

Inspection report has been prepared on the basis of information provided by Executive Engineer, Electricity Distribution Division, Gopeshwar. 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, Gopeshwar 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 143 of Companies Act 2013. Audit Inspection was conducted by Shri Roshan Lal Sharma, AAO and Shri Ghanshyam Das Pal, AAO during the period from 16.10.2017 to 21.10.2017.

Part-I

1. **Introduction:-** The last audit of this unit was carried out by Shri Amit Kumar Mishra AAO and Shri A P Singh, AAO under the partial supervision of Shri Mukesh Kumar, 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, Gopeshwar is to distribute electricity to the Gopeshwar and keep as well as expand the electricity distribution system. The geographical jurisdiction of the division is Gopeshwar, Chamoli and Badrinath.

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

Electricity Distribution Division, Gopeshwar 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.

(iii)

| Year | Revenue | Expenditure | Profit |
|------|---------|-------------|--------|
| -- | -- | -- | -- |

(To the extent this information is available & applicable)

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

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

Part II (A)

Para-1: Submission of Utilisation Certificate without executing the Apada work.

Consequent to the June 2013 disaster in Uttarakhand , largely affecting districts of Pithoragarh, Bageshwar, Chamoli, Uttarakash and Rudraprayag, and request of the State Government, the Government of India has 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 has 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 Gopeshwar Division, UPCL had submitted proposals of Installation of additional transformer of 5 MVA in 33 KV sub station Pokhri (chamoli) Project code 10021 amounting to ₹ 70.00 lakh in September, 2013 to the Government of Uttarakhand. Govt. of Uttarakhand had sanctioned/released amounting to ₹ 70.00 lakh against the said proposal in SPA construction Fund in June 2014 as project code no. 10021.

During the audit it was noticed that the division had not installed additional transformer against SPA Fund and submitted Utilisation Certificate without executing apada work.

Division accepted the audit observation and stated that no agreement had been made by the division for installation of additional transformer against SPA (R) Fund. By mistake UC has been sent to Headquarter.

The matter is brought to the notice of higher management.

Part II (B)

Para 1: Non-pursuance of APDA claims.

Electricity Distribution division, Gopeshwar's power distribution network got badly affected due to natural calamity of 16th and 17th June 2013. In this calamity, 39 feeders of the division were affected in which division lost asset valuing ₹ 2.49 crore. The division submitted its claims of ₹ 2.49 crore in respect of 39 feeders to District Administration for compensation, against this District Administration released only ₹ 1.76 crore in respect of 12 feeders, remaining ₹ 73.00 lakh UPCL had to bear from its internal resources. In respect of APDA claims, following were observed:

1. The division did not pursue its claim of ₹ 73.00 lakh which was incurred through internal resources with the State government and there were no correspondence with the state government authorities in this respect.
2. The division had restored the three feeders namely 11 KV Syun Bhatki tok Feeder, 11KV Industrial Area Feeder Kaleshwar and 11 KV KPG Block feeder Kaleshwar as late as in the month of September 2013, whereas Apda affected the area in the month of June 2013. The delay in restoration of power supply reduces the consumer satisfaction as well as results in poor revenue collection because electricity bills cannot be raised for the period when power was not supplied.
3. The Government exempted commercial establishments (hotels, restaurant, lodge, etc.) from payment of Electricity bills till March 2017 vide order dated May 2014. In this respect, it was observed that division raised the bills for the period of April 2014 to February 2017 amounting to Rs 2.48 crore of exempted consumers to the District Magistrate in February 2017, against which no amount were received and ₹ 2.48 crore were pending, Due to pendency of the amount the division has not made any vigorous correspondence with the District authorities in this matter. Further, District Magistrate has also not deposited the electricity bills of exempted consumers till date.

The division accepted the observation and stated that it is trying to realize the remaining amount of ₹ 73 lakh from the State Government. Also due to heavy damage of roads some feeder could have been started in month of September 2013. Further electricity charges in respect of commercial consumer's first bills of ₹ 57.49 lakh were raised to the Office of District Magistrate in April 2015 and second bill of ₹ 58.75 lakh was raised in November, 2016 to DM office but the payment of the same has not been received till date. Reply of the division must be seen from point of view that division has not made any serious efforts for

realization of its dues except for raising bills to the District Magistrate. Moreover, division has not made any correspondence for early realization of the same.

Para-2: Delay in releasing of New LT Connections Enhancement and Reduction of Loads Resultantly UERC imposed penalty -- ₹ 10.09 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 March 2014 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 out of them (detail enclosed) in the stipulated period, consequently UERC imposed penalty of ₹ 10.09 lakh.

Division in its reply stated that the responsibility of the employees should be fixed after inquiry and necessary action will be taken after received the instruction from the Head quarter.

The matter is brought to the notice of higher management.

Para-3 :Non recovery of additional Security amounting to ₹ 38.48 lakh.

As per para 2.2.1 of UERC Regulations 2007, security of the consumers should be assessed at the 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 in case of 69 consumers, the average two months bills of consumers exceeded the amount of security already deposited which worked out to ₹ 38.48 lakh which is outstanding from April 2016 to 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 were not done.

The division stated in its reply that the amount of additional security changed time to time and 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 has not been made till date.

Para-4 : Avoidable loss of energy in distribution – ₹ 1.54 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 04/2016 to 03/2017 T&D losses were 26.89 *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 loss of ₹ 1.54 crore (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 | 56.374 M.U. | |
| 2 | Sale of Energy | 41.213 M.U. | |
| 3 | Loss of Energy (1-2) | 15.161 M.U. (26.89%) | |
| 4 | Permissible Loss as per norms (15.00 <i>Per cent</i>) | 8.46 M.U. | |
| 5 | Avoidable loss of energy in distribution (3-4) | 6.701 M.U. | |
| Cost of avoidable loss of energy = 6.701 X 10,00,000 X 2.30 = ₹ 15412300 Say ₹ 1.54 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. In March 2017, 429 meters were mechanical meters and out of them only 88 mechanical meters were replaced by electronic meters during FY 2016-17 and balance 341 mechanical meters were yet to be replaced as on September 2017. Thus the Division failed to replace all the mechanical meters by electronic meters as advised by the UERC.
- ii. During the period 04/2016 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 39736 connections in March 2017, 4242 meters (10.67 *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 .(iii) Replacement of IDF meters etc.

The reply is not convincing as on date the loss much higher as per UERC norms.

Para-5 : Loss of ₹ 88.63 lakh due to delay in submission of Revised bills to M/s NTPC.

Tapovan Vishnugad Hydro Power Project (TVHPP) is being constructed by NTPC Ltd For supply of power to this project, M/s NTPC had applied power supply connection of 10700 KW to UPCL in Electricity Distribution Division Gopeshwar (Chamoli) for the construction of the same.

UPCL had sanctioned the connection No. 8083 at 66 /33 KV substation Joshimath under the tariff of RTS-2 + 25% Extra to M/s NTPC in March 2008.

During the course of audit it was observed that the internal audit wing of the department had pointed out in April 2010, some irregularities for preparing of power supply bills by the division to M/s NTPC such as, metering, assessment of revenue and levying of Fixed charge etc and worked out a loss of ₹ 30,41,078. Based on the internal audit observation, the division had issued revised bills to M/s NTPC amounting to ₹ 1.17 crore in February 2017 after a delay of 7 (seven) years. Due to sending of delayed revised bills to M/s NTPC, the M/s NTPC had not accepted the demand and stated that they are paying their bills regularly and sending revised fresh claim almost after 9 years in 2017 on the basis of audit dated 2/4/2010 is not acceptable, and stated that the main reasons for it was “non availability of MRI report for the check meter which is the responsibility of UPCL and not levying 25 *per cent* additional amount in the Fixed charges for the period from 25-03-2008 to 30-04-2011 was an omission on the part of UPCL.

Thus, if the division had issued the revised bills when it was pointed out by the Internal Audit in April 2010 the amount of ₹ 88.63 lakh would have not been accumulated. Due to submission of the revised bills as late as after 7 (seven) years ₹ 88.63 lakh have been blocked.

The division accepted the observation and stated that, internal audit had seized all the record relating to M/s NTPC, thus the bill could not be revised and the amount of revised bill will be recovered shortly. The reply of the division is not acceptable, as the consumer had not acceptable the demand raised by the division almost after 9 years.

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. | AIR for the period | Part-II-A | Part-II-B | Total |
|---------|--------------------|-----------|-----------|-------|
| 1. | 10/2006 to 09/2007 | 1 & 2 | 1 to 2 | 04 |
| 2. | 10/2007 to 09/2008 | - | 1 to 6 | 06 |
| 3. | 10/2008 to 09/2011 | 1 | 1 to 7 | 08 |
| 4. | 10/2011 to 09/2012 | 1, 2 & 3 | 1 to 3 | 06 |
| 5. | 10/2012 to 03/2014 | 1,2 | 1 to 4 | 06 |
| 6. | 04/2014 to 03/2015 | - | 1 to 5 | 05 |
| 7. | 04/2015 to 03/2016 | 1 | 1 to 7 | 08 |

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. 12 was issued to the Company. In turn division stated that replies of these outstanding paras of old Inspection Reports are being prepared and same would be furnished as early as possible.

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, Gopeshwar 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 Kailash Kumar | Executive Engineer. |
| (ii) | Sh. Virendra Singh Fonia, | Accountant |

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