

This inspection report has been prepared on the basis of information provided by Executive Engineer, Electricity Distribution Division, New Tehri. The office of the Principal 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, New Tehri for the period April 2017 to March 2018 was carried out in exercise of the power conferred by section 19 of the C&AG, DPC Act, 1971 & section 143 of Companies Act, 2013. Audit Inspection was conducted by Shri M.K.Negi, AAO and Shri Robince Kirtaj under the supervision of Shri Amit Kumar Mishra, Audit Officer during the period from 22 June 2018 to 30 June 2018.

Part-I

1. **Introduction:-** The last audit of this unit was carried out by Shri A P Singh, AAO under the supervision of Shri Amit Kumar Mishra, Audit Officer in which accounting records of the period from April 2016 to March 2017 were generally examined. In current audit, accounting records of the period from April 2017 to March 2018 were generally examined.

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

The function of the Electricity Distribution Division, New Tehri is to distribute electricity to 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 New Tehri district.

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

Electricity Distribution Division, 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 October 2017 month was selected for detailed examination and June 2017 was selected for Arithmetical Accuracy.

(iii)

(Amount in ₹)

Year	Revenue	Expenditure	Profit
2017-18	709510362.1	183479585	--

(To the extent this information is available & applicable)

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

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

Part-II A

Para 1: Wrong payment of GST to contractor ₹ 63.80 lakh and undue favour to contractor ₹ 26.60 lakh.

UPCL entered (19.03.2016) into an agreement, with M/s Shiva Electricals, Rishikesh for the work of “Replacement of existing over head 33 KV line by 33 KV underground double cable from Khand village to B.S.N.L. office Rishikesh” on turnkey basis at the cost of ₹ 3.68 crore. The total value of the contract was ₹ 3.68 crore inclusive of all taxes and duties.

Scrutiny of the test check records of the Office of the Executive Engineer, Electricity Distribution Division, New Tehri, in respect of above contract audit noticed the following:

- According to contract the date of start of the work was 5 March 2016 and completion date of work was six month from the date of award of work i.e. 04.09.2016, but the work was not completed as on the date of audit (June 2018).
- As per the clause of penalty in agreement the penalty shall be 0.1 *per cent* per day subject to maximum of 10 *per cent* of the cost of work. Audit observed that the supply of material was delivered by the contractor in the month of June 2017 after than one year period from the date of award of work. This attracts maximum penalty of 10 *per cent* of the contract value i.e. ₹ 3679359.18. However, the division charged penalty ₹ 1018422 only from the 2nd running bill of the contractor.
- As on date of audit; the division has already paid ₹ 3.20 crore to the contractor against the agreement valuing ₹ 3.68 crore.
- Division paid ₹ 63.80 lakh to the contractor in form of the GST whereas the clause No. 1.3 of the work order states that any new Govt. tax shall be paid only on submission of documentary evidence whereas the GST was paid by the division to the contractor without submission of any documentary evidence by the contractor.

On this being pointed out by the audit, the division replied that after the matter was brought in the notice by the audit the forthcoming payment of contractor have been stopped. However, in respect of non-imposition of penalty to contractor, no reply was furnished by the division.

Reply of the division is not convincing because before the payment of GST to contractor, the division have not got verified the GST bills as per the clause of contract.

The current status of the case may be intimated to audit.

Matter is brought to the notice of higher authorities.

Para 2: Due to non-installation of Lightning Arrester in the transformers, division suffered a loss of ₹ 1.00 crore.

Distribution transformers are vital equipment for supply of power to consumers and also play vital role in stepping up the voltage of current to the consumers. The age of distribution transformers is estimated to be 25 years provided that proper maintenance is done and protection of the device is available. To achieve these norms, the UPCL were required to:

- Carry out detailed monitoring including ascertaining reasons for damages;
- Maintain history cards in respect of each transformer;
- Use drop out fuses at 11 KVA rating;
- Connect LT terminals with crimping tools and cooper lugs;
- Avoid overloading of LT terminals and
- Install lightning arresters to reduce the impact of lighting on transformers in hilly region.

Lightening Arrester (LA) is an equipment which arrest the lightening and evacuate the same through proper earthing. LA is installed to protect the transformers and associated lines from damage through lightening. LA is required to be installed along with the transformers in hilly areas as the frequency of instances of lightening are high in these areas. Electricity Distribution Division, New Tehri is situated in the hilly area, which is very prone to natural calamity and lightening. Therefore, LA should be installed in all the transformers of the division to avoid damage.

During the scrutiny of the records, it was observed that during the period from April/2017 to March/2018, 147 transformers of various capacities of the division were damaged due to lightening. Due to non-installation of LA of above transformers the division suffered a loss of ₹ 100,17,874.00 as after damage of transformer, division had to incurred expenditure on dismantling of damaged transformer, installation of new transformer, cartage of transformer etc.

Division replied that LA was installed on maximum transformers, but due to damage of LA it was bye passed and division incurred an expenditure of ₹ 1.00 crore for replacement of transformers.

The reply of division is not convincing because if division installed LA on each distribution transformer, the loss of ₹ 1.00 crore on changing the transformers could have been avoided.

Matter is brought to the notice of higher authorities.

Part-II B

Para 1: Loss of energy amounting to ₹ 7.33 crore.

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 losses) should not exceed the norms fixed by the corporation. Uttarakhand Electricity Regulatory Authority (UERC) fixed 15 *per cent* norms for loss of energy in distribution. To achieve the norms Authority (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:-

- (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 observed that there was 27.51 *per cent* and 26.79 *per cent* loss in energy in 2016-17 and 2017-18 respectively. Loss of energy (T&D losses) in distribution which is over and above the limit fixed by UERC is not recoverable in the tariff awarded by UERC as a result of which the company has to bear these losses from internal resources which strains its already stressed financial condition. The performance of the division in respect of billing and collection is detailed below:

S. N.	Parameters	Unit	F.Y. 2016-17	F.Y. 2017-18
1	Energy Input	MU	226.281	231.352
2	Energy Metered (Energy Billed on flat rate/assessment basis not to be included)	MU	164.03	169.376
3	Energy Unmetered	MU	0	0
4	Total Energy Billed	MU	164.03	169.376
5	T & D Losses - On Total Metered Energy (Energy billed on flat rate/assessment basis not to be included)	%	27.51048475	26.78861648
6	Revenue Billed - Total	₹ In Crores	78.885	89.844
7	Revenue Realised - Total	₹ In Crores	80.495	79.011

8	Metering Efficiency	%	72.48951525	73.21138352
9	Billing Efficiency	%	72.48951525	73.21138352
10	Collection Efficiency	%	102.0409457	87.94243355
11	Energy Realised	MU	167.3777632	148.9533763
12	Input Energy/Metered Energy		0	0
13	AT & C Losses	%	26.03101312	35.6161277

Division received 231.35 MU energy in 2017-18 against which it can bill only 169.37 MU whereas as per the acceptable norms of UERC division should have billed 196.65 MU energy (after adjusting 15 *per cent* line losses). Thus, division lost 27.28 MU energy equivalent to ₹ 7.22 crore (@ 2.65 per unit-minimum rate for other domestic consumers). Further, the bill energy must be realized efficiently to ensure maximum realization. From the above table it is clear that the collection efficiency of the division has decreased which has resulted in increase in AT&C losses of the division. The AT&C losses of the division has increased from 26.03 percent in 2016-17 to 35.61 percent in 2017-18.

The division stated that line loss was 27.51 *per cent* in 2016-17 which is reduced 26.79 percent in 2017-18 and efforts are being made for reducing the line loss. Losses of AT&T are excess depicted in 2017-18 due to less adjustment of WMCR.

Reply of the division is not acceptable because if division taken the steps suggested by UERC for reduction of line losses the financial condition of the division could have been better.

Matter is brought to the notice of higher authorities.

Para 2: 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 issued 3945 IDF bills with the arrears of ₹ 1.66 crore. It was also observed that the bills of the consumers were defective in the range of 7 to 104 months.

During the period of defective meter 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 accepted the audit observation and stated that the list of defective consumer has been forwarded to the test division for necessary action. The reply of the division is not convincing as there are consumers with defective meter for 104 months and due to defective meter the revenue of the division gets adversely affected. The division should make extra efforts for the early replacement of the defective meters.

Matter is brought to the notice

Para 3: 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 2016-17 to 2017-18 is detailed below:

(₹ in lakh)

Name of Division	Year of checking	Total number of consumers	Number of checking	Number of irregularities detected	FIR lodged	Amount assessed	Amount realized	Balance
EDD New Tehri	2016-17	83319	83	73	46	7.12	10.18	(+)3.06
	2017-18	86317	98	60	--	17.60	2.64	(-)14.96

From the above table it can be analysed that in 2016-17 the division was able to realize on an average ₹ 13945.00 from the each irregularity detected. The division in 2017-18 realised ₹ 2.64 lakh which is ₹ 4400.00 (on an average) from each consumer was irregularity was detected.

Further, it can be seen that the total number of checking carried out by division ranged from 0.099 *per cent* to 0.113 *per cent* against the total number of consumers during the period 2016-17 to 2017-18. The norms in this regard were not fixed by the UPCL.

It is pertinent to mention that percentage of checking itself as compared to total number of consumers was negligible.

Division replied that 83 consumers were checked in 2016-17 and 98 consumer were checked in 2017-18. Division has less than 50 *per cent* man power with respect to sanctioned post and efforts will be increased in future to detecting the theft.

The reply of the division confirms the fact that there is need of greater vigilance check for detecting the theft. Had the division increased the number of checking in a year, leakage of revenue could be avoided. The norms in this regard should also be fixed to minimize the theft/pilferage.

Matter is brought to the notice of higher authorities.

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.	Period	Part II-A	Part II-B
1.	04/1991 to 03/1992	3	-
2.	04/1992 to 03/1993	1,2,3	-
3.	04/1993 to 03/1994	1	--
4.	04/1995 to 03/1996	1	--
5.	04/1997 to 03/1998	--	3
6.	04/1998 to 03/1999	1,2	--
7.	04/2000 to 03/2001	02	1,2
8.	04/2002 to 03/2003	1,2,3	1,2,3
9.	06/2004 to 05/2005	--	--
10.	06/2005 to 03/2006	--	--
11.	04/2006 to 10/03/2007	01	--
12.	04/2008 to 09/03/2010	02	--
13.	04/2010 to 03/2011	--	1,2,3,4,5
14.	04/2011 to 03/2012	2	2
15.	04/2012 to 03/2013	1,2,3	1,2,3,4
16.	04/2013 to 03/2014	1,2,3	1,2
17.	04/2014 to 03/2015	1,2,3	1,2,3,4,5
18.	04/2015 to 03/2016	0	1,2,3,4,5,6
19.	04/2016 to 03/2017	1,2,3	1,2,3,4,5,6,7

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, 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
(i)	Shri Rakesh Kumar,	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 Deputy Accountant General/Economic Sector, Office of the Principal Accountant General (Audit), Uttarakhand, Mahalekhkar Bhawan, Kaulagarh, Dehradun- 248 195 within one month of receipt of the letter.

Sr. AO/ES-I