

Review of old AIRs

- 1. Proposed part-IIA, para 2: Undue favour to consumers by providing voltage rebate of 39.21 lakh with arrears**

Ref : Arrear of additional Security amounting to ₹ 5.12 crore

Sl. No.	AIR No.	Nature of para	Para No.
1.	06/2017-18	Part-II A	2
2.	82/2012-13	Part-II A	1
3.	48/2011-12	Part-II A	2

- 2. Proposed part-II B, Para 1: Non-recovery of electric dues from non-govt. Users amounting to ₹ 19.92 crore.**

Sl. No.	AIR No.	Nature of para	Para No.
1.	06/2017-18	Part-II A	3
2.	22/2015-16	Part-II B	1

- 3. Proposed part-II B, Para 2: Blockade of ₹ 69.72 lakh due to indifferent approach of State Government.**

Sl. No.	AIR No.	Nature of para	Para No.
1.	06/2017-18	Part-II A	4
2.	09/2014-15	Part-II B	3
3.	82/2012-13	Part-II B	5
	48/2011-12	Part-II B	1

- 4. Proposed part II B, Para 3: Energy as well as revenue loss amounting to ₹ 28.93 lakh due to theft/pilferage.**

Sl. No.	AIR No.	Nature of para	Para No.
1.	06/2017-18	Part-II A	1

This Inspection Report has been prepared on the basis of information provided by Executive Engineer, Electricity Distribution Division, Bazpur, U.S. Nagar. 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, Bazpur, U.S. Nagar 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 Manoj Kumar Negi, AAO and Shri Seeti Ram Meena, Auditor under the supervision of Shri Amit Kumar Mishra, Audit Officer during the period from 21-07-2018 to 30-07-2018.

Part-I

1. **Introduction:-** The last audit of this unit was carried out by Shri Vikas Dhyani, AAO and Sunil Verma, Sr. Auditor under the partial supervision of Shri Mukesh Kumar, Sr. AO in which accounting records of the period April 2015 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, Bazpur, U.S. Nagar is to distribute electricity to all over area of Bazpur town and keep as well as expand the electricity distribution system to this area. The geographical jurisdiction of the division is within the area of Bazpur, U.S. Nagar.

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

Electricity Distribution Division, Bazpur, U.S. Nagar 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 April 2017 and March 2018 was selected for detailed examination and June 2017 and February 2018 was selected for Arithmetical Accuracy.

(iii)

Year	Revenue	Expenditure	Profit
2017-18	₹ 21552.47 lakh	₹ 679.48 lakh	

(To the extent this information is available & applicable)

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

The Electricity Distribution Division Bazpur, U.S. Nagar is an electricity distribution division of UPCL which is officiated by the Executive Engineer.

Part-II A

Para 1: Standards of performance for the satisfaction of the consumers.

One of the key elements of the Power Sector Reforms was to protect the interest of the consumers and to ensure better quality of service to them. The consumers often face problems relating to supply of power such as non availability of the distribution system for the release of new connections or extension of connected load, frequent tripping on lines and/ or transformers and improper metering and billing. The distribution company was required to introduce consumer friendly actions like introduction of computerised billing, online bill payment, establishment of customer call centres, etc. to enhance satisfaction of consumers and reduce the advent of grievances among them.

Uttarakhand Standard of Performance Regulation 2007 and Right to Service Act, 2011 provided that the UPCL should adhere to the standards of performance (SOPs) for timely release of new connections, recovery of new connection charges as per Cost Data Book (CDB) and metering etc. The supply code also provided for maintenance of records at Call Centres to provide easy access for consumer complaints and their timely and effective redressal to the satisfaction of the consumers. Irregularities relating to issues of consumer satisfaction and redressal of grievances are discussed below:

(A) 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.

Also the right to service act prescribes the time limit for release of new connection as 15 days, where extension of network is not required.

The scrutiny of the records of the divisions for 2016-17 and 2017-18 revealed the following:

Year	No. of cases where connection were released beyond stipulated time	Amount of Penalty ₹
2016-17	375	4575970
2017-18	246	1179770

From the above it is evident that UPCL had to bear penalty amounting to ₹ 57.56 lakh due to delay release of connection. Further audit noticed that in 2016-17, 287 numbers of cases were reported delayed due to on line issue where as 88 number of connections were reported delayed due to non availability of material at store. Whereas, in 2017-18, 39 numbers of the connections were reported delayed due to on line issue where as 122 numbers of connections were reported delayed due to non availability of material at store and rest of the connections were delayed due to other reasons. Thus, non availability of material at store is one of the major reasons of delay release of new connection and it also attracts penalty on recurring basis.

Redressal of grievances

The UERC specified the mode and time frame for redressal of grievance in Uttarakhand Standard of Performance Regulation, 2007 in pursuance of the Electricity Act, 2003. The standard of performance for UPCL sets the time limit for rendering services to the consumers and compensation payable for not adhering to the same. The nature of services contained in the Standards *inter-alia* included line breakdowns, DTR failures, period of load shedding/ scheduled outages, voltage variations, meter complaints, installation of new meters/ connections or shifting thereof, etc. The system in place provides that any aggrieved consumer may file a complaint with the UPCL and who on non-settlement within time limits/ or on being dissatisfied by the decision of the UPCL may file a complaint in the forum as per specified procedures. Any consumer, aggrieved by non-redressal of his grievances by the forum may make a representation for the redressal of his grievance to an Ombudsman as designated/appointed by the Commission in accordance with the procedure specified in the regulations.

To enable the compilation of complaints for assessing the performance on this account, separate registers were maintained by the UPCL. The overall position as regard receipt of complaints and their clearances is depicted in the table below:

Sl. No.	Particulars	Number of cases pending for the year 2016-17	Total complaint received during the year 2017-18	Number of complaint rectified during the year 2017-18	Number of cases pending as on April 2018	Number of cases rectified within specific period	Number of case not rectified with in specific period
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Complaints lodged for accuracy test of meter	167	315	133	349	61	72 (54.13%)
2	Complaints lodged for defective/stuck meter	69	591	469	191	287	182 (38.80%)
3	Complaints lodged for burnt meter	15	216	197	34	6	191 (96.95%)

From the above it can be seen that the division has tried to address the complaints in the specified time period, but complaints range of 38.80 *per cent* to 96.95 *per cent* were not rectified in time were addressed after specified time.

(B) Non replacement of defective meters .

Right to Service Act, 2011 and 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 meter is 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 three months.

Scrutiny of the billing records of the division revealed that division issued 301 IDF bills with the arrears of ₹ 51.86 lakh. It was also observed that the bills of the consumers were defective in the range of 2 to 85 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

(C) Reliability Index

The UERC in its Regulation 8(5) & 8(6) (Standards of Performance) Regulations, 2007 stipulated that the Licensee shall compute the value of Reliability Indices namely SAIFI (System Average Interruption Frequency Index), SAIDI (System Average Interruption Duration Index), MAIFI (Momentary Average Interruption Frequency Index), as per formula & methodology specified in the Regulations.

- 1- SAIFI – Saifi index indicates the Average number of Outages of more than five minutes observed in a feeder.
- 2- SAIDI- Saidi Index indicates how long the feeder remains interrupted after a disturbance occurred.
- 3- MAIFI – Maifi is interruption frequency index, it shows the frequency of the chances of the occurrence of any disturbances in a particular feeder.

During Scrutiny of the records of EDD, Bazpur, it was observed that SAIFI & SAIDI Index has decreased from 49.99 and 2375.53 in March 2017 to 28 and 847 in March 2018 respectively. The improvement in SAIFI and SAIDI shows that division has successfully reduced the number of outages and also smaller area gets affected in any outage. However, during the same period MAIFI has increased from 3.35 to 7 which shows that the outages of less than five minutes have increased during the period.

Division replied that the main reasons for delay in meeting the SoP are short availability of meters, lack of manpower and works to be completed by test division. The reply of the division is not convincing as it is the responsibility of the UPCL to adhere to the SoP and provide quality service to consumer and action taken to mitigate these reason were not provided to Audit.

Part-II B

Para 1: Undue favour to consumers by providing voltage rebate of 39.21 lakh with arrears and non- realisation of initial security amounting to ₹ 1.67 lakh.

Ref : Arrear of additional Security amounting to ₹ 5.12 crore

(A) UERC Tariff provides for the Rebate/surcharge for availing supply at voltage higher/lower than base voltage:

- (i) For consumers having contracted load upto 75 kW/88 kVA - If the supply is given at voltage above 400 Volts and upto 11 kV, a rebate of 5% would be admissible on the Energy Charge.
- (ii) For consumers having contracted load above 75 kW/88 kVA – In case the supply is given at 400 Volts, the consumer shall be required to pay an extra charge of 10% on the bill amount calculated at the Energy Charge.
- (iii) For consumers having contracted load above 75kW/88 kVA – In case of supply at 33kV the consumer shall receive a rebate of 2.5% on the Energy Charge.
- (iv) For consumers having contracted load above 75 kW/88 kVA and receiving supply at 132 kV and above, the consumer shall receive a rebate of 7.5% on the Energy Charge.
- (v) All voltages mentioned above are nominal rated voltages.

Also, 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 division extended *voltage discount* of ₹ 39.21 lakhs to the consumers with the arrear of Additional security amounting to ₹ 5.12 crore calculated on average

two months bills of consumers exceeded the amount of security already deposited (Annexure enclosed).

The additional security of ₹ 5.12 crore was pending from March 2018 and has not been recovered till date (July 2018). 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. Thus, extending voltage rebate to the consumers with additional security arrear adversely affects the financial health of the company.

Division replied that voltage rebate was extended to consumers because there is no such rule that rebate cannot be extended in case of arrears.

Reply of division is not convincing as division not only failed to collect the required additional security from consumers but also extended benefit of voltage rebate to consumers. On one hand company is extending voltage rebate to the consumers with arrears on the other hand company is not charging any penal interest on the consumers with arrear of additional security.

The matter is brought to the notice.

(B) 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 17 consumers (RTS-2,6& 7) whom connection have been released without depositing the required security deposit by them. This resulted in non- realisation of Security deposit by ` 1.67 lakh and violation of UERC regulations. The details are as follows:

S.No	Name	KNO	Category	Con Load	Security Deposit @ ` 1000 per KW
1	BHARTI INFRATEL	14184	RTS-2	15	15000
2	Ex Eng. Kumaun Jal Sansthan	24394	RTS-6	10	10000
3	RADHE SHYAM	11922	RTS-7	6	6000
4	SANJAY TIWARI	13352	RTS-2	12	12000
5	JARNAIL SINGH	11571	RTS-7	8	8000

6	MOHD ALI	14145	RTS-7	10	10000
7	MANDEEP SAINI	13350	RTS-2	10	10000
8	BHAGWAN CHAND	13418	RTS-7	5	5000
9	Shree Joginder Singh dobal	21462	RTS-2	10	10000
10	KANTI PRASAD	11923	RTS-7	8	8000
11	MrSatender Pal Singh	5860	RTS-7	22	22000
12	AKHTAR HUSSAIN GANI	16697	RTS-7	5	5000
13	M/s Bhargawa Agro Products	5861	RTS-7	15	15000
14	DIVISION ACCOUNT,Railway	13342	RTS-2	12	12000
15	Shri Makhan Singh	23074	RTS-7	5	5000
16	BAJA SINGH	13417	RTS-7	8	8000
17	GULAM SABIR	11831	RTS-7	6	6000
	Total				167000

On this being pointed out, the division replied that there is a possibility that during manual to computerised transition the initial security was not entered in the system . The same will be rectified and intimated to audit. Reply is not satisfactory as division should either rectify the error or recover the security from these consumers.

Annexure

Statement Showing Additional Security Required and Voltage rebate

(In ₹)

Sl. No.	KNO	Name of Consumer	Additional Security Required (April 2018)	Voltage rebate (April 2018)
1.	8529	M/s. B.A. Alloys Pvt. Ltd.	16439963.87	597602.25
2.	3422	M/s. Uttaranchal Ispat Limited	13641326.62	661955.00
3.	10379	M/s. Polyplex Corporation Ltd.	9452439.00	1765122.00
4.	3419	M/s. Umashakti Steels (P) Ltd.	3228077.72	232643.00
5.	3326	M/s. Bhagwati Alloys	574464.63	70587.69
6.	8213	Shree Ambuja Castings (P) Ltd.	2505370.53	197483.40
7.	3332	M/s. Shri Tribhuwan Ispat (P) Ltd.	2236146.77	147148.50
8.	5474	M/s. Parmatma Ferro Alloys (P) Ltd.	2042776.89	150179.00
9.	3430	M/s. PSB Papers Ltd.	1108640.50	98919.50
Total			51229206.53	3921640.34

Para 2: Non-recovery arrear from non-govt. consumers amounting to ₹ 19.92 crore.

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.

The details of outstanding electricity dues against Non- Government consumers (Domestic, Commercial, BPL Private Tube wells and L.T. Industries Consumers) under the jurisdiction of EDD, Bazpur during the years 2016-17 to 2017-18 are given below:

(` In lakh)

Sl. No.	Particulars	2016-17	2017-18
1.	Balance outstanding at the beginning of the year	2036.62	2196.89
2.	Revenue assessed/Billed during the year	17953.62	21398.69
3.	Total amount due for realisation (1+2)	19990.24	23595.58
4.	Total amount adjusted/ waived off/ rebate	0	0
5.	Amount realised during the year	17793.35	21603.82
6.	Balance outstanding at the end of the year (3-4-5)	2196.89	1991.76

Thus it is evident from the above that the division's efforts were not sufficient enough to realize the dues from the consumers. The arrear in respect of Non-Government consumers was ₹ 21.97 crore in 2016-17 which has been reduced to ₹ 19.92 crore in 2017-18.

This shows that huge arrear is to be realized to safeguard the sound financial health of the Company. Had the division put adequate effort to realize the dues in question from the consumers and taken action as provided in the Commercial and Revenue Manual, these dues could have been recovered from the consumers.

On this being pointed out, the division stated that the arrears of non-government consumers was ₹ 21.97 crore in 2017-18 which has been reduced to ₹ 19.92 crore in the end of the year 2017-18 and effort has been made reduced the arrears by the division.

Reply of the division is not tenable because the amount recovered in 2017-18 from the Non-Govt. Consumers was negligible in respect of the total amount for realisation.

Matter is brought to the notice.

Para 3: Blockade of ₹ 69.72 lakh due to indifferent approach of State Government.

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 District Magistrate concerned 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 the RC's could be realized.

The status of unrecovered Recovery Certificates during 2016-17 to 2017-18 in EDD, Bazpur were detailed below:

For the year 2016-17

(₹ 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 01.04.2016.	53	32.81
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	61	44.92
3.	Number of RCs and amount realized by DM office from defaulting consumers during the period April-2016 to March-2017.	3	2.20
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.	1	0.62
5.	Number of RCs pending with the DM office due to non-realization as on 31.03.2017.	110	74.91

For the year 2017-18

(₹ 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 01.04.2017.	110	74.91
2.	Number of RCs issued for recovery to DM office against the defaulting consumers under section 5 during the period April-2017 to March-2018	0	0.00
3.	Number of RCs and amount realized by DM office from defaulting consumers during the period April-2017 to March-2018.	16	5.19
4.	Number of RCs returned by DM office due to wrong address of consumers, deceased consumer, etc during the period April-2017 to March-2018	0	0.00
5.	Number of RCs pending with the DM office due to non-realization as on 31.03.2018.	94	69.72

It was noticed that the 53 numbers of RCs amounting to ` 74.91 lakh were pending for realization in the beginning of April 2017 which increased to 110 number of RCs amounting to ` 74.91 lakh in April 2018. Out of 110 numbers of RCs amounting to ₹ 74.91 lakh, only 16 RCs amounting to ₹ 5.19 lakh were realised during the period 2017-18 and 94 RCs amounting to ₹ 69.72 lakh could not be recovered during the year 2017-18.

Division replied that the meetings have been done with District Magistrate office for the recovery of arrears and the recovery is pending at District Magistrate office.

The reply of the division is not acceptable as division also failed to carry out any correspondence in this respect with the state authorities.

Matter is brought to the notice

Para 4: Energy as well as revenue loss amounting to ₹ 28.93 lakh 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 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 theft cases detected	FIR lodged	Amount assessed	Amount realized	Balance
EDD Bazpur	2016-17	31002	172	55	15	16.39	2.82	13.57
	2017-18	32630	293	261	229	75.40	46.47	28.93

Source: Information compiled from the data provided by the Company

It was seen that the total number of checking carried out by division ranged between 0.55 per cent (2016-17) to 0.89 per cent (2017-18) of the total number of consumers during the period 2016-17 and 2017-18 simultaneously.

It is also pertinent to mention that the percentage of theft cases detected out of total number of checking ranged between 31.97 per cent (2016-17) to 89 per cent (2017-18) and against the assessed amount of ` 91.79 lakh from the defaulting consumers, only ` 49.29 lakh (53.69 per cent) was realized by the division during the period 2016-17 to 2017-18. This shows that substantial detection of theft was noticed in checking and significant amount of revenue was also realized but percentage of checking itself as compared to total number of consumers was not sufficient. Had the division increased the number of checking in a year, leakage of revenue in the shape of theft could be avoided.

Division accepted the facts and replied that no more checking could be done due to shortage of manpower.

Matter is brought to the notice.

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 of AIR	Part II-A	Part II-B
1.	04/2006 to 03/2007	--	1 to 3
2.	04/2007 to 09/2008	01	1 to 4
3.	10/2008 to 03/2011	1 & 2	1 to 4
4.	04/2011 to 03/2012	1 & 2	1 to 7
5.	04/2012 to 03/2014	1 to 3	1 to 4
6.	04/2014 to 03/2015	--	1 to 7
7.	04/2015 to 03/2017	1 to 4	1 to 8

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

Maintained the Distribution losses as per norms of UERC

Part V

Acknowledgement

1. Office of The Principal Accountant General (Audit) Uttarakhand, Dehradun expresses gratitude towards Electricity Distribution Division, Bazpur, U. S. Nagar 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 Ajit Kumar Yadav	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-I, Office of the Principal Accountant General (Audit), Uttarakhand, Mahalekhakaar Bhawan, Kaulagarh, Dehradun- 248195 within one month of receipt of the letter.

Sr. AO/ES-1