List of members present is at Annex.1.

Chairman/KERC welcomed all the members to the meeting and stated that the meeting has been convened specifically to discuss the tariff proposals filed by the ESCOMs.

Shri Venkatagiri Rao, Sagar, mentioned, specifically with reference to MESCOM, that the figures and statistics given this time appear to be confused, incorrect and superficial as compared to the previous filings. He specifically pointed out to statistics relating to T&D loss, compliance with directives on quality of service, action taken/proposed to be taken regarding dis-connection of un-authorised IP sets, etc.

Shri S Mune Gowda, stated that the KPTCL must be complemented on having analysed clearly the problems of farmers. However, they have not stated anything nor made any commitment about the timings of supply. Nobody seems to bother about T&D loss; no details have been provided about arrears from various categories of consumers. Tariff increase cannot be made in a routine fashion every year.

Shri M.S.Shankari Koppa, stated that the rates for various categories of consumers must be related to quantity and quality of supply. Last year, assurances were given that 10 hours per day of supply would be provided to rural areas. However, the same has not been provided; voltages are also very poor. If electricity as assured has not been provided, compensation should be given for the loss where the reasons for not supplying are within the control of the licensee. In this connection, he drew the Committee's attention to such provisions for compensation in the Irrigation Act. He stated that the tariff creates obligations both on the part of the consumer as well as the licensee and that both should be enforced. He also stated that there is no insistence on efficiency improvement in pump sets. This should be enforced at least in new connections and the same should be incentivised for existing connections. Government should also subsidise HDPE pipes. Metering of IP sets needs incentives in the form of lower rates. Regarding LT-5 connections on rural feeders, he stated that they face major problems because of no supply during the day. He also said that the disparity between the rural and urban consumers is increasing.

Shri M.G.Prabhakar, pointed out that the total consumer deposits as at the end of FY 04 is much lower compared to the actuals as at the end of the FY 02 (Rs.1166.98 crores as at the end of FY 04 compared to around Rs.1,900 crores earlier) and wanted to know the reasons for the shortfall. He also stated that the increase in power purchase cost for FY 03 is not justified since earlier the KERC had approved the power purchase cost for much higher sales quantity. He also pointed out the following inconsistencies and anomalies:
a) Reduction of over 1.00 lakh consumers under LT-5 category;

b) Glaring differences in connected load in Form T21 of BESCOM. Even if the connected load figures are correct the total fixed charges calculated appears to be wrong;

c) Drop of 187 nos in HT 2(a) category;

d) Distribution loss that is now asked for is much greater than the 28% allowed by the Commission;

e) Administrative and General Expenses does not appear as a separate category in Tariff Order 2000 at all;

f) The cost of supply to various categories of consumers has not been established at all though this has been insisted by KERC in Tariff Order 2000 as well as in Tariff Order 2002;

g) Compensation to consumers for loss due to poor services: ESCOMs have rejected this;

h) Time of day metering: The ESCOMs have not complied to this even though this was to be done within 3 months;

i) Bad and doubtful debts should not be allowed in view of the clean balance sheet given to KPTCL;

j) Employees cost, interest and depreciation has shown an increase due to the splitting of distribution in to four Companies;

k) In the case of LT-5 up to 40 HP, fixed charges have increased from Rs.22 per HP to Rs.45 per HP in just 2 years time. In respect of more than 67 HP, last year, the proposal was for reduction from Rs.100 to Rs.80 per HP; this year the increase proposed is from Rs.100 to Rs.140 per HP. No reasons have been given for this completely opposite stand;

l) LT-5 is a constantly harassed category. The fixed charges under this category is killing the industries and the average charge works out to Rs.8 per unit.

Shri S. Chandrasekhar, commended the rationalization of tariffs that is being progressively attempted. The T&D loss projected remains at 32% though the Commission has fixed it at 28%. Transmission tariffs have been fixed on a financial basis rather than on a technical basis. FEC has been maintained at 25 paise but no back up figures for the same have been provided. The Current Ratio of the Companies as discussed by their Balance Sheets is very bad. Details of unsecured loans are not available. In the case of MESCOM, the outstanding unsecured loans is lower than the deposits from consumers. Both HP and energy charges should not be hiked at the same time. For example, in the case of units with load greater than 67 HP and consumption between 500 and 1000 units the increase is 60 to 70 percent. For BJ/KJ installations the increase appears to be very harsh. HT 2(a) units with less than 1 lakh units per month consumption face 18% increase. Similarly for HT 3(a) the energy charges increase from 80 paise to 350 paise. There is no information about how the total GOK subsidy of Rs.1,480 crores is distributed among ESCOMs or about how consumption per IP set per annum is calculated.

Shri K.N. Jayalingappa, stated that a large number of LT 5 units between 67 HP and 99 HP are seasonal. He also stated that there is delay in fitting meters after deposits are paid.
Shri Crasta, stated that T&D losses are very high. Industries are now just coming out of the recession. There is lot of mis-management and inefficiency in KPTCL and consumers should not be asked to pay for this. ESCOMs should see how they can reduce expenditure.

Shri K.C.Naikwadi, stated that manpower cost in Karnataka is in line with cost in other States. Manpower per installation in Karnataka is only 50% of the AP level.

Shri A.S.Kulkarni, representing Dr.Huilgol, Hubli, stated that losses are being passed on to consumers without any guarantee of service in return for the tariff increase. He stated that nothing is being done to transform the work culture of the KPTCL.

Chairman asked KPTCL representative about the manner in which the availability of the hydro power was calculated and whether the present method is different from the stand taken in the previous filings. It was confirmed by CE(RA)/KPTCL that while in the past two filings projection had been made based on a ten years moving average, this filing has been made assuming the same availability as last year. The Chairman also wanted to know why a provision of Rs.100 crores towards interest on account of delayed payments has been included.

CE(RA)/KPTCL provided clarifications required regarding compensation. He stated that the agreement with TCS has been terminated and alternatives are now being finalized.

MD/BESCOM highlighted some steps taken by his Company in improving services. He stated that spot billing has already been started in Davanagere and is planned to be extended to other Cities. Similarly outsourcing of 11 KV energy audit, DTC energy audit, IP set consumption estimate, etc., is underway. He stated that collection efficiency excluding IP sets is 98% while the same for IP sets is only 4% and BJ/KJ is only 9%. In Bangalore city he stated that collection efficiency is 100%. However, he agreed that in rural areas billing efficiency is less than 100%.

Meeting concluded with a vote of thanks to all the members present.

Sd/-
(Philipose Matthai),
Chairman.