

**PUNJAB STATE ELECTRICITY REGULATORY COMMISSION
SCO NO. 220-221, SECTOR 34-A, CHANDIGARH**

**Petition No.59 of 2013
&
Petition No.4 of 2014
Date of Order: 28.11.2014**

Petition No.59 of 2013

In the matter of: Petition on the subject of outsourced meter reading / spot billing

AND

In the matter of: Shri Gurnek Singh Brar, # 1, Ranjit Bagh, Opp: Modi Mandir, Patiala-147001.
Versus
Punjab State Power Corporation Limited, Patiala.

Petition No.4 of 2014

In the matter of: Petition under section 61, 86(1), 57 of Electricity Act 2003 regarding reorganization of distribution organization on functional basis.

AND

In the matter of: 1. Shri Gurnek Singh Brar (Retired SE PSEB), # 1, Ranjit Bagh, Opp: Modi Mandir, Patiala-147001.
2. Shri Padamjit Singh (Retired CE PSEB), # 45, Ranjit Bagh, Opp. Modi Mandir, Patiala

Versus

Punjab State Power Corporation Limited, Patiala.

Present: Smt.Romila Dubey, Chairperson
Shri Virinder Singh, Member
Shri Gurinder Jit Singh, Member

ORDER

Some of the issues raised by the petitioners in these petitions are common. Therefore these petitions are being disposed of through this common Order.

Petition No.59 of 2013

Er. Gurnek Singh Brar has filed the present petition regarding outsourcing the work of meter reading/bill distribution by PSPCL and made following submissions in this petition:

- 1.1 The tariff of PSPCL is determined by the Commission under section 86 (1) (a) of the Electricity Act. 2003. The Commission examines each component of the Annual Revenue requirement (ARR) and thereafter finalises the tariff to ensure realisation of revenue to meet the requirements of ARR.
- 1.2 Heavy financial losses are being incurred by the PSPCL due to the wrong policy of staffing in the distribution wing. Every year the Commission disallows a substantial portion of the employee costs and further issues directions to the PSPCL so as to ensure economy.
- 1.3 The particular element of employee cost covered in this petition is the category of meter readers and bill distributors.

While the employee costs are partly disallowed every year by the Commission, on the other hand PSPCL is not getting the full utilisation / work output from the existing meter readers/bill distributors on its rolls and instead is going for outsourcing this activity thereby incurring employee expenses through the back door causing further losses to PSPCL.

- 1.4 At present, 865 meter readers/bill distributors are posted against sanctioned strength of 2283. Some technical staff has also been diverted to carry out these jobs & as per the assessment of the petitioner, the total number of Meter Readers/Bill distributors is about 1215. One person can perform the spot billing for 4000 connections. Therefore 1215 personnel can handle the work for 48 lac connections which is equivalent to about 65 distribution divisions out of the total 99 distribution division in PSPCL.
- 1.5 Spot billing is being carried out in 81 divisions through outsourced agencies whereas spot/conventional billing is carried out departmentally in 18 divisions. This is a clear case of inefficient and suboptimal utilisation of departmental manpower by PSPCL which needs intervention by the Commission for introducing efficiency and cost reduction in the operation of PSPCL.
- 1.6 Under the system of departmental spot billing using the PSPCL staff on rolls, the concerned meter reader is directly responsible to check and report cases of theft of power / meter tampering / direct hooking in case of single phase and

three phase connections as per ESIM clause 102.19. However, no such obligation or responsibility is put on the outsourced staff deployed on meter reading / spot billing. This will have a serious and direct impact upon the commercial losses and revenue of PSPCL which is a prime factor in the determination and regulation of tariff by the Commission.

- 1.7 In case the meter reading / spot billing is done by PSPCL staff and any connivance in theft of energy case is established then this staff can be severely punished which can lead to dismissal from service. By contrast a worker on contract / outsourcing has no such risk as he is not liable as per terms of his contract. In this way the function of outsourced meter reading / spot billing has become a major ground for unchecked and massive connivance / theft / loss of revenue to PSPCL.

In view of the above submissions, the petitioner prayed that PSPCL be directed to deploy the existing departmental staff to take up the work of in-house meter reading / spot billing for about 65 out of the 99 divisions and to draw up an action plan on time bound basis to phase out / terminate the existing outsourcing contracts for meter reading/ spot billing so that this work is assigned to the staff available within PSPCL. The petitioner also prayed that PSPCL be directed to carry out a massive counter checking of readings taken by outsourced staff and to carryout intensive energy audit of those areas where meter reading / spot billing is outsourced so as to identify the particular areas of high losses which are

resulting from connivance/malpractices by the outsourced staff.

The Commission in its Order dated 28.11.2013 admitted the petition and directed PSPCL to file reply by 19.12.2013. The petition was fixed for hearing on 24.12.2013.

2.0 CE/ARR&TR vide Memo No. 7095/TR-5/607 dated 20.12.2013 submitted its reply and made the following submissions:

2.1 PSPCL denied that there is any financial loss to it because of wrong policy of staffing in distribution wing as the number of employees presently working in field are much less than the sanctioned posts. PSPCL is fully utilizing its employees and outsourcing is being done because of insufficient strength of meter readers and bill distributors. The spot billing for DS/NRS consumers having load up to 20 kW was started in the year 2009 in order to ease out the billing functionalities and for early realization of revenue. But many field officers showed their inability to carry out this work with existing strength of meter readers as more number of meter readers were required for spot billing since time taken to generate and deliver each and every bill on the spot is more than conventional meter reading. Thus outsourcing in 70 DS Divisions out of 98 distribution Divisions has been allowed as per requirement of the field officers.

2.2 There is shortage of ALM, LM, RTM & LDC's as per PSPCL norms and diversion of these employees to perform the work of meter reader/bill distributor affects the work done by these employees. Moreover these employees while performing

duties of meter readers under internal adjustment, do not own the responsibility of their wrong doings with the excuse of lack of experience and knowledge.

2.3 Spot billing of 4000 consumers per month by one person is not possible even in urban areas/cities where population is concentrated and consumer–premises are adjoining to each other. In urban area, spot billing of approx. 2000 consumers per month is possible. In rural areas, spot billing of maximum 1500 consumers per month is possible. As per approved norms, (on average basis) one meter reader is provided for 1750 connections and bill distributor for 2600 connections. After taking the readings, meter reader has to upload the reading data on the e-payment server and complete other allied reports in which lot of time is consumed. Presently in-house spot/conventional billing is being carried out in 28 divisions covering approx 18 lac consumers. For billing these consumers 515 meter readers are required. Spot billing is being carried out only for DS/NRS consumers having load up to 20 KW. All DS/NRS consumers above 20 kW, SP, MS, LS bills are being generated by CBC/CC cells on monthly basis, readings of which are also taken by meter readers on the meter blanks and later these bills are distributed by the bill distributors. Apart from this, services of meter readers are also being utilized for cross checking of readings taken by the employees deployed by the out sourcing agency to avoid wrong billing. Thus the strength of meter readers and bill

distributors as existing is being utilized fully and there is no overstaffing in carrying out this work.

- 2.4 In the divisions where spot bills is being done, services of Bill distributors are being utilized to distribute the bills of SP, MS, LS and DS/NRS consumers having load more than 20 KW, bills of which are generated by CBC/CC. All the bills of DS/NRS consumers generated by CBC cells, in case of conventional billing, are also distributed by bill distributor. Thus there is no under utilization of staff as alleged by the petitioner. For the last so many years large number of employees including meter readers/bill distributors have attained the age of superannuation against whom no meter reader/bill distributor has been appointed. Further where few meter readers are available in a particular Division /Sub-division, they cannot be shifted to places where their services are required due to administrative problems.
- 2.5 PSPCL is committed to provide better service to its consumers, therefore some of its works, which otherwise will be affected due to shortage of staff, are being carried out through outsourcing. Cost comparison has been made for each work before any work order is issued and allotted to any firm. Spot billing through outsourcing has been found profitable and easily controllable compared to in-house billing through regular staff. Spot billing through outsourcing was introduced to bring efficiency and cost reduction for PSPCL.
- 2.6 As per provisions of ESIM clause 84(4)(r), cross checking of 8.33% consumers per month is being carried out where spot

billing is being done by the outsourcing agency. Thus manipulation/malpractice gets detected through this practice by the staff of PSPCL. To keep a check on the billing activities done by the outsourced vendor, the provisions of more responsibilities and deterrents against defaults have been added in the new work orders being issued by the PSPCL. The provision has also been made for lodging FIR against both outsourced meter reader and supervisor of the contractor on detection of tampering of meters/readings manipulation/reading concealment cases besides termination of services of its meter reader. In case of repeated defaults, contract of vendor may be terminated and security deposit/bank guarantee forfeited. Also the Roles and Responsibilities have been defined for Distribution and Enforcement organization to carry out faithfully the work relating to outsourced spot billing done by the firm. Further penalties have also been incorporated in the contract on account of delay in issue of bill, readings not taken, error in recording consumption, incorrect bill generation etc.

- 2.7 Variation registers are being maintained by the sub divisions and in case variation of +/- 25% of consumption as compared to the corresponding month of preceding year is found, the same is investigated. Moreover, key exceptions generated by CBC/CC cells are also monitored. To further streamline the working of outsourced spot billing, provision has been made for taking the meter reading through GPRS/GSM module which enables immediate uploading of billing data on e-payment server and authenticate the personal or staff

taking the meter reading in the field with a objective to reduce the malpractices.

3.0 The petition was taken up for hearing on 24.12.2013 and during hearing, the petitioner submitted its comments on the reply of PSPCL vide letter dated 23.12.2013 and submitted that :

3.1 There are 865 meter readers and bill distributors available for carrying out spot billing and based on norms for spot billing as per prevalent practice in PSPCL of bimonthly meter reading for connections upto 20 KW, this staff is sufficient for 36 Lac connections i.e. around 52 divisions. However, PSPCL have themselves mentioned that spare meter readers cannot be shifted to other divisions due to administrative reason.

3.2 As per ESIM clause 102.19, meter reader is responsible in case of theft of power by any single phase/three phase consumer is detected in his area of operation. However, no such provision exists in any clause of the work orders for private meter reader. The lodging of FIR in case of fraud etc. are generic and PSPCL has not mentioned vide which clause responsibility of out-sourced meter reader is fixed in case of theft of power.

3.3 PSEB Engineers' Association had raised the issue of outsourcing of spot billing in 24 divisions with the PSPCL management during meeting dated 2/7/2013 and it was explained that sufficient staff and spot billing machines are available for carrying out In-house spot billing which was agreed by the management. As such, In-house spot billing

was started in the 12 no. divisions from August, 2013 to November, 2013 and was in progress in six other divisions. However, even after In-house spot billing has been carried out in these divisions, the work is being handed over to an outsourced agency.

- 3.4 PSPCL has appointed a committee under CE to give recommendations regarding re-deployment of bill distributors. Recommendations of the committee be implemented.
- 3.5 There are sufficient no. of allied staff e.g. ALM/LM/RTM/LDC who are performing work of meter reading and their services need to be utilised for carrying out In-house spot billing.

The Commission vide Order dated 27.12.2013 allowed PSPCL to file its response by 14.01.2014 & fixed further hearing on 21.01.2014 & directed that SE/Billing shall remain present during the hearing.

- 4.0 PSPCL submitted its comments vide CE/ARR&TR Memo. No. 5083/TR-5/607 dated 20.1.2014. While reiterating some of its submission made in its letter dated 20.12.2013, following additional points were raised:
 - 4.1 Monthly billing has been introduced in respect of DS/NRS category consumers above 10 kW. The available numbers of 478 meter readers are not sufficient to carry out spot billing in 52 divisions. Most of bill distributors are under-matric and they are unable to operate SBM's.
 - 4.2 In-house spot billing is being carried out in 28 DS Divisions instead of 19 Divisions as stated by the petitioner and it is not possible to carry out in-house spot billing with existing manpower in 52 divisions as stated by the petitioner.

- 4.3 In the past, it is experienced that no exemplary punishment could be awarded to departmental meter readers on account of stiff opposition by Trade Unions in the field. It is specifically mentioned that the outsourced vendor has unearthed 35.7 lac units concealed by departmental meter readers in one DS Division.
- 4.4 The concerned Chief Engineers have shown their inability to continue spot billing through departmental staff in Ropar, Kharar, Mansa, City Nakodar and City Sunam divisions.
- 5.0 The petition was taken up for hearing on 21.01.2014 and the petitioner informed that copy of the comments submitted by PSPCL has not yet been received by him. The Commission vide Order dated 23.01.2014 directed PSPCL to supply the copy to the petitioner, who shall file the response by 13.02.2014. PSPCL was also directed to submit copies of the monthly reports regarding cross checking carried out as per ESIM clause 84(4)(r) introduced. PSPCL was also directed to submit a copy of the report of the committee constituted under CE as submitted by the petitioner in its rejoinder dated 23.12.2013. PSPCL was directed to submit these documents by 13.02.2014. The petition was fixed for hearing on 18.02.2014 & SE/Billing was directed to remain present.
- 6.0 PSPCL vide its Memo No. 558 dated 13.2.2014 received on 18.2.2014 submitted partial information and sought one month time for submitting complete reply. The petitioner vide e-mail dated 17.2.2014 also requested for postponement of hearing. The Commission vide Order dated 19.02.2014, fixed

further hearing on 18.03.2014 and directed PSPCL to file reply by 12.03.2014.

7.0 Meanwhile, the petitioner vide letter dated 13.03.2014 (received in the office of the Commission on 20.03.2014) submitted following additional information:

7.1. A committee constituted by PSPCL headed by Chief Engineer/ South has recommended that as per the feedback from the field officers there was general agreement that outsourcing of meter reading activity be phased out immediately and in House meter reading be rolled out across the board to safeguard company's revenue and keep the revenue activities under its control. The existing meter readers and bill distributors be deployed to carryout in house spot billing. If still there is shortage of staff, the ALM/LM working as meter readers be utilised for the job.

7.2. PSPCL is not implementing the recommendations of this committee for utilising the services of present strength of around 900 meter reader/ bill distributors besides a large no. of ALM/LM/RTM (who are performing the meter reading jobs) for carrying out In-house spot billing in atleast 60 divisions. Instead, In-house spot billing is being carried out in only around 28 divisions. Thus the productivity of our manpower is being wasted and avoidable expenditure is being incurred on outsourcing.

7.3. PSPCL has recently issued a work order for outsourcing of spot billing for another 13 divisions despite availability of adequate manpower which can be regrouped from adjoining divisions for carrying out In- house spot billing in these 13 divisions. PSPCL is thus continuing with the policy of

outsourcing of spot billing and incurring avoidable expenditure and putting unnecessary burden on the consumers of the state.

Petition No. 4 of 2014

8.0 This petition has been filed jointly by Er Padamjit Singh, a retired Chief Engineer and Er Gurnek Singh Brar, a retired Superintending Engineer of erstwhile Punjab State Electricity Board (succeeded by PSTCL and PSPCL under Transfer Scheme w.e.f. 16.04.2010). The petition was admitted vide Order dated 26.02.2014 and was fixed for hearing on 25.03.2014. However during hearing of petition No.59 of 2013 on 18.03.2014, the Commission decided to hear the petition No.59 of 2013 and petition No.4 of 2014 together since similar issues have been raised in the petitions. The hearing of both the petitions was fixed for 07.04.2014 vide Order dated 19.03.2014 passed in Petition No.59 of 2013. Hearing of petition No. 4 of 2014 fixed for 25.03.2014, was thus stood postponed to 07.04.2014. It was further observed by the Commission that information sought by the Commission in petition No.59 of 2013 vide Order dated 23.01.2014 has not been filed by PSPCL and directed PSPCL to file the same by 23.03.2014.

9.0 In petition No.4, the petitioners raised the issue of inordinate delay on the part of PSPCL in implementing functional reorganization of distribution set up causing adverse impact by way of increased employee costs and deteriorated

working affecting consumer service. The main submissions made by the petitioners in this petition are:

- 9.1 Under section 86 (1) (i) of the Act, the State Commission shall specify or enforce standards with respect to quality, continuity and reliability of service by licensees and under section 57 (1) of the Act 2003, the Commission is to specify standards of Performance for a distribution licensee.
- 9.2 Under section 61 (c) of the Act, the Commission is to be guided by the factors which would encourage competition, efficiency, economical use of resources, good performance and optimum investments. By failing to fully implement the functional reorganization of distribution wing of PSPCL, the quality, continuity and reliability of supply is affected. Further, it will make it difficult to achieve Standards of Performance prescribed by the Commission and go against the principle of efficiency, economical use of manpower and good performance.
- 9.3 The Commission in its successive Tariff Orders has been observing that the employee cost of erstwhile PSEB (now PSPCL) is amongst the highest in the country and has been asking the utility to take effective steps to contain the employee cost. Higher employee cost results into higher tariffs to be recovered from the consumers of the State.
- 9.4 The Commission has also notified the Supply Code and Standards of Performance to be implemented by the utility. The consumer services have to be rendered in a specified time frame and there is provision of penalties also.

Therefore, whereas there is shortage of staff in the field, the utility is expected to perform under the guidelines stipulated under the Standards of Performance.

- 9.5 There is an urgent need to find a compromise between shortage of staff, employee cost and performance with efficiency as per Standards of Performance & Right to Service Act etc. Nearly 80-90% of the employee cost of PSPCL is incurred in distribution & its allied wings and this is the area where maximum reforms need to be carried out to reduce the employee cost.
- 9.6 The traditional distribution setup designed on geographical basis i.e. a Sub-Division and Division was performing technical and commercial functions within their area of jurisdiction which was adversely affecting the quality of supply and consumer service. The distribution setup was proposed to be re-organised on functional basis into commercial and technical wings. A pilot project for the city areas was rolled out in Patiala city in August, 2010 and a rural model was rolled out in November, 2010 in Nabha division.
- 9.7 The Board of Directors (BoDs) of PSPCL while considering Memorandum No. 6 dated 18/12/2010 reviewed the performance of these pilot projects at Patiala and Nabha. The para no. 11 of the Memorandum states that :

"the issue was discussed with Director/ Finance in the chamber of Director/ Distribution on 13/12/2010. It was agreed that proposal is beneficial in terms of performance

on commercial and technical front besides saving in manpower on technical and commercial front. The BoDs in their 9/10 meeting held on 28/12/2010 approved to reorganise the present distribution setup on functional basis. CMD/ Director (distribution) were authorised to approve model for each city division/ circle”.

- 9.8 The scheme was rolled out in Patiala, Nabha in 2010, in Amritsar, Jalandhar, Bathinda in 2011 & Samana, Rajpura in 2013. PSPCL had issued Orders for re-organising four more divisions at Moga, Sirhind, Jagraon and Tarn Taran but these have now been held up. Therefore the progress of the rollout of the scheme is very slow during the last two years and only 18 out of 100 divisions have been reorganised on functional basis till now.
- 9.9 As per Directive no. 8 on employee cost in Tariff Order for 2013-14, PSPCL had committed to reorganise the distribution setup on functional basis throughout the State, by June, 2013.
- 9.10 In a meeting with the PSEB Engineers' Association held on 22/11/2013, Director/Distribution informed that further implementation of the functional reorganization has been withheld since some corrections needed to be carried out especially in rural areas.
- 9.11 A committee constituted under Chief Engineer/ South after deliberations with field officers concluded that functional reorganization has yielded successful results in technical and

commercial wings besides improving efficiency with lesser manpower.

9.12 In the ARR petition filed in November 2013, it was stated by PSPCL that functional model of distribution offices in urban / rural areas on a pilot basis has been initiated and after getting encouraging results, the model has been planned to be rolled out in the entire State within 2 years. PSPCL claimed that under this model, when fully implemented, a reduction of about 10 to 12% of the revenue staff is envisaged."

9.13 The implementation of functional model of distribution divisions was envisaged to be introduced in 2010 and completed in two years but after four years, only 18 out of the 100 divisions have been covered under the functional reorganization scheme. At this rate it will take about 10-15 years to complete process.

The petitioners have thus prayed to direct PSPCL to implement the scheme of reorganization of distribution set up on functional basis, within a committed time frame of one year at the most and give an action plan and time table to roll out the scheme in remaining 82 out of 100 divisions of PSPCL.

10.0 The Commission vide Order dated 26.02.2014 admitted the petition & directed PSPCL to file reply by 20.03.2014. The petition was fixed for hearing on 25.03.2014.

Meanwhile, the petitioners filed the following additional submissions vide letter dated 13.3.2014 which was received in the office of the Commission on 20.3.2014:

- 10.1 The distribution set up urgently needs to be reorganised on functional basis into technical and commercial wings. It is reiterated that the conventional distribution set up had been designed on the age old PWD setup wherein sub-divisions were created on geographical basis performing both technical and commercial functions within their area of jurisdiction. These sub-divisions were designed to be self sustaining units since the modern day facilities of proper road network, vehicles, telecommunications, internet etc. were scarcely available during those times. Moreover, the focus during those days was on rapid electrification of the cities and villages and the modern concepts of Standards of Performance and cost cutting in operations etc. was not in focus then.
- 10.2 BOD of PSPCL in their 9/10 meeting held on 28.12.2010, while deciding to reorganise the distribution setup on functional basis in a phased manner have recognised the fact that besides improvement in performance parameters in technical and commercial areas, saving in manpower is achieved in both these areas.
- 10.3 PSPCL constituted a committee vide office order no. 246/Cadre-1 dated 15.03.2013 for recommending norms under the functionally reorganized distribution setup which can lead to approximately 40% reduction in sanctioned manpower due to the fact that under this model, the revenue

and techno-commercial activities are being performed at lesser number of locations. Besides, the technical sub-division have to perform purely technical functions which brings into focus this hitherto neglected area and improves the productivity of manpower thus improving the quality of supply to the consumers.

10.4 If the distribution setup is reorganized on functional basis, the chronic problem of shortage of staff in the field shall be addressed and consumer services shall improve in both technical and commercial areas, besides there shall be reduction in the employee cost. The introduction of technology innovations like SAP in billing and other modules like GIS /SCADA in technical wing shall be more focused and their implementation will be better coordinated.

11.0 PSPCL also filed its reply to the submissions & additional submissions made by the petitioners in Petition No.4/2014 vide CE/ARR &TR Memo. No. 5316/TR-5/619 dated 4.4.2014 which are as under:

11.1 Both the petitioners are retired engineers of PSEB and have experience of neither superintendence in the new model on functional basis nor have any experience of actual working as division in-charge and/or sub-division in-charge in the new model.

11.2 For any organization to change from traditional monopolistic form to a corporate culture (PWD set up to corporate culture) its acceptance at various levels of management in a short period is not possible. Moreover, the manpower planning in

an essential utility like PSPCL requires long term policy decisions which must ensure continuous in-flow of competent and efficient personnel for technical as well as commercial activities so as to implement the modern concept of marketing of electricity.

- 11.3 The petition is based upon the report of the committee which has reached on a theoretical figure of staff-cutting based upon un-realistic mathematical formula which threw up practical difficulties in the offices where this re-structuring has been implemented. So the recommendations of the committee cannot be accepted in toto for PSPCL.
- 11.4 The quality, continuity and reliability of supply is governed by many factors such as availability of qualified manpower, material availability, its backup etc. and denied that failing to fully implement the functional re-organization of distribution wing has adversely affected these parameters.
- 11.5 PSPCL is utilizing its available staff by deploying them in an optimal way to get maximum productivity and efficiency and has therefore successfully implemented the Standard of Performance, Right to Service Act etc. and the process of reforms in the distribution wing is continuously being pursued. The employee cost per unit sold in conventional or functional model are comparable.
- 11.6 PSPCL admitted that as suggested by a core group of engineers, a pilot project was rolled out in Patiala city and in Nabha divisions in 2010 on functional basis. However, further rollout of the model has been withheld due to cogent reasons

as the model was not found suitable for other areas due to feedback received from the stakeholders. The drawbacks of the functional model are:-

- Since there is only one commercial sub-division, consumers have to travel long distances to reach the commercial sub-division to get their applications registered, billing complaints redressed, change of name etc.
- Though the workload of Technical SDOs has reduced on account of transfer of commercial work to SDO/commercial but workload of SDO/commercial has increased to a great extent.
- Responsibility/custodian of the meters/pillar boxes installed cannot be assigned because one pillar box is opened by defaulting amount staff for disconnection/reconnection, MCO staff for change of meter, for release of new connection and technical staff for attending any supply related issue. Line staff cannot be held responsible for any tempering occurring in the pillar box.
- For release of connection of large loads, the involvement of both the commercial and technical staff is required which causes delay due to transit of consumer case from commercial to technical and back many times and responsibility cannot be fixed.
- Miscellaneous works like shifting of lines/ meters, correction of meter readings etc. involve unwanted job flows and result in delay.

- There is lack of co-ordination among commercial & technical sub-divisions.
- It is impossible for commercial sub-division staff to move without vehicle except in city areas.
- Creation of commercial sub-division has increased the shortage of staff. More staff is required to efficiently run commercial activity which was earlier carried out through multi-tasking by the staff.
- The functional model is more successful in the urban areas whereas in the rural areas and semi-urban areas, it is not successful due to increase in beat area.
- The formula for calculating work load for technical and commercial sub-divisions needs more deliberations and discussions with distribution officers/ officials at various levels to arrive at some workable solution.

11.7 The experience of new model was not encouraging as difficulties are being faced by the consumers instead of improvement in service. Lopsided utilization of staff adversely affected efficiency and productivity. So certain corrections are needed which are specific to each division, circle and city/town/ area etc. before further implementation of the functional re-organization can be done.

11.8 A committee constituted by Director/D on 24-2-2014 to examine the performance of city models being implemented in Amritsar, Jalandhar, Ludhiana and Patiala, reported that commercial model implemented in Amritsar, Jalandhar and Patiala is not proper and can be implemented only after implementing technical and commercial innovations which

were pre-requisite for successful implementation of this model. The committee was also of the view that till the manpower constraints and augmentation of distribution system is implemented, the two tier system running successfully in Ludhiana city, should be extended to other cities also.

11.9 Regarding performance of rural model, the second committee concluded that with the functional re-organization, though the commercial sub-division got strengthened but technical sub-divisions suffered on account of increased man power constraints though it was projected that in this model since AEE/Xen Technical could focus more field activities, there is overall improvement in the distribution system. The committee concluded that Nabha commercial model is not consumer friendly.

11.10 Since functional re-organization has failed to give envisaged results so its further rollout has been withheld.

11.11 In reply to the additional submissions made by the petitioners, PSPCL submitted that:

11.12 The age old PWD setup wherein sub-divisions were created on geographical basis has stood the test of time since ages. Even now this set up is relevant considering the convenience of the consumers who can approach the sub-division conveniently and do not have to travel long distances to the commercial sub-division. Since there is co-ordination and accountability amongst the staff of one subdivision, work does not come to a standstill.

11.13 The introduction of technical innovations viz SAP in billing and other modules like GIS/SCADA in technical wing were pre-requisites for re-organization on functional basis. Due to the non-implementation of these support mechanisms, it is virtually impossible to comment on improvement in consumer services with diminished manpower resources.

11.14 The reports of the committee constituted vide office order no. 246/cadre-1 dated 15.03.2013 for recommending norms for exact requirement of manpower is subject to a lot of presumptions like implementation of IT, AMR for billing, multiple bill payment options, successful introduction of bar code readers to reduce the work load of cashiers, opening of customer care centres, vehicle and requisite T & P for complaint handling staff etc. Unless and until these factors are not adhered to, the whole objective of the functional model stands defeated. To fill the gap of meter readers/bill distributors, outsourcing has been resorted to by PSPCL. In compliance to Commission's directives through its various Tariff Orders to reduce employee cost, PSPCL has not made any recruitment of meter readers and bill distributors and is encouraging outsourcing of billing to achieve the desired objective. The committee also observes that norms may be followed only where SAP has been implemented and where SAP has not been introduced, staff norms of traditional sub-division/division may be followed till SAP is implemented there.

12.0 PSPCL vide CE/ARR&TR memo. No. 5319/TR-5/607 dated 07.04.2014 in compliance to Commission's Order dated 19.03.2014 submitted the information regarding cross checking done and penalty deducted in respect of outsourced spot billing vendors. According to this information, PSPCL has carried out 407493 number of cross checking and deducted ₹ 32,61,714/- from the bills of the vendors.

13.0 The petitioners in their letter dated 07.04.2014, made following additional submissions:

13.1 The PSPCL has been repeatedly giving a commitment before the Commission in its annual ARR/tariff petition confirming its intention to implement the functional model of distribution offices. The commitment given by the PSPCL at pages 41 of the tariff/ ARR filing for 2014-15 may be referred. On a similar pattern the PSPCL has been giving its commitment in ARR petitions for FY 2011-12 to FY 2013-14. Giving the commitments year after year under affidavit in the ARR filings and then not implementing the same tantamount to misleading the Commission.

13.2 PSPCL in its reply dated 04.04.2014 has now started questioning the very justification of the functional model. In the space of few months, the PSPCL has changed its stand and started giving its objections to implementing the functional model.

13.3 The functional model has worked successfully in Patiala and the distribution losses has come down from 22.31% in 2010-11 to 8% in 2013-14. This achievement was possible only by

way of segregating the technical functioning from the commercial aspects. The technical wing could concentrate exclusively on these aspects by which the desired results could be achieved. By contrast such result could not be achieved in the Ludhiana model, because the technical wing there is performing techno commercial functions also. Apart from these benefits, the quality of supply and continuity of service to the consumers in Patiala has vastly improved.

13.4 Despite the result achieved in Patiala, it is surprising that PSPCL is not keen to roll out this scheme throughout the State. If PSPCL anticipates any difficulty or problem relating to the rural areas, the model may be amended so that the same can work equally well in rural areas. As PSPCL has admitted that this model can work well in urban areas then there is no excuse for extending this model to improve the consumer services.

14.0 After hearing the views of both the parties during hearing on 07.04.2014, the Commission in its common Order dated 09.04.2014 directed the parties to submit respective detailed presentations on the issues raised in the petition, replies and additional submissions by 27.05.2014 and the date & timing of making presentations before the Commission shall be intimated to the parties subsequently. The petitioner filed the presentation vide letter dated 26.05.2014 and PSPCL submitted the presentation vide CE/ARR&TR Memo. No. 5762 dated 26.06.2014. The Commission directed both the parties to make presentations before the Commission on

16.09.2014. On the request of the petitioners, the date was postponed to 7.10.2014.

15.0 In their presentation, PSPCL highlighted the following issues:

15.1 Divisions/sub divisions in PSPCL are created on the basis of workload norms like effective no. of connections, DT's, length of HT/LT lines and geographical area of control. AE/AEEs acts as an overall in-charge supervising all technical & commercial functions of the area falling under its jurisdiction. The workload has increased two fold, revenue by five times whereas staff has reduced by 2.5 times.

15.2 The re-organisation was recommended with reference to implementation of IT initiative in PSPCL which commenced w.e.f. 5/2010 and the basic objective was to increase efficiency, optimal utilisation of the depleting HR and customisation to IT implementation.

15.3 The assumptions for the proposed set up was that:

- The segregation of functions as proposed will increase working efficiency of technical and commercial sub-division.
- It will ensure optimal utilization of technical and revenue staff.
- Centralisation of techno-commercial and revenue staff at the divisional level, and introduction of IT initiatives shall further enhance the effectiveness of this model .

- One front end may be created later on which shall be integrated with the back end units.
- It is proposed to introduce the scheme at Patiala City and at Ludhiana where the customer care centres are at advance stage of commissioning
- The scheme is proposed to be applied to cities only due to less distance of travelling involved. For rural areas, the present set up shall continue to work. However a separate model for rural areas shall also be developed.
- The technical sub divisions shall perform O&M, construction (for improvement or for release of new connections) and checking/sealing of connection.

15.4 The performance feedback of urban functional model is that there is complaint of Public Inconvenience, lack of coordination between technical and commercial wings, increased area of operation, duality of control and shortage of staff has been further increased. The reasons for non achievement of expected performance are shortage of Staff, non-Implementation of IT & non acceptance by the Public.

15.5 The performance feedback of Rural functional model is that work load of the SDO commercial has increased to a great extent and consumers have to travel long distances for getting their grievances addressed from commercial office. Responsibility of the meters/pillar boxes installed can not be assigned because one pillar box is operated by various

agencies to carry out different jobs. Due to involvement of technical, commercial staff in many activities undue delay in releasing the connections occurs and other miscellaneous works like shifting of lines/ meters, correction of meter readings etc. also get delayed. In case key exception pile up due to non availability of meters, it become difficult for commercial sub division staff to replace them in given time.

15.6 The performance feedback was put before Board of Directors (BOD's) of PSPCL in its 33rd meeting held on 27.05.2014 at Chandigarh. BOD after deliberations decided to constitute a committee of officers to examine all existing models and study the similar functional models of other states and also suggest appropriate and most suitable model that meets requirement of PSPCL. Committee shall submit its report within a period of two months. As per decision of BOD the further action for the implementation of functional model will be taken after the report of committee”.

16.0 In their presentation, the petitioners highlighted the following issues:

16.1 In the conventional set up, all technical & commercial functions are performed simultaneously with more focus on commercial aspects thus ignoring the system up-gradation and other technical functions. This set up require more manpower and shortage of manpower hamper the consumer service.

16.2 First experiment of functional segregation was carried out 20 years back at Ludhiana & Gobindgarh with commercial wing

carrying out revenue functions and issuance of job orders. The technical wing carry out all O&M, Construction & compliance of Job Orders.

16.3 A core group of Distribution Engineers headed by then Member/D during 2009 discussed the reasons for overloaded and worn out distribution network resulting in poor quality of supply and concluded that over the years, the focus of the distribution sub-divisions has shifted to Revenue related matters and Techno-Commercial activities e.g. release of connections, clearance of key exceptions, recovery of defaulting amount etc.

16.4 Since SDO/Sr.XEN have to supervise all the above stated functions, focus on technical activities has become a casualty, seriously affecting quality and reliability of supply. The technical functions generally remain a neglected area in the conventional set up and even in the Two-Tier model at Ludhiana.

16.5 The core group proposed need based changes in the segregation of functions between technical and commercial wings in the existing Two-Tier system operational at Ludhiana and elsewhere to ensure focus on technical functions. The Commercial Wing was entrusted the job of Revenue, issuance and compliance of job orders whereas Technical Wing was entrusted the job of O&M, Construction and Sealing of connections. The segregation of functions was proposed upto Sr. XEN level for bigger cities.

16.6 The modified Two-Tier system for city areas was rolled out in Patiala city in Aug, 2010. The system has achieved very good results in terms of reduction of T&D losses and improvement in quality and reliability of supply. The losses have been reduced from 25% to less than 10% in a predominantly residential city like Patiala.

16.7 A rural model of segregation of functions on similar lines was rolled out in Nabha Division in Oct., 2010.

16.8 A review of the implementation of these models was undertaken by BOD of PSPCL in Dec,2010 and it was observed that

- These models have improved performance in technical and commercial wings besides saving in manpower required in both these areas.
- It was thus decided to rollout these schemes in other divisions as well in a time bound phased manner.

16.9 The committee constituted by PSPCL recommended work load and staffing norms for technical and commercial sub-divisions besides staffing norms. As per these norms, a reduction of 35-40% in manpower is proposed.

16.10 Another committee was constituted under Chief Engineer / South in Aug, 2013 for further recommendations on reorganization. The committee reiterated that division of functions between technical and commercial wings is balanced and creates accountability of staff and officers,

Improvement in productivity of manpower. The Committee further recommended that slight modifications be made depending upon geographical conditions i.e. one or two commercial sub-divisions or sub-office but technical functions should be separated out completely to ensure accountability in both the wings.

16.11 PSPCL has been committing itself for the rollout of the functional models for the last 3-4 years before PSERC and Punjab Govt. But, now during the last few months, Management has withheld further implementation of these models without offering any alternative solutions to the problems facing the utility.

16.12 The petitioners wanted to know the concrete plans of PSPCL regarding shortage of staff especially in rural areas and alternate models to improve efficiency and productivity in technical and commercial wings to achieve Standards of Performance.

17.0 The presentations by both the parties were made before the Commission on 07.10.2014. The Commission observed that in the slide titled 'Staffing with existing and proposed norms under functional set up for PSPCL (Distribution Wing)' the petitioners have given number of posts under column 'New Norms'. The petitioner was asked to provide the break-up adopted to arrive at the proposed number of employees of different categories after functional reorganization. Column 'New Norms' against Meter Reader/BD has been left blank without any remarks/explanation. The petitioners shall

comment on this also. PSPCL was asked to explain how the MRs/BDs posted in the Divisions are being utilized where spot billing through outsourcing has been introduced. PSPCL was asked to explain reasons for not implementing the functional re-organization despite written assurances to implement the proposal. Under the prevailing instructions, MRs have been assigned the job for checking of theft of energy also but the same has not been assigned to outsourced MRs. PSPCL should explain to whom the duty to detect the theft of energy has been assigned. The Commission vide Order dated 13.10.2014 directed the petitioners and PSPCL to file the information/clarification sought by the Commission by 21.10.2014.

- 18.0 The petitioners vide their letter dated 17.10.2014 submitted additional submissions and reiterated that clause 102.19(ii) of ESIM binds the departmental meter readers regarding responsibility to check theft of energy besides taking meter readings whereas outsourced meter readers are not responsible for theft of energy and as such the first man responsibility is eroded in case of areas where outsourced meter reading is carried out. PSPCL during discussion also agreed that the outsourced vendor and his meter readers are not responsible for theft of energy as per the work orders placed on them. The petitioners prayed that PSPCL may be asked to make suitable provision in the work orders on outsourced firms regarding first man responsibility for this critical activity since only the meter readers regularly visits the premises of the consumers. The concept of first man responsibility is applicable for all PSPCL officials/officers who

take meter readings for various categories of consumers i.e. AAE for MS category, AE/AEE for LS category and Sr. Xen for LS consumer with more than 500 kW load.

19.0 In compliance to the Orders dated 13.10.2014, PSPCL vide CE/ARR&TR Memo. No. 5295 dated 22.10.2014 filed the following reply:

19.1 At present, 679 meter readers and bill distributors are working in PSPCL. The services of these meter readers & bill distributors are being utilized for in-house spot billing of 26 divisions, for taking meter reading of DS/NRS for load above 20 kW & SP consumers where outsourced spot billing is carried out and for bill distribution of DS/NRS for load above 20 kW, SP, MS, temporary supply, LS consumers etc.

19.2 Services of manpower are also being utilized to cope up with the work of revenue issues because many posts of revenue clerks are lying vacant. Thus the existing strength of meter readers and bill distributors are being utilized fully in the areas where spot billing is done through outsourced agency.

19.3 BoD's in its 33rd meeting held on 27.05.2014, deliberated the issue thread bare and constituted a committee comprising of senior officers to examine all existing models and study the similar functional model of other states and also suggest appropriate & most suitable model that meets the requirement of PSPCL and to submit the report before mid of Dec-2014. Under APDRP Part-B, the SAP system has been implemented in several towns and being implemented in other towns for which the interfacing of model with SAP system also needs to be examined.

19.4. PSPCL had started the generation & distribution of electricity bills through spot billing since-2009 through outsourced firms. The results of outsourced spot billing had been encouraging and it is expected that transparency, cost effectiveness and efficiency in the billing system shall be achieved viz-a viz in-house spot billing. Recently, PSPCL has introduced android based spot billing system in 13 DS divisions through outsourced agency. Through this facility PSPCL can watch the daily performance of the meter readers, achieve real time online transfer of billing data on e-payment server for immediate payment of bills, instant cross-checking on the functioning of meter readers by supervisory staff/official of PSPCL and better administrative control of PSPCL on outsourced meter readers.

19.5 As far as checking of theft of energy by meter readers, the Supply Code Regulation 36(e) clearly specified the officers responsible for checking the connections and detection of theft of energy cases. Therefore the onus to check the theft of electricity cannot be left on the in-house or outsourced meter readers and true implementation of the regulations can be made with authorized officers only which shall avoid the harassment of the consumers also.

19.6 In case of outsourced meter reading, the appointment of meter readers of proper defined qualifications is done with concurrence of concerned Sr.Xen/DS and in case of failure to perform within the framework, PSPCL can suspend the services immediately whereas these things had never been possible with the in-house meter readers. The past

experience also suggests that hardly any meter reader has been terminated or severely punished on account of default/irregularities. Severe penalties have been provided in the work orders against the meter reader and contractor including lodging of FIRs in case of any embezzlement, concealment or fudging is carried out by outsourced personnel.

19.7 The duties of meter readers of outsourced firm's are incorporated in the work orders keeping in view the field requirements and ESIM/Supply Code regulations. Besides this distribution & enforcement wing has also been asked to carry out the surprise checking/cross-checking of activities of the outsourced contractors.

20.0 Subsequent to the hearing held on 11.11.2014, the petitioners submitted additional written submission dated 14.11.2014. On the issue of outsourcing, petitioners pointed out that there is no specific provision to fix responsibility of outsourced meter readers regarding theft of energy in the work orders placed on the vendors. The contention of the petitioner is that there should be equal responsibility on the outsourced staff as is applicable on the departmental staff in case of theft of energy etc. On the issue of functional re-organization, the petitioners submitted that the Association has taken up the matter with highest authorities of the State and while appreciating the concept of functional re-organization, directed PSPCL to implement it.

PSPCL in its submission vide letter dated 18.11.2014 argued that the petitioners seek to influence the authority of

PSPCL management in taking administrative decisions and accordingly needs to be dismissed. It was also brought out that the matter regarding re-organization at Nabha was raised in Punjab Vidhan Sabha wherein the model was questioned on the grounds of difficulties being faced by the residents of the area. In reply to the Assembly question, it was put on the record of the Assembly that BoDs of PSPCL in their 33rd meeting held on 27.5.2014 at Chandigarh had decided to re-consider the implementation of this model and a 4 Member Committee has been constituted.

The respondent further submitted that various operating parameters/ Standards of Performance required to be achieved by PSPCL have already been fixed by PSERC and it should be left to PSPCL to achieve those and take its own administrative decisions for this purpose rather than imposing particular type of models.

20.1 With regard to outsourcing the work of meter reading/bill distribution, the main issues highlighted by the petitioner is that the Commission after scrutiny of each component of ARR, determines tariff under Section 86(1)(a) of the Act. On the one hand, the employees' cost is partly disallowed by the Commission and on the other hand PSPCL is not utilizing its existing man power in an optimum manner. Although sufficient number of Meter Readers/Bill Distributors and allied staff is available to handle the work of spot billing of about 65 Divisions but PSPCL has out-sourced the work of more than 81 Divisions thus under utilising the existing man power. The departmental Meter Readers are held responsible as per ESIM clause 102.19 if any theft of energy

is detected in their area of operation with respect to all Single phase and 3 phase DS/NRS connections but no such obligation has been put on the out-sourced staff.

21.0 Findings and Decision by the Commission

21.1 Outsourcing of Spot Billing

The petitioner's main prayer is to direct PSPCL to deploy departmental staff for spot billing for optimum utilization of existing man power & in the process phase out the outsourced contracts. The petitioner also prayed that suitable provisions may be added in the work order issued to the out-sourced agencies to fix the responsibility of the out-sourced contractors/employees for theft of energy cases as is applicable in case of departmental Meter Readers.

PSPCL argued that utility is fully utilizing its existing man power and out-sourcing is being done due to insufficient strength of Meter Readers/Bill Distributors. In case other staff like ALMs/LMs/RTMs etc. is diverted for the job of meter reading, such action hampers the work for which such employees have been recruited. PSPCL contested the claim of the petitioner that one person can carry out spot billing of 4000 connections. PSPCL submitted that spot billing is carried out only for DS/NRS consumers with load up to 20 kW and the meter reading/bill distribution for other consumers are being carried out by conventional method for which departmental staff is fully utilized. In addition, Meter Readers are also utilized to carry out cross checking of readings taken by the out-sourced staff. PSPCL submitted that in-house spot billing is being carried out in 28 No. Divisions and with existing strength it is not possible to

extend it to other Divisions. PSPCL claimed that the results of out-sourced spot billing have been encouraging and it will bring transparency, cost effectiveness and efficiency in the billing system. On the other hand, the petitioner quoted a report of the Committee headed by Chief Engineer/South wherein it has been recommended that out-sourcing activities of the meter readings be phased out to safeguard the revenue of the Company. PSPCL did not contest the existence of such a report by a Chief Engineer of the Distribution Wing.

The Commission observed that PSPCL has explained in detail the utilisation of departmental Meter Readers and Bill Distributors for in-house activities. However regarding quality of spot billing being carried out by out-sourced agency, although, PSPCL has claimed that results of out-sourcing are encouraging but has not provided any report by any agency to support its claim. On the other hand, petitioner quoted a report of Chief Engineer wherein question mark on the quality of work of meter reading being carried out by outsourcing agencies has been raised. In view of the conflicting feedback, the Commission directs the licensee to get the performance evaluation done by an independent agency & submit its report by March, 2015. The Commission also caution the licensee that while further rolling out the out sourcing activities, it must be ensured that the existing man power is utilized in an optimum manner for their core business activities rather than assigning them fringe activities just to justify their continuation in that post. In case the existing staff require re-training or re-deployment,

the same may be provided by the licensee to enhance productivity of the available man power.

On the issue raised by the petitioner that there is no specific provision in the work order regarding responsibility of the out-sourced contractors/Meter Readers in case theft of energy case is detected in their area of operation as has been existing in case of departmental employees, PSPCL relied upon the Supply Code Regulation 36(e) wherein assessing officers have been specified to check theft of energy cases. PSPCL's plea that only such officers are competent to check the connections and detect theft of energy cases and this responsibility cannot be left to in-house or out-sourced Meter Readers is merely a legal interpretation of a clause and is devoid of merit whereas measures required to be taken by the utility to check the menace of theft is concerned. The Meter Readers are the eyes and ears of the licensee since they visit each and every premises while taking meter readings and are the best persons to report any suspicion of malpractice going on in the field. The Supply Code regulation mentioned above only specify the authority competent to exercise powers vested under Section 135 of the Electricity Act 2003 to enter, inspect, break open and search any premises where there is reasonable suspicion that theft of energy is taking place including power to examine or seize any document. But it does not debar the licensee to entrust responsibility to any other employee to report any malpractice to the competent authority which may lead to detection of theft of energy taking place in any premises. In Supply Code 2014, a

specific provision in sub-regulation 31.2.2 has been made to fix responsibility of Meter Readers to check the lock of each pillar box/seals of MCBs in case meters are installed outside consumer premises and report any foul play to the supervisory staff. The revenue of the utility needs to be protected by all available means and the licensee should not shy away from its responsibility to take all measures available under the law to stop any mal-practice which may result in leakage of revenue. ***PSPCL is therefore directed to review the matter and take appropriate action to amend the future contracts thereby fixing responsibility of all outsourced Meter Readers at par with departmental employees including theft of power under intimation to the Commission within 30 days.***

21.2 Functional Re-organization of the Distribution set up

With regard to functional re-organization of the distribution set up, the plea of the petitioners is that inordinate delay in implementation of functional re-organization of distribution set up has impacted employee cost and deteriorated working affecting the consumer service. The petitioners pointed out that under Section 61(c) of the Act, while specifying terms & conditions for the determination of tariff, the Commission shall be guided by the factors that encourage competition, efficiency, economical use of resources, good performance and optimum investment. The petitioner claimed that the traditional administrative set up of distribution wing has failed to achieve these goals enumerated in the Act so a Core Group of the utility recommended re-organization of distribution set up on functional lines. PSPCL implemented

this model at Patiala and Nabha in 2010 and various authorities reported satisfactory results after implementation of this model. The petitioners quoted proceedings of the meeting of the Board of Directors of PSPCL held in December, 2010 wherein the performance of these pilot projects were reviewed and also a report of the Committee constituted under Chief Engineer/South to substantiate its claim that re-organization on functional basis had yielded the desired results. The petitioners' argument is that despite repeated assurances to the Commission since filing of the ARR for FY 2010-11, PSPCL has failed to roll out this model as per directions of the Commission and has now virtually stalled its implementation.

On the other hand, PSPCL in its reply quoted a report wherein it has been mentioned that functional re-organization model in the urban area has yielded the results but there are various deficiencies in the model adopted in Nabha Town. The main deficiencies pointed out by the licensee are public inconvenience due to long distance which the consumers have to travel to reach commercial Sub Divns. for revenue related jobs, lack of co-ordination between technical and commercial wings leading to delay in execution of various jobs, increased areas of operation, duality of control, shortage of staff etc. To buttress its claim, PSPCL quoted the findings of the committees constituted by Director/Distribution in Feb.,2014 to study the urban and rural models. In view of feedback by the committees, the Board of Directors of PSPCL in its 33rd meeting held on 27.05.2014 constituted committee of officers to review the

implementation of these models, to study the various models in other States and suggest suitable model for PSPCL.

The petitioners brought out that PSPCL constituted a committee in March 2013 for recommending norms for functional re-organized distribution set up and as per the norms recommended by the Committee, approximately 40% reduction in sanctioned man power has been envisaged besides improvement in quality of supply to consumers. The petitioners claimed that if distribution set up is re-organized on functional basis, the chronic problem of shortage of staff in the field shall be addressed and consumers services shall improve besides reduction in the employees cost. PSPCL in its reply rejected the norms recommended by the committee constituted by the licensee himself on the grounds that the committee had reached at theoretical figures based upon unrealistic mathematical formula, which is not practically possible to implement in the field.

Before going into the merits of the arguments and pleadings made by the parties in this petition, it will be appropriate to revisit the whole issue in the light of the submissions made by PSEB (now PSPCL) before the Commission during processing of various tariff orders in the past and review meetings held in the office of the Commission. Since FY 2002-03, the issue of employee cost always remained in focus in all the Tariff Orders issued by the Commission since it is one of the major component of utility's expenses and any saving on this account has a direct bearing on the tariff in the State. PSEB (now PSPCL) in various tariff filings had time & again assured the

Commission that the licensee is taking various steps to control the employee cost & to increase productivity. From FY 2002-03 to FY 2007-08, the commitments that PSEB (now PSPCL) had made in this regard were ban on recruitments, freezing creation of new posts and constitution of various committees to suggest ways and means to reduce man power. However, these measures were not scientific means to tackle the problem of over-staffing and undertake manpower planning.

During processing of the Tariff Order for FY-2008-09, PSPCL informed the Commission that work for carrying out study on staffing has been entrusted to PwC and the licensee shall be taking appropriate steps to implement the report to tackle the issue of employee cost. The Commission while taking note of initiative, commented that

“ the Commission trusts that the Board will, in the shortest time frame possible draw up a roadmap to bring down these costs to normative levels.”

Although, PwC report was submitted in March, 2011 but no action has been taken by the licensee on the recommendations till date. During FY 2011-12 & FY 2012-13, the feedback received from PSPCL was that the PwC report is under consideration of Board of Directors. The routine explanation now being given by the PSPCL for non-implementation of this report is that man power has already declined below the strength proposed by the Consultants. The Commission in its Tariff Order for FY 2013-14 observed that PwC report was not only to reduce employees' strength but also to increase productivity of existing man power by

suggesting re-deployment and re-training of existing employees. Despite directions by the Commission in virtually all the Tariff Orders since FY 2008-09, PSPCL has not taken any decision in this regard. Although implementation of PwC is not a matter of adjudication in this petition but indicate the casual approach of PSPCL on the subject of employees cost.

PSPCL in its ARR petition for FY 2011-12 informed the Commission about its new initiative regarding re-organisation of distribution set up to increase manpower productivity and bring efficiency in the operations of the utility. PSPCL submitted as under:

*"The petitioner had initiated "Functional model of Distribution offices" in urban / rural areas on a pilot basis in one of the Divisions. **After getting encouraging results, (emphasis added)** the model has been planned to be rolled out in the entire State within 2 years. Presently, model stands implemented in Patiala, Nabha, Amritsar, Jalandhar and Bathinda Divisions. Project involves re-organization of Distribution staff under a refined two tier system. Existing staff will be re-deployed on functional basis for urban areas to handle technical and commercial functions separately. Project does not involve any additional financial liability and only involves re-deployment of existing staff. **Under this model, when fully implemented, a reduction of about 10 to 12% of the revenue staff is envisaged.**"[Emphasis supplied]*

In view of PSPCL's submissions & positive feedback about the model as mentioned above, the Commission directed PSPCL in Tariff Order for FY 2011-12 that the model be replicated across Punjab and a report regarding impact of this re-organization be submitted to the Commission. In the subsequent ARR filings for FY 2012-13 and 2013-14, similar submissions & positive feedback as quoted above were

submitted to the Commission by PSPCL. In the meeting to review the status of implementation of directives, held on 30.04.2012, PSPCL while reiterating positive results of the functional re-organisation, committed to roll out this model all over the State by June, 2013. In the status of implementation of directives ending March 2012, PSPCL submitted that

*“Pilot project for urban and rural areas is already in place. **Keeping in view the positive results of the project,** (emphasis added) re-organization of two more DS divisions (Bathinda, Budhlada) and city areas of three more distribution Circles Jalandhar, City Amritsar and suburban Amritsar has been done on functional basis recently it shall be further rolled out in the State along with SAP project as already committed to Hon’ble Commission. The re-organization of distribution Wing is targeted to be completed by June, 2013” [refer directive no. 7 of TO for 2012-13]*

Again in the status report appearing in the Tariff Order for FY 2013-14, PSPCL while reiterating its comments as reproduced above informed that two more distribution divisions at Rajpura and Samana have been restructured on functional basis. The Commission observed that there is no tangible progress as PSPCL has extended the re-organization to only two more divisions during the year and directed PSPCL to expedite the process in order to complete all R- APDRP towns by 31.12.2013 and remaining by 31.03.2014.

However, for the first time PSPCL during review meeting held in the Commission on 19.09.2013 informed the

Commission that as per the feedback received from some Chief Engineers, the re-organization model in the suburban areas needs to be re-examined in view of the complaints received from the public. The Commission advised that functional set up of distribution organisation is an international practice and its results are positive across the world and Punjab cannot be an exception. However, as per the written submissions now received from PSPCL in this petition, it appears that the licensee is not exploring some mid-course corrections in the model to take care of issues which might have cropped up during its implementation but is actually re-examining the options available for revamping distribution organisation. For more than three years since execution of the pilot project at Patiala & Nabha, PSPCL has been providing positive feedback about the model to the Commission but in the submissions now made by the licensee in this petition, it has tried to make out that there is not a single benefit of re-organisation carried out by the utility since 2010. Such diverse reports about the outcome of the project that too after a period of more than 4 years, is beyond comprehension & cannot be accepted without any evaluation by an independent agency.

The licensee has argued that the sole authority to take such administrative decisions lies with PSPCL management and no model should be forced on the licensee. Commission has no intention to suggest any model of distribution set up but more than one year should have been sufficient for the licensee to take decision about the future course of action which is required to be taken in the interest of the consumers

of the State. The decision in this matter cannot be allowed to linger on and in the process stall the reforms process indefinitely since it will ultimately affect the general public whose interest is required to be protected along with that of utility, by the Commission as per mandate of the Act. The track record of PSPCL in taking timely decisions for tackling the issue of employees cost & productivity as enumerated above does not inspire confidence for speedy resolution of the issue by the utility. The Commission, therefore, directs PSPCL to furnish its final plan for re-organisation of distribution set up along with half yearly targets by 31st January, 2015. The Commission reiterates its Order as contained in para 5.24.4 of the Tariff Order for FY 2014-15.

The petitions are disposed of accordingly.

Sd/-
(Gurinder Jit Singh)
Member

Sd/-
(Virinder Singh)
Member

Sd/-
(Romila Dubey)
Chairperson

Chandigarh
Dated: 28.11.2014