



City Power Johannesburg SOC Ltd

Annual Performance Report 1 July 2012 to 30 June 2013

Registration No: 2000/030051/30

(In terms of Section 121 of the Companies Act

Municipal Finance Management Act, 2003 and Section 46 of the Municipal Systems Act, 2000)



a world class African city



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1. ACRONYMS

Abbreviation/ Acronym	Explanation/ Description
AA	Affirmative Action
ABC	Aerial Bundled Conductor
ADMD	After Diversity Maximum Demand
AFS	Annual Financial Statement
AG	Auditor General
AMR	Automated Meter Reading
AMI	Automated Meter Infrastructure (Smart meter)
BBS	Behaviour Based Safety
BBBEE	Broad Based Black Economic Empowerment
CAIDI	Customer Average Interruption Duration Index. The average outage duration that any given customer would experience in a year. Computed as follows: SAIDI /SAIFI
CAIFI	Customer Average Interruption Frequency Index. Measures the average number of interruptions per customer interrupted per year. Computed as follows: Total number of customer interruptions/customers experiencing one or more interruptions
Capex	Capital Expenditure
CCMA	Commission for Conciliation, Mediation and Arbitration
COJ	City of Johannesburg
DIFR	Disabling Injury Frequency
DoE	Department of Energy
DME	Department Mineral and Energy
DSM	Demand Side Management
EAP	Employees Assistant Programme
EPWP	Expanded Public Works Programme
EWSETA	Energy and Water Sector Education and Training Authority
FBE	Free Basic Electricity
FY	Financial Year
GDS	Growth and Development Strategy
GRAP	Generally Recognised Accounting Practice
HIV	Human Immunodeficiency Virus
HR	Human Resources
HV	High Voltage
IBT	Inclining Block Tariff
IDOCS	Intermediate Documents
IDP	Integrated Development Plan
ISO	Internal Organisation for Standardization
JMPD	Johannesburg Metro Police Department
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	Kilowatt Hours
LLF	Local Labour Forum
LPU	Large Power User
MD	Managing Director
MDMS	Master Data Management System
MOE	Municipal Owned Entity
MRQC	Meter Reading Quality Control
MV	Medium Voltage
MVA	Motor vehicle accident
MW	Megawatts
MYPD	Multi Year Price Determination
NERSA	National Energy Regulator of South Africa
NIHL	Noise Induced Hearing Loss
NRS	National Rationalised Standards
NT	National Treasury
OPEX	Operating Expenditure

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PCons	Public Contributions
R&CRM	Revenue and Customer Relationship Management
RAC	Risk Assurance and Compliance Department
RAT	Remote Access Terminal
RNC	Revenue Nerve Centre
SABS	South African Bureau of Standards
SAIDI	System Average Interruption Duration Index. Total duration for an interruption for an average customer for the year. Computed as follows: Customer interruptions duration/Total number of customers served
SAIFI	System Average Interruption Frequency Index. The average number of times that a system customer experiences an outage during the year. Computed as follows: Customer interruptions/Total number of customers serviced
SANS	South Africa National Standards
SAP	System Application and Production in Data Processing
SCM	Supply Chain Management
SMD	Scrap Metal Dealers
STEP	S ervice Delivery, T ransformation, E xcellence, P erformance
SHEQ	Safety Health Environment and Quality
SLA	Service Level Agreement
SWH	Solar Water Heating
TAT	Turn Around Time
USDG	Urban Settlement Development Grant
VDO	Vehicle Display Output
YTD	Year to Date

2. BACKGROUND

This report presents the performance of City Power for 2012/13 financial year. The City Power performance target for 2012/13 was set by the Board and the shareholder in the Business Plan 2012/13. On 13 December 2011 the Board mandated the Audit and Risk Committee to approve the Business Plan 2012/13. This was done at the Audit and Risk Committee of 17 April 2012.

3. HIGHLIGHTS, ACHIEVEMENTS AND LOWLIGHTS

City Power operates in a fairly complex and challenging environment with competing stakeholder expectations, priorities and various operational challenges.

3.1. *Highlights and Achievements*

City Power has improved on metering issues and clearing of billing errors as part of the War Plan. Over 10 000 faulty meters were identified and replaced or repaired as part of the Metering War Plan.

Below are some more of the organisation's major achievements for the 2012/13 financial year:

- Payment levels at 94.77% for the year.
- Installation of 27 091 solar water heaters (geyser) in various areas including Alexandra, Devland, Lehae, Tshepisoong and Vlaktefontein. The programme will continue in the first quarter of 2013/14 financial year.

Electricity is a very dangerous commodity to work with. For this reason, City Power has always prioritised SHEQ in doing its business. This is evidenced by the maintenance of the DIFR below threshold of less than 1 (actual 0.40).

This is contrasted by one employee fatality and eight public fatalities that have happened during the year. The public fatalities are mainly as a result of illegal connections, thus the company is engaging various stakeholders to combat this situation, including conducting community awareness campaigns to educate the community on the dangers of electricity.

3.2. *Challenges*

The company has faced the following challenges during the year:

- The target for minimising losses has not been met; total losses are 30.13% for the year. Total non-technical losses in rand value for YTD amounts to R1,771 billion. An integrated plan has been developed, which includes the installation of smart meters, the repair of faulty meters and the installation of protective structures. Identified incorrectly programmed meters and adjustments will be completed after 3 months.
- Meter reading targets were not achieved due to inaccessible meters, incorrect addresses, faulty meters and meters that are not updated on the billing system. Overall actual meter readings for the year are 78.05%
- The implementation of the meter reading war plan has focused on prioritising meters with a high contribution to revenue and debtors. Daily meetings are held to highlight performance challenges and advise on how performance can be improved. IDOCS are captured on CoJ SAP. Performance on overall meters read that are within the By-Law compliance has improved to 90%. In response to the public fatalities that have occurred,

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City Power is conducting community awareness campaigns to educate the community on the dangers of electricity.

- The following actions are being taken to reduce theft and vandalism:
 - Replacing overhead copper cables with Areal Bundle Conductor (ABC), which has less copper content;
 - Covering underground cables with concrete (making it difficult for criminals to dig underground cables);
 - Anti-cable theft awareness, by visiting SMD's in the surrounding areas and engaging with the local community; and
 - Coordination and support initiatives are on-going with other law enforcement agencies.

- The public lighting TAT target was not met. The public lighting TAT changed from 10 days to 2 days in October 2012. A War Room has been set up to prioritise issues and improve processes, and as a result the TAT for June 2013 has improved to 4 days.
- The SAIDI, SAIFI and CAIDI performance is adversely impacted by theft and vandalism, damage by external parties, traffic congestion and a largely underground system. City Power is actively working on mitigating the T&V situation. However, unless this is curtailed at a societal level, it will remain to be a huge organisational challenge, and will adversely affect SAIDI. The target setting for SAIDI and its related counterparts will be recalculated via a network reliability study to ensure that the targets set are achievable based on the current network infrastructure.

4.

5. PERFORMANCE MONITORING

The picture below is a synopsis of the City Power Strategy as set out in the business plan 2012/13 which will be used to measure company performance for 2012/13 financial year.

Strategy Map 2012/13



Mission

The mission of City Power Johannesburg SOC is to meet the expectations of our customers and stakeholders by:

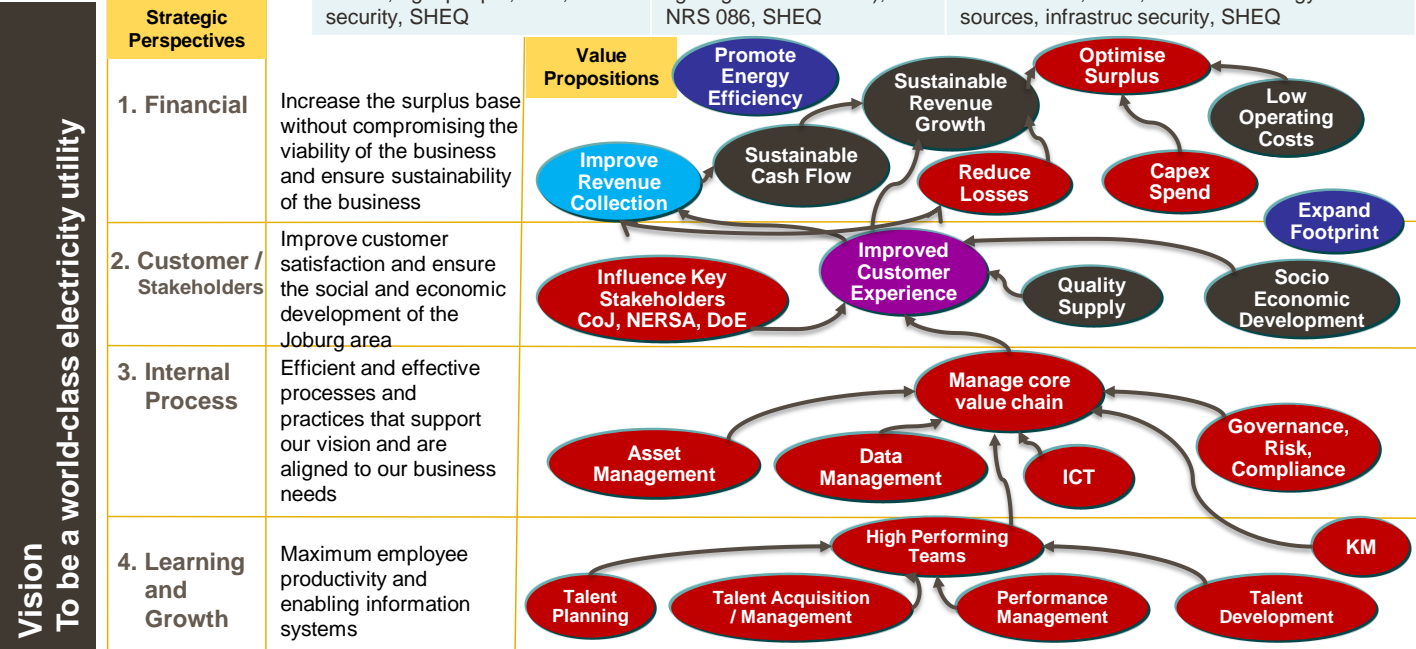
- Providing a sustainable, affordable, safe and reliable electricity supply
- Providing prompt and efficient customer services
- Developing and incentivising our employees
- Being the preferred equal opportunity employer
- Undertaking our business in an environmentally acceptable manner

Previous
Getting the Basics Right
City of Johannesburg
Business of Tomorrow

What Business Are We In?

We are in the business of buying electricity and selling it to customers

People	Service	Infrastructure	Strategic Priorities
Performance mgt, customer centric, right people, T&D, staff security, SHEQ	Social transformation (public lighting / electrification), NRS 086, SHEQ	Network refurb & development, asset maintenance, DSM, alternative energy sources, infrastruc security, SHEQ	



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4.1. Balance Scorecard with Key Performance Indicators and Comments

4.1.1. Financial Perspective

Key Performance Indicator	Unit	2011/12 Actual Baseline (unaudited figures)	Quarter 1		Quarter 2		Quarter 3		Quarter 4		2012/13	
			Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
Net Profit	R'000	1 410 956	187 416	225 375	562 182	457 398	726 393	507 148	-81 525	20 091	1 394 466	1 317 285
Gross Margin	%	36.22	21.19	23.93	38.82	42.67	47.75	44.10	32.76	22.59	34.07	33.72
Total Losses	%	19.31	20.43	20.43	22.42	24.80	24.42	23.37	15.13	26.96	15.00	25.59
Technical Losses	%	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Non - Technical Losses	%	10.31	11.43	11.43	13.42	15.80	15.42	14.37	6.13	17.96	6.00	16.59
Net Cash Flow Position	Rbn	1 191	1 980	914	2 042	1 495	1 870	1 933	1 566	2 705	1 566	2 705
Payment Levels – All Customers	%	92.37	93.00	80.92	93.00	96.52	93.00	88.98	93.00	121.39	93.00	94.77
Reduction of arrear debt	%	New	45.00	0	45.00	0	45.00	0.00	45.00	0.00	45.00	0

City Power has had a mixed performance from a financial perspective and has put interventions in place to ensure improvement going forward. These include:

- An integrated plan, which includes the installation of smart meters, the repair of faulty meters and the installation of protective structures to reduce losses and improve payment levels.
- Co-operation with CoJ on the billing and collection of customer debt by R&CRM.

Impact on City Power

- The creation of customers at COJ impact on City Power in instances where customer meter data is not created timeously. This creates a gap in that customers consume electricity but are not billed due to incomplete data on the system.
- Not all customers are billed at month end due to billing exceptions not fully cleared. This results in City Power not accounting for all the revenue for the month. In addition, customers' tariffs, meter changes and meter readings are changed without following due process.

4.1.2. Customer Perspective

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Key Performance Area	Key Performance Indicator	Unit	2011/12 Actual Baseline (unaudited figures)	Quarter 1		Quarter 2		Quarter 3		Quarter 4		Year to Date		
				Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
Customer satisfaction and responsiveness	Customer Satisfaction Index Consolidated Customers	%	65.00	65.00	66	65.00	66	65.00	66	65.00	56.60	65.00	56.60	
Regulatory Compliance (NERSA) NRS 047 (Quality of Service)	CAIDI	Minutes	368.73	140.00	240.30	140.00	234.38	140.00	269.96	368.00	368.82	368.00	280.00	
	CAIFI	Number	0.08	1.18	0.09	1.18	0.06	1.18	0.05	1.20	0.06	1.20	0.07	
	SAIDI	Minutes	94.98	175.50	255.91	180.50	312.25	180.50	269.77	175.50	515.97	702.00	1 336.57	
	SAIFI	Number	3.08	0.77	1.06	0.77	1.33	0.77	1.00	0.77	1.40	3.08	4.78	
	Faults restoration within the specified time													
	Within 1.5 Hrs	%	30.51	30.00	31.55	30.00	29.77	30.00	25.67	30.00	31.45	30.00	29.35	
	Within 3.5 Hrs	%	73.58	60.00	67.54	60.00	75.32	60.00	66.62	60.00	67.81	60.00	69.14	
Within 7.5 Hrs	%	91.96	90.00	87.34	90.00	86.58	90.00	84.64	90.00	82.23	90.00	84.68		
Within 24 Hrs	%	98.85	98.00	99.20	98.00	99.13	98.00	98.56	98.00	97.52	98.00	98.59		
Regulatory Compliance (NERSA) NRS 048 (Quality of Supply)	Average age of the network	Years	55	53	45	39	39	39	39	39	39	39	39	
Customer satisfaction and responsiveness	Meter Roll out	Number		100	132	1 500	1 925	6 000	0	17 943	17 541	20 000	19 598	
	Meter reading performance	%	98.00	New	75.65	96.00	78.66	96.00	78.58	96.00	79.35	97.00	78.05	
Economic Development & Job Creation	FBE	kWh/ household	150.00	150.00	70.54	150.00	34.34	150.00	36.34	150.00	150.00	150.00	150.00	
Regulatory Compliance (NERSA) NRS 048 (Quality of Service)	After Diversity Maximum Demand (ADMD)	kVA	0	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	
	Energy Mix (Non Eskom)	%	New	6.5	6.5	6.9	7.9	5.8	10.4	5.6	6.4	6.2	7.5	
	Energy Efficiency	MW	New	2.3	0	2.3	0	2.3	0	2.3	0	2.3	0	
Health and Safety	Public Fatalities: Controllable	Number	1	0	1	0	1	0	0	0	0	0	2	
	Public Fatalities: Uncontrollable	Number	3	0	1	0	1	0	2	0	3	0	6	
Health and Safety	Employee job related fatalities	Number	0	0	0	0	0	0	0	0	2	0	1	
Economic Development & Job Creation	Job opportunities created as per EPWP (Expanded Public Works Program) policy: Temporary jobs.	Number	2 333	625	577	875	892	624	1 052	376	699	2 500	3 220	
Households with at least basic services	Number of new electrification customers	Number	5 610	800	2 529	300	0	501	0	1 399	778	3 000	3 307	
Improve Public Lighting	Provision of new Public lights in the formal Areas and Informal Areas	Number	5 164	1 000	762	1 000	726	1 000	993	1 200	2 862	4 200	5 343	

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Customer Satisfaction Index is a survey for consolidated COJ customers which are neither electricity nor City Power specific. City Power is looking at having its own survey that will be electricity specific in the City Power areas of supply.

The organization is using CAIDI, CAIFI, SAIDI and SAIFI to measure customer and system interruption. These KPI's were monitored and measured in the last 3 years to create a company baseline, while benchmarking with other distributors. Therefore the targets were revised during the third quarter. The SAIDI, SAIFI and CAIDI performance is adversely impacted by theft and vandalism, damage by external parties, traffic congestion and a largely underground system. City Power is actively working on mitigating the T&V situation. However, unless this is curtailed at a societal level, it will remain to be a huge organisational challenge, and will adversely affect SAIDI. The target setting for SAIDI and its related counterparts will be recalculated via a network reliability study to ensure that the targets set are achievable based on the current network infrastructure.

Faults restoration within the specified time frame as a percentage of total number of faults reported is one on the NRS047 KPIs that City Power has to comply with. City Power has attained two (2) of the four (4) restoration time categories (3.5; and 24 hours) however this is a decline compared to the last financial year. What makes the 1,5 hour KPI difficult for City Power to attain is the time of the outage and the traffic congestion within City of Johannesburg.

There has been mix performance as there have been 8 public fatalities and 2 staff fatalities. The *Public Fatalities: Controllable* KPI refers to the number of public fatalities due to electricity related incidents caused by City Power. The organisation has staff and contractor training to reduce public fatalities. While *Public Fatalities: Uncontrollable* KPI refers to the number of public fatalities that are mainly due to electrocution as a result of various factors e.g. customer negligence, tampering with electricity installations, attempted theft of infrastructure, etc. City Power is conducting community awareness campaigns to educate the community on the dangers of electricity.

Job opportunities created as per EPWP (Expanded Public Works Program) have been exceeded.

The organisation has not attain the KPI's on the number of new electrification customers and provision of new public lights in the formal Areas and Informal Areas due to capacity challenges from Eskom.

4.1.3. Internal Process Perspective

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Key Performance Indicator	Unit	2011/12 Actual Baseline (unaudited figures)	Quarter 1		Quarter 2		Quarter 3		Quarter 4		2012/13	
			Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
Maintenance of Public lights	%	98.00	85.00	94.99	85.00	91.23	85.00	87.53	85.00	97.13	85.00	98.22
% planned: unplanned maintenance	Index	62.00	65.00	56.62	65.00	49.17	65.00	75.64	65.00	69.14	65.00	63.56
Total number of calls answered in 30 seconds as a percentage of calls received (NRS 047)	%	50.90	80.00	45.25	80.00	56.07	80.00	36.08	80.00	33.11	80.00	26.89
Number of customer complaints/queries resolved per total queries received SAP CRM	%	98.00	90.00	60.01	90.00	55.30	90.00	48.67	90.00	45.28	90.00	45.28
Average time taken for City Power to resolve queries that are referred to them that require investigations (NRS 047)	days	21.75	10.00	1.07	10.00	-0.51	10.00	-1.62	10.00	1.15	10.00	1.15
NRS 048 Compliance – Category 4 - Domestic	%	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
NRS 048 Compliance - Category 3 - Rural	%	100.00	100.00	96.60	100.00	100.00	100.00	95.00	100.00	97.20	100.00	99.47
NRS 048 Compliance - Category 2 - Industrial	%	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Information systems Network availability	%	98.00	98.00	98.00	98.00	99.05	98.00	99.05	98.00	99.05	98.00	98.79
Information systems Applications availability	%	98.00	98.00	99.00	98.00	99.09	98.00	99.09	98.00	99.09	98.00	99.07
Data Recovery at PC level	%	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Data Recovery at Application (Server) level	%	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Attainment of unqualified audit report	Index	Qualified audit report with matters of emphasis, material adjustment and other matters	Unqualified audit with matters of emphasis	Not started	Unqualified audit with matters of emphasis	Not started	Unqualified audit with matters of emphasis	Not started	Unqualified audit with matters of emphasis	Pending	Unqualified audit with matters of emphasis	Unqualified Audit Report
Procurement spend from all suppliers	%	New	140.00	148.65	140.00	146.28	140.00	137.52	140.00	130.78	140.00	141.83
Procurement spend from QSE's or EME's	%	New	4.00	3.67	4.00	9.11	4.00	6.82	4.00	7.79	4.00	7.67
Procurement spend from suppliers that are 50% black owned	%	New	5.00	4.19	5.00	9.97	5.00	8.31	5.00	14.60	5.00	8.72
Procurement spend from suppliers that are 30% black women owned	%	New	2.00	2.04	2.00	3.72	2.00	3.78	2.00	5.03	2.00	3.45
ISO Management System Compliance – SHEQ	Index	Unqualified audit with two minor findings	Unqualified audit with minor findings per accreditation	Not started	Unqualified audit with minor findings per accreditation	Not started	Unqualified audit with minor findings per accreditation	Not started	Unqualified audit with minor findings per accreditation	Unqualified Audit Report	Unqualified audit with minor findings per accreditation	Unqualified Audit Report

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The organisation has done well in this perspective except for performance on plan : unplanned maintenance and the NRS047 targets. On the planned: unplanned maintenance target for the year has not been attained even though the organisation has improved on previous year's performance through the utilisation of condition based monitoring.

NRS047 is a regulatory standard used for the monitoring of quality of service in the South African electricity industry. Meeting and reporting on these targets is imperative for the well-being of City Power's license. The following KPI's are managed by R&CRM as an agent for City Power:

- Total number of calls answered in 30 seconds as a percentage of calls received
- Number of customer complaints/queries resolved per total queries received SAP CRM
- Average time taken for City Power to resolve queries that are referred to them that require investigations (NRS 047)

City Power is working closely with R&CRM to attain performance improvement on these KPIS.

NRS048 is a regulatory standard used for the monitoring of quality of supply in the South African electricity industry. This standard acknowledges that quality of supply requirements differ between customer categories and per network type. City Power has attained these KPIs.

The company has attained and exceeded performance on all of the KPIs that are information technology related, BEE Spend, Engendered Spend, public lighting maintenance and ISO Management System Compliance.

The company has a plan in place to ensure the attainment of unqualified audit report.

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4.1.4. Learning and Growth Perspective

Key Performance Indicator	Unit	2011/12 Actual Baseline (unaudited figures)	Quarter 1		Quarter 2		Quarter 3		Quarter 4		Year to Date	
			Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
Percentage (%) of total grants received back from EW-Seta	%	74.00	55.00	0.00	55.00	0.00	55.00	0.00	55.00	84.64	55.00	19.79
Total number of performance scores based on performance discussions submitted as a percentage of total staff complement	%	79.48	80.00	80.00	80.00	80.00	80.00	0.00	80.00	113.35	80.00	76.54
Signed compacts in place as a percentage of total complement	%	95.00	80.00	0.00	80.00	0.00	80.00	0.00	80.00	23.68	80.00	55.98
Number of voluntary scarce / critical skills separations as a percentage (%) of total number of separations	%	47.05	44.00	0	44.00	0.00	44.00	0.00	44.00	0.00	44.00	0
Loss time rate: Number of all leave days(Sick Leave and Suspension only) x 100 Total work days	%	3.30	2.20	1.70	2.20	1.45	2.20	0.88	2.20	0.90	2.20	1.24
Disabling Injury Frequency Ratio (DIFR)	Ratio	0.51	0.45	0.50	0.45	0.50	0.45	0.45	0.45	0.40	0.45	0.40
Employment Equity (Affirmative Action)	%	79.23	83.00	86.47	83.00	86.34	83.00	86.59	83.00	87.02	83.00	86.60
Employment Equity (Gender Equity Ratio)	%	20.91	22.00	22.85	22.00	22.90	22.00	22.98	22.00	23.06	22.00	23.06
% of People/ Employees with Disabilities	%	2.89	2.00	2.99	2.00	3.00	2.00	2.98	2.00	2.96	2.00	2.88
Number of tasks undertaken to comply with CoJ environmental management framework	Number	6.00	2.00	2.00	2.00	1.50	2.00	1.00	2.00	0.00	2.00	4.00
HIV/Aids workplace interventions executed and achieved the stated results	Number of Projects	1 Program + 9 Projects	1 Program + 2 Projects	3.00	1 Program + 4 Projects	3.00	1 Program + 6 Projects	1.00	1 Program + 7 Projects	0.00	1 Program + 9 Projects	7.00

The organisation has done well in the following KPIs:

- Disabling Injury Frequency Ratio (DIFR). The on-going activities such as continuing enhancement of management practices and development of a safety culture to ensure that all possible accidents are prevented.
- Employment Equity (Affirmative Action).
- Employment Equity (Gender Equity Ratio).
- Percentage of Employees with Disabilities.
- Number of tasks undertaken to comply with CoJ environmental management framework.

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The organisation is reviewing the KPI's and targets for the absenteeism ratios and HIV/Aids programme impact and new KPIs will be used in the next financial year.

4.1.5. Stakeholder Requirement Reporting

Value Propositions	Key Performance Area	Key Performance Indicator	Unit	2011/12 Actual Baseline (unaudited figures)	Quarter 1		Quarter 2		Quarter 3		Quarter 4		Year to Date	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
Effective Financial Management		Direct Costs	C/kWh	-5.50	85.61	79.71	73.35	70.27	67.57	64.28	66.73	63.13	69.93	65.35
		Turnover	R'000	10 908 871	3 610 659	3 649 118	2 845 068	2 606 066	2 838 023	2 456 405	3 088 154	2 843 895	12 381 904	11 555 483
		Opex	R'000	2 137 160	586 705	548 146	586 771	620 428	625 651	595 228	703 415	655 736	2 502 543	2 419 538
		Bad Debts contribution	R'000	705 499	110 926	213 758	105 472	156 969	101 198	144 668	117 405	173 616	435 000	689 011
		CAPEX Controllable	R'000	499 899	79 547	93 679	247 365	127 685	304 348	105 677	330 667	854 932	961 927	1 181 974
		CAPEX Non-Controllable	R'000	203 214	22 951	17 510	39 768	16 950	29 299	36 790	43 163	28 137	135 181	99 387
		Opex spent on maintenance programmes as a % of overall Opex budget	%	8.90	14.50	11.64	14.50	12.83	14.50	12.75	14.50	13.18	14.50	13.98
		Capex spent on network as a percentage of the overall Capex budget	%	92.00	92.68	98.39	95.44	93.84	85.90	92.48	74.25	80.37	85.06	84.80
		% of ME's capital budget spent	%	99.90	100.00	108.48	100.00	50.37	100.00	42.70	100.00	236.22	100.00	116.79
		% Variance against ME's operating budget	%	253.60	0.00	6.57	0.00	0.42	0.00	1.96	0.00	3.32	0.00	3.32
		Reconciliation of intercompany balances with the CoJ	%	100.00	100.00	0	100.00	0.00	100.00	0.00	100.00	0.00	100.00	100.00
		Reconciliation of intra company balances with other ME's	%	100.00	100.00	0	100.00	0.00	100.00	0.00	100.00	0.00	100.00	100.00
		Fully SA GRAP compliant register of assets	%	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Power Outages		HV (High Voltage) Outages – NPR (Network Performance Related)	Number	68	25	16	16	15	17	13	22	13	80	79
		MV (Medium Voltage) Outages – NPR (Network Performance Related)	Number	940	239	284	212	259	210	209	239	212	900	1 046
	Households with at least basic services	Total Number of Customers	Number	423 386	423 386	446 839	423 386	446 059	423 386	446 254	423 386	427 029	423 386	427 029
		Number of active prepaid customers	Number	249 213	249 213	276 958	249 213	276 958	249 213	276 958	249 213	263 163	249 213	263 163
		Number of active billed / invoiced customers	Number	175 173	175 173	169 881	175 173	169 101	175 173	169 296	175 173	167 661	175 173	167 661
	Number of households receiving free basic electricity	Number	3 260	3 260	3 423	3 260	3 666	3 260	3 652	3 260	3 720	3 260	3 720	

The KPIs above are reported for monitoring purposes and not for performance measurement. The different stakeholders need to keep them on the radar as they may impact performance on the first four perspectives e.g. Turnover, Direct Costs, Opex and Bad Debts contribution impact on net profit. This is also the case with Capex and its impact on BEE and engendered spent.

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Controllable and non-controllable capex includes unavoidable and emergency overspend of R191 million for the winter strategy.

5. Capital Expenditure Report

The originally approved City Power capital budget for the 2012/13 financial year is R953 million. However this budget has been revised to R1,097 billion, as a result of the additional budget allocated under both the controllable and the non-controllable portion of the budget. This approved revised budget is inclusive of R399 million worth of loans, R245 million own funding, R192 million DSM funding, R32 million Engineering services contribution and the remaining R229 million is made up of grants and public contributions. Although the revised approved budget amounts to R 1,097 billion it should be noted that there has been additional spending of R191 million, bringing total expenditure for the year to R1,289 billion.

5.1. Analysis of the Capital Expenditure

The expenditure for the year amounted to R1,3 billion compared to the full year revised budget of R1,1 billion. This reflects overspending of R191 million. The reason for the over expenditure was necessitated by the performance of the network and the winter season in terms of unplanned outages due to equipment and cable failure. Approval for the overspend is being sought from the City in accordance with s32 of the MFMA.

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The table below gives a breakdown of all the Capital categories:

Project Detail (By Project)	Total Original Budget for the year	Total Revised Budget for the year	Expenditure for the year	Variance for the year
	R'000	R'000	R'000	R'000
Electrification	54,349	8,712	8,712	0
Service Connections	125,065	70,000	68,343	1,657
Township Reticulation	0	0	2,437	-2,437
Upgrading of Electrical Network	80,553	255,862	276,371	-20,509
Network Development	18,000	39,730	39,396	334
Building Alterations/ Construction	2,211	646	646	0
Office Equipment/Computers	11,617	3,267	3,426	-159
Computer Software	1,864	44,000	44,000	0
Tools and Loose Gear	2,941	3,055	3,291	-236
Plant and Machinery	31,347	41,389	41,389	0
Meters and Load Man	420,000	377,887	557,544	-179,657
Scada	5,000	2,510	2,510	0
Protection	12,700	12,166	12,166	0
Furniture	1,043	303	557	-254
Public Lighting	99,886	115,499	103,781	11,718
Refurbish of Bulk Infrastructure	86,324	102,311	107,506	-5,195
Insurance		20,000	16,461	3,539
TOTAL	952,900	1,097,337	1,288,536	-191,199

5.1.1. Controllable Capex

The year-end expenditure on Controllable capital projects, which are projects funded from CoJ loans, the DSM funding, Grants, own cash and the Engineering Services contributions amounted to R 1,2 billion, which reflects almost R185 million overspending compared to the budget of R 1 billion.

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Controllable Capex

Project Detail (By Project)	Total Original Budget for the year	Total Revised Budget for the year	Expenditure for the year	Variance for the year
	R'000	R'000	R'000	R'000
Electrification	54,349	8,712	8,712	0
Public Lighting	99,886	115,499	102,415	13,084
Electrical Infrastructure	518,553	673,479	869,791	-196,312
Power Systems	17,700	14,676	14,676	0
Other Capex & asset purchases	51,023	92,660	93,309	-649
Refurbish of Bulk Infrastructure	86,324	102,311	103,293	-982
TOTAL	827,835	1,007,337	1,192,196	-184,859

ELECTRICAL INFRASTRUCTURE

R 870 MILLION

Electrical Infrastructure includes the upgrade of electrical networks, network development and meters and load management projects. The budget was expended in projects such as metering, conversion of LV bare conductor to ABC, emergency projects and various upgrades of electrical infrastructure projects. The expenditure for the year amounted to R870 million which is R196 million above the budget of R676 million.

ELECTRIFICATION

R 9 MILLION

The expenditure for the year amounted to R9 million which is in line with the full year revised budget of R9 million.

PUBLIC LIGHTING

R 102 MILLION

The year-end expenditure amounted to R102 million, compared to the year-end budget of R115 million. This reflects an under spending of R12 million. The DoE made money available for the Building Retrofit project, but this project could not start as the procurement process was not finalised in 2012/13, hence the funds are being deferred. It should be noted that there has been engagement with the Department of Energy for the deferment of the funds.

POWER SYSTEMS

R 15 MILLION

Power Systems includes projects relating to the protection of the network. The expenditure includes projects such as the 88 kV protection upgrade projects, power factor correction at Orlando and installation of new IED's in substations. The expenditure for the year amounted to R15 million, which is on par with the budget of R15 million.

BULK INFRASTRUCTURE

R 103 MILLION

The expenditure includes projects such as Sebenza, transformer programme, upgrade of Kelvin - Cydna substations. The expenditure for the year amounted to R103 million compared to the revised budget of R102 million, which is R985 thousand over spent.

5.1.2. Non-Controllable Capex

The non-controllable capital projects are projects which are funded by public contributions and through insurance claims. The expenditure for the year amounted to R96 million compared to the full year revised budget of R90 million. The overspending is as a result of high demand in electricity connections.

Project Detail (By Project)	Total Original Budget for the year	Total Revised Budget for the year	Expenditure for the year	Variance for the year
	R'000	R'000	R'000	R'000
Electrification	0	0	0	0
Public Lighting	0	0	1,366	-1,366
Electrical Infrastructure	0	0	3,520	-3,520
Service Connections	125,065	70,000	68,343	1,657
Township Reticulation	0	0	2,437	-2,437
Refurbish of Bulk Infrastructure	0	0	4,213	-4,213
Insurance	0	20,000	16,461	3,539
TOTAL	125,065	90,000	96,340	-6,340

PUBLIC LIGHTING R1,4 MILLION

The expenditure for the year amounted to R1,4 million as a result of public contributions.

ELECTRICAL INFRASTRUCTURE R3,5 MILLION

The expenditure for the year amounted to R3,5 million as a result of public contributions.

SERVICE CONNECTIONS R 68 MILLION

The expenditure for the year amounted to R 68 million as a result of public contributions. The number of applications was below the initial projections.

INSURANCE R16 MILLION

This category of projects is funded by insurance and the year-end expenditure amounted to R16 million. The number of insurance related claims was below initial projections.

6. CONCLUSION

City Power operates in a fairly complex and challenging environment with competing stakeholder expectations, priorities and various operational challenges. In 2012/13 financial year there has been mixed performance in the company, but the organisation continues to strive for improvement in service delivery and business operations.

