

This inspection report has been prepared on the basis of information provided by Executive Engineer, Electricity Distribution Division, Sitarganj, U.S. Nagar. The office of the Accountant General (Audit) Uttarakhand, Dehradun disclaims any responsibility for any misinformation, non submission or submission of incomplete records.

Audit inspection of accounting records of Executive Engineer, Electricity Distribution Division, Sitarganj, U.S. Nagar for the period April 2015 to March 2017 was carried out in exercise of the power conferred by section 19 of the C&AG, DPC Act 1971 read with section 619(3)(b) of the Companies Act 1956 & section 143 of Companies Act 2013. Audit Inspection was conducted by Shri Vikas Dhyani, AAO and Sunil Verma, Sr. Auditor under the partial supervision of Shri Mukesh Kumar, Sr. AO during the period from 29.05.2017 to 03.06.2017.

### **Part-I**

1. **Introduction:-** The last audit of this unit was carried out by Shri Roshan Lal Sharma, AAO and Shri Ghanshyam Das Pal, AAO under the partial supervision of Shri Sohrab Husaain, Sr. AO in which accounting records of the period from April 2014 to March 2015 were generally examined. In current audit, accounting records of the period from April 2015 to March 2017 were generally examined.

2. (i) **Functions and geographical jurisdiction of the unit:**

The function of the Electricity Distribution Division, Sitarganj, U.S. Nagar is to distribute electricity to all over of Sitarganj town in U.S. Nagar district and keep as well as expand the electricity distribution system to this area. The geographical jurisdiction of the division is within Sitarganj town, U.S. Nagar district.

(ii) **Auditing methodology and scope of audit:**

Electricity Distribution Division, Sitarganj, U.S. Nagar was covered in the audit. Inspection reports of all independent Drawing and Disbursing officers are being issued separately. This inspection report is based on findings of audit and August 2015 & March 2017 month were selected for detailed examination and November 2015 & October 2016 were selected for Arithmetical Accuracy.

(iii)

Year	Revenue	Expenditure	Profit
2015-16	2,35,42,20,527.45	7,75,71,697	--
2016-17	2,57,14,62,243.80	8,34,01,258	--

(To the extent this information is available & applicable)

(iv) Organisation structure of the unit and reporting lines.

The Electricity Distribution Division Sitarganj, U.S. Nagar is an electricity distribution division of UPCL which is officiated by the Executive Engineer.

## Part-II A

### **Para 1:        Avoidable loss of energy in distribution – ` 10.78 Crore**

The main function of the Company is to receive the energy and distribute it among the consumers in such a way that loss of energy in distribution (line losses) should not exceed the norms fixed by the UERC. The distribution loss trajectory approved by UERC is 15.50 *per cent* for the year 2014-15 and 15.00 *percent* for the year 2015-16 & 2016-17. To achieve the norm, UERC also identified some causes due to which there is loss of energy in distribution and suggested remedial measures to achieve the norms in respect of line losses as fixed by it.

The causes and norms for line losses are as under:-

#### **Causes:-**

- (i) Un-authorized extraction of electricity.
- (ii) Defective metering system.
- (iii) Wrong estimation of consumed energy.
- (iv) Non-rectification of defective system in due course.

#### **Measures:-**

- (i) Installation of Electronic meters to control theft.
- (ii) Regular checking of unauthorized extraction of electricity.
- (iii) Rectification of defective system in due course.

During test check of relevant records of the division, it was noticed that there was 20.57 *per cent* in 2014-15, 16.74 *per cent* in 2015-16 and 16.15 *percent* in 2016-17 distribution loss against the permissible limit fixed by the UERC (15.50 *per cent* in 2014-15 and 15.00 *per cent* for 2015-16 & 2016-17). Consequently, division suffered a loss of ` 10.78 crore (by taking average rate per unit of energy).

The detail in this regard has been worked out in the table given below:

Sl. No.	Particular	Year		
		2014-15	2015-16	2016-17
1.	Energy received during the period	638.253	651.119	650.777
2.	Sale of energy	506.953	542.130	545.667
3.	Loss of energy (in <i>percent</i> )	20.57	16.74	16.15
	Loss of energy	131.30	108.989	105.110
4.	Permissible losses (in <i>percent</i> )	15.50	15.00	15.00
	Permissible losses	98.929	97.668	97.617
5.	Avoidable loss of energy in distribution	32.371	11.321	7.493
6.	Minimum cost of energy per unit (Domestic BPL)	1.77	2.74	2.60
7.	Total Avoidable Loss	<b>5,72,96,670</b>	<b>3,10,19,540</b>	<b>1,94,81,800</b>

It is evident from the above that the division failed to control the loss of energy in distribution during the period from 2014-15 to 2016-17. Had the division taken the measures as suggested by UERC then this loss would have been minimized.

Division stated in its reply that checking of unauthorized electricity connections are being made to check theft of electricity. Defective meters are being replaced and overhauling of transformers is also being done. Thus, line loss of the division has been reduced regularly from 20.57 *per cent* in 2014-15 to 16.15 *per cent* in 2016-17. The reply of the division is not convincing as despite the fact that line loss has been reduced from 20.57 *per cent* to 16.15 *per cent* during the period 2014-15 to 2016-17, still the line loss is above the UERC norm. Hence, division should have made more efforts to control the same.

The matter was brought to the notice of the management.

**Para 2: Non recovery of additional Security amounting to ` 3.93 crore**

As per para 2.2.1 of UERC Regulations 2007, security of the consumers should be assessed in end of each financial year in respect of those consumers who have been given the connection for supply of electricity, the security should be equal to average consumption of two month bill of the financial year. In case security reassessed exceeds the amount of security already deposited, the differential amount will be demanded as additional security by given a notice to the consumers within the 45 days. In case the additional security which is not deposited within the stipulated period, the electricity supply of such consumers can be disconnected.

Scrutiny of billing files and other related records of the large & heavy consumers, it was noticed that the average two months bills of consumers exceeded the amount of security already deposited which worked out to ` 3.71 crore in respect of 179 consumers as on 31<sup>st</sup> March 2017. As per circular in question, amount of this additional security was required to be recovered within 45 days i.e. 15 May 2017. This amount should have been recovered from consumers well in time.

Division stated in its reply that notices are issued to the concerned consumers for realization of additional security in each financial year. In 2015-16, additional security amounting to ` 2.44 crore was realized from the concerned consumers. The reply is not convincing as additional security amounting to ` 3.71 crore pertained to the financial year 2016-17 which should have been realized within 45 days i.e. 15<sup>th</sup> May 2017. But the same is still unrealized.

The matter was brought to the notice of the management.

**Para 3: Non recovery of electricity dues from Non-Government Consumers**

Commercial & Revenue manual of Uttar Pradesh Power Corporation (which is being followed by Uttarakhand Power Corporation Limited) provides that in case a consumer does not pay electricity dues against him, within 30 days from the receipt of bill, his connection would be disconnected and demand notice for recovery of electricity dues will be issued u/s 3 of UP Electricity Dues and Recovery Act 1958 for depositing of dues against him within 30 days. In case consumer again fails to deposit the dues in the stipulated period then a recovery certificate (RC) U/S-5 of UP Electricity dues and recovery Act 1958 would be issued through concerned District Authority. All such action for recovery of dues should be completed within Six Months.

During Scrutiny of records relating to electricity dues against Non-Government Consumers (Domestic, Commercial, BPL Private Tube wells and L.T. Industries Consumers), it was noticed that electricity dues has increased from ` 48.91 crore in 2014-15 to ` 51.29 crore in 2016-17 crore as detailed below:

(` In lakh)

Sl. No.	Particulars	2014-15	2015-16	2016-17
1.	Balance outstanding at the beginning of the year	5580.92	4890.97	5484.72
2.	Revenue assessed/Billed during the year	19940.45	24731.24	26027.2
3.	Total amount due for realisation (1+2)	25521.37	29622.21	10623.66
4.	Total amount adjusted/ waived off/ rebate	612.91	188.41	143.32
5.	Amount realised during the year	20017.49	23949.08	26239.88
6.	Balance outstanding at the end of the year (3-4-5)	4890.97	5484.72	5128.72

Thus it is evident from the above that the division was not serious to realize the dues from the consumers. Had the division been serious to realize the dues in question from the consumers and taken action as provided in the Commercial and Revenue Manual, these dues could have been recovered from the consumers.

Division stated in its reply that due to fictitious arrear and non-availability of consumers in the site, huge amount of arrear of different categories of consumers was being reflected. Further, revenue realization of the division has increased from 2014-15 to 2016-17. In addition, actions such as disconnection of defaulting consumers and issuance of notice were also taken by the division to realize the revenue. The reply of the division is not convincing as arrears of non-government consumers have increased from ` 48.90 crore in 2014-15 to ` 51.29 crore in 2016-17 which shows that division's efforts for realizing arrears from non-government consumers were not sufficient.

The matter was brought to the notice of the management.

**Para 4: Non- realization of dues due to inappropriate monitoring of Recovery Certificates - `93.97 lakh**

As per Indian Electricity Act 2003, the payment of electricity dues should be made within due date mentioned in the bill. In case of default, the supply was required to be disconnected after seven days and a demand notice under section 3 of Dues Recovery Act 1958 (giving 30 days' notice) was to be sent. If payment was not received, a Recovery Certificate (RC) under section- 5 of the said act was to be sent to the District Magistrate concerned to recover the dues as land revenue. Proper care was required to be taken that the particulars of the consumers were correct and permanent disconnection was duly finalized so that the RC's could be realized.

The status of unrecovered Recovery Certificates during 2014-15 to 2016-17 in Sitarganj division were detailed below:

**For the year 2014-15**

**` In lakh**

Sl. No.	Particulars	Number	Amount
1.	Opening Balance of RCs which were issued to DM offices for recovery u/s 5 and pending with DM offices as on 01.04.2014.	19	3.68
2.	Number of RCs issued for recovery to DM office against the defaulting consumers under section 5 during the period April-2014 to March-2015	0	0
3.	Number of RCs and amount realized by DM office from defaulting consumers during the period April-2014 to March-2015.	0	0
4.	Number of RCs returned by DM office due to wrong address of consumers, deceased consumer, etc during the period April-2014 to March-2015.	0	0
5.	Number of RCs pending with the DM office due to non-realization as on 31.03.2015.	19	3.68

**For the year 2015-16**

Sl. No.	Particulars	Number	Amount
1.	Opening Balance of RCs which were issued to DM offices for recovery u/s 5 and pending with DM offices as on 01.04.2015.	19	3.68
2.	Number of RCs issued for recovery to DM office against the defaulting consumers under section 5 during the period April-2015 to March-2016	15	39.48
3.	Number of RCs and amount realized by DM office from defaulting consumers during the period April-2015 to March-2016.	0	0
4.	Number of RCs returned by DM office due to wrong address of consumers, deceased consumer, etc during the period April-2015 to March-2016.	0	0



5.	Number of RCs pending with the DM office due to non-realization as on 31.03.2016.	34	43.10
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**For the year 2016-17**

Sl. No.	Particulars	Number	Amount
1.	Opening Balance of RCs which were issued to DM offices for recovery u/s 5 and pending with DM offices as on 01.04.2016.	34	43.10
2.	Number of RCs issued for recovery to DM office against the defaulting consumers under section 5 during the period April-2016 to March-2017	53	65.21
3.	Number of RCs and amount realized by DM office from defaulting consumers during the period April-2016 to March-2017.	01	1.17
4.	Number of RCs returned by DM office due to wrong address of consumers, deceased consumer, etc during the period April-2016 to March-2017.	23	13.17
5.	Number of RCs pending with the DM office due to non-realization as on 31.03.2017.	63	93.97

It was noticed that the 19 numbers of RCs amounting to ` 3.68 lakh were pending for realization in the beginning of April 2014 which increased to 63 number of RCs amounting to ` 93.117 in 2016-17. Had proper action for temporary/permanent disconnection been taken by the division in time against the defaulting consumers, this arrear would not have been accumulated. As a result, the Company suffered a likely loss of ` 93.97 lakh as this amount could not be realized in time. It is also pertinent to mention here that in the year 2016-17, a number of 23 RCs were returned to the division by DM office with the reason that father's name of the defaulting consumers were not mentioned in RCs. This shows that consumers details were not fed correctly in the records of the division. Hence, the chances of recovery of these dues are very grim.

Division accepted the audit observation and stated in its reply that efforts are being made for realization of balance amount of RCs. The RCs in which address/name were not fed correctly were returned to the sub division officers concerned. District Magistrate was also being requested to realize the amount against RCs. As the number of RCs and amount to be realized

has increased more than three times from 2014-15 to 2016-17 and the details of defaulting consumers are not fed correctly, the chances of recovery of these dues is very grim.

The matter was brought to the notice of the management.

### Part-II B

#### Para 1: Energy as well as revenue loss due to theft/pilferage

In order to minimise the cases of pilferage/ loss of energy, Section 163 of Electricity Act 2003 provides that the licensee may enter in the premises of a consumer for inspection and testing the apparatus. As per section 135 of Electricity Act 2003 and Electricity (amendment) Act, 2007, theft of energy is an offence punishable under the said Act.

Audit observed that the division did not fix any target for inspection and testing of apparatus. An analysis of the theft cases and assessments made by the division of the Company during 2014-15 to 2016-17 is detailed below:

(`in lakh)

Name of sub-division	Year of checking	Total number of consumers	Number of checking	Number of theft cases detected	FIR lodged	Amount assessed	Amount realized	Balance
EDSD I Sitarganj	2014-15	72884	16	13	13	6.34	2.10	4.24
EDSD II Sitarganj			4	4	4	0.32	0.29	0.03
Khatima			23	19	19	7.13	2.94	4.19
<b>Total</b>		<b>72884</b>	<b>43</b>	<b>36</b>	<b>36</b>	<b>13.79</b>	<b>5.33</b>	<b>8.46</b>
EDSD I Sitarganj	2015-16	82898	103	94	94	16.45	14.19	2.26
EDSD II Sitarganj			50	39	39	14.56	13.40	1.16
Khatima			57	43	43	8.29	7.49	0.80
<b>Total</b>		<b>82898</b>	<b>210</b>	<b>176</b>	<b>176</b>	<b>39.30</b>	<b>35.08</b>	<b>4.22</b>
EDSD I Sitarganj	2016-17	84850	153	153	153	18.96	13.43	5.53
EDSD II Sitarganj			83	82	82	18.29	15.46	2.83
Khatima			81	79	79	14.41	8.91	5.50
<b>Total</b>		<b>84850</b>	<b>317</b>	<b>314</b>	<b>314</b>	<b>51.66</b>	<b>37.80</b>	<b>13.86</b>

Source: Information compiled from the data provided by the Company

It can be seen that the total number of checking carried out by division ranged between 0.06 per cent to 0.37 per cent of the total number of consumers during the period 2014-15 to 2016-17. It is also pertinent to mention that the percentage of theft cases detected out of total number of checking ranged between 83.72 per cent to 99.05 *per cent* and against the assessed amount of ` 51.66 lakh from the defaulting consumers, ` 37.80 lakh was realized by the division. This shows that substantial detection of theft was noticed in checking and significant amount of revenue was also realized but percentage of checking itself as compared to total number of consumers was negligible. Had the division increased the number of checking in a year, leakage of revenue in the shape of theft could be avoided.

Division accepted the audit observation and stated in its reply that regular checking of consumers could not be done regularly due to shortage of staff. There is only one departmental team in the Rudrapur region for checking. Efforts are being made to increase the number of checking in future and to realize the balance assessed amount due to theft. Instructions are being given to sub-divisional officers in this regard. As substantial detection of theft was noticed in checking and significant amount of revenue was also realized but percentage of checking itself as compared to total number of consumers was negligible, the number of checking should have increased to avoid theft of electricity.

The matter was brought to the notice of the management.

**Para 2: Poor implementation of IT applications for meter reading, billing & collection**

IT implementations includes IT applications for meter reading, billing & collection, energy accounting and auditing. During scrutiny of Consumer meter reading Status ledger of March 2015 to March 2017, the following observations were noticed:

Year	Total number of KCC Consumers	IAMR/Manual done		% of Manual
		IAMR	Manual	
2016-17	877	108	769	87.68 %
2015-16	840	105	735	87.50 %
2014-15	789	140	649	82.26 %

In 2014-15, out of total 789 commercial consumers, Automatic Meter Reading of only 140 consumers (17.74 percent) were being done and meter reading of remaining 649 consumers (82.26 percent) were done manually. However, the position of the same was deteriorated in 2016-17 where AMR of only 108 consumers was done (12.31 percent) and meter reading of remaining 769 consumers (87.68 percent) were done manually. This shows the poor implementation of IT applications in meter reading of KCC consumers.

Division accepted the audit observation and stated in its reply that efforts are being made for meter reading of maximum number of consumers through AMR. Therefore, correspondence is being done with Electricity Test Division, Rudrapur and IT section of UPCL for this purpose. As accuracy in metering and billing of KCC consumers is essential to avoid revenue leakage, installation of AMR in the meters of KCC should have been completed well in time which was not done.

The matter was brought to the notice of the management.

**Para 3 : Non Compliance of UERC Directions**

As per Uttarakhand Electricity Regulatory Commission (Release of new HT & EHT Connections, Enhancement and Reduction of Loads) Regulations, 2008, voltage of supply to an applicant shall be as under:

- |  |        |
|--|--------|
| 1. Load more than 88 kVA and upto 3000 kVA     | 11 kV  |
| 2. Load more than 3000 kVA and upto 10000 kVA  | 33 kV  |
| 3. Load more than 10000 kVA and upto 50000 kVA | 132 kV |
| 4. Load more than 50000 kVA                    | 220 kV |

Provided that applicants shall be allowed to take connection at voltage higher than voltage of supply indicated above.

Provided further that all steel units like Induction/Arc furnaces of Rolling Mills, Re-rolling mills, Mini steel plants, etc., irrespective of load applied for, shall be sanctioned load at 33 KV or above and through independent feeder only.

During scrutiny of records relating to LT/HT consumers, it was revealed that the connection was released on 11 kV Line to an HT consumer namely Kumaon Spat Udyog limited which is a production unit of Steel and comes under the purview of above category. The consumer applied for the load of 500 kVA. The voltage supply of the said consumer should have been sanctioned at 33 kV through independent feeder only but the same was not done by the division. This resulted in violation of UERC Regulation, 2008.

Division stated in its reply that the connection to the said industrial consumer was used for deformed bars, round & square bars & flats and angles. Hence, the connection was released on 11 kv line and there is no violation of UERC regulation. The reply of the division is not convincing as it is clearly mentioned in the records of the division that the connection was being used for the production purpose and a per UERC Regulation 2008, all steal units shall be

sanctioned load at 33 kv or above and through independent feeder. Hence, This resulted in violation of UERC Regulation, 2008.

The matter was brought to the notice of the management.

**Para 4: Non- realization of Initial Security Deposit**

As per UERC norms, UPCL collects security deposit from all categories of consumers at the time of releasing connections. The rate of Security deposit varies on different categories of consumers. During scrutiny of the records, it was observed that there are 29 non-domestic consumers (RTS-2& RTS-7) whom connection have been released without depositing the required security deposit by them. This resulted in non- realisation of Security deposit by ` 5.73 lakh and violation of UERC regulations. The details are as follows:

Sl. No.	Name of the consumer	Consumer No.	Category	Load (in KW)	Security Deposit @ ` 1000 per KW
1.	Govt. Hospital khatima	4354	RTS-2	74	74000
2.	ITI chakepurkhtima	4719	RTS-2	40	40000
3.	Superintendnt. Jail Cam STJ	4767	RTS-2	80	80000
4.	M/s Branch Manager	10139	RTS-2	45	45000
5.	Principal,Gurunanak academy school	14147	RTS-2	10	10000
6.	Incharge, TRH	14200	RTS-2	10	10000
7.	Principal, ATS khatima	14422	RTS-2	19	19000
8.	CharanDass,Kashmirsinghkichha Road	14073	RTS-7	7	7000
9.	Kalyanlal, shiv Prasad, Bara, Sitarganj	13980	RTS-7	8	8000
10.	Suresh Chandra uttamkumarsitarganj	13959	RTS-7	8	8000
11.	GyaniPyara,Sodagarsinghnanakmatta	13934	RTS-7	12	12000
12.	Madan attachakki,khatima	13929	RTS-7	12	12000
13.	Gurnam,Ranjeetsingh,khatima	13922	RTS-7	6	6000
14.	M/s Panjab Eng. Works,gurdyalsingh,nanakmatta	13917	RTS-7	7	7000
15.	Charandass Kashmir singhsitarganj	14073	RTS-7	7	7000
16.	Kalyanlal shiv Prasad bara,sitarganj	13980	RTS-7	8	8000
17.	Suresh Chandra uttamkumarkhatima	13959	RTS-7	8	8000
18.	Gyanisinghsodagarsinghsitarganj	13934	RTS-7	12	12000
19.	M/s Panjab eng.Works,gurdyalsinghnanakmatta	13917	RTS-7	7	7000
20.	Kailash chand,mewa ram khatima	13903	RTS-7	12	12000
21.	Lalta Prasad ram bharosykhhatima	13896	RTS-7	13	13000
22.	M/s Durga traders kichhasitarganj	13746	RTS-7	8	8000
23.	M Mchedda, amardasssitarganj	13784	RTS-7	6	6000
24.	Lal singh, luxmansinghnanakmatta	13865	RTS-7	8	8000
25.	Narayan singh,V.sunkharinanakmatta	13875	RTS-7	8	8000
26.	Karamsingh, khatima	13887	RTS-7	7	7000
27.	M/s Durga Industry Rice mill, khatima	4138	RTS-7	46	46000
28.	M/s Mahavirchand,ravindra rice mill	4164	RTS-7	74	74000

	khatima				
29.	Kabul singh,Sitarganj	9369	RTS-7	11	11000
<b>Total</b>					<b>573000</b>

Division accepted the audit observation and stated in its reply that out of these connections, some are Government connections and some are very old. Initial security of all these connections will be reconciled and intimated to audit. For this purpose, correspondence is also being made with these consumers. Despite the fact that the connection are very old, the division failed to recover/ reconcile the initial security from the said consumers till date.

The matter was brought to the notice of the management.

**Para 5: Poor maintenance of DTR Metering**

Part A of R-APDRP scheme includes Metering of Distribution Transformers and Feeders, and Automatic Data Logging for all Distribution Transformers and Feeders. The main objective is to acquire meter data from selected DTR's, Feeders, HT services, and Boundary meters automatically from remote avoiding any human intervention, monitor important distribution parameters, use meter data for accurate billing purposes and generate exceptions and MIS reports for proper planning, monitoring, decision support and taking corrective actions on the business activities by the management. It will help in reduction in AT&C losses; establishment of IT enabled energy accounting / auditing system, improvement in billed energy based on metered consumption and improvement in collection efficiency.

As per records/details of damaged/bypass DTR metering system installed in Sitarganj and Katima (R-APDRP towns), it was observed that a total number of 123 meters/ modems were installed against which only 92 (74.80 percent) meters/modems were working /communicative. Remaining 31 (25.22 percent) were not working/non-communicative. In Khatima town, the total number of communicative is satisfactory as only 1 meter was non-communicative against the total number of 51 meters installed, but in Sitarganj town, out of total number of 72 meters installed, only 42 meters (58.33 per cent) were communicative and the remaining 30 meters (41.66 per cent) were non- communicative as on 31<sup>st</sup> May 2017 which is beyond control, this will adversely affect accuracy of energy inflow/ outflow and measurements of AT&C losses and shows that one of the basic objective of implementation of Part A of R-APDRP scheme, to record accurate inflow/ outflow of energy, to reduce AT& C losses and to improve revenue collection efficiency was defeated.

Division accepted audit observation and stated in its reply that instructions are being issued to the Electricity Test Division, Rudrapur and sub-division officers concerned to replace defective modems/meters of Distribution transformers in Sitarganj town. However, the reasons of such a huge failure in maintenance of DTR metering were not provided by the division. Had remedial steps been taken well in time, this high rate of failure of defective modems/meters could be controlled.

The matter was brought to the notice of the management.

**Para 6: Non-compliance of UERCs directions in respect of replacement of Mechanical meters and writing off of Ghost consumers.**

UERC issued (05.04.2016) directions to UPCL to replace all existing mechanical meters by static or electronic meters by 31.12.2016 and to write off ghost/ fictitious/ non-existent consumers from its billing data base.

During scrutiny of the records, it was observed that as on March 2015, 4751 mechanical meters were pending for replacement at division level which were reduced to 3612 meters as on March 2017 but still a huge number of Mechanical meters is yet to be replaced. All the mechanical meters should have been replaced by 31.12.2016 as per UERC directions as replacement of mechanical meter with static/ electronic meter is essential for reduction of line losses and for improving billing and revenue collection efficiency. Further, as on March 2017, total number of Ghost consumer was 182. The same should have been written off well in time which was not done. This resulted in violation of UERC order.

As per Circular dated 12 February 2004 on Rate Schedule of the Company, effective from 20 September 2003, all the defective meters of the consumers should be replaced within 3 months failing which concerned Executive Engineer (Test) and concerned SDO (Distribution Division) shall be held responsible equally. During scrutiny of some selected cases of IDF meters of RTS-2 & 7, it was noticed that there were 13 number of consumers in the period 2014-15 to 2015-16 whose metering were reported defective more than five times. The metering of consumer namely SDE Telephone at EDSO Sitarganj II were defective for 11 months i.e. February 2016 to December 2016. The metering of another consumer namely Amriya Ice Company at EDSO Sitarganj I were defective for 8 months i.e. November 2015 to June 2016. The metering of



consumer namely M/s J S Poultry Fedd (RTS-7) at EDSD Sitarganj II were defective for 7 months i.e. December 2015 to June 2016. The metering of another consumer namely Indus Tower at EDSD Sitarganj I were defective for 9 months i.e May 2014 to June 2014 & March 2016 to September 2016.

Division accepted audit observation and stated in its reply that as compared to March 2015, in March 2017 a number of mechanical meters were replaced with electronic meter. Also non replacement of defective meters is due to shortage of staff. The work of replacement of meter is done by Test division. Hence correspondence regarding replacement of mechanical meters and defective meters is being made with the Test division. Had the division taken steps and coordinated with Test division well in time to replace mechanical/defective meter, revenue leakages due to defective billing could be avoided.

The matter was brought to the notice of the management.

**Para 7: Non verification of consumers**

- Sitarganj division distributes power to a total number of 84850 consumers of different categories as on March 2017. Out of which 19467 consumers (22.94 per cent) were of BPL category. UPCL releases power connection to BPL consumers at minimum tariff (subsidized rate per unit) fixed by UERC time to time. However, once the connection was released to a BPL consumer initially, after a specified period, verification of consumer's status (whether the consumer has been updated to APL or not) was not done despite having a substantial percentage of them. These consumers should be verified periodically so that undue benefit of subsidized tariff to an unentitled consumer could be avoided and revenue realisation can be improved.
- As per rate tariff of UPCL approved by UERC, If consumers installs and uses solar water heating system, rebate of ` 100 per month for each 100 litre capacity of the system or actual bill for that month whichever is lower shall be given subject to the condition that consumer gives an affidavit to the licensee to the effect that he has installed such system, which the licensee shall be free to verify from time to time. If any such claim found to be false, in addition to punitive legal action that may be taken against such consumer, the licensee will recover the total rebate allowed to the consumer with 100 % penalty and debars him from availing such rebate for next 12 months. It was noticed that division gave solar rebate to two consumers in last three years amounting to ` 4,24,000 but any evidence of periodic verification of said consumers made by the division was not available in

the records during 2014-15 to 2016-17. Thus, chances of undue benefit of such rebate to an unentitled consumer and leakages in revenue cannot be ruled out.

Division accepted audit observation and stated in its reply that instructions to sub-divisional officers are being issued regarding verification of BPL consumers and consumers having solar water rebate. Letters are so being issued to the consumers having solar water rebate for submitting affidavit for the same every year. These steps should have been taken well in time to avoid leakage in revenue realization.

The matter was brought to the notice of the management.

### **Part III**

(In this part, detail of unsettled paras of previous inspection reports to be reported in below given format.)

Details of unsettled paras of previous inspection reports:-

<b>Sl. No.</b>	<b>Period</b>	<b>Part II-A</b>	<b>Part II-B</b>
1.	07/2006 to 06/2007	01	1,2,3,4
2.	07/2007 to 09/2008	-	1,2,3,4
3.	10/2008 to 3/2011	01	04
4.	4/2011 to 3/2012	02	1,2,3,4
5.	4/2012 to 3/2014	1, 2	1,2,3,4
6.	04/2014 to 03/2015	01	1,2,3,4

Compliance report of unsettled paras of previous inspection report-

Inspection report period and number	Para No. Audit observation	Compliance report	Comments of Audit Party	Remarks
-	-	-	-	-

**Part IV**

**Best practices of the unit**

NIL

**Part V**

**Acknowledgement**

1. Office of The Accountant General (Audit) Uttarakhand, Dehradun expresses gratitude towards Electricity Distribution Division, Sitarganj, U.S. Nagar and their officers and employees for promptly providing desired documents and information including infrastructure related co-operation during the course of audit.

**Though following documents were not produced during audit:**

NIL

2. **Persistent irregularities.**

NIL

3. **The following officers held the charge of head of the office during the audit period:**

<b>Sr. no.</b>	<b>Name</b>	<b>Post</b>
(i)	Shri Imtiyaz Ahmad, (last audit to 30.06.2016)	Executive Engineer.
(ii)	Shri V. K. Pandey, (01.07.2016 to 31.10.2016)	Executive Engineer.
(iii)	Shri Imtiyaz Ahmad, (01.11.2016 to till date)	Executive Engineer.

Minor and operational irregularities which could not be resolved at the time of audit and have been included in Temporary Audit Note with the request that the compliance report on the same may be sent to Sr. DAG/DAG (concerned sector) within one month of receipt of the letter.

**Sr. AO/ES-I**