

Inspection Report has been prepared on the basis of information provided by Executive Engineer, Electricity Distribution Division, Narayanbaghar. 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, Narayanbaghar for the period since inception 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. The audit of division was conducted by Shri Roshan Lal Sharma, Assistant Audit Officer and Ghanshyam Das Pal Assistant Audit Officer during the period from 08.10.2017 to 13.10.2017.

Part-I

1. **Introduction:-** The transaction audit of this unit has been conducted for the first time.

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

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

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

Electricity Distribution Division, Narayanbaghar 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, March 2016 & October 2016 months were selected for detailed examination on the basis of highest expenditure.

Year	Revenue (₹)	Expenditure (₹)	Profit
06/2015 to 03/2017	-	-	N.A.*

(To the extent this information is available & applicable)

*Profit not worked out at division level.

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

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

Part-IIA

Para 1: Non-utilization of SPA(R) Fund and submitted Fake Utilisation Certificate.

Consequent to the June 2013 disaster in Uttarakhand, largely affecting districts of Pithoragarh, Bageshwar, Chamoli, Uttarkashi and Rudraprayag, and request of the State Government, the Government of India approved a medium and long term construction package to assist the State. For the reconstruction of HT and LT lines and distribution substations, construction of 33/11 KV substation and installation of additional power transformer to rehabilitate the distribution network and connecting power supply, the State Government proposed an amount of ` 54.19 crore of which an SPA of ₹ 50.00 crore is approved. Power distribution network of Electricity Distribution Division, Gopeshwar (Chamoli) got badly affected due to natural calamity of 16th and 17th June 2013. For strengthening of Distribution system in Chamoli, UPCL submitted proposal of Installation of additional transformer of 3 MVA in 33 KV sub station Deval (chamoli) under the jurisdiction of EDD Narayanbagar (Project code 10022) amounting to ` 50.00 lakh in September, 2013 to the Government of Uttarakhand. Govt. of Uttarakhand sanctioned ` 50.00 lakh against the said proposal under SPA construction Fund in June 2014. (Project code no. 10022)

During the course of audit, it was noticed that the division had not installed additional transformer of 3 MVA at 33 KV substation Deval (Chamoli) against SPA (R) fund received in 2014-15 and submitted fake utilisation certificate of the same.

Division accepted the audit observation and stated that no work was done against the SPA Fund and the utilization certificate was issues by mistake.

The matter is brought to the notice of higher management.

Part-II B

Para 1: Avoidable loss of energy in distribution – ₹ 4.08 cr.

The main function of distribution division is to receive the energy and distribute it among the consumers in such a way that loss of energy in distribution (line loss) should not exceed the norms fixed by the Uttarakhand Electricity Regulatory Commission (UERC). The UERC had fixed a norm of 15.00 *per cent* for the year 2016-17. To achieve the norms, UERC had also identified some causes due to which there is loss of energy in distribution and suggested remedial measures to reduce distribution losses as detailed below:-

Causes for transmission losses-

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

Measures:-

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

During test check of relevant records revealed that during the period since inception to 03/2017 T&D losses were 48.64 *per cent* against the allowable norms of 15.00 *per cent* for the year fixed by the UERC. Thus transmission losses were on very higher side than the prescribed norms. Excess T&D losses resulted in a loss of ₹ 4.08 cr (by taking the cost of energy at an average of ₹ 2.30 per unit) as detailed below:

Sr. No.	Particulars	Energy in Million Units	
		04/2016 to 3/2017	
1	Energy received during the period	52.752 M.U.	
2	Sale of Energy	27.093 M.U.	
3	Loss of Energy (1-2)	25.659 M.U. (48.64.89%)	
4	Permissible Loss as per norms (15.00 <i>Per cent</i>)	7.91 M.U.	
5	Avoidable loss of energy in distribution (3-4)	17.749 M.U.	
Cost of avoidable loss of energy = 17.749 X 10,00,000 X 2.30 = ₹ 40822700 Say ₹ 4.08 crore			

It is evident from the above that the Division failed to control the T&D losses of energy within the prescribed norms.

In this regard audit observed that:

- i. Since inception to March 2017, 4467 meters were mechanical meters and out of them only 1964 mechanical meters were replaced by electronic meters during FY 2016-17 and balance 2503 mechanical meters were yet to be replaced as on March 2017. Thus the Division failed to replace all the mechanical meters by electronic meters as advised by the UERC.
- ii. During the period, i.e., since inception to March 2017, no 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 40158 connections in March 2017, 4729 meters (11.78 *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.

Division in its reply stated that various measures have been taken to reduce the line loss (i) Replacement of Mechanical meters (ii) replacing of old line with Arial bunch cables .

The reply is not convincing as till date of audit the loss is much higher as, against UERC norms.

Para 2: Non recovery of Initial/additional Security amounting to ₹ 1.49 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.

Scrutiny of billing files and other related records of the KCC consumers, it was noticed that initial as well as additional security (average two months bills) of consumers exceeded the amount of security already deposited which worked out to ₹ 1.49 crore which was outstanding from April 2017 to till date of audit. 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 were not done.

Division in its reply stated that consumers whose initial security was not recovered, will be recovered as soon as possible and in respect of additional security holder, notices have been issued to the consumers for the recovery of the same. The reply of the division is not convincing as the recovery of additional security is pending since March 2012 (in some cases). The same should have been realised within the stipulated period.

Para 3: Delay in releasing of New LT Connections Enhancement and Reduction of Loads Resultantly UERC imposed penalty----₹ 9.11 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, Enhancement and Reduction of Loads 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 June 2015 to September 2017, consumers applied for New L.T. Connections Enhancement and Reduction of Loads but division failed to release the New L.T. Connections Enhancement and Reduction of Loads of some consumers (detail enclosed) in the stipulated period, consequently UERC imposed penalty of ₹ 9.11 lakh.

Division in its reply stated that UPCL are regularly paying the penalty imposed by the UERC, necessary action will be taken after receiving the instruction from the Head quarter.

The matter is brought to the notice of higher management.

Para 4: Blockade of funds due to excess damage of Transformers – ₹ 66.10 lakh.

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 percent of the transformers installed.

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

(2016-17)

Sl. N	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 (in ₹)	Loss due to excess damage of T/F (in ₹)
1	16	178	07	3.93	05	02	36000	72000
2	25	793	112	14.12	24	88	56,000	4928000
3	63	85	10	11.76	03	07	107,000	749000
4	100	40	07	17.50	01	06	143500	861000
	Total						--	6610000

Total Loss = ₹ 6610000.

Above revealed that against the prescribed norms of 3% actual damage ranged between 3.93% to 17.50% during the year 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 ₹ 66.10 lakh.

Further, it was also noticed that 87 number of damaged transformers of different capacity were lying in the charge of concerned J.Es and were not sent to workshop division for repair within the required time as per details given below:-

Sl. No.	Capacity of Transformers	Nos.	Rate (Issue) ₹	Amount
1	16 KVA	02	36000	72000
2	25 KVA	71	56000	3976000
3	63 KVA	06	107000	642000
4	100 KVA	07	143500	1004500
5	400 KVA	01	560000	560000
	Total	87		6254500

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 since inspection 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 would be observed from the above that due to not sending the damaged transformers for repairing in the workshop division. The fund of the corporation to the extent of ₹ 62.54 lakh has been blocked. This was gross negligence on the part of the division.

Division in its reply stated that the damage of transformers is due to disaster prone area & remote hilly regions. The following measures have been taken to reduce the damage rate (i) Installation of LA as a special drive (ii) Installation of additional/new Transformers in the overloaded transformers (iii) changing their oil etc. The reply is not convincing as till date of audit the damage rate of transformers are much higher.

Para 5: Non imposing of Temporary Power Supply Charge of ₹ 0.84 lakh

The Executive Engineer, Electricity Distribution Division Narayanbagar has sanctioned 75.00 KW temporary power supply against RTS-2 Schedule connection No. 900003 to Secretary, Vidhan Sabha Uttarakhand for Vidhan Sanbha Bhawan Parisar Bhararisain in November, 2016 for a period of 1/11/2016 to 30/11/2016 .As per UERC tariff schedule effective from 01-04-2016, in case of temporary connection, the rate of charge will be corresponding rate of charge in appropriate Schedule, Plus 25 per cent should be applicable .

During the audit it was observed that the consumer had consumed 56450 unit during the period. The division had issued a bill of ₹ 331173 Electricity charge and ₹ 4840/- fixed /Demand charge to the consumer and not imposed 25 per cent temporary charges of ₹ 84,003(₹ 331173 + ₹ 4840/-)as per requirement of UERC tariff, in temporary supply resultantly division suffered a loss of ₹ 0.84 lakh.

Division accepted the audit observation and stated that the revised bill would be issued very soon to the consumer.

The matter will be watched in the next audit. .

Para 6: Non- realization of Revenue

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 which indicates 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. Arrear of the division in respect of RTS-1 and RTS-2 has increased as detailed in the table below:

RTS	Consumers	Arrear of last years (₹ in lakh)	Arrear Ending month of March 2017 (₹ in lakh)
RTS-1	Domestic other than BPL	353.74	412.50
RTS-2	Non domestic	217.34	236.49

The arrear of the division has risen in comparison to previous year, which is harmful for the sound financial health of the Company.

It was also noticed that as per list of top 100 defaulter ₹ 1,12,16,100 were pending for realisation of non KCC consumers.

Division in its reply stated that this division has started function in 2015-16. After creation of this division Gopeshwar division had transferred the old balances to this division. The following step have been taken to reduce the balances (i)instruction has been issued to all sub-divisional officer for organising camp for realising the arrear and (ii) issuing Section -3 & 5 for defaulters consumers.

The reply is not acceptable as the arrears of ₹ 648.99 lakh are yet to be realised.

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:-

Sl. No.	Period	Part-II A	Part-II B
1.	-	-	-

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
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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 Narayanbaghar 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. Amit Kumar	Executive Engineer
(ii)	Shri Manoj Gusain	Executive Engineer
(iii)	Shri D.S. Chaudhary	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. Audit Officer/ES-1