

This inspection report has been prepared on the basis of information provided by Executive Engineer, Electricity Distribution Division, Tehri, New Tehri. 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, Tehri, New Tehri for the period April 2016 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 A P Singh, AAO under the supervision of Shri Amit Kumar Mishra, AO during the period from 19.06.2017 to 24.06.2017.

Part-I

1 **Introduction:-** The last audit of this unit was carried out by Shri Ghanshyam Das Pal, AAO and Shri Robince Kirtaj, Auditor under the supervision of Shri Sohrab Husain, Sr. Audit Officer in which accounting records of the period from April 2015 to March 2016 were generally examined. In current audit, accounting records of the period from April 2016 to March 2017 were generally examined.

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

The function of the Electricity Distribution Division, Division, Tehri, New Tehri is to distribute electricity to rural area of Division ,Tehri, New Tehri district and keep as well as expand the electricity distribution system to this area. The geographical jurisdiction of the division is within area of Division, Tehri, New Tehri.

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

Electricity Distribution Division, Tehri, New Tehri 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 June 2016 month was selected for detailed examination and October 2016 was selected for Arithmetical Accuracy.

(iii)

(In `)

Year	Revenue	Expenditure	Profit
2016-17	605459405.80	98870927.00	--

(To the extent this information is available & applicable)

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

The Electricity Distribution Division, Division, Tehri, New Tehri is an electricity distribution division of UPCL which is officiated by the Executive Engineer.

Part II A

Para 1: 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, it was noticed that electricity dues has increased from ` 1553.44 Lakh in the beginning 2014-15 to ` 2416.00 lakh in 2016-17 as detailed below:

(` In lakh)

Sl. No.	Particulars	2014-15	2015-16	2016-17
1.	Balance outstanding at the beginning of the year	1553.44	1944.25	2327.44
2.	Revenue assessed/Billed during the year	5225.60	6153.74	6290.26
3.	Total amount due for realisation (1+2)	6779.04	8097.99	8617.70
4.	Total amount adjusted/ waived off/ rebate	159.76	205.52	144.54
5.	Amount realised during the year	4675.03	5565.06	6057.16
6.	Balance outstanding at the end of the year	1944.25	2327.41	2416.00

It is evident from above table that there is increase in arrears of Non Government consumers over the period from 2014-15 to 2016-17. As per the records provided by the division there is marginal difference in closing and opening balance of arrears in 2015-16 and 2016-17 Division should make more efforts for realizing the arrears. Division accepted the audit observation and stated that appropriate action has been carried out against the defaulting consumers for early realization of arrears. Although, division accepted the audit observation but the fact remains that the arrear of the division has increased over the period and division should take appropriate steps to check the same.

Para 2: Non recovery of additional Security amounting to ` 2.82 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 giving 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.

During scrutiny of billing files and other related records of the KCC consumers, it was noticed that the average two months bills of consumers exceeded the amount of security already deposited. Additional security amounting to ` 2.82 crore from 272 KCC consumers (enclosed) were pending from March 2017 and has not been recovered till date. As per circular in question, amount of this additional security was required to be recovered within 45 days. This amount should have been recovered from consumers within the stipulated period which was not recovered. Division replied that notices have been issued to the consumers with pending additional security. Reply of the division is not convincing as the said security should have been realised during 2016-17 which is still pending.

Para 3: Avoidable loss of energy in distribution – ` 25.54 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 *per cent* 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 line losses were 35.31 *per cent* in 2014-15, 28.71 *per cent* in 2015-16 and 27.52 *per cent* in 2016-17 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, the Company suffered a loss of ` 25.54 crore (by taking rate per unit of domestic category).

The details 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	241.677	229.775	226.281
2.	Sale of energy	156.333	163.809	163.913
3.	Loss of energy (in <i>per cent</i>)	35.31	28.71	27.52
	Loss of energy	85.344	65.966	62.368
4.	Permissible losses (in <i>per cent</i>)	15.50	15.00	15.00
	Permissible losses (in units)	37.459	34.466	33.942
5.	Avoidable loss of energy in distribution	47.885	31.530	28.426
6.	Average cost of energy per unit	2.30	2.40	2.45
	Total Avoidable Loss	110135500	75672000	69643700

It is evident from the above that the division has marginally decreased their line loss of energy during the period from 2014-15 to 2016-17. Despite such huge energy loss scrutiny of

records of the division revealed that there are 143 consumers of RTS 1 ,RTS 2 RTS 3 RTS 6 RTS 7 and RTS 8 categories which have arrear amounting to ` 55960529 crore and the arrear is pending for 31 to 1771 days Had the Company taken the measures as suggested by UERC then this loss would have been minimized.

The reply of the para was not provided by the division.

Part II B

Para 1: Non- realization of Revenue from Government consumers

The purpose of establishing distribution division in different parts of the State is to provide electricity to the consumers of different categories. One of the most important functions of the division is to realize electricity charges consumed by the consumers. The realisation as per the targets fixed by the UPCL is intimated monthly to the division indicated efficiency of the division and good financial health of the UPCL. The revenue collected/ realised by the division is intimated through monthly commercial diary of the distribution division.

The revenue collection efficiency of the Company lies in realisation of the billed and assessed energy as well as outstanding dues of electricity. The revenue from sale of energy is the main source of income of the Company. Therefore, prompt and effective collection of revenue assumes great significance. The details of delayed payment surcharge from Government consumers which could not be realized by UPCL during the years 2014-15 to 2016-17 are given below:

(` In lakh)

Sl. No.	Particulars	2014-15	2015-16	2016-17
1.	Balance outstanding at the beginning of the year	779.47	850.73	1104.09
2.	Balance outstanding at the end of the year	850.73	1104.14	1298.97

Source: Information compiled from the data provided by the Company

It is evident from above that the arrears related to delayed payment surcharge were increased from ` 850.73 lakh in 2014-15 to 1298.97 lakh in 2016-17 but huge arrear in respect of delayed payment surcharge is yet to be realized. Division should make sincere efforts and raise the matter with top management and HoD of the departments for early realization of the same. Division stated in its reply that only delayed payment surcharge of government consumers is pending and division is pursuing this with the Headquarter for the adjustment of the same. Reply of the division is not convincing as there were no documents on record to show that division is pursuing the matter further the fact remains that delayed payment surcharge amounting to ` 1298.97 is pending for recovery.

Para 2: Non- realization of dues due to inappropriate monitoring of Recovery Certificates ` 36.21 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 concerned District Magistrate 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 RC's could be realized.

The status of unrecovered Recovery Certificates u/s 5 during 2014-15 to 2016-17 (upto January 2017) was 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.	79	13.47
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	-	-
3.	Number of RCs and amount realized by DM office from defaulting consumers during the period April-2014 to March-2015.	-	-
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.	-	-
5.	Number of RCs pending with the DM office due to non-realization as on 31.03.2015.	79	13.47

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.	79	13.47
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	-	-
3.	Number of RCs and amount realized by DM office from defaulting consumers during the period April-2015 to March-2016.	-	-
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.	-	-
5.	Number of RCs pending with the DM office due to non-realization as on 31.03.2016.	79	13.47

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.	79	13.47
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	109	21.10

3.	Number of RCs and amount realized by DM office from defaulting consumers during the period April-2016 to March-2017.	15	1.64
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.	-	-
5.	Number of RCs pending with the DM office due to non-realization as on 31.03.2017.	203	36.21

Despite the fact that division has more than seven thousand stop billing/No billing cases it had not issued RC u/s 5 in 2014-15 and 2015-16. Division issued 109 numbers of RCs u/s 5 amounting to ` 21.10 lakh in 2016-17. No amount had been realized by District Authorities from 2014-15 and 2015-16. During 2016-17 District Authorities realised only 1.64 lakh from 15 consumers. Division had not made any correspondence with District Authorities to realise the amount of RCs. Had proper action for temporary/permanent disconnection been taken by the Company in time against the defaulting consumers this arrear would not have been accumulated. Division replied that RCs are to be recovered by district authorities and no action on their end is required. The reply of the division is not convincing as division should have raised the matter of pending recovery with the district authorities regularly and also with the higher authorities so that such blocked amount could be recovered.

Para 3: 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 55 consumers of different categories to whom connection have been released without depositing the required security deposit. This resulted in non- realisation of Security deposit by ` 55.69 lakh and violation of UERC regulations. The details are as follows:

Sl. No.	No. of consumers	Category	Load (in KW)	Security Deposit @ ` 1000 per KW
1.	02	RTS-1 Domestic @ ` 400 per KW	110	44000
2.	53	RTS-2,6,7 & 8 @ ` 1000 per KW	5525	5525000
	Total			5569000

It is evident from above table that division failed to collect the security amount at the time of releasing connections to above consumers. Division replied that no connection is released without initial security and the error may be because of typographical mistake. Reply of division is not convincing as it could not produce any document showing deposit of initial security of the above mentioned consumers.

Para 4: Delay release of new connection

UERC LT Regulation 2013 inter alia provides that “The licensee shall be under obligation to energize the connection through a correct meter within 30 days from the :

(a) date of Application if no defects or outstanding dues are found.

(b) date of intimation of removal of defects or liquidation of outstanding dues or the date of”

As per the LT regulation a penalty on the division will be imposed at the rate of ` 10 per day on per ` 1000 of the amount deposited by applicant subject to maximum of ` 1000 for each day of delay.

Audit also noticed Uttarakhand Pay Jal Nigam applied for a connection under Havel Ghati pumping payjal yojana (load 810 KW) and deposited security amount of ` 801000 in March 2012 Uttarakhand payjal nigam applied for one more connection under Ghantakaran payjal yojana (load 1493KW)and deposited security amount of 1493000 in March 2015. Despite passage of more than five years from the date of deposit of security amount in case of Havel ghati and two years in respect of Ghantakaran division failed to release connections to these consumers. These connections were not applied online, when these connections will be linked to online system it may attract a penalty of 18,25,000.00 upto march 2017 for Havel Ghati and 7,30,000.00 for Ghantakaran

Also, the scrutiny

of the records of the divisions for 2015-16 to 2016-17 revealed the following:

Year	No. of cases where connection were released beyond stipulated time	Amount of Penalty (` in lakh)
2014-15	71	2.02
2015-16	243	1.79
2016-17	173	2.26
Total		6.07

It is evident from above due to delay in release of connection in 2014-15 to 2016-17 division incurred an avoidable expenditure in form of penalty amounting to ` 6.07 lakh. The reasons for the delay may be intimated to audit. Division replied that the penalty calculated by division is only notional and actual penalty is not to be deposited further the connection to Payjal consumers were delayed because of the problem of forest clearance. The reply of division is not convincing because the penalty is calculated on the division as per the LT regulation of UERC and it is the responsibility of UPCL to release connection to the consumers within the prescribed time.

Para 5: Non replacement of defective meters

The Electricity supply code Regulation 3.1.4 provides that ,If the meter is not recording/stuck as reported by the consumer, the Licensee shall check the meter within 30 days of receipt of complaint and if found stuck or identified as defective (IDF), the meter shall be replaced by the Licensee/consumer, as the case may be, within 15 days thereafter, also all new case of defective meters namely ADF, RDF or IDF, if any, shall necessarily be rectified within a maximum period of 3 months.

Scrutiny of the billing records of the division revealed that division has billed 8075 consumers on IDF basis out of 83319 consumers i.e. 9.70 percent. It was also observed that the bills of the consumers were defective in the range of 1 to 86 months.

During the period of defect the consumer is billed on the basis of assessment of average billing of past three billing cycle and not on actual energy consumed as the same cannot be recorded in absence of correct meter. The chances of taking the benefit in form of above average consumption of consumer during IDF billing cannot be ruled out as UPCL has no mechanism to check the actual consumption during period of IDF billing. The absence of co-ordination between the Test Division (responsible for replacement of Defective meter) and Distribution Division results in heavy recurring loss to the company and undue benefit to the consumers. Division replied that it is the responsibility of test division to change the defective meters in prescribed time. The reply of division is not convincing as it is the joint responsibility of test division as well as distribution division to change the defective meter in time. The power consumption of consumer during the period of defect could not be known to be division therefore loss due to under assessment of consumption could not be ruled out in such cases.

Para 6: Poor quality of billing

As per General Conditions of Supply Code, 2007 the meter shall be read once in every billing cycle. The Licensee shall ensure that meter readings are regularly entered in a card/book kept with the meter of each consumer. Each such entry should be made and initialled by the meter reader. In case of complaints of incorrect billing,

entries made in the past in such cards/note books should be considered sufficient evidence for deciding the matter. **Time of Day (ToD) meters, wherever installed shall be read only through Meter Reading Instrument (MRI).**

Audit noticed that MRI was due for 182 connections in 2014-15 186 in 2015-16 and 210 in 2016-17 against which division was able to do MRI of 139 connections, 145 connections and 180 connections respectively. The shortfall was in the range of 14 percent to 23 percent.

In the Tariff order of 2016-17 UPCL has stated that installation of AMR meter is one of the essential requirement for reduction of line losses also UPCL has committed that all connections upto 5 KW shall be billed by AMR meters. Audit noticed that out of total 737 KCC consumers Automatic Meter Reading of only 64 consumers were being done in 2014-15 and meter reading of remaining 673 consumers were done through Non IMAR. Similarly in 2015-16 out of 752 KCC Consumers IAMR was done for 61 consumers and remaining 691 were billed through Non IAMR. In 2016-17 out of 769 KCC consumers IAMR was done for 71 consumers only and remaining 698 consumers were billed through Non IAMR. The IAMR process of billing records electricity consumption of consumers and sends the same using SIM and Modems to a server for real time recording power consumption by consumer. This process of metering reduces the chance of power theft and manipulations. Division accepted the audit observation and stated that MRI is not done for all the consumers because of difficult geographical terrain of the division and poor mobile network. The reply of the division is not convincing as the MRI of consumers is required as per the supply code 2007 and division should ensure the availability of sufficient man power for MRI to neutralize the effect of geographical factor.

Para7: Energy as well as revenue loss due to theft/pilferage

The Commission vide its Order dated April 11, 2015 had directed UPCL to replace all mechanical meters with static/ Electronic meters by 31 December 2015. Audit noticed that the division has 17460 mechanical meters as on March 2015 and 15820 mechanical meters as on March 2016 and 15597 mechanical meters as March 2017. Replacement of mechanical meter with static/ electronic meter is essential for reduction of line losses and for improving the quality of metering.

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/ Assessment made	FIR lodged	Amount assessed	Amount realized	Balance
EDD New Tehri	2014-15	77613	110	102/102	96	10.24	4.31	5.93
EDD New Tehri	2015-16	79370	428	377/377	293	34.03	15.03	19.00
EDD New Tehri	2016-17	83319	83	73/73	46	7.12	10.18 ¹	

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 from 0.1 per cent to 0.54 per cent against the total number of consumers during the period 2014-15 to 2016-17. It is pertinent to mention that percentage of checking itself as compared to total number of consumers was negligible also the division could not replace all the mechanical meters till March 2017. Had the division increased the number of checking in a year, leakage of revenue could be avoided. Division replied that due to tough geographical location it is not possible to carry out numerous checking. However, Number of checking will be increased in

¹ excess realisation was due to realisation made against previous year assessments.

future, Reply of division is not convincing as the theft was found in range of 87 to 100 *percent* in the cases where checking was done. This calls for increased number of checking in the division.

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:-

Sl. No.	AIR for the period	Part-II-A	Part-II-B	Total
1.	04/ 1991 to 03/ 1992	03	--	01
2.	04/ 1992 to 03/ 1993	1,2,3	--	03
3.	04/ 1993 to 03/ 1994	1	-	01
4.	04/ 1995 to 03/ 1996	1		01
5.	04/ 1997 to 03/ 1998	-	3	01
6.	04/ 1998 to 03/ 1999	1 & 2	--	02
7.	04/ 2000 to 03/ 2001	02	1 & 2	03
8.	04/ 2002 to 03/ 2003	1,2,3	1 to 3	06
9.	6/ 2004 to 5/2005	-	--	-
10.	06/ 2005 to 03/ 2006	-	-	0-
11.	04/ 2006 to 10/ 3/2007	01	-	01
12.	4/ 2008 to 09/ 3//2010	02	-	01
13.	4/ 2010 to 3/ 2011	-	5	01
14.	04/ 2011 to 03/ 2012	2	2	02
15.	04/ 2012 to 03/ 2013	1 to 3	1 to 4	07
16.	04/2013 to 03/2014	1 to 3	1,2	05
17.	4/2014 to 3/2015	1 to 3	1 to 5	8
18.	4/2015 to 3/2016	0	1 to 6	6

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, Tehri, New Tehri. 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:**

Sr. no.	Name	Post
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- | | | |
|-----|---|---------------------|
| (i) | Shri hakti Prasad, (last audit to 30.03.2017) | 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