

**BEFORE THE ANDHRA PRADESH ELECTRICITY REGULATORY
COMMISSION * HYDERABAD**

On 27th December 2003 Public Notices were published by APTRANSCO and four DISCOMs announcing the Filing of ARR & Proposed Tariffs for FY 2004-05 and calling for comments/objections from the public. This filing is in response to this Public Notice.

MANPOWER ISSUES

- 1) The expenditure on employees is projected to jump by Rs. 40 crores or more than 50% during the ensuing year. During 2002-03 the expenditure on employees was Rs. 65 crores. This increased to Rs. 71 crores during the next year i.e., 2003-04. In fact during this year this expenditure declined by Rs. 4 crores compared to the allowance made by the Commission. But during the coming year 2004-05 this is projected to increase to Rs. 111 crores. No explanation was given for this sudden jump by more than 50%.
- 2) The details of the number of employees provided on Form 1.3b (Volume I, p.141) also do not throw any light on this sudden increase. In fact compared to the year 2002-03, the number employees working during the year 2004-05 will be lower. Even then the costs are expected to increase. Also the 'Plans for Rationalisation of Existing Manpower' (Guideline – 10c, Volume II, p.78) mentions the intentions and plans of the Licensee. According to it number of employees working with it will come down from 4,723 as on 31-3-2003 to 4,058 five years later. From this also it is difficult to visualize sudden increase in employee costs.
- 3) As the Form 1.3b shows the number of workers working at present are far below than the sanctioned posts. For example during the year 2004-05 against the sanctioned strength of 8,215 employees only 4,932 will be working. But the Licensee talks about further reducing this strength. What will happen to the work norms and work load? Will it spell danger to the safety of the system as well as consumers?
- 4) We would like to know whether the amounts shown against employee costs are for the sanctioned posts or for only the working persons.
- 5) The Licensee is also utilizing the services of consultants at different levels. Under what head this expenditure is shown? And what is this expenditure? Whether there is any attempt to develop the capacities of the employees of the Licensee to replace the consultants in the near future.

DISCOMS:

EMPLOYEE COSTS (Rs in Crores)

DISCOM	2003	2004	2005
CPDCL	229.63	244.09	267.00

6) The above table shows that the cost towards employees is quite considerable and it is increasing. This will give a false picture that the strength of the employees is on the rise. But the fact is otherwise. According to the last year's filings there is a huge gap between the sanctioned posts and the actual working. The Licensees have assured that they will fill the vacancies. But no such thing took place, and exactly the opposite is taking place. The number of employees in the roles of these companies is coming down. According to the response of CPDCL to the Commission's directive No. 28 the average manpower deployment as on 30-9-2003 is 2.7 employees per 1000 services, as against the prescribed norms of 4 persons for 1000 services (p.126). The response to this is, "It is not contemplating any reduction in manpower in the promotional cadre posts. However in the initial recruitment level such as AEs, LDC, typist, LMD, Sub-engineers, JLM, all the existing/arising vacancies are not being filled-up as the workloads in certain areas are reduced due to outsourcing of certain activities..." (p.136).

7) The above response as well as the new practices being followed raises many issues: When the number of employees is declining how is it that the cost towards employees is increasing? Is it that a small number of people are churning away the cream at the cost of service to the consumers as there are no adequate number of employees to render necessary and adequate service? Is it the reason for the increasing arrears, breakdowns, unauthorized connections? Whether statutory work norms, like statutory minimum wages, are being followed. The recent tenders for the maintenance of the substations show that the amount quoted is not sufficient to pay the statutory minimum wages. Whether the Commission will allow such illegalities.

8) We also would like to know under what account the payment to outsourcing is shown?

9) In the filings CPDCL mentioned that e-seva is given the responsibility of collecting the cc bills reducing the workload on the employees in EROs. In this context we would like to know what are the payments being made by all the licensees to wards e-seva and on what basis? How many employees in ERO are affected due to this and at present what are they doing? How expenditure on these employees relates to the payments made to the e-seva?

10) The CPDCL (p.127) mentions the absorption of RESCO in to its fold. While it mentions the initiative in terms of employees this does not figure in the revenues from purchase and sale of power as RESCO works differently. Its impact on income and ARR do not find any mention. As far as the employees is concerned what will happen to the existing employees? And whether there is any tripartite agreement between the employees, RESCO/DISCOM and the state government.

11) In the context of the changed policy of the Licensees we would like to know how many substations are being handed over to the private contractors for maintenance, and how many sub-stations are privatized?

ACCIDENTS

12) It makes sad to learn that scores of people are losing their lives because of the negligent and inadequate steps taken in the supply of power. Every year hundreds of crores of rupees are being spent to improve the electricity network. Even after that so many people are losing their lives in accidents related to electricity.

FATAL ACCIDENTS INVOLVING HUMAN BEINGS (2002-03)

Company	Departmental	Contract Labour	Public	Total
APTRANSCO	NA	NA	NA	4
EPDCL	NA	NA	NA	63
SPDCL	NA	NA	NA	86
CPDCL	4	20	166	190
NPDCL	NA	NA	NA	128
TOTAL				471

13) The above table shows that the deaths of persons due to electricity accidents are quite considerable. Though every year the Licensees are listing the steps that they are taking or they intend to take there is no let up in the loss of precious lives. The number shown against CPDCL highlight the vulnerability of contract labourers and general public. In the case of the contract labour this implies that working conditions are quite hazardous . We urge the Commission to direct the Licensees to follow statutory stipulations in maintaining the work areas, including substations and lines.

14) We also request the Commission to see that the victims are paid adequate amounts. The present amounts paid are too small to make any meaning to the victims' families. At present the victims' families are paid only Rs. 25,000. We request that this be increased to Rs. 2 lakhs.

MINIMUM WAGES:

15) The working conditions, particularly wages, are experiencing drastic changes in the light of the new practices being followed in employing and getting the work done. Now no new recruitments are taking place. In stead work is being out sourced through tenders/auctioning. This is particularly the case with the maintenance and operation of substations. In the name of competition the tenders are quoting very low amounts. These amounts are not sufficient to pay the minimum wages of the required number of people. After the winning the bid the successful bidders are not employing the required number of technicians, and those employed are not being paid statutory minimum wages.

16) We request the Commission to see that its decisions do not lead to the violation of the laws of the land. We pray the Commission to see that those employed in the sector are paid at least minimum statutory wages at all times and in all conditions.

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ISSUES RELATED TO AGRICULTURE:

DISCOM	2002-03		2003-04				2004-05	
	Actual		APERC Order		Present Estimate		Present Estimate	
	MU	%	MU	%	MU	%	MU	%
EPDCL	1200	20.39	1150	17.50	1172	18.4	1150	17.50
SPDCL	2834	29.64	2600	26.6	2585	26.7	2600	26.2
CPDCL	5584	32.4	4800	28.2	5235	29.5	5250	28.6
NPDCL	2851	38.03	2800	35.43	2711	36.08	2800	35.94
	12469	31.01	11350	27.49	11703	28.35	11800	27.68

1) According to the CPDCL's filings the sale to agriculture is expected to be higher than the Tariff order level (4800 MU) by 435 MU (at an expected sale of 5235 MU) on account of the unprecedented drought conditions.

2) According to the Tariff order the Licensees are expected to obtain the approval of the Commission if they supply more power beyond the limit set by the Commission. Whether the CPDCL obtained the permission of the ERC for excess supply of power to agriculture.

3) It is also difficult to comprehend the CPDCL's explanation "growth in agricultural consumption is also restricted to the quantum necessitated on account of additional services to be provided during the year as per GoAP policy for release of agricultural connections" (p.14). But the number of new connections are negligible. According to the filings only 5374 new connections are released. And these are under the TATKAL scheme. This small number cannot be expected to make any material change to the consumption figures.

4) Facts on the ground also show that the present as well as the projected agricultural consumption is not reliable, gives scope to believe that some of the T&D losses continue to be added to the agriculture consumption to show 'efficiency improvements' achieved by the licensee. The CPDCL it self accepts that the supply of power is limited to 7 hours (p.63) instead of the 9 hours mentioned in the Tariff Order. It is difficult to accept that even after the reduction of supply by more than 20% the consumption still goes beyond the limit set by the Commission. As noted by the Licensee the year experienced unprecedented drought. This will result in lower consumption but not higher consumption as mentioned by the Licensee. Because of the low rainfall ground water level plummeted

to very low levels leading to the drying up of many bore wells. This should lead to lower power consumption in the agriculture sector.

5) One of the reasons brought forth by the Licensee only help to show its bankruptcy of ideas. According to the filing, CPDCL avers, “May be the farmer limits the extent of cultivated land in view of insufficient water supply, but he runs the motor continuously as far as the 3-Phase supply is available” (p.63). In his/her own interest no farmer will do this, as they know very well that if motor is run in the absence of water in the well it will badly affect the motor/pump parts.

6) The fact that the Licensee’s estimation of agricultural consumption is based on falsified figures is reflected in its own response to the Commission’s Directive No.2. Their response to Directive No. 2 is contradictory(p.117). While in the first part they said that they are following the procedure set in the Tariff Order, in the second part they plead their inability to place the figures before the public.

7) The fact that the agricultural consumption is grossly over estimated comes out clearly from the projections made by the SPDCL (pages 66-69). According to the figure arrived at based on the DTR meters of the agriculture feeders during the current year 4,13,973 pump sets would be consuming 2612.725 MU of power. This implies that each pump set on the average will be consuming 6,311 U. It was also mentioned that during the current year metered agriculture consumption of the services released under Tatkal scheme is 30 MU. During the current year 9,321 connections were released under the Tatkal scheme. This implies that on the average each pump set would be consuming 3,219 U only. For the ensuing year also the Licensee estimates that the existing pump sets under the Tarkal scheme numbering about 25,383 would be consuming 85 MU. This implies that each pump set would be consuming 3,349 U only. This shows that the estimate of agriculture consumption by the Licensees is double the actual consumption. In other words T&D losses continue to be dumped on the agriculture sector and claim undue credit for the work not done. And continue to curse the farmers for all ills of the sector!

8) In this context we demand that the Commission direct all the Licensees to publish the energy consumed by all the metered agriculture pumpsets, both Tatkal connections and regular connections, for all the new connections outside the Tatkal scheme are also supposed to be metered. This will help to dispel the misgivings about the power consumption by the pumpsets.

9) Also, some agriculture connections exist under HT category also. All these connections should have meters. The details of the number of connections – government schemes, non-government connections, their HP/MW, power supply and consumption should also be published by all the DISCOMs.

10) We are apprehensive that the Licensee is using the inflated agriculture consumption figures to hide its inefficiency, and its failure to reduce T&D losses. Their inability to bring down the T&D losses to the limits set by the Commission speaks for this. They

managed to contain distribution losses to 21.03% while the Commission set the target of 19.19%.

11) The filings of the Licensee show that they are taking steps to reign in agricultural consumption of power. These include installation of micro-processor based logic controllers on agriculture feeders (592 Nos. of 33/11 KV Sub-stations), converting 11 KV feeders to single phase (1005 Nos.), and implementation of HVDS system in place of conventional low voltage distribution system in the agriculture sector. We would like to know the magnitude of investments that have gone in to the implementation of these schemes and what are the results of implementation of these schemes.

12) Conversion to HVDS for agriculture sector also raises many other issues. Whether suitable motors and DTRs are available for taking up these scheme. What are the additional investments needed from the farmers' side? What are the lessons learnt in the past from the schemes already implemented in terms of supply of power under HVDS.

13) More than a year back the state government of AP appointed Agriculture Task Force with members drawn from the Government, Licensees, ASCI and some civil society organizations (GO Ms No.4, dated 7-2-2002). The Task Force was expected to come out with recommendations after suitable studies. We would like to know whether this Task Force suggested any alterations to the existing set up. Whether we can have a copy of the Task Force's report.

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NEED TO ENCOURAGE GREATER PARTICIPATION

2.1 Even after four years of regulatory interventions in the state public participation in the proceedings of the Commission is limited. It is high time the Commission takes some proactive steps for increasing public participation. This could include holding the hearings in different parts of the state, conducting workshops to educate the consumers with help of the staff of the Commission and civil society organisations, and seeing that those who appear before the Commission are not victimised by the state.

2.2 Even after four years of the exercise done by the Commission many sections of the population in the state are not aware of the developments in the power sector, do not have an idea about how to participate and enrich the regulatory process in the state. Only hand full of people are participating in the hearings conducted by the Commission. We feel that it is the responsibility of the Commission to take initiative in educating the people of AP on different aspects the reforms and regulatory process. Here we would like to mention that in Karnataka the Regulatory Commission has taken initiative, appointed a separate official to coordinate the programme of education of the people. The result was the Commission there started receiving representations in thousands. We urge the Commission to take similar steps to empower the people of the state. Otherwise the transparency and participation visualized in the AP Electricity Reforms Act 1998 becomes an infructuous provision.

2.3 Besides the participation of the people the issue of transparency is another problematic area faced by the people of the state. The documents prepared for ARR are cumbersome and so huge that ordinary people simply cannot make head or tail out of them. It is simply not possible for the ordinary people to study 10 volumes of documents. It appears these are meant only for experts/consultants. The summaries prepared are also very inadequate and are organized in perfunctory manner. The summaries should communicate the essence of the filings. But even summaries are also prepared in such a manner that it is difficult to arrive at an idea. To be transparent the procedures need to be made simplified.

2.4 The last year hearings also had seen very disturbing scene of TRANSCO and DISCOMs barring its employees from participating in the public hearings organized by the Commission. In the present conditions of total ignorance of the general public on matters related to electricity participation by the employees working in the sector gave a fillip. By banning them from appearing before the Commission the public was robbed of a chance to know some facts. Here we would like to mention that as a judicial body the Commission is empowered to call any one including the employees of the Licensees to

appear before the Commission. Using this power, we urge the Commission to set aside the orders issued by the Licensees to restrain its employees from participating in the regulatory process. The Commission has also to see that the employees thus participating are not victimised. This is also very important because many developments that are taking place in the name of reforms are causing great harm to the welfare of the people working in the sector, also it is affecting the safety of the employees as well as public.

2.5 The reform Act has a provision for the Commission Advisory Committee (CAC) to assist the Commission in its work. We are disturbed to learn that there is no proper representation to different sections of the consumers, particularly domestic and agricultural consumers. We are also disturbed to learn that even the existing CAC is not being convened though the Act provides that it should be convened at least once in three months.

ACCIDENTS

3.1 It makes sad to learn that scores of people are losing their lives because of the negligent and inadequate steps taken in the supply of power. Every year hundreds of crores of rupees are being spent to improve the electricity network. Even after that so many people are losing their lives in accidents related to electricity.

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NON-CONVENTIONAL ENERGY

5.1 Every year total quantity of power purchased from non-conventional sources is increasing phenomenally. While in the year 2002 313 MU of power was purchased from non-conventional sources it is expected to increase to 1802 MU during the year 2005.

5.2 While there is no doubt about the need to promote non-conventional and environmentally friendly source of power, the question is how far these non-conventional source of power are environmentally friendly. These units were given preferential treatment in terms of technical conditions and also high tariff rates. It was reported that many of these units though obtained license to use biomass as fuel they are using conventional fuels like coal to generate power and sell it to APTRANSCO. In some cases they are resorting to environmentally harmful measures like felling trees in the nearby forest area. We request the Commission to enquire in to this before approving power purchases from these units and declare ineligible the units that are violating the environmental and agreement norms. We also request the Commission to impose damages on the units that are violating these norms.

PRAYER TO THE COMMISSION:

We request the Commission

1. To take necessary steps to encourage greater people's participation.
2. To see that fatal accidents do not take place and the victims are properly compensated
3. To see that workers working with the licensees or with the agencies contracted by the Licensees are paid minimum wages
4. To order an enquiry in to the working of the Non-conventional energy
5. To allow the petitioner to be heard in person before the Commission takes any decision on this petition.