation of community LIP /Deep bore well projects of Goo.. There is a requirement of 5-10 MW in the Agriculture category in the eight district of Southco Utility.

The domestic sales during last three years have increased in higher proportion as compared to previous years due to massive village electrification schemes. The summary of sales projections for LT category is given in following:

Sales	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Domestic	1065.053	1177.022	1270.035	1449.005
General Purpose<100 kw	161.883	183.563	192.741	202.378
Specified public purpose	25.597	29.076	31.984	33.583
Irrigation	32.342	42.210	44.321	53.185
Allied Agro Activities	2.751	3.620	4.525	5.656
Allied Agro Industrial	0.425	1.010	1.061	1.167
LT Industrial	31.782	33.176	34.835	36.577
Public water works	27.298	29.268	30.731	32.268
Public Lighting	18.160	20.590	21.620	22.700
Total	**1365.291**	**1519.535**	**1631.852**	**1836.518**

HT Category

In projecting the sales in HT Category, the licensee analysed the consumption pattern of each HT consumer. The average sale for HT category consumers has been estimated for the ensuing year and is based on the trend of the FY 2015-16 and actual load for the half year ending Sept'16. The Licensee has also estimated one Titanium Industry for a load of 15 MVA for a period of 6 months during the current year. The estimated consumption shall be 7.28 MU during FY 2016-17. Hence the additional consumption as proposed based on actual consumption till Sep-16. The Licensee has estimated overall growth of 10.19% under this category.

The details are as under. **MU**

Sales	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Large Industry	87.268	92.119	90.037	103.488
Medium Industry	27.629	30.529	32.055	33.658
General Purpose	36.632	38.120	41.587	43.666
Others	44.075	48.076	49.725	54.332
Total	**195.604**	**208.844**	**213.404**	**235.144**

EHT Category

SOUTHCO UTILITY has projected 0.36% growth under this category during FY 2017-18 looking to the past trends for the FY 2015-16 and sales up to 1st six months of the current year FY 2016-17. There is neither any proposal for enhancement of load of the existing consumers nor any new industry/ consumer is materialised under this category. The consumption during

FY 2016-17 is declined because of one consumer namely M/s J K Corp Limited is now stops drawing substantial power and consuming its own generation under CGP and the Traction drawl is also in decreasing trend. The consumer (POI) M/s. Aditya Birla also opted for open access during the FY 2016-17 @ 5 MU per month resulting decrease in sales during FY 2017-18. The category-wise sales in MUs have been shown in table below.

MU

Sales	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Large Industry	119.858	113.759	114.345	115.488
Railway Traction	138.932	122.236	122.236	122.236
Power Intensive	123.236	112.438	83.860	83.860
Emergency supply to CGP	4.812	1.059	1.476	1.476
Total	**386.838**	**349.492**	**321.917**	**323.060**

The summary of the sales for all consumer categories has been shown in table below.

MU

Sales	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
LT	1365.291	1519.535	1631.852	1836.518
HT	195.604	208.844	213.404	235.144
EHT	386.838	349.492	321.917	323.060
Total	**1947.733**	**2077.871**	**2167.173**	**2394.722**

2.3. Power Purchase Expenses

The power purchase expenses have been derived from the sales estimates and the distribution loss level. For the year FY 2017-18, energy input of **3540 MU** has been estimated based on the estimated sale of **2394.722 MU** and Distribution Loss of 32.35%**.**

Power purchase cost for the current year is Rs.742.04 Crs and for the FY 2017-18 power purchase cost has been estimated at Rs. 786.44 Crores with BSP @ 197 paise p.u. and transmission charges @ 25 paise p.u. SLDC charges @ Rs 4.50 lakhs per month.The Licensee has considered the excess actual drawal in MUs over the Scheduled MU at BST rate for estimating power cost for the current FY 2017-18.

SMD Projection

Considering the past record and additional load towards inclusion of BPL and APL consumer under RGGVY and BGJY, the licensee proposes **650 MVA** as SMD for FY 2017-18 as against the SMD of 537.467 MVA during FY 2015-16 and 549.011 MVA during 1st half FY-2016-17.

The licensee submits that SMD of **650 MVA** projections for a year are estimated based on load mix, consumption patterns and other economic policies, and restricting the SMD of a Discom up-to a particular level without considering the proposal as above and imposing penalty thereof for drawl beyond the approved level, shall put the Licensee with higher financial burden.

2.4. Employees Expenses

SOUTHCO was formed after unbundling of GRIDCO as per 2nd Transfer Scheme, 1998 and thereby all the personnel deployed in Distribution business were transferred from erstwhile GRIDCO. Initially, the nos. of personnel on roll was around 4510 nos which were inadequate and unevenly distributed to meet the functional requirement. Subsequently, by way of separation due to retirement, resignation death etc, there has been drastically reduction of manpower. In view of the large scale energisation of new areas either though rural electrification or due to addition of new consumers, the Licensee restructured and reorganized by creation of new Divisions, Sub -division and Sections with reinforcement of allied activities such as MRT , Energy Audit , maintenance of distribution transformers and Vigilance activities. Main objective was to improve the 100 % of consumer coverage, reduction in Distribution losses and to meet the Revenue collection target. At present Utility has 2693 number of employees on the roll, 2922 number of pensioners have been paid out of revenue due to the take away of the Transfer Scheme.

Hon'ble Commission approved Rs.190.12 crores for the year 2016-17. However taking into consideration the actual payment made during 1st six months of FY 2016-17, the licensee estimated an amount of Rs. 288.21 Cr is required to be disbursed during the current year.

The details of number of employees to be recruited and retired during the current year and the ensuing year is submitted in the following table.

SOUTHCO	Executive		Non-Executive		Total
	Technical	Non-Technical	Technical	Non-Technical	
As on 01.04.2016	318	98	1670	607	2693
Recruitment during 16-17	0	0	0	0	0
Retirement during 16-17	4	2	97	34	137
As on 01.04.2017	**314**	**96**	**1573**	**573**	**2556**
Recruitment during 17-18	30	20	120	40	210
Retirement during 17-18	4	2	95	26	127
As on 31.03.18	**340**	**114**	**1598**	**587**	**2639**

Keeping in view the promotion, retirement, resignation and expansion of substations ,fuse calls, extension of LT lines and segregating the commercial activities from O&M as per Directives of Hon'ble Commission mentioned above, commercial activities, projected requirement of manpower as indicated above is imperative to be recruited in phased manner for FY 2016-17 and FY 2017-18 .

Manpower recruitment	**Category**	**Nos. to be recruited**	**Financial impact (Rs. Lacs)**
2016-17	Executive	0	0.00
	Non Executive	0	0.00
2017-18	Executive	50	36.00
	Non Executive	160	74.02

No of employees retiring during FY 2016-17 and FY 2017-18 and saving on account of same are as follows:

FY	**Category**	**Nos. of employees retiring**	**Saving on account of retirement (Rs lacs)**
2016-17	Executive	6	4.40
	Non Executive	131	57.93
2017-18	Executive	6	11.65
	Non Executive	121	141.64

Expenses Terminal Benefit Liability

As regards to terminal benefits i.e. the contribution to the Pension Fund and Gratuity Fund and Leave Encashment has been proposed for the year 2017-18 based on the actuarial valuation done by M/s Bhudev Chaterjee as on 31.03.2016 and the projections provided for 2016-17 and 2017-18. The details are given in OERC Form: F-12. While computing the contribution required by the Licensee to fund the employees trust, the Actual investments as on 01.04.2016, estimated Investments as on 01.04.2017, income from the investments during the year 2017-18 and the payments to retired/retiring employees during the 2017-18 has been considered. The computation of the employee Terminal Benefit Trusts requirement for the year 2016-17 & 2017-18 amounting to Rs.112.20 Crore and Rs.122.75 Crores respectively. is worked out in the following table.

A	Terminal Liability for FY 2016-17	Rs. Crore
1	Employee Trust Valuation as on 31.03.17	869.42
2	Employee Trust Valuation as on 31.03.16	820.55
3	Interest on investment during 2016-17 @ 8.5 %	2.74
4	Estimated payment during 2016-17	66.07
5	Terminal benefit trust funding required for 2016-17 (1-2-3+4)	**112.20**

B	Expected Corpus Availability FY 17-18	
1	Employee Trust Valuation as on 31.03.18	922.05
2	Employee Trust Valuation as on 31.03.17	869.42
3	Interest on investment during 2017-18 @ 8.5 %	2.67
4	Estimated payment during 2017-18	72.79
5	Terminal benefit trust funding required for 2017-18 (1-2-3+4)	**122.75**

The employee cost for FY 2015-16 is Rs 248.22 Crs and estimates for FY 2016-17 are Rs.288.21 Crs. **The Utility proposes the Employee cost aggregating to Rs.384.17 Crs for the FY 2017-18.**

The above cost has been projected considering the effect of 7th Pay commission which is due from 1st January 2016. To arrive at the basic salary for the FY 2017-18 the multiplying factor 2.57 has been considered with the existing Basic and GP for FY 2016-17. Arrear due to 7th pay commission for the period 1.01.2016 to 31.03.2017 (15 months) has been taken as Rs.23.20 crs.

In addition to above, SOUTHCO has considered Contractual , Outsourced and other activity outsourced (Spot Billing, CCC and Billing IT) activities for an amount of Rs.49.83 Cr
SOUTHCO has already engaged 8 nos of manpower in each 33/11 KV S/s for operation and maintenance activity against 157 nos of 33/11 KV S/s during the FY 2016-17. The Total cost for maintaining 33/11 KV S/s comes to Rs.14.62 Cr. Further there is requirement of additional manpower for maintenance of 33/11 KV S/s under ODSSP programme.
In view of the above it is humbly submitted before Hon’ble Commission to approve the proposed employee cost of Rs.384.17 crs for the ensuing year.

2.5. Administrative and General Expenses

The A&G expenses for FY 2016-17 is estimated at Rs.29.06 Crore based on actual expenses till September 2016 as against the approved A&G expenses of Rs 39.42 Crore including special additional expenditure of Rs.21.50 crs towards, Customer Care, Energy Audit,IT Automation, inspection fees towards SI work and compensation towards electrical accidents for FY 2016-17.

In addition to normal A&G expenses, following additional expenses for aforesaid initiatives has been considered while projecting the total A&G expenses for FY 2017-18. The collection of arrears and current bills is assumed to be used to meet cash deficits during the year 2016-17, to the extent of collected amounts. The Licensee proposes to recover the operational expenses as stated below in the following heads in the ARR for the FY 2017-18 and the CAPEX to be made initially shall be capitalised.

The Administration and General expenses for the ensuing year have been forecasted based on estimated expenses during FY 2016-17 in line with the Commission's earlier Orders, the increase in A&G expenses for the ensuing year has been projected by considering 7% increase over the estimated A&G expenses for FY 2016-17 along with additional expenses **Rs.32.65 cr** as detailed in the following paras. The 7% increase is taken on account of inflation on the normal A&G expenses.

The A&G expenses for FY 2017-18 are projected at Rs 59.06 Crore.

2.5.1. Annual Inspection Fees of Lines and Substations:

The Utility submits that the State Govt is insisting for payment of the inspection fees on installations of Lines and substations. Licensee is not recovering the inspection fees in the ARR previous years and proposes to allow the same as under;

A. It is proposed that the annual inspection fees of Service connections may be imposed separately which shall be recovered from the consumers and shall be deposited on collection basis with the State Govt. similar to Electricity Duty

B. It is proposed that the annual inspection fees for lines and substations may be passed on through the ARR for FY 2017-18.

Regarding Arrear of the past years, the State Govt. may kindly be recommended to waive the same as Licensee has not recovered for the annual inspection fees of Service connections from the Domestic and Commercial consumers.

2.5.2. Operational Initiatives

In spite of severe financial constraints to the extent that the licensee is unable to make timely payment of bulk power purchase bills and employee salaries, to improve customer services, various initiatives have been proposed by the Licensee during the ensuing year which are summarised as under:-

a. Creation of infrastructure to carryout Enterprise wide Energy Audit exercise has been factored in the Capex programme.

b. Installation of AMR for all 3 Phase Consumers

c. Focus on Business Analytic and Key Consumer Cell at Field Offices

d. Intensification of Vigilance and Enforcement activities at the Subdivision Level

e. Energy Audit of 11 KV feeders

2.5.3. IT Automation :

In order to implement SAP based MBC application in three Utilities a comparative analysis was made on the basis of existing MBC application being offered by M/s CLEPL for the three Utilities and M/s TCS who is the single bidder in the open tender. The following are the various advantages of the MBC application for which it is worth to adopt.

1. **MBC system offered:**
   - Completely automated SAP based MBC system and shall comply with GST
   - All existing IT applications with Utilities will be integrated through the MBC
   - No scope for manual intervention and data manipulation
   - Auto generated customized reports with minimal effort with online interface
   - Provisioning of seamless integration with other applications of material, procurement, HR, finance etc.
   - Standard Operating Procedure for each modules under the MBC
2. **Process to adopt the MBC system from the existing system:**
   - Entire existing system will be migrated to MBC App over a period of one year.
   - Separate infrastructure set up required that includes server, software, SAP license etc.
   - In house I.T. team for operation and monitoring
3. **Financial Involvement:**
   - Existing IT support service rendered by M/s CLEPL charges Rs 1.50 per consumer per month with approximate cost of Rs 80.22 lacs per month (Approx. Rs10 Crs per year) for NESCO, WESCO & SOUTHCO Utilities for software.
   - MBC application will require initial CAPEX of Rs 33.26 Cr and Rs 122.71 Crs under OPEX for four years for the three Utilities.

It is observed that there will be huge financial involvement required to implement the SAP based MBC application rendered by M/s TCS. Besides there is a requirement of in-house IT team of at least five (5) IT professionals.

In view of the poor financial position of DISCOMs, the Authorised Officers of the concerned Utilities stated that they are experiencing difficulties to clear the monthly bill of M/s CLEPL. Therefore, they can ill afford to bear such CAPEX and OPEX from their own revenue stream. Although switch over to a robust MBC system is certainly beneficial than continuing with the present MBC system which is continuing without assured long term contract with M/s CLEPL.

Hon’ble OERC directed the three Utilities to adopt CESU software by delinking from CLEPL software by 31.5.2016, pending development of standard Software. As explained above this strategy would be a increasingly difficult proposition as it would impose two stage migrations viz., one from CLEPL to CESU software and from CESU software to Standard Software. Further CESU software is running on outdated technology and system security would be an issue. CESU made elaborate arrangements and running their software independently by all the Divisions in a federated manner. Implementation of CESU software calls for large scale changes in the way MBC is accomplished. It does not support online transactions, whereas the three utilities are now predominantly executing processes on line for billing. This is a difficult method to execute and creates intense burden both on the Utilities and their field end outsourcing agencies. Such change is time taking and draws intense effort. Recruitment of operational manpower at all the field units, sizeable IT manpower at Utilities headquarters, procurement of Server systems and such other hardware and software, organization-wide change management, training etc., are key activities the Utilities management needed to cope with. Further CESU needs to open up a software support team working full time to cater to the three Utilities. Any software changes due to change in the way business is accomplished by the three Utilities, will lead to software development, testing and versioning by CESU's IT Team. CESU not being a Software house, it would find it difficult to cope with such services which are normally rendered effectively by software development houses.

In view the Licensee has proposed its share of Capex for Rs 11.09 Crore and yearly revenue expenditure of Rs 10.23 Crore under A&G category for the ensuing year.

2.5.4. Cess as per the Building and other construction Workers (RE&CS)Act, 1996

The Building and other construction Workers (RE&CS)Act, 1996 and Building and other construction Workers Welfare Cess Act, 1996 and Rules made there under to regulate the employment and conditions of service of building and other construction workers and to provide for their safety, health and welfare measure and for other matter connected therewith or incidental thereto. In compliance with the same, the Discoms have deposited amounts on a provisional basis. Accordingly, as per the provisions of the Act, the Licensee is required to deposit 1% cess on the construction carried out during the year. Accordingly the Licensee proposes Rs 0.47 Crore of cess during ensuing year 2017-18.

Additional A&G Cost for FY 2017-18.

S.No	Description	Amount(Rs. Cr)
1	Automated meter reading activities	1.54
2.	Energy Theft Control Cell	0.25
3.	Customer Care Centre	3.46
4.	Incentive for arrear collection	2.50

5	Replacement & shifting of meters	2.18
6.	Building and other Cess	0.47
7.	Energy Audit-Recurring cost	2.32
8.	Implementation of Right to Information Act	0.12
9.	Demand Site Management Expenses	1.75
10.	IT automation and ERP Module	10.23
11.	Smart metering & prepaid meter	0.42
12.	Vigilance and Antitheft Activities	6.22
13.	Transformer Repair Unit	1.20
	Total	**32.65**

Additional expenses for FY 2017-18 are projected at **Rs 32.65 Crore** taking into consideration of the above initiatives.

2.6. Repair & Maintenance Expenses

Hon'ble Commission have in their Order for FY 2016-17, have observed that the Discoms are spending less than the amount approved in the ARR and that due to inadequate amount the R&M expenses are not being carried out in a proper manner. It is submitted that inspite of the odds, the Licensee are planning to initiate R&M activities for reducing system downtime and the cost of un-served energy.

With regard to the R&M of the Assets created through funding of the RGGVY and BGJY schemes, Hon'ble Commission in para 338 the RST order for FY 2016-17 had allowed an additional sum of Rs 5.00 Cr to each of the Discoms on a provisional basis which is not enough given the area over which the RGGVY assets have been spread out. With the addition of another 812102 nos of RGGVY consumers, the Licensee proposes to allow the R&M on the RGGVY & BGJY Assets so that the Licensee could maintain the Assets. Unless funds are provided in the ARR, the licensee shall not be able to effect proper maintenance of the RGGVY & BGJY Assets which has been entrusted by the terms of the agreements made by the GOO, GOI and DISCOMs.

The Repair & Maintenance (R&M) expenses for the ensuing year FY 2017-18 has been estimated on the basis of 5.4% of Gross Fixed Assets (GFA) including the RGGVY and BGJY assets at the beginning of the year. The opening GFA works out to be **Rs.2014.51 crores**, based on which the proposed R&M expenses is to the tune of Rs.47.14 crores and R&M on RGGVY assets is of Rs.62.64 Cr.

The total R&M expenses for FY 2017-18 is projected at Rs.109.78 Crore .

2.7. Provision for Bad and Doubtful Debts

In RST Order for FY2004-05, the Hon'ble OERC, vide clause 5.4.8 had specified that the difference between the 100% collection efficiency and collection efficiency as approved by the OERC after provisioning of 2.5% of Accrued Revenue as bad debts to be treated as working capital requirements and carrying cost/interest on working capital has been allowed as a pass through in the ARR.

The Licensee while estimating the ARR for FY 2016-17 has considered the revenue from sale of power on accrual basis in line with the Commission's Order on ARR and Tariff Petitions for FY 2005-06 to FY 2016-17. However, as it is not feasible for Petitioner to raise finance against huge accumulated Regulatory Gaps to bridge the gap of collection inefficiency, the Petitioner has considered the non-collectable amount based on the collection efficiency as bad and doubtful debts while estimating the ARR for FY 2017-18. Considering the proposed collection efficiency of 96% for FY 2017-18, the bad debts of **Rs 42.47 crs** has been considered as part of ARR for FY 2017-18. The Petitioner humbly requests the Commission to consider the bad debts equivalent to billing to collection gap to enable the Petitioner to recover its entire costs after duly considering the performance levels.

2.8. Depreciation

Depreciation has been provided only on assets available at the beginning of the year and no depreciation has been provided on assets created during the year. The method adopted for calculating depreciation is Straight Line Method (SLM) at pre-92 rates.

The numerical details are given in OERC Form: F-19.

The depreciation for FY 2017-18 is projected at **Rs.73.08 Crore** .

2.9. Interest Expenses

The Licensee would like to submit that the assumptions with respect to outstanding loans and dues have been considered in line with the Commission's previous Orders.

2.9.1. GRIDCO Loan and BST Outstanding:

The Licensee submits before the Hon'ble commission to allow the Licensee to pay the amount of the securitized amount based on ability to pay basis to GRIDCO during the ensuing year.

Further the Commission in its Order dated 29.03.2012 and 30.03.2012 resolved the dispute on the Power Bond and the amount arrived after the settlement adjustments issued as New Loan and the interest on the said new loan is included in Interest cost.

2.9.2. World Bank Loan

In line with the Commission's previous Orders, the Licensee has calculated the interest on World Bank Loan @ 13% as per the subsidiary loan & project implementation agreement with Government of Odisha, considering 30% of loan as grant and balance 70% as loan. The moratorium period and repayment period for the World Bank Loan has been considered based on the terms of the World Bank (communicated by World Bank to GoO vide its letter dated June 13, 2000). In line with these terms, the repayment period has been considered as 10 years with 20 equal semi-annual installments commencing from FY 2017-18.

For the ensuing year 2017-18, the interest liability is estimated at Rs.9.44 Crore and the repayment liability is estimated at Rs.7.26 Crore.

2.9.3. Capex Loan from Govt. of Odisha

During the ensuing year an amount of Rs.1.92 crs towards interest has been estimated towards Govt. of Odisha Capex plan loan. As per the scheme an amount of Rs.177.54 Crs has been estimated includes an amount of Rs.101.36 Cr already received till March-16. The rate of interest is considered @ 4% p.a for the ensuing year on the above loan as per claim of GRIDCO.

2.9.4. Interest on SI Schemes & counterpart funding from REC for GoO Capex

The Licensee has existing balance of loan of Rs.1.56 Crs taken from REC availed for system improvement and counterpart funding against APDRP. The interest on such loan for FY17- 18 is estimated as Rs. 0.22 Crores.

2.9.5. Interest on Security Deposit

Section 47(4) of the Electricity Act 2003 states that "The distribution licensee shall pay interest equivalent to the bank rate or more, as may be specified by the concerned State Commission, on the security referred to in sub-section (1) and refund such security on the request of the person who gave such security."

The OERC Distribution (Conditions of Supply) Code 2004, Regulation (21) also mandates the payment of interest on consumer security deposit, the manner in which it is to be administered and penal provisions for delay in making such payments.

The licensees have calculated the interest on security deposit @ 7.75% on the closing balance of security deposit amount for FY 2016-17 based on the Bank rate of RBI. The total interest on security deposits considered in ARR for FY 2017-18 works out to Rs.14.23 Crores. **The Licensee proposes to reduce the rate of interest on security deposit as per the prevailing Bank rate declared by RBI for FY 2017-18 due to fall in Bank rate .**

2.9.6. Total Interest for Financial Year FY 2017-18

The total interest expenses estimated for FY 2017-18 is given in following Table:

Summary of Interest Expenses

		Rs. In crs.
1	World Bank	9.44
2	GRIDCO New Loan	5.37
3	GoO-APDRP	0.76
4	REC-Counterpart & SI Scheme	0.22
6	Interest on Security Deposit	14.23
7	Govt. of Odisha Capex Loan	1.92
8	Other Short term loan & Finance charge	15.74
9	**Total Interest**	**47.68**
10	Less Interest Capitalised	0.00
11	**Net Interest for ARR**	**47.68**

The total interest chargeable to revenue proposed by the licensee for the year FY 2017-18 is **Rs .47.68 crores**

3. Capital Expenditure Programs

The Licensee will undertake the following Capital Expenditure Schemes during the ensuing year 2017-18;

a) Biju Gramjyoti Yojana (BGJY)

b) Biju Saharanchal Vidyuitikaran Yojana (BSVY)

c) Development Programme of Energy System Improvement (DESI)

d) CAPEX Programme

e) RLTAP in KBK Districts

f) Shifting of lines & Substations from the premises of Schools & Anganwadi Centers (AWCs)

g) Strengthening of Infrastructure in Elephant Corridor

h) Odisha Distribution Sector Strengthening Project (ODSSP)

3.1. Biju Gramjyoti Yojana (BGJY)

In order to ensure "Electricity to all", the State Govt. have launched a scheme in the year 2007-08 namely, "Biju Gram Jyoti Yojna" to electrify villages/habitation having less than 100 population Rural areas which are not covered under RGGVY. The scope of work includes installation of DTRs of maximum capacity 63KVA, 11KV linking line and AB Cable for all LT lines. The cost of electrification of an un-electrified village/ Habitations is estimated at Rs.4.5 lakh in plain areas and Rs.6 lakh in hilly areas. The cost of providing connection to a BPL house HH is estimated at Rs.2000/-.

The scheme is being implemented by District Administration presently and Govt. is in the process to implement it through Discoms.

Progress as on 31.10.2016

All figures in Cr.

Discom	No. of Village/ Hamlet proposed	No. of Village/ Hamlet Electrified	No. of BPL Connections given	Fund Allocated / Receipt	Expenditure Made
SOUTHCO	5622	3783	60988	160.91	133.01

3.2. Biju Saharanchal Vidyuitikaran Yojana (BSVY)

For providing access to electricity to the people living in un-electrified areas of urban local bodies, the State Government has launched a programme namely, Biju Saharanchala Vidyutikaran Yojana (BSVY) during the year 2010-11. Under the scheme, un-electrified slums/wards with minimum population of 100 along with BPL household, electrification and system improvement are being taken up. The maximum cost of electrification of an un-electrified village is estimated at Rs. 4.5 lakh and BPL house electrification is estimated at Rs.2000/- per household. The scheme is being implemented by District Administration presently and Govt. is in the process to implement it through Discoms.

Progress as on 31.10.2016

All figures in Cr.

Discom	No. of Programmed Slums	No. of Completed Slums	No. of BPL charged	Fund Allocated / Receipt	Expenditure Made
SOUTHCO	682	479	7260	28.50	13.08

3.3. Development Programme of Energy System Improvement (DESI)

The State Govt. has lunched DESI programme during the year 2012 for replacement of burnt Transformers and to supplement the critical gaps of rural household electrification programs such as RGGVY & BGJY etc. to ensure quality power to all. The funds are dovetailed from different programs including Integrated Action Plan (IAP), Gopabandhu Grameen Yojana (GGY), Biju KBK, Western Odisha Development Council (WODC), Backward Region Grant Fund (BRGF) etc. The scheme is being implemented by Discoms.

Progress as on 31.10.2016

All figures in Cr.

Discom - SOUTHCO	DTR s Planned (No.)	DTRs Installed (No.)	Estimated cost	Fund released
1st phase	898	858	13.46	11.26
2nd phase	308	264	2.86	2.86
Total	**1206**	**1122**	**16.32**	**14.12**

3.4. Capital Expenditure Programme (CAPEX)

The State Govt. launched the CAPEX programme in the year 2010 for system improvement, reduction of AT&C loss and quality power supply to consumers. The scope includes renovation/modernization of existing and new 33/11KV S/S, re-conductoring of 33KV & 11KV lines, implementation of HVDS system and AB conductoring, installation of theft proof energy meters etc. Total funds to be invested under the CAPEX programme is Rs.2400Cr. in Odisha out of which Govt. of Odisha will give Rs.700Cr. alongwith 13th Finance Commission grant of Rs. 500 Cr. and DISCOMs will invest balance Rs.1200Crs. Initially the period of execution was 4 years starting from FY 2010-11, however subsequently scheme period has been modified to 5 years starting from FY 2011-12 to 2015-16. OERC has approved the 1st phase (2011-12,2012-13 & 2013-14) DPRs of Rs. 559 Cr. (NESCO – 189 Cr., WESCO – 185.5 Cr., SOUTHCO – 184.5 Cr.) for three Discoms. The DPRs for 2nd phase (2014-15 & 2015-16) are under preparation by DISCOMs. The budget provision including 13th Finance Commission Grant is Rs.135Cr for the FY 2014-15. The scheme is being implemented by Discoms through Turnkey Contractors.

Progress of 1st phase CAPEX as on 31.10.16 is given under;

All figures in Cr.

DISCOM	Revised Scope			Tender Floated			Order Placed			Funds Utilized		
	Material	Turnkey	Total	Material	Turnkey	Total	Material	Turnkey	Total	Material	Turnkey	Total
SOUTHCO	141.92	55.05	196.97	114.79	53.65	168.44	111.89	43.58	155.47	97.91	19.57	117.48

3.5. RLTAP Works:

A special programme is implemented by the Government of Odisha with a view to improve power supply position in the backward areas of KBK Districts out of the special assistance for KBK Districts. The scope of works includes construction of new 33/11KV S/S, Up-gradation of existing 33KV & 11KV Line, construction of new 33KV & 11KV Line etc. There is a budget provision for Rs. 20 Cr. in FY 2014-15. The scheme is being implemented by Utility.

Progress as on 31.10.2016

All figures in Cr.

Utility	No. of Projects Sanctioned	No. Work Order Placed	No. Works Completed/ under progress	Estimated cost	Fund released
SOUTHCO	69	30	24	65.37	15.32

3.6. Shifting of lines & S/S from the Premises of Govt. Schools & Anganwadi Centers

The State Govt. has formulated a scheme to shift lines and substations to outside the premises of the Govt. Schools & AWCs for providing safety & secure ambience to children. State Govt. will release funds in shape of grant to the DISCOMs for implementation of the Project. The technical specification of materials will be as per CAPEX programme. The quality of execution would be supervised by the Dist. Administration. The scheme is being implemented by Discoms.

Progress as on 31.10.2016

All figures in Cr.

Discom	No. of Schools/AWC Taken up	No. of Schools/AWC Completed	Estimated cost	Fund released
SOUTHCO	693	618	7.39	2.82

3.7. Strengthening of Infrastructures in Elephant Corridor

The State Govt. has formulated a scheme named as Strengthening of Electrical Infrastructure inside Elephant Corridor in order to avoid elephant electrocution and to provide safe movement of elephants without any hazards from the existing electrical infrastructures in and around the defined Elephant movement corridors. State Govt. will release the funds in shape of grants to the DISCOMs for execution of works. The scope of works includes erecting of interposing poles, use of Spikes in Poles, Cooping, Fencing AB cabling of LT lines,conversion of LT bare conductors to AB cable, Provision of VCB in the 33/11 Kv S/s etc. The technical specification of materials will be as per CAPEX. The qualities of execution are supervised by the Dist. Administration.

Progress as on 31.10.2016:

All figures in Cr.

Discom	Works Proposed			Works Completed			Estimated cost	Fund released
	Interposing Poles	Spikes	Couping	Interposing Poles	Spikes	Couping		
SOUTHCO	9273	32261	6344	4347	19569	6092	8.476	5.337

3.8. Odisha Distribution Sector Strengthening Project (ODSSP)

A three years project for construction of 550Nos. of 33/11KV Substations in different areas of the State with the project value of Rs.2600Cr. over a period of three years i.e. forms FY2013-14 to FY2015-16 is contemplated. The scheme is being implemented by OPTCL and the Assets shall be owned by OPTCL.

In this project total 123 nos of additional 33/11KV Primary Sub-station are to be installed under 08 nos of District i.e. Ganjam, Boudh, Gajapati, Kandhamala Koraput, Malkangiri, Nawarangapur and Rayagada under Southco Utility area with a budget cost of Rs.982Cr.

With the intend that these additional Sub-stations will take care of additional loads coming within the next 5-years under diff. Schemes like RGGVY, BGJVY, BSVY etc.

Guideline:

- The total no. of 33/11KV Primary Sub-stations (both existing & proposed in other scheme as well as herein) shall be limiting to 03 no.s in a Block, average 1& ½ no's in the Municipalities and 20 no's in the Cities . Nothing to be considered for NACs which is covered in the Block.
- Maximum length of the incoming 33KV feeder should not be more than 30KMs.
- Maximum length of the outgoing 11KV feeder should not be more than 20KMs.

Present Status:

- Total 123 no.s of additional 33/11KV Pr. Sub-station are to be installed under three phases i.e.
    a) Phase-I :40 no.s of 33/11KV Primary Sub-station
    b) Phase-II :39 no.s of 33/11KV Primary Sub-station
    c) Phase-III :44 no.s of 33/11KV Primary Sub-station
- The details of works completed by different Contractors engaged by OPTCL, BBSR which is as below.

Name of the District	No of Blocks	No. of Existing 33/11KV S/S	33/11KV New S/S under ODSSP					
			PHASE -I	PHASE -II	PHASE -III	Total	Capacity to be added in MVA	Work completed & Test charged done (No.)
Ganjam	22	51	17	1	15	33	362	
Gajapati	7	11	3	2	6	11	118	
Boudh	3	7	2		1	3	26	2
Kandhamal	12	15	3		4	7	63	3
Koraput	14	22	5		12	17	163	3
Rayagada	11	20	4	2	8	14	140	4
Malkangiri	7	9	2		3	5	52	1
Nabarangpur	10	11	4		4	8	80	1
Puri(K.Prasad block)	1	2				0		
Total	**87**	**148**	**40**	**5**	**53**	**98**	**1004**	**14**

- Further, the tender is floated for 53 no's (from phase-III) of 33/11KV Primary Sub-station with an estimated cost of Rs. 377.4Cr.

Now, the Test charge of 14 no's of 33/11KV Pr. Sub-station has been completed.

3.9. New Schemes

3.9.1. RGGVY Phase – II Dindayal Upadhyaya ……….

With an objective of saturating rural electrification programme and to provide access electricity to all households, Ministry of Power, Govt. of India extended the RGGVY scheme in the 12th five year plan period as Phase-II RGGVY. However, Govt of India has merged the RGGVY-II Scheme under the Dindayal Upadhyaya …….The detail Scheme provision finalised by the Ministry of Power, Govt of India.

a. Separation of Agriculture and non-agriculture feeders.
b. Strengthening and augmentation of sub-transmission & distribution(ST&D) infrastructure in rural areas, including metering at distribution transformers and consumers end,
c. Rural electrification as per CCEA approval dated 01.08.2013 of completion of the targets laid down under RGGVY 12th paln and 13th plan by subsuming RGGVY in DDUGJY and carrying forward the approved outlay of RGGVY to DDUGJY.

Sl. No.	Name of the District	Description											
		A	B	C	D	E	F	G	H	I	J	K	L=(C+E+G+I+J+K)	
		DDG Villages	UE Villages	Cost for Electrification of UE Village	Habitations	Cost for Electrification of Unconnecting Habitation	No. of Feeder Separation	Cost for Feeder separation	SAGY Villages	Cost for SAGY	Cost for Metering	Cost for System Strengthening	Total Cost	Present Status
1	Ganjam	42	22	10.50	0	NA	7	10.50	2 (Aboove Cost for 2 nos. village under K.S Nagar Block &	0.88	39.18	2.97	64.03	DPR Submitted to REC Portal
2	Boudh	19	35	21.87	20	1.58	3	6.79	0	NA	12.14	3.17	45.55	DPR Submitted to
3	Koraput	74	149	72.52	27	4.43	0	NA	2 (Aboove Cost for 2 nos. village under	2.35	10.59	1.65	91.54	DPR Submitted to REC Portal
4	Rayagada	3	82	52.69	66	13.65	3	6.96	0	NA	18.55	5.01	96.86	DPR Submitted to
5	Malkangiri	0	0	NA	65	11.31	0	NA	0	NA	22.32	0.82	34.45	DPR Submitted to
6	Nabarangpur	5	3	10.53	39	4.79	1	2.48	0	NA	27.91	2.84	48.55	DPR Submitted to REC Portal
7	Gajapati	0	0	NA	34	7.59	1	1.65	0	NA	15.88	2.48	27.60	DPR Submitted to
8	Kandhamal	0	0	NA	85	16.11	0	NA	1 (Aboove Cost for 1 nos. village under Khajuripada	0.53	10.01	5.51	32.16	DPR Submitted to REC Portal
Grand Total		**143**	**291**	**168.11**	**336**	**59.46**	**15**	**28.38**	**5**	**3.76**	**156.58**	**24.45**	**440.74**	

An amount of Rs. 440.74 Cr has been allocated under this scheme and details as enumerated above.

All the left out un-electrified & partially electrified villages, habitations of population 100 & above and the villages of RGGVY 11th Plan which cannot be completed by 31st Dec. 2014 shall be covered under Phase-II programme. The scheme provides free connection to BPL Hhs in the above categorized left out villages and in the Phase-I villages where BPL electrification is incomplete, however no additional infrastructure would be provided for household electrification in such cases.

Infrastructure scope remains as in the Phase-I programme i.e. creation of Rural Electricity Distribution Backbone (REDB) covering new/augmentation of 33/11 KV S/s & new/augmentation of associated 33 KV line etc. and Village Electrification Infrastructure (VEI) covering 11 KV feeder lines, spur lines, distribution S/s, LT extension & BPL connection etc.

Saturation survey & DPRs have been prepared by the respective Discoms this time. Projects have already been sanctioned by REC & MOP and any further revision of scope/quantity/cost would be borne by the State Govt. The Central PSUs viz. NESCL & PGCIL have been entrusted with the implementation of schemes.

Sanction of RGGVY 12th Plan Projects -Approved by the Monitoring Committee									
Name of the District	UE Villages	PE Villages	Total Villages	UE Habitati ons	PE Habitati ons	Total Habitatio ns	Total Rural HHS	Total BPL HHS	Approved Project Cost (Rs. in Cr.)
SOUTHCO									
Ganjam	31	2720	2751	861	3087	3948	315272	153856	148.86
Gajapati	182	1126	1308	725	1783	2508	64537	46439	141.34
Boudh	44	897	941	480	1145	1625	52047	18225	40.27
Nabarangpu	190	695	885	1207	1089	2296	176985	54271	129.43
Kandhamal	305	1323	1628	1122	1436	2558	77983	61045	143.22
Rayagada	356	1357	1713	730	1593	2323	102385	61176	105.34
Koraput	257	1434	1691	962	2401	3363	160286	109663	194.50
Malkangir	255	736	991	505	1546	2051	75427	32941	76.27
Total	**1620**	**10288**	**11908**	**6592**	**14080**	**20672**	**1024922**	**537616**	**979.23**

3.9.2. Reliability Enhancement of Power Supply to District Headquarter - DHQ Scheme

The objective of the Scheme is to have uninterrupted and quality power supply to the district head quarters. During power outages emergency services like Hospitals, Water Supply, Communications, education, fire service and Administrative functions etc. which are mostly located & operated in the District Headquarters are worst affected. In order to avoid this type of situation, it is proposed to take various steps for system improvements starting from 33KV line to Primary Substation, 11KV feeder re-conductoring/up-gradation & UG cabling including LT line & Distribution Transformer up-gradation so as to enhance the reliability of power in District Headquarters so that all the emergency installations in Head Quarters will not suffer from the power disruptions or restoration of power supply would be made in a minimum time. The amount to be allocated by the Govt of India for the FY 2016-17 shall be utilized for the above project.

3.9.3. Disaster Response Centers (DRC)

Immediately after the occurrence of disasters like cyclone and floods, the dearth of the skilled manpower as well as the specific machines, tools and implements had become the bottleneck for quick restoration of electricity. Electricity being most essential need of the people and a key infrastructure for enabling the numerous other services, the lesson left by the Cyclone Phailin is the preparedness for quick restoration of the electrical network by use of skilled men, mechanized tools, implements and machine. The amount to be allocated by the Govt of India for the FY 2017-18 shall be utilized for the above project.

3.9.4. Integrated Power Development Scheme (IPDS)

Govt. of India has launched the IPDS scheme during the year Dec-14 and the objective of the scheme is as under

i) Strengthening of sub transmission and distribution networks in the urban areas.

ii) Metering of distribution transformers/feeders/consumers in the Urban areas.

iii) IT enabled of distribution sector and strengthening of distribution network

The nodal agency for implementation of the project is Power Finance Corporation (PFC). The funding pattern of the scheme is.

Agency	Nature of support	Quantum of Support
GoI	Grant	**60%**
Discoms Contribution	Own fund	**10%**
Lenders (FIs/Banks)	Loan	**30%**
Additional Grant by GoI on achieving milestone of AT&C loss as per MoP	Grant	**50% of Loan component (i.e 15%)**
Maximum Grant by GoI	Grant	**75%**

Accordingly, Southco Utility has prepared the DPR and submitted to the GoI and the detail work and the cost is as under. The amount of Investment is of Rs.259.09 Cr.

Sl. No.	Particular	Unit	SOUTHCO Total	
			Qty	Project Cost Rs. In Lac
A	33/11 KV S/S : New	Nos	**1**	**266.91**
B	33/11 KV S/S : Additional Transformer	Nos.	**5**	**294.4**
C	33/11 KV S/S : Transformer capacity enhancement	Nos.	**38**	**2278.22**
D	Renovation & Modernisation of 33/11 kV SS	Nos.	**44**	**1850.06**
E	New 33 KV new feeders/Bifurcation of feeders:	Kms	**107**	**1302.42**
F	33 KV feeders Reconductoring/Augmentation	Kms	**331**	**3649.36**
G	33 kV Line Bay Extension at EHV station	Nos	**4**	**51.19**
H	11 kV Line : New Feeder/ Feeder Bifurcation	Kms	**259**	**2159.75**
I	11 kV Line : Augmentation/Reconductoring	Kms	**349**	**2134.07**
J	Arial Bunched Cable	Kms	**669**	**3686.91**

K	UG Cable	Kms	**14**	**430.73**
L	11 KV Bay Extension	Nos.	**14**	**118.95**
M	Installation of Distribution Transformer	Nos.	**501**	**2271.53**
N	Capacity enhancement of LT sub-station	Nos.	**206**	**1229.44**
O	LT Line : New Feeder/ Feeder Bifurcation	Kms	**0**	**0**
P	LT Line : Augmentation/Reconductoring	Kms	**210**	**1102.59**
Q	Capacitor Bank	Nos.	**2**	**13**
R	HVDS	Nos.	**0**	**0**
S	Metering	Nos.	**98283**	**2932.2**
T	Provisioning of solar panel	Lot	**3**	**2.73**
U	RMU,Sectionaliser, Auto reclosures, FPI etc.	Lot	**0**	**0**
V	Others	Lot	**9**	**135.46**
	GRAND TOTAL			**25909.91**

4. Truing up of ARR

4.1.Non Tariff Income

The Licensee has proposed **Rs.17.01 Crore** as Non Tariff Income for the ensuing year FY 2017-18.

4.2. Provision for Contingency Reserve

The Licensee submits that the Distribution system is more prone to natural calamities like cyclone, flood etc, which have become an annual feature given the Phailin and Hud Hud in quick succession, for which contingency provisions should be made.

The Hon’ble Commission in its Order on ARR and Tariff Petition of Odisha Power Transmission Corporation Limited (OPTCL) for FY 2006-07, FY 2007-08, FY 2008-09 and FY 2009-10 has also approved the contingency amount of Rs 12.59 Crore, Rs.10.49 crores, Rs 13.10 Cr and Rs. 9.08Crore respectively.

The Power Distribution network has suffered the most damage in the recent cyclone Phailin, Hud Hud and subsequent flood further justifies the requirement of contingency reserve for the Distribution Licensees.

The Licensee has considered the Contingency @ 0.375% of Gross Fixed Assets at beginning of the year while estimating the ARR for the ensuing year FY 2017-18. The Licensee respectfully submits to allow Rs. 3.21 Crore towards provision for contingency for FY 2017-18.

4.3. Reasonable Return

The Licensee submits that due to the negative returns (Gaps) in the ARR and carry forward of huge Regulatory Assets in previous years, the licensee could not avail the ROE over the years, which otherwise would have been invested in the Company for improvement of the infrastructure. As it is followed by various Commissions, the Licensees submits that the ROE to be allowed on the amount of the equity and the accrued ROE for the previous year. This would increase the availability of more funds for the consumer services.

Therefore, the Licensee has assumed reasonable return amounting to **Rs. 6.03 Crore** as calculated @ 16% on equity capital including the accrued ROE as per the earlier Orders of the Hon'ble Commission.

4.4. TRUING UP FOR FY 2016-17

Further based on the actual sales, revenue and expenses for the first half of the current year 2016-17 and based on estimates for next half of current year, the uncovered gap for FY 2016-17 is Rs.334.00 Crore as against the surplus of Rs 7.01 Crore as indicated below.

Pariculars	Unit (MU)	OERC (Approval)	Estt.	Diff.
No. of Units - Sale	MU	2585.150	2167.172	417.978
RST per unit	Rs./Kwh	4.11	4.52	(0.42)
Sales	Rs. Crore	1062.04	980.41	81.63
Less : Bad Debts	Rs. Crore	8.58	58.82	(50.24)
Net Sales	**Rs. Crore**	**1,053.46**	**921.59**	**131.87**
Other Income	Rs. Crore	39.85	15.73	24.12
Total Income	Rs. Crore	1,093.31	937.32	155.99
Distribution Loss	%	25.50%	35.11%	-9.61%
No.of Units-Purchase	MU	3470.000	3340.000	130.00
BST per Unit	Rs./Kwh	2.222	2.222	0.00
Cost of Power	Rs. Crore	770.88	742.04	28.84
Distribution Expenses	Rs. Crore	262.72	408.59	(145.87)
Interest & Finance Charges	Rs. Crore	26.67	52.09	(25.42)
Depreciation	Rs. Crore	20.00	60.65	(40.65)
Total Expenditure	**Rs. Crore**	**1,080.27**	**1,263.36**	**(183.09)**
Contigency Reserve	Rs. Crore	-	1.93	(1.93)
Amortisation of Regulatory Assets	Rs. Crore	-		-
Reasonable Return	Rs. Crore	6.03	6.03	0.00
Excess/(Deficit)	**Rs. Crore**	**7.01**	**(334.00)**	**(341.01)**

As it is well known that the Licensee including the other distribution licensee have suffered heavily in non-realisation of notional sales assumed by the Hon'ble Commission.

4.5. Revenue at Existing Tariffs

The Licensee has estimated the revenue from sale of power considering the sales projected for FY 2017-18 and by applying the various components of existing tariffs. As detailed out in previous sections, the Licensee has adopted the approach considered by the Commission and estimated the revenue from sale of power on accrual basis. The total revenue based on the existing tariffs applicable for the projected sales is estimated at **Rs. 1061.70 Crore.**

The details of estimated revenue from different categories of consumers at existing tariff are provided in FormT-7&T- 8. The License humbly requests the Hon'ble Commission to estimate the revenue for estimated sales at existing tariff by duly considering the category-wise and slab wise in the format prescribed by the Hon'ble Commission the tariffs applicable instead of projecting it by applying an average realization rate as the average realization rate does not take into account the impact of variations in sales mix on the estimated revenue. With the implementation of the RGGVY and BGJY Schemes the sales mix shall be further skewed to the LT subsidized category.

4.6. Summary of Annual Revenue Requirement and Revenue Gap

The summary of Annual Revenue Requirement, Revenue at Existing Tariffs and Revenue Gap for the ensuing year 2016-17 is provided below.

Revenue Gap :

	Rs Crore
Expenditure including Special Appropriation	**1505.88**
Reasonable return	6.03
Truing up of Revenue Gap for FY 2015-16(1/3rd)	111.33
Sub Total	**1623.24**
Revenue from sale of power at existing tariffs	1061.70
Non Tariff Income	17.01
TOTAL REVENUE GAP	**544.54**

Revenue GAP if Railway would avail power supply from other source:

Presently the Utilty is having 8 Nos of traction load with Contract Demand of 71700 KVA. Considering 1st Six months consumption of 60.768 MU the current year's consumption has been estimated as 122.236 MU. Similarly the Utility has projected 122.236 MU towards traction consumption for the ensuing year FY 2017-18.

If railway would be completely availing power supply from other source other than the Distribution Company then the revenue gap would be **Rs 597.43** crore. Hence the GAP would increase by another **Rs.52.89 crs**.

Table 1B : Revenue Gap without Railway

	Rs Crore
Expenditure including Special Appropriation	1478.74
Reasonable return	6.03
Truing up of Revenue Gap for FY 2016-17(1/3rd)	111.33
Sub Total	1596.10
Revenue from sale of power at existing tariffs	981.67
Non Tariff Income	17.01
TOTAL REVENUE GAP WITHOUT RAILWAY	**597.43**

Therefore the revenue gap for the year 2017-18, with BSP rate at FY 2016-17 without railway would be **Rs.597.43 crores.**

5. Initiatives by SOUTHCO Utility:

5.1. IT Automation

After the revocation of license on 4th Mar-2015 the Discoms business was taken over by GRIDCO and the Metering Billing activity which were run by Reliance with their own software the then owner of Discom. After revocation Reliance IT Company i.e Crest Logistic decides to withdraw the support of billing from discoms and it served notice. However after discussion in Gridco with CMD they agreed to provide the service and it is still continuing.

In order to avoid the situation like above it is decided to create own it structure of the Discoms with Hardware, Software and maintenance support and the development was as under:

Three Caged spaces shall be provided by GRIDCO Ltd at designated Data Centre to the Selected Bidder for Supplying, installing and commissioning central computing facilities for each of the three DISCOMs in the same DC separately.

The relevant offices of each DISCOM for the Project include Common D.C, DISCOMs's Head Office, Circle Offices, Divisional Offices, Sub-Divisional Offices and Sections. These offices shall access the central computing facilities directly for the MBC Project through VPN network, over different internet service provider options, for conducting their business on daily basis. Optionally the existing Billing Agents, Collection Agents, Customer Care Offices and

Franchisees shall be provided by the DISCOM with central computing access facility for accomplishing the works on DISCOMs's behalf.

The entire above mentioned field offices are already equipped with requisite client PCs. This Project envisages supply and installation of complete hardware only at DC and only skeletal networking hardware at field offices of relevance by the selected Bidder. Establishing secured connectivity across the DISCOM is the responsibility of the Bidder.

PROJECT COMPONENTS -

(i) The scope of work under this contract covers setting up of IT infrastructure for collection of baseline energy and revenue data of the identified three DISCOMs. The scope covers setting up of IT infrastructure at data center and other offices of three DISCOM utilities, which would form the platform for subsequent automation. This activity shall comprise fulfillment of the following tasks –

   a. Establishment of data center at identified location :

      a) Establishment of Caged Arrangement for each of the DISCOM Utilities separately in the same Datacenter.

      b) Establishment of Server, Storage, Networking & Security Setups shall be independent for each of the DISCOM Utilities separately in the same Datacenter.

   b. Establishment of AMR System:

      a) Establishment of Head End System(HES) for the AMR shall be separate for the each of the three DISCOM Utilities.

      b) HES shall be predominantly focuses on the EHT/HT/Selective LT customers from the Billing point of view. However as far as energy audit is concerned, 11KV & 33KV feeder meters are to be brought in to the fold of AMR

   c. Set up the Local Area Network at all IT Installations and Wide Area Network to interconnect them.

   d. Procurement & Installation of Servers, and associated hardware

   e. Creation of necessary IT infrastructure including LAN for identified Sections, Subdivisions, Divisions, Circles, Headquarter offices & data centre

   f. Integration of the entire IT infrastructure under the scope of this document as well as legacy systems

(ii) **Hardware:** Supply, installation, commissioning and maintenance of all necessary hardware and networking equipments and its connectivity as specified in the detailed specification. As a part of the project, the vendor should procure the required hardware and build the infrastructure as detailed in the Specifications. The vendor shall take the responsibility to install the servers, storage , switches, routers, backup and tape devices, Workstation PCs, and other necessary hardware/software at the sites defined in the bid proposal sheet. The Vendor shall give the time frame for procuring and delivering all the necessary hardware. Though the scope covers establishment of a common data center with Caged Arrangement for each of the DISCOM Utilities separately in the same Datacenter along with independent arrangements for Server, Storage, Networking & Security Setups for each of the DISCOM Utilities separately in the same Datacenter, the bidder shall design and provide the hardware at data center with suitable expandability for covering the future requirements of the utilities along with a 7.5% per annum growth in consumer and asset base for next five years.

(iii) **Networking :** The scope of work covers supply, installation, commissioning and maintenance of Network Connectivity at datacenter, Section office , Subdivision,division,Circle,Head Quarter and any other office of the utility as per their requirement along with creation of VPN/ MPLS based WAN solution. The vendor shall also provide the necessary drawings and plan for installation, sizing, cabling and connectivity and the bill of material for the networking of all the locations specified here in.

(iv) **Meter data acquisition system** - Supply of necessary hardware, software and communication equipment at select consumers in the towns for the purpose of establishment of AMR System. The system should scale up to cover substations, DTs in future for MDAS. The scope covers DISCOM Utility wise separate establishment of Head End System(HES) for the AMR. HES predominantly focuses on the EHT/HT/Selective LT customers form the Billing point of view. However as far as energy audit is concerned, 11KV &b 33KV feeder meters are to be brought in to the fold of AMR

(v) **Software -** Supply, installation and commissioning of Operating Systems at Servers, Database software and MBC(metering, billing, collection) application software along with source code (only for customized software solutions) and along with functionalities covering application modules like Energy Audit, Data Acquisition, New Connection, Disconnection, Vigilance and Dismantling, MIS, further as detailed in the bid proposal sheet. The vendor has to integrate/migrate the legacy MBC and other stand alone software solutions of utilities, with the offered solution including design and supply of necessary middle ware. Full-fledged software licenses and arrangements shall be separately established for the three DISCOM Utilities. The bidder shall quote the unit price for additional licenses for database, standard application software, antivirus solution etc. (whether per process or license basis or per user license basis) for meeting the future requirement of utility.

(vi) **Webportal–**The scope includes the Development of Web portal of utility for real time customer services.

(vii) **Customer Care Center-** Full Featured Customer Call Center is not a part of the scope for this Tender. However Customer care Center can be rendered through any of the field units(Circle, Division, Sub-Division & Sections) with additional client hardware which is to be arranged by the respective DISCOM Utility and is not under the scope of this Tender.

Development so far:

Tender has been floated by CGM IT Gridco Ltd on 18-08-2015, the pre bid meeting held on 9th Feb-2015. The bid was opened on 9th Aug-2015. there were five no. of Bidders:

1. Infinite Computer solution
2. WIPRO Ltd
3. Accenture
4. HCL and
5. TCS

The technical bid has been opened, analysed through a number of tender committee meeting and the final draft has been put up to CMD Gridco which has been approved by CMD on 23rd Nov-2015.

A final tender committee meeting has been called for on 2nd Dec-2015 after that the next course of development shall be decided.

The required capital expenditure shall be met through GRIDCO, hence the utility has not estimated any expenditure in this head.

5.2. Various Payment Options

To improve the reach to the consumers, SOUTHCO Utility have engaged various service providers for easy payment option to the consumers for payment of Energy Bills through offline/online mode which would enhance the overall collection efficiency. The purpose of such engagement of the service providers is to accelerate the revenue collection by providing the services at the door step of the consumers for any time payment of their Bills and to reduce the door to door collection by the Company.

Following service providers assigned with the responsibilities for collection of Electricity bills.

a. **Post Offices**- Collection of cash through Post Offices.
b. **CSC e-Governance Services India Limited**- Collection of Electricity Bills through CSCs / VLEs.

c. **ITZ Cash Card**- Prepaid cash card issued by ITZ Cash card and through their various outlets.
d. **ICICI Bank**- Through Debit / Credit card and Net Banking Services.
e. **Atom Technology**- Payment Gateway (PG) Services , through Debit / Credit card and Net Banking Services (28 Banks including SBI, UBI, Indian Bank, HDFC Bank)
f. **Billdesk**
1. Payment Gateway (PG) Services , through Debit / Credit card and Net Banking Services (50 Banks including SBI, UBI, Indian Bank, HDFC Bank)
2. EBPP Services- Through Airtel Money & Vodaphone m-paisa

g. **M/s Oxygen**- For mobile collection of Electricity Bills from the consumers through their hand hold machines.

5.3. Past Performances & Initiatives:

(a) Mobile Phone Based Photo Billing :

Southco started Mobile Phone Based Photo Billing during the month of March-14 as Pilot Project Inhouse based Mobile based billing under Chatrapur Sub-Division covering 22,700 consumers during March-14

- Mobile Phone based Photo billing was extended to the adjacent Rambha Sub-Division covering 25,200 consumers during Apr-14
- Total Consumers covered under Mobile Phone Based Photo Billing as on Sept-16 is 15.00 lakhs (approx.)
- Presently, Southco covered all subdivisions under Mobile Phone Photo based Spot Billing .

(b) Focus on Business Analytic and Key Consumer Cell at field offices:

In order to facilitate monitoring centrally all High valued consumers, one dedicated cell in the name of **"Business Analytic and Key Consumer Cell"** has been functioning at Corporate Office of SOUTHCO. The cell is equipped with four multi-disciplinary professional with all infrastructural facilities and support staff for its smooth functioning.Key functionaries of the above cell include:

- Preparing consumption estimates of all three phase, HT and EHT Consumers.
- Sanitization and up-dation of data base in the billing software such as nature of industry, Meter Details, Meter Change History, Sealing Details, MRT Checking status, etc.
- Critical analysis of consumption pattern of all 3 Phase, HT and EHT consumers by taking Input from the billing centre on Regular basis and if any prima-facie deficiency/Irregularity/arrear etc. is noticed must be immediately taken-up with the

respective supply engineer. In addition to above verification/Examination/analysis of information received from Vigilance, Dump reports, AMR reports etc.

- Consolidation of findings and initiate provisional and final assessment etc.
- Maintaining the detailed MIS of activities relating to Vigilance, enforcement, revenue augmentation etc.
- To its credit, during last six months, the cell has analyzed data of more than 1100 consumers and had taken suitable action against more than 206 erring consumers and realized revenue to the tune of Rs.1.32 Cr.

Looking into the performance of above exercise, SOUTHCO is planning to set-up similar organizational facility at each and every Division Offices during the plan period.

(C) Intensification of Vigilance & Enforcement activities at Section level:

In order to combat power theft and to strengthen the vigilance activities, an independent cell in the name & style of "Vigilance & Enforcement cell" has been operational at each electrical Circle office under SOUTHCO. The Engineering personnel and technicians attached to these cells are moving around the Divisions and subdivisions coming under the jurisdiction of the Circle to keep vigil over the suspected / erring consumers. This cell has been playing vital role in reduction in loss coupled with revenue augmentation.

The main functions of the cell are:

- Checking / raid of all single & three phase consumers.
- Conducting de-hooking squad by deploying Ex-Army personnel.
- Ensuring billing of consumers as per correct meter reading.
- Ensuring sealing of all working meters.
- Analysis of power consumption.
- Ensuring replacement of defective meters.
- Analysis of the findings of spot billing agency and taking corrective measures.
- Prevention of unauthorized use of power, extension of load and assessment under Section 126 & 135 of Electricity Act, 2003.

Southco wishes to replicate this model at the Subdivision level. Each vigilance wing at the subdivision level will be led by a Asst. Engineer. Other resources will be (1) Two Technical Asst. preferably ITI (2) Two nos Lineman C (3) One Vehicle with driver (4) One Computer with Printer and One accuceck Out of the above the resources mentioned at Si No 1, 3 & 4 will be hired/engaged through outsourcing agencies.

The detail expenses shall be incurred for operation of the cell are as under.

Sl. No.	Particulars	Nos	Cost(Rs.)	Amount (Rs. in Lakhs)
1	Vehicle	56	30000	201.60
2	Asst. Engineer	56	20000	134.40
3	Data Entry Operator	56	7500	50.40
4	it is	112	10000	134.40
5	Ladder Man	112	7500	100.80
	TOTAL			621.60

SOUTHCO proposes that Hon'ble Commission may approve an amount of Rs. 6.22 Cr against the Vigilance and Enforcement Activities.

5.4. Development of Franchisee in Licensee Area

Efforts have been made by the Licensee for introduction of Franchisees in its License area as required under the RGGVY Scheme and as per direction of Hon'ble Commission in their tariff Orders. The following models both in operation and proposed as given below:

In Planning (2016-17)

BOOT Franchisee : The revenue sharing - BOOT Model so conceived by the OERC envisage 5 years term as Franchisee Operator and will assure revenue 60: 40 in 1st year, 50: 50 in the subsequent years of improved revenue. The Franchisee Operator shall also be under obligation of installation of Smart meters, replacement of A.B.Cables and adhering to the agreed loss reduction trajectory etc. The daily revenue continues to be deposited in the DISCOM's Account by the Franchisee Operator.

5.4.1. Micro Franchisee

Licensee have also made efforts for development of Micro Franchisee in the Distribution Sector as mandated by the Hon'ble Commission, not only through NGOs, Cooperatives but also through Women Self Help Group (WSHG) or its federations at its own or through the District Administration support . Energy Department in consultation with Women and Child Development Department formulated a scheme known as "SHG ENERGY FRANCHISEE ARRANGEMENTS" (SEFA) for development of Micro Franchisee throughout the State with the help of WSHGs.

Licensee SOUTHCO on its part has made commendable progress through employing WSHGs as Micro franchisees through SEFA arrangement covering its entire area of operation. It has around 412 Micro Franchisees collecting a monthly revenue of around Rs. 4.50 crores which is around 7-10 % of the total LT revenue collected.

5.5. Automated Meter Reading System:

In order to improve the revenue and proper billing, Automatic Meter Reading (AMR) is planned to be implemented for all 3-Ph consumers. The total number of consumers targeted is 26180 Nos. Out of which AMR has been implemented in 4267 Nos. Balance modem to be installed for AMR is 21913 Nos. for which 9553 Nos. of incompatible meters needs to be replaced. The consumer category wise is as follows,

Action plan has been initiated to complete 100 % AMR installation for Category – I, Category – II and Category – III by end of first quarter of FY 2016-17. And in case of Category – IV consumers, the installation of 100% AMR may be achieved by end of FY 2017-18.

5.6. Prepaid Metering :

Department of Energy, GoO vide Notification No -918 dated 04.02.2013 communicated Distribution Companies to install Pre-paid meters on all State Government and PSU connections.The licensee was required to install the Pre-paid Meter in government establishments including public sector undertakings, autonomous bodies, urban local bodies, govt. societies etc. at State, District and Block levels within 57 days(by 31.03.2013) even though there were no pre-paid meters readily available in the market & the specification for Prepaid meters both single Phase & three Phase (IS 15884) was yet to be approved by CEA, Govt of India .

Yet, the licensee in compliance with the Hon`ble Commission`s direction has taken initiatives to implement the Prepaid Metering Systems for all the Govt. Consumers by selecting M/s JnJ Powercom Systems Ltd & M/s Secure meter Ltd for 4 yrs lease model through a open tendering Process. Both the vendors are providing the various infrastructures for implementation of Prepaid metering system such as Prepaid Meters, Vending Stations along with software, hardware & Communication along with manpower for operation of the system.

One circle has been awarded to each of the vendors on pilot basis and will be subsequently rolled out.

Present status:

957 nos of consumers were awarded on a pilot basis to M/s JnJ Powercom Systems Ltd, They have installed no's 363 of Smart Prepaid meters & Licensee has realized the amount through recharge till date during the pilot Project implementation.

Benefit:

The benefits after installation of smart prepaid meter are in the form of Accurate Meter Reading, Billing Improvement, Increase of contract demands and economical use of energy.

Cost Implication:

Based on the open tender following rate have been finalized for leasing charge as well as service charges ;

Type of Consumers	Leasing charges for Meter (per Month per Meter)(Rs.)	Service charges (per Month per Meter)(Rs.)	Total Charges per month(Rs.)
Single Phase	241	68	309
Three Phase	403	96	499

But as per the Tariff Order, licensee can only claim meter rent to consumer @ 50/- & Rs 150/- for single phase & three phase respectively.

Comparing Vendor leasing cost for 4 years & revenue collected through the meter rent, there is a huge revenue deficit as mentioned below:

Sl	Name of the DISCOM	Consumers	Total Cost for 4 yrs leasing Model (In Rs Crs)	Total meter rent recovered in 4 yrs (In Rs Crs)	Revenue gaps (in Crs)
1	SOUTHCO	7055	14.77	3.96	10.81

In view of huge financial gap to be loaded on the licensee, it is proposed for increase of the meter rent of the pre-paid meters to the monthly lease rentals. It is pertinent to mention here that implementation of the pre-paid meters are carried out following directives of Hon'ble OERC and the Govt. Of Odisha. Therefore, the costs are necessarily required to be passed through in Tariff to the beneficial consumers.

5.7. Consumer Indexing

SOUTHCO, although initiated the process of consumer indexing, could not implemented the same due to lack of funding. This year SOUTHCO submitted the expensed in the head of Admn and general expenses and shall implement the consumer indexing on approval the expenses. The POA for implementing the Consumer indexing is given below.

The Consumer Indexing would be a onetime activity aimed to identify all the existing consumers receiving supply from individual Distribution Transformer and creation of network diagrams and asset details with an arrangement for regular updation in future. This will involve door to door survey so as to identify consumers receiving electrical supply from each DTR, preparation of LT line network diagram, preferably with GIS, and building database of DTR wise consumer indexing. The activities will include the following

i) Consumer & Network survey:

- Door-to door survey for identification of all consumers connected to each DT separately which will include gathering of information related to the consumer and meter details, details of landmark to identify DTR and Pole location.
- Electrical addressing through pole scheduling of all consumers.
- Preparation of network details viz. 11 KV Feeder, DTR (capacity, location etc.), LT circuits (conductor size, line configuration- horizontal/ vertical- single phase 2wire/ 3wire, 3phase 4wire/ 5wire, span size etc.), Pole type and no. of services from each pole.

ii) Building database and Indexing of Consumer:

- Development of a consumer data base as a backup to a GIS facility which will include indexing a consumer to the DTR's and 11 KV feeders allocating an alphanumerical code to each consumer following approved coding structure from the DISCOMs.
- Development of software tools for viewing consumer details, network details, DTR details etc. with various summaries and linked information with facilities for editing, modifying any data relating to consumer, network, at a later stage according to changes taking place.

iii) Painting of Electrical address on Poles, DTR and at consumers premises:

- Based upon indexing, the electrical address comprising details of 11 KV Feeder, DTR, LT circuit, pole no. and consumer from the pole will be painted on each pole (using two colours-one for base and other for code writing) based on approved codification scheme and painting norms. The details of 11 KV feeder and DTR will be painted on the DTR structure. The electrical address of each consumer will also to be painted at the respective consumer's premises as well.

5.8. Energy Audit of 33 KV and 11 KV feeders:

Southco is having 568 nos of 11 KV feeders and in most of the feeders are not metered . During the current year Southco have installed meters in 226 nos of 11 KV feeders as per the direction of Hon'ble Commission. Against 82 nos of 33 KV feeders only 36 nos of 33 KV feeders are metered. Southco have already conducted energy audit of 166 nos of 11 KV feeders and the report has already been submitted before Hon'ble OERC. Further, energy meters are also not available at DTR points for which Southco is not in a position to carry out energy audit in order to pin point the losses. Substantial amount is required for installation of feeder and DTR meters.

As per directions of Hon'ble Secretary OERC vide letter no:OERC/Engg-4/2010/1587 Dt 24/11/2014, energy audit is being carried out for one model 33/11kv substation Ramchandrapur under GNED Chatrapur upto consumer end.

Losses under this substation are found as below:

Name of feeder	Technical loss	T&D Loss
33kv Tisco	2%	26%
11kv Mayapatna	6%	27%
11kv Bhikaripalli	6%	21%
11kv Chamakhandi	17%	36%

Southco has conducted energy audit at both 33 KV and 11 KV feeder level. The details are as under.

33KV FEEDER METER FOR ENERGY AUDIT

	TRANSMISSION END (AT GRID)						RECEIVING END (AT 33/11 KV SS)		
Circle	No of Grid Sub-Station	No. of 33KV Feeder	33KV dedicated Consumer	33KV Trunk Feeders	No. of Grid end meters	No. of Grid 33KV Feeder to be metered	No. of 33 KV Feeders	No. of 33KV Feeders Metered	No. of 33KV Feeders to be Metered
City	2	12	1	11	12	0	28	6	22
Berhampur	4	8	2	6	8	0	20	3	17
Aska	2	10	0	10	10	0	17	7	10
Bhanjanagar	4	13	1	12	12	1	36	8	28
Rayagada	5	15	0	15	13	2	39	8	31
Jeypore	7	24	5	19	17	7	63	4	59
TOTAL	**24**	**82**	**9**	**73**	**72**	**10**	**203**	**36**	**167**

11KV FEEDER METER FOR ENERGY AUDIT

Circle	Total 11 KV Feeders	No. of 11 KV Metered	Defective meters	No of Unmetered feeders	Total No. of meters required	No. of meters functioning	Audited
City	58	49	11	9	20	38	22
Berhampur	59	42	7	17	24	35	32
Aska	55	38	0	17	17	38	37
Bhanjanagar	114	51	18	63	81	33	23
Rayagada	109	53	2	56	58	51	34
Jeypore	173	59	28	114	142	31	18
TOTAL	**568**	**292**	**66**	**276**	**342**	**226**	**166**

Proposal for carrying out of Energy Audit in complete shape:

For complete metering arrangement at all 33kv feeders, 11kv feeders, Distribution transformers and consumers, an amount of Rs 156.58 Cr & Rs 27.3 Cr has been approved under DDGJY & IPDS Schemes respectively.

5.9. Standard of Performance Audit by 3rd Party.

As per the direction of Hon'ble Commission, Southco Utility have engaged One Outside agency M/s Powertech Consultants,Cuttack to conduct SoP Audit for FY 2015-16 in respect 3 Divisions namely BED-1, Berhampur,GNED, Chatrapur and PSED,Purusottampur. They shall verify 100% records of Overall Standard of Performance and Guranteed Standard of Performance and shall report to the Commission. They have already started the work since October -15. The audit fee is of Rs. 9.00 lakh for completing the same. The SoP Auditor have already submitted the Report and shall be submitted before the Hon'ble Commission.

5.10. Receivable Audit.

As per the direction of Hon'ble Commission, Southco Utility have engaged 18 nos of Auditors to conduct Receivable Audit from FY 2005-06 to FY 2014-15 for a period of 10 years. The Receivable Audit Report shall be submitted by Southco by Dec-16.

TERMS AND CONDITIONS:

1. SCOPE:

(a) Audit of receivables of EHT, HT, Three Phase LT Consumers and Single phase LT consumers having arrear more than Rs.25,000 as on31-03-2015 (excluding the previous month bill which is not due for payment) in order to ascertain the collectability of the outstanding amounts. Govt. consumers are not included in the purview of Audit. However, the PSUs and ULBs consumers are covered under the audit.

(b) Three Phase consumers having arrear under the category of Agriculture (PLI and OLI) are not covered under the scope of this audit.

2. DELIVERABLES:

(a) The Auditor shall verify all the consumers having arrear as stated in the scope, consumer-wise and year-wise for 10 years from FY 2005-06 to FY 2014-15 . The auditors shall also point out the nature of dispute, amount of dispute, month of dispute, reason of dispute, forum in which it is pending along with the suggestion and amount payable by the consumers on settlement of the dispute. The auditors shall study the file and interact with the respective field officials to find out the genuineness of the dispute and its prospect of realization. The Auditors shall prepare information based on the data provided by the DISCOMs in respect of each consumer in the given format annexed **(Annexure-I)**.

(b) The Auditors will provide the age-wise analysis of the receivables (consumers not covered in point as '1' above) i.e. month 0-6, 6-12, 12-24, > 24 **(Annexure-II).**

(c) The auditors will certify the list of PDC consumers as correct and authentic. The auditors will scrutinize the status of PDC consumers as to whether on disconnection they have been excluded from the billing fold **(Annexure-III)**.

(d) The report shall be submitted in 3 copy both soft and hard copy {3 copies each of (a,b& c)}.

The audit expenses shall be of Rs.40.00 lakhs (approx.).

6.0. Compliance to OERC Directions

Hon'ble Commission has given directions in the RST order for FY 2015-16 and further directed vide letter no. DIR(T)-405/2016-17/1402 dated 12.11.2015 regarding compliance of OERC Directions & Other issues. The para wise compliance made by the utility are given below

a) The Commission had made a provision of Rs 131 crore for implementation of smart metering, energy audit and SCADA schemes during FY 2014-15. Discoms to complete the above schemes in their area of supply.(para 302)

Compliance- Smart metering is going to commence by Dec-15 and the work order issued to M/s Longi Technolgy in Malud area of GNED, Chatrapur. Energy Audit as enumerated above.

b) Since the Commission has decided to provide expenses towards purchase of meters for the smart metering schemes, Discoms were directed not to charge cost of meter or meter rent for such consumers.(para-303)

Compliance-There is no such meter cost or meter rent charged from the consumers for smart metering point of view.

c) Discoms to attach Reliability Index calculation and voltage variation report with the bill in case of levy of reliability surcharge.(para-315)

Compliance-Due to space constraint Reliability Index calculation & voltage variation report could not be shown in the monthly energy bill of the concerned consumers. However, the same is being provided to the consumers separately.

d) Discoms to adjust interest on security deposit as per Reg.21 of OERC (Distribution Condition of Supply) Code, 2004.(para-320)

Compliance-As per Regulation-21, interest on Security Deposit are being credited to the consumers annually as on 1st May of every year on the outstanding amount of Security Deposit available @ 8.75% P.A. The amount of interest on security deposit is being shown in the energy bill raised to the consumers.

e) Load factor billing has been abolished with effect from 01.04.2004. Discoms to follow the Codal provision strictly. (para-332)

Compliance-The Utility is not doing load factor billing to any consumers.

f) Discoms to carry out energy audit in full scale. (para-346)

Compliance-Optimum care is being taken to achieve maximum nos. of energy audit at 11 kv feeder level along with efforts to start at 33 kv. feeder level

g) Discoms to frame service rules consistent with Electricity Act, 2003 keeping in mind the ways to elicit accountability and productivity from the employees. (para-381)

Compliance-Till now SOUTHCO is pursuing GRIDCO's service Rules. Several attempts have been made by SOUTHCO to get approved its own service rules, the same is being pending before Board. As such, as per clause-4 (7) of Odisha Electricity Reform (Transfer of Assets, Liabilities, proceedings & Personnel of GRIDCO to distribution companies) Rules-1998 SOUTHCO is pursuing GRIDCO's service Rule till formation of its own.

h) Discoms to submit action plan by 30.6.2015 to recoup the deficit in the Corpus Fund for the employees' terminal liability. (para-386)

Compliance-Due to acute shortage of funds after payment of monthly BST bill, there is no sufficient fund even to meet employee cost. However, employee cost is being met from arranging of funds through temporary loans. Hence, difficulties are there to recoup the deficit in the corpus fund for the employee's Terminal Liability.

i) Commission has allowed Rs 1.00 crore to each Discom for undertaking various automation and IT initiatives for FY 2015-16 and had directed that the amount must be utilized at base level offices to the advantage of consumers. (para-404)

Compliance-After revocation of license on 4th Mar'15, the billing activities is continuing with the Reliance IT support by virtue of mutual understanding. Even though, it has served the notice of withdrawal of its software. Presently, GRIDCO (parent company of SOUTHCO) has floated tender for IT implementation at SOUTHCO which is under progress and expected to finalize very soon. After finalization of tender process more IT initiatives shall be taken. However, the existing IT implementation like mobile spot billing, online bill payment, toll free helpline, customer care center helpdesk etc. are operating.

j) Discoms to earmark Rs 50.00 lacs towards training programme for FY 2015-16. The copy of training calendar for the year 2015-16 shall be submitted to the Commission by 31st May, 2015.(para-408)

Compliance-In the present financial year of 2015-16, there is 7 nos. of Training programme have been conducted wherein 40 nos. of participants have participated.

k) Discoms to use Security deposit for the purpose for which it is meant. Any deficit in the security deposit may be recouped through enhanced collection by Discoms. A plan of action by 30.6.2015. (para-436)

Compliance-As regards to deficit in security deficit, in case of HT & EHT consumers the same is being collected on priority basis. And in case of LT consumers efforts are made to collect the additional security deposit to recoup the deficit.

l) It has been observed as on 31.03.2014 that the Discoms have defaulted in payment of securitized dues to Gridco to the tune of Rs 1771.96 crore. Discoms to submit the detailed action plan for liquidation of arrear of Gridco by 30.4.2015. (para-469)

Compliance-Securitisation dues of Gridco could not paid on account of financial constraint of the Utility. When it is difficult to pay the monthly salary & BST bills, allocation of fund could not be made towards clearance of outstanding dues.

m) On NTPC bond dues, Discoms to comply the order dated 29.3.2012 in case No. 107/2011 against the Bond dues of Rs 308.45 crore. (para-470)

Compliance-Due to fund constraints , the Utility could not be able to clear the dues.

n) Gridco to conduct Escrow Audit of Discoms on a continuous basis. Report of the Escrow Audit to be submitted every year with the ARR and tariff filing. (para-475)
Compliance-Escrow Audit was last conducted by Gridco in the year 2014 for FY 2012-13.

2. RST order FY 2016-17

Para 253(a) & 321 :

Regarding Energy Audit : Southco has already conducting energy audit of 33 KV and 11 KV feeders as per the direction of Hon'ble Commission. The details are enumerated in 5.8 of this petition. The report also submitted before the Commission on dt. 12.09.16 vide T.O letter no. 11090(2) dt. 12.09.2016.

Para 266 :

Regarding Printing Bills in Odia Language : Action has been taken for printing of Bills in Odia language on Pilot basis in one Section. On successful completion the same shall be replicated in other areas.

Para 302 :

Regarding Employee Cost : No such rise in employee cost during the FY 2016-17 over and above the approved in ARR.

Para 316,317,318 :

Regarding Establishment of IT infrastructure of its Own for Billing : The same has already been communicated to Hon'ble Commission.

Para 322:

Training of personnel out of normal A&G Expenditure: The Training is being imparted to the employees of Southco by way of Inhouse training Center operating at Berhampur and by deputing the employees to outside training institutes.

Para 349 & 350 :

Security Deposit : Security Deposit in the form of FDs is of Rs.58.08 Cr as of now against total consumer deposit of Rs.172.25 Cr.

7. Allocation of Wheeling and Retail Supply Cost :

Hon,ble Commission has formulated regulation for bifurcation of Wheeling and Retail supply business vide notification dated 14th Nov-2014. According to the said regulation the Utility is required to file its ARR application as per the amended regulation. In line with the same as per clause 4.3 and 4.4 of the regulation for such period until the accounts are segregated, the Utility shall prepare an allocation statement to apportion cost and revenues to wheeling and Retail supply business and submit it along with ARR for approval of Hon'ble Commission. In view of the same, the utility is proposing the following allocation statement for kind approval of Hon'ble Commission.

Statement of allocation of Wheeling & Retail Supply Cost

(Rs. In Crore)

Sl. No	Cost/Income Components	ARR for FY 2017-18	Assumption Ratio for consideration of Wheeling Business	Assumption Ratio for consideration of Retail Supply Business	Wheeling Cost for FY 17-18	Retail Supply Cost for FY 17-18
1	**Power Purchase Cost**					
	BSP	697.40	0%	100%	51.47	645.93
	Transmission Charges	88.50	0%	100%	6.43	82.07
	SLDC Charges	0.54	0%	100%	0	0.54
	Total Power Purchase cost	**786.44**			**57.90**	**728.54**
2	**O & M Expenses**					
	Employee Cost	384.17	60%	40%	230.5	153.67
	A&G Expenses	59.06	40%	60%	23.62	35.43
	R & M Expenses	109.78	90%	10%	98.8	10.98
	Bad & Doubtful Debt including Rebate	42.47	0%	100%	0	42.47
	Depreciation	73.08	90%	10%	65.77	7.31
3	**Capital Cost**					
	Interest on Working Capital	15.74	10%	90%	1.57	14.17
	Interest on Capital Loan	17.71	90%	10%	15.94	1.77
	Interest on Security Deposit	14.23	0%	100%	0	14.23
	ROE	6.03	90%	10%	5.42	0.60
4	**Special Appropriation**					
	Appropriation of Regulatory Assets	0	25%	75%	0	0
	True up of Current Year GAP 1/3rd	111.33	25%	75%	27.83	83.5
	Contingency Reserve	3.21	90%	10%	2.89	0.34
	Grand Total	**1623.24**			**530.24**	**1093.01**
5	**Miscellaneous Receipt**					
	Non-Tariff Wheeling Income		As per actual assumption	As per actual assumption		
	Non-Tariff Retail Income	17.01	As per actual assumption	As per actual assumption		

* Allocation of power purchase cost towards wheeling has been made considering 8% loss on input after effecting EHT Sale

8. Tariff Rationalization Measures

8.1. Tariff for Kutir Jyoti and Domestic Category of Consumers :

In Southco, there are about more than 4.20 lakhs of consumers are under Kutir Jyoti Category and they are not making payment energy charges regularly. In view of such activity, Utility proposes to make bi-monthly billing for rural category of consumers. The tariff of such category of consumers may be enhanced to Rs.100/- from present tariff of Rs.80/- .However, the consumers shall make the payment on monthly basis against their bills on the basis of their consumption.

Similarly, the Domestic category of consumers who are consuming 0-50 units they may Rs.130/- towards energy charges and Rs. 20/- as MMFC totaling to Rs.150/- even if those consumers are consuming less than 50 units per month. Presently, the consumers who are billed less than 30 units they are even billed less than the Kutir Jyoti category of consumers.

Southco also proposes enhancement of tariff in the following slabs of domestic category of consumers

Slab	Existing Rate (Rs.)	Proposed Tariff (Rs.)
51- 200 Units	4.20	4.50
201-400 units	5.20	5.50
401 and above	5.60	5.75

8.2. Billing to Irrigation and Agriculture Category of Consumers :

Presently due to more defectiveness of meters in case of irrigation and agriculture category of consumers , it is very difficult to serve the bills to the consumers on actual basis. Replacement of defective meters is also not possible due to inaccessibilityin most of the cases specifically in Rainy season and during Crops. In view of the same the Utility may be permitted to bill such category of consumers on L.F. basis with L.F. of 30% considering their Contract Demand and Pump Capacity.

8.3. Levy of Demand Charges :

Consumers with contract demand 110 KVA and above are billed on two-part tariff on the basis of actual reading of the demand meter and the energy meter. They are also allowed to maintain loads in excess of their contract demand. The Demand Charge reflects the recovery of fixed cost payable by the consumers for the reservation of the capacity made by the licensee for them. To insulate the licensee from the risk of financial uncertainty due to non-utilisation of the contracted capacity by the consumer it is necessary that the consumer pays at least a certain amount of fixed cost to the licensee. The existing method of billing to the consumer for the Demand Charge is on the basis of the maximum demand recorded or 80% of the contract demand, whichever is higher. Presently the recovery of fixed cost of the Utility with 80% of CD is inadequate. **In view of the same it is proposed that for adequate recovery of such fixed cost incurred by the Utility, the monthly demand charges may be permitted to recover on the basis of 85% of the CD or MD whichever is higher instead of 80%.**

8.4. Additional Rebate of 1% to LT category of Consumers

Presently the country is experiencing shortage of currency notes due to demonetization effect. Government has also permitted to collect the old currency of Rs 500 denomination till 15th of December 2016 from individuals for payment of current & arrear electricity dues. In view of the above to supplement and reduce the pressure on currency notes and to move towards cash less economy the Utility has also owns responsibility to promote collection of revenue through plastic money. Hence, it is proposed to extend additional rebate of 1% over and above normal rebate to LT Single Phase category of consumers who shall be paying their current energy charges in full.

8.5. Levy of Meter Rent on Smart, Prepaid Meters

In view of the above revenue deficit of the Utility & for smooth operation of Prepaid metering system following suggestions are submitted for kind consideration of Hon' ble Commission.

1. The Meter Rent fixed for the LT Single Phase and Three Phase AMR / AMI Compliant meters need to be reviewed by Hon'ble Commission and the Meter rent for the AMR / AMI Based Meters and Pre-paid type single Phase Meters should be Rs 300/- Per Month and three Phase Meters Rs 500/- Month. Or
2. The existing meter rent recovered by the Licensee from the consumers are negligible and the leasing as well as vending service charges are high enough as a result, there is a huge difference. Accordingly, Hon'ble Commission may kindly allow difference in such recoveries and recurring costs
3. It is suggested that the present slab wise rate tariff, is simplified for ease of consumers opting out for the same. The additional rebate of Rs 0.25 per unit allowed in smart metering scheme may be withdrawn
4. A principle may be approved by Commission for adjustment of outstanding arrears along with its part payment.

8.6. Introduction of KVAH Billing

Licensee submits Hon'ble Commission for allowing billing to Consumers based on kVAh recording instead of kWh recording, else introduce Power Factor Penalty to all HT & LT Consumers above 20 KW; to improve the system efficiency and reduce the technical losses.

The Hon'ble Commission in its RST Order dtd 22.03.2014 for FY-2014-2015 had given the following directions to the DISCOMs vide Para-246. The said Para-246 is quoted herein below.

"Billing to Consumers based on kVAh recording instead of kWh recording.

The Commission after detailed analysis observed that the Licensees are not prepared with the necessary metering and billing arrangement for all the consumers to be covered under kVAh billing. Hence, the Commission declined to accept the proposal of the Licensees to introduce kVAh billing in a phased manner. However, the Licensees are required to justify their readiness to implement such system of billing as directed below:

The Commission directs the Distribution Licensees to prepare a detailed sales containing category wise and consumer wise contracted load / connected load and their month wise consumption for the latest three years ending 31st March, 2014 showing the consumer wise and month wise amount billed under Demand Charge/ MMFC, energy charge and power factor penalty of such consumers (for whom the Licensees intend to introduce kVAh billing) including information on types of meters fitted against each consumer showing the capability of each meter for kVAh billing and the software developed by the Licensees for such billing. They are required to submit the complete information in this regard latest by 30th September, 2014."

Incompliance to the above direction of Hon'ble commission, SOUTHCO have submitted the above required data of 20 KW and above Consumers before the Hon'ble commission.

This has been verified that all the 3-phase meters, especially those installed for consumers having Contract Demand 20KW and above in the DISCOMs are enabled with all the energy parameters and storing dump record of 35 days. All such meters show instantaneous Power Factor and monthly average Power Factor can be computed as ratio of active power and apparent power drawn by consumers like in case of existing large and Medium Industries Consumers presently being billed. Hence DISCOMs are fully equipped to implement KVAH billing in respect of all those consumers in place of existing KWH Billing.

Benefits of KVAH Billing

It is further submitted that, by adopting KVAH billing in place of KWh Billing the recent pattern of Power Factor penalty imposed on the consumers will be abolished. The objective of introduction of KVAh billing is to ensure reduction in losses which occurs due to low power factor. The licensee, therefore expect the consumers to have unity power factor. The objective of KVAh based billing is for encouraging the consumers to maintain their power near to unity Power factor.

In the present tariff structure, the power factor penalty is limited to only large consumers having contract demand of more than 110 KVA while medium and other three phase consumers are exempted. DISCOMs request for introduction of KVAh based tariff for energy drawal for all the three phase industrial consumers availing power supply in LT and HT and for which presently no Power Factor Penalty is imposed in the tariff and all the three-phase meters are capable of reading KVAh component of energy.

Since all three phase meters provided by the Utility at the consumer premises are capable of reading KVAh Component directly and the billing system of Utility also ready to accept such changes in the energy billing component, there will be no operational issues after implementation of KVAH Billing.

OERC Regulation 1 (bb) specifies the definition of Meter as

" Meter : means an equipment used for measuring electrical quantities like energy in KWH or KVAH Maximum demand in KW or KVA , reactive energy in KVAR hours etc including accessories like CT & PT where used in conjunction with such meter and any enclosure used for housing or fixing such meter or its accessories and any device testing purpose"

This supports for billing a consumer on the energy consumed on KVAH basis.

Therefore, the KVAh billing system is a win-win situation for DISCOMs as well as Consumers .

With the above submissions, the Hon'ble Commission is requested to allow KVAh billing from ensuing FY 2016-17 .

8.7. Applicability of Power Factor Penalty to LT & HT Category of Consumers above 20 KW :

Hon'ble Commission in its RST order for FY 2015-16 orders for continuance of the power factor penalty as a % of Monthly demand Charge of monthly Demand Charge and Energy Charges on the following HT & EHT consumers :

Large Industries
Public Water Works (110 KVA and Above)
Railway Traction
Power Intensive Industries
Heavy Industries
General Purpose Supply
Specific Public Purpose (110 KVA and above)
Mini Steel Plant
Emergency Power Supply to CGP

If the above proposal of Utility for introduction of KVAH billing are not considered by the Hon'ble Commission for implementation due to any reason, Utility prays for applicability of Power Factor Penalty for the following category of Consumers in order to bring more efficiency in Power System Operation till the KVAH billing is made applicable.

HT Category
Specified Public Purpose
General Purpose < 110 KVA
HT Industries (M) Supply

LT Category
LT industries Medium Supply
Public Water Works and Sewerage Pumping > 22 KVA

8.8. Verification of CGP Status of Power Plants:

The Licensee humbly submits that, as per the relevant provisions of the Electricity Act, 2003 read with Indian Electricity Rules,1956, the CGPs are mandated to maintain utilize at least 51% of power for self consumption per annum. Thus there should be annual verification of the status of the industries operating as CGPs. Because if in any year an industry having the CGP status fails to utilize minimum 51% of the power generated from the CGP, then that industry would lose the status of CGP for that particular year, thereby attracting levy of cross subsidy surcharge by the Licensee. This being the well settled principle of law, the Licensee draws the attention of the Hon'ble Commission to the fact that till date the status of the industries owning CGP is not being verified annually, for which a reasonable apprehension would occur about the real status of the CGPs. In this context it would be relevant to mention herein that the Hon'ble Commission vide its Order dtd.03.01.2014 passed in Case No.129 of 2010, while adjudicating upon the said issue of determination of CGP status of the industries vis-à-vis the invocation of provisions of Sec.11 by the Govt. of Odisha, directed all the stake holders, to verify the exact status of the industries on yearly basis and subsequently a Committee was formed by the Hon'ble Commission, to implement the above direction which is however deferred due to an interim stay granted by the Hon'ble High Court of Orissa vide Order dtd.05.09.2013, in W.P.(C) No.18481 of 2013. Meanwhile the CCPO also filed a petition before the Hon'ble Commission for review of the said Order dtd.03.01.2014. Recently the Hon'ble High Court vide its Order dtd.06.08.2014 passed in the said case has made it clear that the **notwithstanding the pendency of the writ petition the present review proceeding would continue.** Thus the Hon'ble Commission is at liberty to re-constitute the Committee for verification of the CGP status of the industries by which the scenario would be clear and the Utility would be in a position to determine and fix the liability of cross subsidy surcharge upon those industries losing the status of CGP for any particular period.

8.9. Emergency power supply to Captive Power Plants (CPP)

Normally the Emergency /Startup power requirement of Captive generators are very less but as per OERC Distribution (Condition of Supply) Code Regulations-2004 Chapter – VIII ,Para-15 **the emergency assistance shall be limited to 100% of the rated capacity of the largest unit in the Captive power plant of Generating Stations.** But as per retail supply tariff for FY-2014-15, no demand charges are payable by industrial consumers availing Emergency power supply having contract demand of 100% of the rated capacity of largest Unit.

In case of failure of the captive units, those industries draw power from the grid for their industrial consumption in the name of start-up/ Emergency power requirement of their CGP. There is hardly any spinning reserve available with the licensee to manage such huge industrial requirement of the Industries. As a result Licensees are drawing more than their schedule during certain periods in a day resulting Over drawal from State / Central grid with financial burden to the Licensee in Intra-state ABT mode of Operation . Licensee also proposes for amendment of Para-15 of OERC Distribution (condition of supply) code.

Start up Load Requirements - The quantum of energy to be used for emergency supply for start up loads should be scientifically determined based on the age of the industrial plant, size of the industrial plant, technology of the unit. It has been estimated that the start-up power required for CPPs is around 10 to 12 % of the rated capacity of highest unit and Hon'ble Commission is requested to frame norms/ guidelines for estimation of such requirement..

Essential or Survival Load Requirements - It is suggested that for consumption in excess of 10 % load factor, the demand charge should be charged at double the normal rate and that the Industries should execute agreement with Distribution Licensees. In light with the 'emergency' nature of the supply it is suggested that there should be provisions for disconnection of supply in case the consumption is in excess of 10% of the load factor for two consecutive months. The licensee suggests the introduction of Demand Charges of Rs 250 / KVA in addition to Energy Charges for Start-up power .

A large number of industries have already opted for their own captive generating plants and few others are under pipe line, while cross -subsidised consumers have increased substantially due to addition of large number of consumers under RGGVY and BGJY Scheme

Already opted for Emergency power supply.

- Utkal Aluminium (CD- 0 KVA)

Proposed Condition for Start-up Power supply to CGP :

i. Industries having CGPs to avail Start-Up power their Contract Demand should not exceed 12 % of the capacity of the highest capacity Generating units of the CGP. Consumer have to enter into an agreement with the concerned DISCOMs subject to technical feasibility and availability of required quantum of power/energy.
ii. A Drawal of Power shall be restricted to within 10 % of load factor based on the contract demand and actual power factor in each month. If the load factor in a month is recorded beyond 10 % the demand charge shall be charged at double the normal rate. Supply can also be disconnected if the monthly load factor exceeds 10% in any two consecutive month.
iii. This tariff shall also be applicable to such generator(s) for start up purpose prior to their COD.
iv. Start-up power shall also be made available to the generator connected to CTU grid with proper accounting done in monthly Regional Energy Accounting prepared by ERPC. (New IPPS are coming in future, which may also be connected to CTU grid directly.)

8.10. MMFC for Consumers with Contract Demand <110 KVA

As per the current tariff structure, the Monthly Minimum Fixed Charges are to be levied to consumers with contract demand less than 110 KVA on the recorded demand rounded to nearest 0.5 kw requiring no verification irrespective of the agreement. For billing purposes this adversely affects the Licensee in case of the recorded demand is lower than the contract demand/connected load. As the licensee is reserving the contracted capacity for the consumers at the same time they are also liable to pay the MMFC/Demand charges on the basis of CD or MD whichever is higher as like of consumers with CD of >110 Kva. **The Licensee proposes that the Monthly Minimum Fixed Charges for such consumers shall be levied at Contract Demand or Maximum Demand whichever is higher**.

8.11. Demand Charges for GP>70 KVA <110 KVA and HT Industrial (M) Supply

As per current tariff structures the consumers in the above category who are availing power supply in HT are required to pay demand charges of Rs,250 and Rs.150 per Kva respectively.

In absence of clear cut guidelines for billing of demand charges to the above two category availing power supply in HT supply are raising disputes in various forums and demanding that they are required to be billed as per para 498 of RST order FY 15-16.

Para 498 says

However, the billing demand in respect of consumers with Contract Demand of less than 110 KVA having static meters should be the highest demand recorded in the meter during the Financial Year irrespective of the Connected Load, which shall require no verification. The highest demand recorded should continue from the month it occurs till the end of the financial year for the billing purpose.

It is pertinent to mentioned here that consumers with CD of more than 110 Kva are paying Demand charges on the basis para 495 of RST order FY 15-16, as the licensee is reserving capacity for them to the extent of their CD. In similar line consumers with CD of <110KVa are also liable to pay the Demand charges on the basis of CD or MD whichever is higher.

Therefore, the Utility submits that these two categories of consumers availing power supply in HT category and liable to pay Demand charges in KVa should also be billed on the basis of CD or MD whichever is higher irrespective of their connected load which may kindly be considered.

8.12. Rate of Tariff for HT Medium and LT Medium Industries;

The rate of unit i.e KWH for HT Medium Industry Consumers has been fixed as Rs 5.25 per unit and for LT medium consumers it is Rs5.60 . The difference in rate per KWH is Rs 0.35. The rate of demand charges per KVA is Rs 150/- for medium HT and it is Rs80/- per KW in respect of LT Medium consumers or Rs 72/- per KVA assuming 90% normative Power Factor. The difference in rate per KVA is thus Rs61/- per KVA of demand. Inversely if we calculate the equivalent units for one KVA demand it is Rs 61/ Rs.35= 174 units. Accordingly it is 174 units per kw of load. A LT medium industry consumer shall consume at a load factor of 24.16% all throughout the year to be at par with a HT medium consumer.(174/24x30). Practically the average load factor of medium Industry consumers on average over the year is less than 10%. This is hypothetical and the difference in rate is very high. During the FY-15-16 the tariff for Medium LT consumers is increased from Rs50/- to Rs 80/- . Due to the above reason the growth in HT Medium category has exceeded during first six months than LT Medium category. The enclosed statistics show that when the margin between the categories has been reduced Consumers prefer to own the S/s's as they are benefitted in the long run. Hence the commission has taken the right step to increase the demand charges of LT category in FY 15-16 to stop the negative trend for preference to LT due to tariff anomalies. Consumers still prefer to keep their loads below 70 KVA and take LT supply even by handing over of substations constructed by them to get long term benefit to compensate the cost of taking initial HT Supply. The commission is encouraging HT Supply for reducing line losses whereas the contrary is happening in real scenario at field. As the consumers are always guided by the cost of supply and the harmonics of cost of supply is the factor to choose the voltage by consumers, it is but prudent to increase the cost of demand charges of LT medium industries for changing the mindset of consumers to go for LT less connections which helps in a logway to reduce investment, maintenance costs of licensees.

A list of HT as well as LT Consumers who have taken power supply in 13-14, 14-15 and 15-16 has been taken for analysis and the average load factor of HT Medium is 6.19% and that of LT is 4.71%.

Due to huge investments made for up gradation of lines and sub-stations the voltage levels are within the prescribed parameters for LT system and LT Consumers are also getting steady supply and no of interruptions are reduced to be minimum and at par with HT. Copies of 31 numbers of LT consumers and 27 numbers of HT are given. Hence it is proposed to raise the demand charges to Rs125/- per KVA from present Rs80/- per KW to attract more of HT category of consumers.

Comparision of the consumers coming under LT vis-à-vis HT Supply for last three years

Sl. No.	Financial Year	55 KW <= CD <= 63 KW	
		MIND (LT)	MIND (HT)
1	2013-14	11	10
2	2014-15	16	10
3	**2015-16 (Upto Oct'15)**	**4**	**7**
Total		31	27

8.13. MMFC/Demand charges to be in KVA only instead of KVA/KW:

In the prevailing tariff some of the HT consumers and LT 3 Phase consumers are paying their demand charges/MMFC in KW and some consumers in other category in KVA. The Regulation also specifies for entering into agreement in KVA. Therefore it is creating disparity among the consumers as well as affecting revenue of the utilities. The BST of the Utilities is the composites of Energy and Demand charges. The component of demand charges is on the basis of KVA only. The proposed SMD for the utility is also considering the demands in KVA of consumers in its license area. Hon'ble Commissions regulation as well as Retail supply tariff order also prescribes demand charges to be paid on demand recorded in KVA only.

The Hon'ble commission also made it specific in Regulation -77 that it is the responsibility of the consumer to arrange so that the lagging power factor of the load during any billing period is not less than 92%. Regulation also provides for levy of power factor penalty to these category of consumers or alternatively to bill the consumers at KVA demand. Hence there is every need to bill the consumers on KVA demand as billing on apparent power shall bring additional income as well as helps in stability of the system.

In view of the same, it is humbly submitted by the utility to bill the demand charges on the basis of KVA for all the three phase consumers with static meters to avoid disparity among the consumers.

8.14. Demand Charges and Monthly Minimum Fixed Charges

The Licensee submits that 90% of the Distribution costs are fixed cost in nature. The distribution cost of the License which is a fixed cost has increased many folds during the recent years, the said cost normally required to be recovered from the Demand Charges. The fixed cost of the power procurement by way of payment towards capacity charges has also increased during last few years. The revenue recovery on account of the demand charges and monthly minimum fixed charges is approximately Rs.294 crore for the ensuing year at the existing tariff whereas the fixed distribution cost is around Rs.514 crore (Employee cost, R&M, A&G and Interest cost) which is more than double the amount recovery.

In view of the above, the Licensee proposes to recover the full fixed distribution costs by suitably revising the Demand charges and monthly minimum fixed charges as proposed in earlier section , as applicable to the respectively category during the ensuing year.

8.15. Continuation of bi-monthly billing

Presently monthly billing in rural areas is not cost effective considering the rate being charged by billing agency per bill vis-à-vis the amount billed as well as the collection activity to such subsidized category of consumers. Sometimes meter readers are trying to generate bills without moving to the consumer premises which is also not solving the basic purpose of monthly billing. Therefore to avoid such practices the utility may be permitted to adopt bi-monthly billing system to save extra A&G cost as well as to ensure effectiveness of billing and serving the same to consumers at least where the billing amount as well as consumer coverage is low. OERC (Dist.conditions of supply code), 2004 also permits the Utility to make bimonthly billing.

8.13 Introduction of Amnesty Arrear Clearance Scheme for LT Non Industrial category of consumers.

Presently, the utility is having outstanding of more than Rs.850 crores under LT non industrial category as on 30th Sep-2015. Out of the same more than Rs.200 crs are under disconnected category. Most of the consumers, after accumulation of huge outstanding are trying to get another connection and putting the other one under Permanently Disconnected Consumers (PDC). The utility is also suffering from huge financial loss on account of low collection efficiency and coverage in Domestic and Commercial category of consumers. Hon'ble Commission has also directed to conduct receivable audit of the outstanding amount as on 31.03.2015 of the utilities through Chartered Accountants and Cost accountants. Considering the same, it is submitted before Hon'ble commission to approve an arrear collection scheme for LT non industrial category of consumers in line with OTS scheme earlier approved for FY 2011-12. Depending upon the outstanding and paying ability of the consumer's 6 to 12 monthly installments may be fixed to clear the outstanding and avail benefit of withdrawal of DPS and certain percentage of waiver on outstanding amount. As a result cash flow of the Utility will also improve and able to clear its outstanding dues to GRIDCO as well as Employees terminal liabilities.

8.14 Special rebate for consumers availing monthly rebate under LT category (Single Phase) of Consumers

To improve collection efficiency under LT category (Single Phase) the utility is submitting before Hon'ble Commission to approve a special rebate to those LT categories (single Phase) of consumers who are availing monthly rebate on prompt payment of monthly energy bills. They may also be permitted to avail a special rebate equivalent to the highest rebate availed during the financial year. The special rebate shall be credited at the end of the financial year if the consumer has availed rebate during last one year without fail and the outstanding is zero against such consumers.

9. Other Issues

9.1. Rebate on Prompt Payment of BST Bill:

In the BSP Order for the financial year 2016-17, the Hon`ble Commission directed that the Licensee is entitled to avail a rebate of 2% for prompt payment of BST bill on payment of current BST in full within two working days of presentation of BST Bills and 1% is paid within 30 days. Further, the Hon'ble Commission had directed to pay the rebate to all consumers except domestic, general purpose, irrigation and small industry category, if payment is made within three days of presentation of bill and fifteen days in case of others.

Considering the above, it is prayed before the Hon'ble Commission to approve the rebate of 2% to the licensee for prompt payment towards BST bills including part payments within 3 (three) working days from the date of presentation of the BST bill and in case the BST bill is paid after 3 (three) days the rebate should be proportionately allowed to the extent of payment made within 30th day @1% akin to Rebate Policy on Rebate is provided to GRIDCO by NTPC.

It is further submitted that when licensees are extending rebate on prompt payment to consumers on the current bill (excluding all arrears), they are not being allowed rebate on prompt payment of current BSP bill on the pretext of arrears even if there is a clear cut direction of Hon'ble Commission in its order.

In addition to above rebate may kindly be also permitted in case of part payment so that cash flow of the Bulk Supplier will improve and at the same time the utility would be tempted to remit the amount collected to GRIDCO to avail such benefit. The example is as under.

(i) Part payment within 2 days of presentation of the bill- Proportionate rebate @ 2%

(ii) Part payment within 30 days of presentation of the bill – (a) 1st 10days @ 1.75% (b) 2nd 10 days @ 1.5% (c) 3rd 10 days @ 1.25%

(iii) Part payment within 60 days of presentation of the bill – (a) 1st 10 days @0.75% (b) 2nd 10 days @ 0.5% (c) 3rd 10 days @ 0.25%

10. Formats

The following filled in formats will form a part of the ARR and Tariff Application for FY 2016-17 as annexures:

10.1. Commercial/Technical Formats T1-T9

10.2. Financial Formats F1-F27

10.3. Details Performance Formats (P1-P17) in Vol- II

11. Prayer

In the aforesaid facts and circumstances, the licensee prays that the Hon'ble Commission may be pleased to:

- Take the ARR application and Tariff Petition on record.
- Approve the Annual Revenue Requirement for FY 2017-18 including truing up of FY 2016-17
- Bridge the Revenue Gap for the FY 2017-18 through reduction in Bulk Supply Tariff (BST), grant of subsidy from the Government of Odisha as per Section 65 of the Electricity Act 2003 and balance, if any increase in Retail Supply Tariff.
- To consider the AT & C Loss Trajectory accepted by Ministry of Power, Govt. of India.
- To do away with Intra state ABT till generators are involved.

Allow the following Tariff rationalisation measures as proposed

- Tariff of Rs.100 per month for kutirjyoti category of consumers
- Rs.150/- per month for consuming less than 50 units in Domestic tariff category and increase in Slab Tariff of Domestic consumers as proposed.
- Introduction of L.F. Billing for irrigation and agriculture category of consumers.
- Levy of monthly Demand charges for consumers having CD of 110 KVA and above @ 85% of CD or MD whichever is higher instead of existing level of 80% CD.
- Additional rebate of 1% to LT Single phase category of consumers over and above normal rebate if payment made through online, credit card, debit card etc.
- Levy of meter rent for Smart and Prepaid meters

- Introduction of KVAH Billing
- Applicability of Power Factor Penalty
- Two part tariff be made applicable in respect of Emergency power supply category to Captive Power Plants (CPP).
- Introduction of MMFC for Consumers with Contract Demand <110 KVA on the basis of MD recorded or connected load whichever is higher.
- Applicability of Demand Charges for GP> 70KVA and < 110KVA and HT Industrial(M) supply
- Rate of Tariff for LT Medium Industry and HT Medium Industry
- Demand charges to be in KVA only instead of KVA/KW.
- Continuation of bi-monthly billing in case of rural consumers where the billing and collection coverage is very low.
- Introduction of Amnesty arrear clearance scheme for LT non industrial category of consumer.
- 2% Rebate be allowed on **payment of current monthly BST bills (excluding all arrears) within 3 days time instead of 2 working days** and also to allow rebate on part payment of BST bills.
- Other Tariff rationalization measures as proposed in this application
- To consider the consumers like NALCO as the consumer of the Utility being situated in the Utility area.
- Looking to the geographical area and the consumer mix, the cheap cost of power may be allocated to the Southco Utility while finalizing the BSP.
- Allow the Utility to submit additional documents, modify the present petition, if so required, during the proceeding of this application.

Any other relief, order or direction which the Hon'ble Commission deems fit

By the Applicant

Through its Authorised Officer

Dated: 30.11.2016