

The inspection report has been prepared on the basis of information provided by Electricity Distribution Division, Laksar. 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 Electricity Distribution Division, Laksar, UPCL for the period from April 2017 to March 2018 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 was conducted by Shri Ghanshyam Das Pal, AAO and Ajay Bahuguna, AAO under the supervision of Shri Roshn Lal Shurma, AO during the period from 20.07.2018 to 28.07.2018

### **Part-I**

1. **Introduction:-** The last audit of this unit was carried out by Sh. Amit Kumar, AAO and Shri Khub Chand, AAO under the supervision of Ms. Usha AO, in which accounting records of the period from 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 division:**

The main function of the division is to receive energy from Power Transmission Corporation Ltd. and distribute it among different category consumers of Jaspur town and its rural areas and realisation of revenue from them .The geographical jurisdiction of the division is Laksar town and its rural areas.

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

Electricity distribution division, Laksar Uttarakhand Power Corporation Ltd. Jaspur, was covered in the audit. . This inspection report is based on findings of audit and May 2017 month was selected for detailed examination and checking of Revenue for mathematical accuracy for the month of December 2017.

(iii) **Revenue, Expenditure and profit/loss for the year 2017-18.**

(in ₹)

<b>Year</b>	<b>Revenue</b>	<b>Expenditure</b>	<b>Profit/Loss</b>
2015-16	756037000	5494984	-
2016-17	1264622000	79863429	-
2017-18	271905375	134272232	-

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

The Electricity Distribution Division, Laksar is a division of UPCL which is officiated by the Executive Engineer.

**Part II A**

.....Nil.....

## **Part II B**

### **Para 1: Non recovery of additional Security amounting to ₹ 6.46 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.

During scrutiny of billing files and other related records of the KCC consumers, it was noticed that the average two months bills of consumers exceeded the amount of security already deposited. Additional security amounting to ₹ 6.46 crore from 30 KCC consumers (having additional security pending more than ₹ 1.00 lakh) were pending from March 2018 and has not been recovered 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 within the stipulated period which was not recovered.

Division in its reply stated that additional security assessment is a continuous process. We have issued 209 demand notice to all KCC consumer of ₹ 6.71 crore in the month of 06/2018, some consumer paid their security. The reply of the division is not convincing as on date ₹ 6.46 crore is pending against 30 KCC consumers.

Matter is brought to the notice of the higher Authorities

## Para 2: Avoidable loss of energy in distribution –₹ 12.51Crore

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 Uttarakhand Electricity Regulatory Commission (UERC). The UERC had fixed a norm of 15.00 *per cent* of energy received for the period 2015-16, 2016-17 & 2017-18. 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 of the division, it was observed that during the period from 15-16 to 2017-18 T&D losses were 34.46, 31.32 and 26.29 *per cent* respectively against the admissible norms *i.e.* 15 *per cent* fixed by the UERC for last three year. Resultantly, division suffered a loss of ₹ 12.51 crore in 2016-17 as detailed below:

Sr. No.	Particulars	Energy in Million Units	Energy in Million Units	Energy in Million Units
		4/2015 to 03/2016	4/2016 to 03/2017	4/2017 to 03/2018
1	Energy received during the period	402.090 M.U.	453.559 M.U.	492.548MU
2	Sale of Energy	271.137 M.U.	311.519 M.U.	363.055MU
3	Loss of Energy (1-2)	(34.46 %) 138.576 M.U.	(31.32 %) 142.040 M.U.	(26.29%)129.493MU
4	Permissible Loss (15.00 %) as per norms	60.313M.U.	68.034M.U.	73.882 M.U.
5	Avoidable loss of energy in distribution (3-4)	78.263M.U.	74.006M.U.	55.611 MU
Cost of avoidable loss of energy in 2017-18= 55.611 X 10,00,000 X 2.25 = ₹ 125124750, <b>Say ₹ 12.51 crore</b>				

It is evident from the above that the Division failed to control the loss of energy within the prescribed norms.

In this regard audit also observed that during April 2017 to March 2018, total 566 raids were conducted by the EDD Laksar against unauthorized extraction of power and imposed the penalty of ₹ 67.77 lakh. Out of which, only ₹ 38.46 lakh were re-covered & the remaining amount of ₹ 29.31 lakh is yet to be recovered. As per the norm's of UERC, the Distribution

loss should not be more than 15% to achieve the same, proper monitoring & number of raid's would have to be increase.

Division in its reply stated that we are continuously working to reduce it, by making metering, billing and theft checking programme. It is a continuously reducing trend, in 2015-16, it was 34.46 *per cent* which reduce 31.32 *per cent* in 2016-17 which was further reduce 26.29 *per cent*.

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 the higher Authorities.

**Para 3: Huge arrear against the consumers.**

Commercial and Revenue Manual of Uttar Pradesh Power Corporation (which had 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 Under Section 3 of Electricity Dues & Recovery Act, 1958 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 under section-5 through District authorities. All such action for recovery of electricity dues should be completed within six month.

Scrutiny of records revealed that as on March 2018 huge amount of ₹ 85.14 crore was pending for realization against these consumers as detailed below:

**(₹ in lakh)**

Sl. No.	Particulars	Arrear (2016-17)	Arrear (2017-18)	Arrear Increase
I	Domestic & BPL	4283.17	5616.58	1333.41
II	Commercial	630.06	822.67	192.61
III	Private Tube well	556.97	1019.14	462.17
IV	HT/LT Industry	788.68	1055.55	266.87
Total		<b>6258.88</b>	<b>8513.94</b>	<b>2255.06</b>

It was noticed that electricity dues amounting to ₹62.59 crore were pending against the above consumers as on March 2017 which was increased to ₹ 85.13 crore in March 2018. It revealed that during the year 2017-18 the outstanding dues increased by ₹ 22.55 crore (Approximate 36.03 *per cent*). Pendency of huge arrears against these consumers revealed that the recovery of the dues was not pursued vigorously. Division should make more efforts for realizing of the same.

Division stated that we are making effort to recover the arrear by disconnecting connection, PD and issuing Section -3 and Section-5. The main reasons of arrear are being a rural area and most of the consumer is based on the agriculture.

The reply of the management is not convincing as recovery of revenue is still pending and enough notices has not been issued by the division.

Matter is brought to the notice of the higher Authorities

**Para 4:- Blockade of funds due to excess damage of Transformers – ₹ 1.27 crore.**

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. The age of distribution transformers is estimated to be 25 years, provided that proper maintenance and protection of the device is available. Uttarakhand Power Corporation Limited (UPCL) had issued guidelines that the fixed norms for damage of transformers should not exceed three (3) *per cent* of the transformers installed.

During scrutiny of relevant records it was noticed that the damage rate of transformers during 2015-2016 to 2017-18 was on higher side as compared to the norms fixed by UPCL as detailed below:

**(2015-16)**

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 (in ₹)	Loss due to excess damage of T/F (in ₹)
1	25	2015	131	6%	60	71	55000	3905000
2	63	245	24	9%	7	17	101100	1718700
3	100	351	41	11%	11	30	134600	4038000
4	250	52	3	5%	1	2	442000	884000
	<b>Total</b>	<b>2663</b>	<b>199</b>		<b>79</b>	<b>120</b>		<b>10545700</b>

**(2016-17)**

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 (in ₹)	Loss due to excess damage of T/F (in ₹)
1	25	2209	152	6%	66	86	56000	4816000
2	63	284	31	10%	9	22	107000	2354000
3	100	397	87	21%	12	75	143500	10762500
4	250	52	16	30%	2	14	382000	5348000
5	400	10	3	30%	1	2	560000	1120000
	<b>Total</b>	<b>2952</b>	<b>289</b>		<b>90</b>	<b>199</b>		<b>17932500</b>

**(April 2017 to March 2018)**

Sl. No.	Capacity of T/F (in KVA)	No. of T/F installed against each capacity	No. of T/F damaged during the year		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	25	2537	158	6.23%	76	82	54200	4444400
2	63	302	25	8.28%	09	16	107000	1712000
3	100	483	58	12.01%	15	43	143500	6170500
4	250	62	03	4.84%	02	01	382000	382000
	<b>Total</b>							<b>12708900</b>

Above revealed that against the prescribed norms of 3% actual rate of damage transformers was ranged between 5 *per cent* to 11 *per cent* in 2015-16, 6 *per cent* to 30 *per cent* in 2016-17. However the damage rate was declined 4.84 *per cent* to 12.01 *per cent* in 2017-18,

which is much higher to the prescribed rate of UPCL. Damage of transformers in excess of the prescribed norms resulted in blockade of funds of ₹ 1.27 crore in 2017-18.

**(B) Loss of ₹ 3.75 lakh due to theft of transformers**

Scrutiny of records revealed that during the year 2017-18 Six ( 6 ) No of Transformers were stolen by some miscreants . The details are as under-

Sl. No.	Name/Site	Date of theft	Date of FIR	Delay	Capacity of Transformer	Amount
1.	Sh. Babu Singh S/o Chotu Singh at Village Shahpur Bhattipur Laksar	03.08.2017	10.08.2017	7	25	54,200
2.	Sh. Jaimal S/o Sh. Chota Bhattipur	05.09.2017	14.09.2017	10	25	54,200
3	EE, Nalkoop Khand Roorke	10.09.2017	10.09.2017	-	63	1,03,500
4	Mr. Phool Singh S/o Bhagwan Das Laksar	01.10.2017	02.10.2017	01	25	54,200
5	EE, Nalkoop Khand Haridwar	24.10.2017	06.01.2018	73	25	54,200
6	Sh. Ashraf S/o Sh. Habeeb Laksar	15.02.2018	15.02.2018	-	25	54,200
					<b>Total</b>	<b>3,74,500</b>

Further scrutiny of records revealed the circle held the responsibility to the Division for the loss and asked the Division to recover the above amount from the concerned employees who was responsible for maintenance of the Transformers. It was also observed that division had lodged FIR after a delay two month and no recovery for the loss has been initiated till date.

The division stated that it is a rural division. Electrical lines are very long and passes under the trees in some places, thereby resulting in damage of transformers. Although the damage rate of transformers is in reducing trends.

The reply of the management is not acceptable as the fact remains that the damage rate of the transformers is higher than the damage norms fixed by the Corporation.

Matter is brought to the notice of the higher Authorities



**Para 5:- Non receipt of Revenue Receipt Books.**

As per letter no 1226 / UPCL / com/ g-83 dated 23 May 2008, Revenue Receipt Books issued for collection of revenue should be returned to the concerned office/ division after consumption of the same.

Review of records revealed that during the period April' 2017 to March' 2018, a total numbers of 121 of Non-KCC Revenue Receipts books and 33 numbers of KCC Revenue Receipts books were issued by the division to various officials of the division/sub-division and only 70 nos. of Non-KCC revenue receipts books and 33 nos. of KCC Revenue Receipts books were returned to the division and a balance 51 Non-KCC Revenue Receipts books and nil nos. of KCC Revenue Receipts books receipts books are yet to be returned till the date of audit. Details enclosed in Annexure-“A”

Further, it was observed that new revenue receipts books were being issued in a lot of 10 to 25 books per revenue collector without obtaining the old ones. As revenue receipts books are directly involved in the collection of cash, possibility of misuse of the receipts and embezzlement cannot be ruled out.

The division has not furnished the initial reply of the para.

**Para 6: No progress of work.**

Electricity Distribution Circle, Haridwar awarded two contracts for laying of 11 KV AB Cable in various location on Semi turnkey basis under 33/11 KV Sub-station Pathri, Bhattipur and Raisi amounting to ₹ 1.63 crore and 33/11 KV sub station laksar and khanpur under the jurisdiction of EDD Laksar Haridwar amounting to ₹1.62 crore . Both the work were awarded to M/s Sagar Engineering Company C-41, Sharda Nagar Jwalapur, Haridwar. The date of agreement of the contract was 2/2/2018 & 28/3/2018. The schedule date of completion of the agreement was 90 days from the date of signing of agreement/LoA/last lot of material issued form the Central store. As per terms & conditions, the work will be carried out under the supervision of SDO/JE concerned under the jurisdiction of EE, EDD, Laksar. The payment shall be made by Executive Engineer, Electricity Distribution Division, Laksar, Hardwar. It was seen that the contractor had neither supplied the material nor started the erection work till date.

The Division in its reply stated that the main reason of delay was non availability of material in the store. The division further stated that any delay in execution of work on the part of the contractor, if found, and then penalty would be deducted from the final bill of the contractor. The reply of the division is not convincing as more than three months have elapsed but the supplier has neither supplied the material nor started the erection work till date.

## **Para 7: Consumer Satisfaction and Redressal of Grievances.**

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 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:

### **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:

<b>Year</b>	<b>No. of cases where connection were released beyond stipulated time</b>	<b>Amount of Penalty</b>
2016-17	641	44,68,200
2017-18	462	13,91,980

From the above it is evident that UPCL had to bear penalty amounting to ₹ 58.60 lakh due to delay release of connection. Further audit notice that the main reasons of delay was non availability of material at store. 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 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:

<b>Year</b>	<b>Number of cases pending on the last day of preceding year</b>	<b>Total complaints received during the year</b>	<b>Number of complaint rectified during the Month/year</b>	<b>Number of cases pending on the last day of month/year</b>	<b>Number of cases rectified within specified period</b>	<b>Number of cases not rectified within specific period</b>
2016-17	865	405	449	821	379	69
2017-18	1463	1147	1045	1565	929	145

From the above it is clear that the division had rectified 379 complaints within specified period in 2016-17 and 929 in 2017-18 but 69 cases in 2016-17 & 145 cases in 2017-18 complaints were addressed after specified period.

### **Non replacement of defective meters .**

Right to service act 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 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 1175.IDF bills with the arrears of ₹ 0.17 crore. It was also observed that the bills of the consumers were defective in the range of one to 64 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 in its reply stated that new LT connection is a continuous process. Shortage of meter is a major reason of delay to release new connection. Although, we are making team efforts to avoid the penalty. . However, the fact remains that delay in releasing the connections to the consumers resulted in avoidable loss to the division in the form of penalty but inconvenience to the consumers also.

### **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:-

<b>Sl. No.</b>	<b>AIR for the period</b>	<b>Part-II-A</b>	<b>Part-II-B</b>	<b>Total</b>
1.	4/2015 to 09/2016	-	1	1

**Compliance report of unsettled paras of previous inspection report-**

<b>Inspection report period and number</b>	<b>Para No. Audit observation</b>	<b>Compliance report</b>	<b>Comments of Audit Party</b>	<b>Remarks</b>
-	-	-	-	-

### **Part IV**

#### **Best practices of the Division**

No good practices or innovation noticed during the course of audit

### **Part V**

#### **Acknowledgement**

1. Office of The Principal Accountant General (Audit) Uttarakhand, Dehradun expresses gratitude towards Executive Engineer of the Division and their officers and employees for promptly providing desired documents and information including infrastructure related co-operation during the course of audit.

2. **Documents were not produced during audit:**

-----NIL-----

**3. Persistent irregularities.**

-----NIL-----

**4. The following officers held the charge of head of the division during the audit period:**

<b>Sr. no.</b>	<b>Name</b>	<b>Post</b>	<b>Period</b>
1-	Shri Devendra Kumar,	Executive Engineer	last audit to 04.01.2018
2-	Shri Manoj Gusain,	Executive Engineer	04.01.2017 to till date
3-	Shri Gajendra singh	Divisional Accountant	last audit to till date

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**