

This inspection report has been prepared on the basis of information provided by Electricity Distribution Division (Urban), Roorkee, UPCL. 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 Electricity Distribution Division (Urban), Roorkee, UPCL for the period from April 2015 to March 2016 was carried out in exercise of the power conferred by section 19 of the C&AG, DPC Act 1971 read with section 619(3)(b) of the Companies Act 1956 & section 143 of Companies Act 2013. Audit Inspection was conducted by Shri Amit Kumar, AAO, Shri Khub Chand, AAO and Shri R.L. Sharma, AAO under the supervision of Shri B.C. Suyal Sr. AO during the period from 22 August 2016 to 31 August 2016.

### **Part-I**

1. **Introduction:-** The last audit of this unit was carried out by Shri Vikas Dhyani, AAO and Shri Sunil Verma, Auditor under the partial supervision of Shri Mukesh Kumar, AO in which accounting records of the period from April 2014 to March 2015 were generally examined. In current audit, accounting records of the period from April 2015 to March 2016 were generally examined.
2. (i). **Functions and geographical jurisdiction of the unit:**  
(The function of the Electricity Distribution Division (Urban), Roorkee is to distribute electricity to the Roorkee city and to keep as well as expand the electricity distribution system and the geographical jurisdiction of the division is Roorkee city.)  
(ii) **Auditing methodology and scope of audit:**  
Electricity Distribution Division (Urban), Roorkee, 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 May 2015 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 (Urban), Roorkee is a 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-` 29.74crore .**

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*per cent* of energy received for the period 2015-16. To achieve the norms, UERC had also identified some causes resulting in loss of energy in distribution and suggested remedial measures to reduce the 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 Aerial Bunch Cable to control theft.
- (ii) Regular checking of unauthorized extraction of electricity.
- (iii) Rectification of defective meters.

Test check of relevant records revealed that during the period from April 2015 to March 2016, the T&D losses were 36.28 *per cent* against the allowable norms of 15 *per cent* fixed by the UERC. Thus the transmission losses were on very higher side than the prescribed norms. Excess T&D losses resulted in loss of ` 29.74 crore (by taking the cost of energy at an average of ` 2.25 per unit) as detailed below:

Sr. No.	Particulars	Energy in Million Units
		4/2015 to 03/2016
1	Energy received during the period	621.260 M.U.
2	Sale of Energy 4/2015 to 03/2016	395.880 M.U.
3	Loss of Energy (1-2)	(36.28%) 225.380 M.U.
4	Permissible Loss (15 %) as per norms	93.189 M.U.
5	Avoidable loss of energy in distribution (3-4)	132.191 M.U.
Cost of avoidable loss of energy = 132.191 X 10,00,000 X ` 2.25 =297429750, Say <b>29.74crore</b>		

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 2015, 289 meters (out of total 89604 connections/ meters) were mechanical meters and out of them 191 mechanical meters were replaced by electronic meters during 2015-16 and balance 98 mechanical meters were yet to be replaced as on March 2016. Thus the Division failed to replace all the mechanical meters by electronic meters as advised by the UERC. Reasons for which the Division could not replace the mechanical meters are awaited in audit.

ii. During 2015-16, 1789 raids were carried out by the Division to ascertain whether there was unauthorized extraction of power. Penalty of ` 7.07 lakh was imposed in 15 cases and penalty of ` 2.28 lakh was recovered. Considering the fact that there are 89604 connections and distribution losses were on very higher side, the Division is required to increase number of raids to ascertain unauthorized extraction of power.

iii. Against 89604 connections, 3722 meters (4.15 *per cent*) were defective as on March 2016 which was higher than the prescribed norms of UERC *i.e.* 2 *per cent*.

Further, it was also seen that most of the R-APDRP Part-B, work initiated by Govt. of India in 2008 with the objective to reduce AT&C losses in State Owned Electricity Distribution Utilities in India were in completion stage but the line loss of the division has not reduced as per their norms.

Thus, the Division is required to initiate further efforts to reduce the line loss.

Management in its reply stated that ABC cable is being laid down and checking to stop theft is being done by the Division. Further, camps in the villages are being organised time to time and IDF meters are being changed by the Division.

The reply of the Management is not acceptable as fact remains that the T&D losses are on higher side than the prescribed norms.

## Part II (B)

### **Para 1: - Non-realization of revenue.**

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.

Review of records of Division revealed that huge arrear of ` 13683.61 lakh was pending for realization from different categories of consumers as on March 2016 given below:

Sl. No	Particulars	` (In Lakh)
<b>(A) Non-Government Consumers</b>		
I	Commercial (Non-Domestic)	4741.04
II	Domestic and Residential	6291.53
III	Pvt. Tube wells	1035.77
IV	L T Industry	420.54
		<b>12488.88</b>
<b>Total (A)</b>		
<b>(B) Govt. Consumers</b>		
V	State tube wells	691.54
VI	Public Lamps	40.46
VII	JalSansthan and Jal Nigam	347.72
VIII	Other Works & Railway Traction	115.01
		<b>0</b>
<b>Total (B)</b>		
<b>Grand Total (A+B)</b>		<b>13683.61</b>

It was observed that out of total dues of ` 13683.61lakh (including delayed payment surcharge of ` 5735.73 lakh) ` 12488.88 lakh was recoverable from non-Government consumers and balance ` 1194.73 lakh was due from Government consumers. Pendency of huge dues against the non-government consumers revealed that the recovery of the dues was not pursued vigorously.

During scrutiny of records, it was noticed that the division has issued recovery notice u/s 3 to 10583 consumers amounting to ` 4698.24 lakh (upto 09/2015) against which ` 0.11 lakh from only one consumer was recovered upto March 2016. Balance 10582 consumers amounting to ` 4698.13 lakh were pending for issuance of recovery certificate u/s 5 for more than six months as per above mentioned manual. Non issuance of recovery certificate u/s 5

shows lack of proper action by division for recovery of arrears. This resulted in blocking of fund of ` 4756.90 lakh.

B. Further as per records, 71 notices(` 44.25 lakhs)served u/s 5 during 2015-16 and prior to that were returned by the district authority to the Division without affecting any recovery due to incomplete address ( name of the father of the consumer was not mentioned), the defaulter had died, the consumer had no immoveable property etc. The division was to verify all such returned notices to see whether the consumer or his successor is residing at the said address. However, no further action (forwarding of said notices to the concerned sub-division for further verification) has been initiated by the division in respect of returned notices so far. Non taking of any action relating to notices returned by the district authority has resulted in blocking of funds of ` 44.25 lakh.

Management in its reply stated that after occurrence of Apda in Uttarakhand, the Government of Uttarakhand ordered not to issue notices under section 3 and 5. Further, the notices issued were also returned to the Division. However, the notices under section 3 and 5 are being issued now.

**Para 2: Non realization of additional security of ` 188.18 lakh.**

As per UPSEB order No. 617-CUB/S-8 dated 7.3.1994 and adopted by the UPCL the security of the consumer should be re-assessed in each financial year and the security should be equal to average of two months bill. In case, security re-assessed exceeds the initial security, security so worked out would be demanded by giving notice to the consumers of 45 days. In case the additional security is not deposited within the stipulated period by the consumer, the electricity supply of the consumer can be disconnected.

During test check of the bills relating to large & heavy consumers, it was noticed that the average of two month's bill of the consumers exceeded the initial security deposited by ` 188.18 lakh and accordingly additional security of ` 188.18 lakh (Annexure-1) was demanded by the Division from the consumers. However, additional security was yet to be deposited (August 2016) by the consumers.

The additional security deposited by the consumers may be utilized by the Corporation as its working capital. Non deposition of additional security by the consumers resulted in blocking of funds of ` 188.18 lakh. It was observed that the Division did not issue any reminder to the defaulting consumers to deposit the additional security. Thus the consumers were not pursued to deposit the requisite additional security.

Management in reply stated that notices to recover the additional security are being sent to consumers.

Reply of the Management is too general to accept as additional security of ` 188.18 lakh is yet to be realized.

**Para 3:- Blockade of funds due to excess damage of Transformers – ` 3.70 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 they are properly maintained.

Uttarakhand Power Corporation Limited (UPCL) had issued guidelines that the damage of transformers should not exceed 3.0 *per cent* of the transformers installed. During scrutiny of relevant records, it was noticed that during April 2015 to March 2016, the damage rate of transformers was on higher side than the norms fixed by the UPCL as detailed below:

**(April 2015 to March 2016)**

Sl. No.	Capacity of T/F (in KVA)	No. of T/F installed against each capacity	No. of T/F damaged		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	16	69	04	5.80	02	02	37600	75200
2	25	2145	189	8.81	64	125	55000	6875000
3	63	362	43	11.88	11	32	101100	3235200
4	100	394	93	23.60	12	81	134600	10902600
5	160	40	02	5.00	01	01	175000	175000
6	250	143	20	14.00	04	16	442000	7072000
7	400	101	17	17.00	03	14	616300	8628200
	<b>Total</b>	<b>3254</b>	<b>368</b>		<b>97</b>	<b>271</b>		<b>36963200</b>

Above revealed that against the prescribed norms of 3*per cent*, actual damage rate ranged between 5.80 *per cent* to 23.60 *per cent* which were comparatively on higher side. As intimated by the Management all the 368 transformers were damaged due to internal fault. It was observed that 54 transformers which were damaged under guarantee period have not been included in above damaged report. The damage of transformers in excess of the prescribed norms has resulted in blockade of funds of ` 3.70 crore.

In addition to above it was also noticed that during the year 2015-16, 61 transformers valuing ` 33.55 lakh (approx.) were lost due to theft. The division has lodged the F.I.R. It was observed that the Division had not taken any insurance policy to cover the risk of theft against the transformers installed at sites. Due to not having any insurance policy against theft the division had suffered a loss of ` 33.55 lakh (approx.)

Management in reply stated that regular efforts are being made to control the damage of transformers and connected load of the consumers is being increased as well as consumers are being penalised for theft of power. Further, division recovered ` 56.39 lakh as penalty. Reply is not acceptable as the rate of the damage of transformers was in excess of prescribed norms and steps to control the damage need to be intensified.



**Para 4:- Non deposition of E.P.F. by the Contractor (Self Help Group)**

Division has been hiring manpower for carrying out miscellaneous works viz. redressal of consumers complaints, attending of breakdown and maintenance of LT/11KV/33 KV lines etc. from Self Help Group (SHG). As per contract entered into with the contractor for the year 2015-16 an amount of ` 10982.37/- per head per month was payable to the contractor which includes EPF contribution of ` 965.63/- per head.

As per records, the contractor did not deposit the EPF contribution to the EPFO during the period 2008 to 2013. The division vide its letter dated July 2016 asked the SHG to furnish the employees wise details of EPF contribution deposited (since inception) alongwith employee- wise EPF number allotted by EPFO. However, SHG has not furnished any reply till date. Being a principal employer, it was the duty of the division to ensure that the contractor has depositing the EPF contribution relating to the employees hired by it. Audit observed that the EPF contribution of ` 15.95 lakh (` 965.63/- per head per month) released by the division was not deposited by the contractor. Possibility of imposition of penalty on Principal employer by the EPFO due to non deposition of the EPF contribution by the contractor cannot be ruled out.

In this regard employee-wise and year wise EPF contribution released by the division since 2008 to till date may be furnished to audit.

Reply of the Management 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>AIR for the period</b>	<b>Part-II-A</b>	<b>Part-II-B</b>
1	1/2004 to 3/2005	1&2	1 to 9
2	4/2005 to 3/2006	-	3
3	4/2006 to 3/2007	1	1 to 4
4	4/2007 to 3/2008	1&2	1 to 3
5	4/2008 to 3/2011	1	1 to 4
6	4/2011 to 3/2014	1&2	1 to 3
7	04/2014 to 03/2015	1	1 to 5

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
NIL				

**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 (Urban), Roorkee, 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:**

<b>Sr. no.</b>	<b>Name</b>	<b>Post</b>
(i)	Shri Mohan Mittal	Executive Engineer
(ii)	Shri Manoj 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 Sr. DAG/DAG (concerned sector) within one month of receipt of the letter.

**Sr. Audit Officer/ES-I**