

Inspection Report has been prepared on the basis of information provided by Executive Engineer, Electricity Distribution Division, Pithoragarh. 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, Pithoragarh for the period from 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 143 of Companies Act 2013. Audit inspection was conducted by Shri Roshan Lal Sharma, Assistant Audit Officer and Shri Ghanshyam Das Pal, Assistant Audit Officer during the period from 21.09.2017 to 27.09.2017.

### **Part-I**

1. **Introduction:-** The last audit of this unit was carried out by Shri Roshan Lal Sharma, AAO, Shri Ghanshyam Das Pal, AAO under the supervision of Shri Sohrab Husain, Sr. Audit Officer during the period from 18.06.2015 to 23.06.2015 for the period from April 2013 to March 2015 were generally examined. In current audit, accounting records of the period from April 2015 to March 2017 were examined.

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

The function of the Electricity Distribution Division, Pithoragarh is to distribute electricity to rural and urban areas of Pithoragarh and keep as well as strengthen the electricity distribution system. Geographical jurisdiction of the division is Pithoragarh area.

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

Electricity Distribution Division, Pithoragarh 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 9/2015 and 03/2017 months were selected for detailed examination on the basis of highest expenditure.

<b>Year</b>	<b>Revenue (₹)</b>	<b>Expenditure (₹)</b>	<b>Profit</b>
2015-16	9886.58	1006.93	
2016-17	3640.10	1176.50	

\*Profit not worked out at division level.

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

The Electricity Distribution Division, Pithoragarh 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 due to lack of monitoring- ` 3.63 crore.

Uttarakhand Electricity Regulatory Commission (UERC) fixed 15.00 *per cent* norms for the years 2015-16 and 2016-17, loss of energy in distribution. To achieve the norms UERC also identified some causes due to which there is loss of energy in distribution and suggested remedial measures to achieve the norms in line losses as fixed by it.

The norms for line losses are as under:-

Causes:

- 1- Mechanical Meters.
- 2- Old System.
- 3- Unauthorized extraction of electric Energy by the consumers.
- 4- Non-repair/replacement of defective meters

Measures:-

- (i) Installation of Electronic meters to control theft.
- (ii) Regular checking of unauthorized extraction of electricity.
- (iii) Repair/replacement of defective meters

During the audit scrutiny of relevant records of EDD Pithoragarh, it was seen that loss of energy in distribution was 21.72 percent in the year 2015-16 to 2016-17, consequently division suffered a loss of ` 3.64 crore as below:-

Energy received during the period	
From 1.4.2015 to 31.3.17	: 234.948 Million Units
Energy Sold	: 183.905 Million Units
Loss of energy in distribution:	51.043 Million Units
Loss of energy in percentage :	21.72 %
Permissible loss of energy in distribution:	23.108 Million Units ( @ 15 .00% )
Avoidable loss of energy in	15.80 Million Units
Distribution	:
Cost of avoidable loss of	15.80 X 1000000.00 X Rs 2.30
Energy in distribution	= ` 36340000.00

If the remedial measures were taken as suggested by UERC then division could have avoided the loss of energy in distribution of ` 3.63 crore

In this regard audit observed that:

- i. In March 2017, 14360 meters were mechanical meters and out of them only 418 mechanical meters were replaced by electronic meters during April 2017 to August 2017 and

balance 13942 mechanical meter were yet to be replaced as on August 2017. Thus the Division failed to replace all the mechanical meters by electronic meters as advised by the UERC.

- ii. During the period 4/2016 to March 2017, only two raids were carried out by the Division.. Considering the fact that the distribution losses were on very higher side than the prescribed norms of UERC, the Division is required to increase number of raids to ascertain unauthorized extraction of power.
- iii. Against total 66598 connections in march 2017, 6380 meters (9.58 *per cent*) were defective which was higher than the prescribed norms of UERC *i.e.* 2 *per cent*.

Thus, the Division was yet to take corrective measures as advised by the UERC. Had the corrective measures as suggested by UERC been taken by the Division, the distribution losses suffered by the Company could have been minimized.

The reply of the division is still awaited.

## Part-II (B)

### Para-1 Blockade of funds due to excess damage of Transformers – 2.39 crore.

Distribution transformers are vital equipments for supply of power to consumers and also play vital role in stepping up the voltage of current to the consumers. Uttarakhand Power Corporation Limited (UPCL) has fixed norms for damage of transformers and issued guidelines that the damage should not exceed 3.0 *per cent* of the transformers installed.

During scrutiny of relevant records it was noticed that the damage rate of transformers during the year 2015-2016 and 2016-2017 was on higher side as compared to the norms fixed by UPCL as detailed below:

(2015-16)								
Sl. No	Capacity of T/F (in KVA)	No. of T/F installed against each capacity	No. of T/F damaged	Percent of damage transformers	No. of T/F allowed as per norms (i.e. 3%)	No. of T/F exceed the damage limit	Issue rate of T/F	Loss due to excess damage of T/F
1	25	1019	85	8.34	31	54	55,000	2970000
2	63	174	21	12.07	05	16	1011000	16176000
3	100	71	8	11.27	02	06	134600	807600
4	400	17	02	11.74	01	01	616300	616300
	<b>Total</b>						--	<b>20569900</b>

(2016-17)								
Sl. No	Capacity of T/F (in KVA)	No. of T/F installed against each capacity	No. of T/F damaged	Percent of damage transformers	No. of T/F allowed as per norms (i.e. 3%)	No. of T/F exceed the damage limit	Issue rate of T/F	Loss due to excess damage of T/F
1	25	1062	50	4.71	32	18	56,000	1008000
2	63	184	17	9.24	6	11	107,000	1177000
3	100	82	05	6.10	02	03	143500	430500
4	250	28	03	10.71	01	02	382000	764000
	<b>Total</b>						--	<b>3379500</b>

Total Loss = ` 20569900+ ` 3379500= ` 23949400

Above revealed that, against the prescribed norms of 3 *per cent* actual damage ranged between 8.34 *per cent* to 11.74 *per cent* during the years 2015-16 and 4.71 *per cent* to 10.71 *per cent* in 2016-17, which were comparatively on very high side. It was observed in the audit that main reasons for excess damage of transformers were lightning, overloading and internal fault. Damage of transformers in excess of the prescribed norms resulted in blockade of funds of ` 2.39 crore.

Further, it was also noticed that 219 number of damaged transformers of different capacity were lying in the charge of concerned J.Es and were not repaired within the required time as per details given below:-

Sl. No.	Capacity of Transformers	Nos.	Rate (Issue) `	Amount
1	16 KVA	9	36000	324000.00
2	25 KVA	125	56000	7000000.00
3	63 KVA	48	107000	5136000.00
4	100 KVA	28	143500	4018000.00
5	160 KVA	1	175000	175000.00
6	250 KVA	5	382000	1910000.00
7	400 KVA	3	56000	168000.00
	<b>Total</b>	<b>219</b>		<b>18731000.00</b>

As per the normal practice the damaged transformers are replaced by working transformers and damaged transformers are required to be sent immediately to workshop for repairing. It cannot be ruled out that some transformers were damaged under guarantee period as their damages records were not available in the division.

Further, scrutiny of records revealed that these transformers were damaged during the year 2011-12 to 2016-17 however the same were not sent to workshop for repairing and are still lying till date at the different sites of the division.

It was observed from the above that due to not sending the damaged transformers for repairing in the stipulated period, the fund of the corporation to the extent of ` 1.87 crore has been blocked. This was gross negligence on the part of the division.

The reply of the division is still awaited.

**Para-2 Non recovery of additional Security amounting to ` 2.58 crore.**

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

Scrutiny of billing files and other related records of the KCC consumers, and Non KCC consumers it was noticed that (85 consumers of KCC for ` 1551946.70 and 65184 consumer of Non KCC for ` 24,246917.80 lakh) the average two months bills of consumers exceeded the amount of security already deposited which worked out to ` 2.58 crore (Additional Security of ` 1551946.70 and ` 24246917.80 of 85 KCC consumers and 65184 non KCC consumers respectively) which was outstanding 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 which was not done.

The reply of the division is still awaited.

**Para-3 Delay in releasing of New LT Connections resultantly UERC imposed penalty-----`  
3.96 lakh.**

As per UERC ( Release of New LT Connections, Enhancement and Reduction of Loads ) Regulation 2013, if the distribution division concerned failed to release the LT Connection, in the stipulated period as fixed by the Commission, a penalty on the division will be imposed as per laid down norms of UERC. Scrutiny of records provided by the division revealed that during the period from April 2015 to March 2017, consumers applied for New L.T. Connections but division failed to release the New L.T. Connections of some consumers out of them in the stipulated period, consequently UERC imposed a penalty of ` 3.96 lakh on the division.

The reply of the division is still awaited.



**Para -4 Non issuance of Recovery Notice u/s -5 amounting to ` 1549.82 lakh.**

Commercial & Revenue manual of Uttar Pradesh Power Corporation (Which is being followed by Uttarakhand Power Corporation) provides that in case a consumer does not pay electricity dues against him, within 15 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 due 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 Distt. Authority. All such action for recovery of dues should be completed within six months.

During scrutiny of records, it was noticed that the division has issued recovery notice u/s 3 to 7985 consumers amounting to ` 1628.94 lakh (upto 09/2016) against which recovery from 104 consumers amounting to ` 7.99 lakh was made and recovery notices u/s 5 were issued to 384 consumer amounting to ` 71.13 lakh were issued upto March 2017. In accordance of above manual, recovery certificates U/s 5 valuing ` 1549.82 lakh were pending for issue against 7497 defaulting consumers as more than six months has been elapsed. Non issuance of recovery certificate u/s 5 shows lack of proper action by division for recovery of arrears.

The reply of the division is still awaited.

**Para-5 : Huge Arrear against Commercial Consumers of ` 9.98 crore.**

The UPCL provides electricity to the consumers of different categories. One of the most important functions of the division is to realize the electricity charges from the consumers. Commercial and Revenue Manual of Uttar Pradesh Power Corporation (which has been adopted by Uttarakhand Power Corporation) *inter-alia* provides that in case a consumer does not deposit electricity dues within 30 days from the date of receipt of bill, his connection would be liable to be disconnected and a demand notice for recovery of electricity dues will be issued U/s 3 for depositing of dues against him within 30 days. In-case consumer does not deposit the dues within stipulated period a recovery certificate (R.C.) will be issued U/s – 5 through District authorities. All such action for recovery of electricity dues should be completed within six month.

Scrutiny of records of Pithoragarh division, revealed that as on 1 April 2015 the arrear of Commercial consumers was ` 535.52 lakh which was increased to ` 989.10 lakh as on March 2017 resulting in increase of the outstanding dues by ` 453.58 lakh. Pendency of huge dues against these consumers revealed that the recovery was not pursued vigorously.

Review of top 100 defaulters as on September 2017 revealed that an amount of ` 106.74 lakh was recoverable ranging from 5 to 60 months. It is evident that the position of arrears has reached to an alarming stage and if the division does not take serious efforts under section 3 and 5 to realize the outstanding dues, financial position of UPCL will be affected. The reply of the division is still awaited.

**Para :-6 Non deduction of worker welfare cess amounting to ` 1.29 lakh**

Contract and Procurement wing of Uttarakhand Power Corporation Ltd. entered into a turnkey agreement for execution of the work of design, supply erection, testing and commissioning of material equipment required of 11 KV Line for MES from 132 KV sub-station, Bhadelbara to MES substation Bin, Pithoragarh after upgrading existing 11 KV overhead line system with M/s Saun Engineering & Construction Co.(P) Ltd Pithoragarh on 24/2/2015 for ` 1.38 crore. The schedule completion period of the contract was 6 (Six) months from the date of providing right of way/forest clearance (if required). As per clause 5.4 of the contract, 1 *per cent* cess shall be deducted as per the Building and other Construction Workers Welfare cess Act, 1996 & Building and other construction workers welfare cess Rules, 1998 from the payment to the contractor and shall be deposited to the authority concerned. In this regard, a letter from labour Commissioner /Secretary dated 15/6/2012 was also written to Managing Director, UPCL.

During scrutiny of payment files, abstract of payment and related vouchers of above agreement it was noticed that the division has not deducted ` 128919/- being the amount of labour welfare cess at the rate of 1 *per cent* from the running bills submitted by the contractor for payment as per clause of the agreement.

The reply of the division is still awaited.

### **Part III**

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

Detail of unsettled paras of previous inspection reports:-

<b>Sl. No.</b>	<b>Period</b>	<b>Part-II A</b>	<b>Part-II B</b>	<b>Total</b>
1.	April 2007 to March 2008	1, 2	-	2
2.	April 2008 to September 2010	1	1 to 6	7
3.	October 2010 to September 2011	-	1,5,6,7	4
4.	October 2011 to March, 2014	1	1 to 7	8
5.	April 2013 to March 2015	1	1,2,3,4,5	6

#### **Compliance report of unsettled paras of previous inspection report-**

For furnishing of reply of the outstanding paras of old Inspection Reports an audit Memo No. 85 was issued to the division.

**Part IV**

**Best practices of the unit**

NIL

**Part V**

**Acknowledgement**

1. Office of The Accountant General (Audit) Uttarakhand, Dehradun expresses gratitude towards Executive Engineer, Electricity Distribution Division (Rural), Haldwani 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
(i)	Shri. Pawan Kumar	Executive Engineer
(ii)	Shri. L.P. Shah	Divisional Accountant (W & R)

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-1**