

This audit inspection report has been prepared on the basis of information provided by Executive Engineer, Electricity Distribution Division, Haldwani (Rural), Nainital. 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, Haldwani (Rural), Nainital 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 read with 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 31 July 2018 to 08 August 2018.

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, Sr. AO 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, Haldwani (Rural), Nainital is to distribute electricity to rural area of Haldwani in Nainital district and keep as well as expand the electricity distribution system to this area. The geographical jurisdiction of the division is within rural area of Haldwani, Nainital district.

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

Electricity Distribution Division, Haldwani (Rural), Nainital was covered in the audit. Inspection reports of all independent Drawing and Disbursing officers are being issued separately. This audit inspection report is based on findings of audit and February 2018, March 2018 month was selected for detailed examination and March 2018, October 2017 was selected for Arithmetical Accuracy.

(iii)

(₹ In Crore)

Year	Revenue	Expenditure	Profit
2017-18	123.03	10.32	--

(To the extent this information is available & applicable)

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

The Electricity Distribution Division Haldwani (Rural), Nainital 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 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 2017-18 revealed the following:

Year	No. of cases where connection were released beyond stipulated time	Amount of Penalty (in ₹)
2017-18	85	742250/-

From the above it is evident that UPCL had to bear penalty amounting to Rs 7.42 lakh due to delay release of connection.

Division replied that the main reason of delay in release of connection was non availability of material at store and poor connectivity of network. Reply of the division is not acceptable as it is the responsibility of UPCL to ensure that all the necessary material is available for timely release of connection.

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:

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	Penalty amount (₹)
1	Complaints lodged for accuracy test of meter	14	929	887	77	750	137	83075
2	Complaints lodged for defective/stuck meter	4	1825	1783	72	1296	487	1129300
3	Complaints lodged for burnt meter	2	209	223	8	39	167	172400

From the above it is clear that the division has addressed most of the complaints in the specified time period but still some complaints were addressed after specified time.

Division replied that due to shortage of manpower all the complaints cannot be attended in time. Reply of the division is not satisfactory as it is the mandatory requirement of the division to attend the complaints as per the time prescribed in SoP.

(B) 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 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 278 IDF bills with the arrears of Rs 12.24 crore. It was also observed that the bills of the consumers were defective in the range of 1 to 83 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 replied that the defective meter is replaced by test division and distribution division only provide list of the consumers with defective meter. Reply of the division is not satisfactory as distribution division is affected due to defective meters and the billing is done on the assessment basis.

(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 remain interrupted after a disturbance occurred

2- 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 (R), Haldwani was observed that SAIDI has decreased from 251 to 240 whereas SAIFI and MAIFI has increased from 12 and 3 in 2016-17 to 14 and 4 in 2017-18 respectively. The division should try to improve its reliability index by working on precautionary maintenance of lines.

Division replied that the work of system improvement is in progress therefore, there is temporary increase in the SAIDI and MAIFI. Reply of the division is not satisfactory

as the reliability of the power should be maintained to provide quality power to consumers.

Part II B

Para 1: Non recovery of dues amounting to ₹ 20.34 crore from Non-Govt. consumers and ₹ 44.42 crore from Government consumers.

(A) Non-Government consumers:

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) Under Section-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.

During Scrutiny of records relating to electricity dues against Non-Government Consumers, it was noticed that electricity dues has not decreased significantly from ` 2122.65 lakh in 2016-17 to ` 2034.74 lakh in 2017-18 as detailed below:

(` In lakh)

Sl. No.	Particulars	2016-17	2017-18
1.	Balance outstanding at the beginning of the year	2047.02	2122.65
2.	Revenue assessed/Billed during the year	11565.64	12476.49
3.	Total amount due for realisation (1+2)	13612.66	14599.14
4.	Total amount adjusted/ waived off/ rebate	22.59	73.33
5.	Amount realised during the year	11467.42	12491.07
6.	Balance outstanding at the end of the year	2122.65	2034.74

It is evident from above table that there is marginal decrease in arrears of Non Government consumers over the period from 2016-17 to 2017-18. Division should make more efforts for realizing the arrears.

Division replied that in the beginning of the year 2016-17 the arrears of Non-Govt. consumers was ₹ 21.22 crore which was decreased ₹ 20.34 crore in the end of the year

2017-18. Camps are being organized for the recovery of outstanding arrears also RC-3 & RC-5 are being issue to defaulters.

Reply is not acceptable as still the huge amount was unrecovered and also the number of RCs issued by the division was negligible in comparison to the number of consumers of the division. Division should make extra effort for the recovery of the arrears.

(B) Government consumers:

The purpose of establishing distribution division in different parts of the State is to provide electricity to the consumers of different categories. One of the most important functions of the division is to realize electricity charges consumed by the consumers. The realisation as per the targets fixed by the UPCL is intimated monthly to the division indicated efficiency of the division and good financial health of the UPCL. The revenue collected/ realised by the division is intimated through monthly commercial diary of the distribution division.

The revenue collection efficiency of the Company lies in realisation of the billed and assessed energy as well as outstanding dues of electricity. The revenue from sale of energy is the main source of income of the Company. Therefore, prompt and effective collection of revenue assumes great significance. The details of outstanding of revenue/arrear of Government consumers of UPCL 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	6079.34	3377.85
2.	Revenue assessed/Billed during the year	2448.14	3108.51
3.	Total amount due for realisation (1+2)	8527.48	6486.36
4.	Total amount adjusted/ waived off/ rebate	-	-
5.	Amount realized during the year	5149.63	2043.43
6.	Balance outstanding at the end of the year	3377.85	4442.93

Source: Information compiled from the data provided by the Company

It is evident from above that the arrears were increased from ₹ 3377.85 lakh in 2016-17 to ₹ 4442.93 lakh in 2017-18 and the realization decreased from 60.38 percent in 2016-17 to 31.50 percent in 2017-18.. Division should make sincere efforts and raise the matter with top management and HoD of the departments for early realization of the same.

Division replied that the arrear of outstanding amount was ₹ 60.79 crore in 2016-17 which was decreased ₹ 44.42 crore. Meetings are being organized by the division and efforts are being made by the headquarters office at the Govt. level for the recovery of the same.

Reply is not convincing because division failed to recover the arrears from the Government consumers.

Matter is brought to the notice.

Para 2: Blockade of ₹ 33.81 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 concerned District Magistrate 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 RC's could be realized.

The status of unrecovered Recovery Certificates u/s 5 during 2016-17 to 2017-18 is 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.	143	30.20
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	45	2.33
3.	Number of RCs and amount realized by DM office from defaulting consumers during the period April-2016 to March-2017.	0	0
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.	0	0
5.	Number of RCs pending with the DM office due to non-realization as on 31.03.2017.	188	32.53

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 01.04.2016.	188	32.53
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	110	15.90
3.	Number of RCs and amount realized by DM office from defaulting consumers during the period April-2016 to March-2017.	38	6.33
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.	66	8.06
5.	Number of RCs pending with the DM office due to non-realization as on 31.03.2017.	194	33.81

Audit noticed that the 143 numbers of RCs amounting to ` 30.20 lakh were pending for realization in the beginning of April 2016 which increased to 188 numbers of RCs amounting to ` 32.53 lakh in 2017-18. 66 RCs amounting to ` 8.06 lakh were returned by DM office during 2016-17 to 2017-18 due to wrong address/ inadequate details provided by the division. Only 38 RCs amounting to ₹ 6.33 lakh realized between the period 2016-17 to 2017-18 by the DM office and 194 RCs amounting to ₹ 33.81 lakh were pending in the end of 2017-18.

Had proper action for temporary/permanent disconnection been taken by the division in time against the defaulting consumers this arrear would not have been accumulated.

Division replied that R.C. amounting ₹ 33.81 lakh is pending in District Magistrate office and action for recovery is to be ensured by the District Magistrate office. The reply of the division is not satisfactory as it has not followed up with the District Megistrate's office for the early recovery of the same.

Matter is brought to the notice.

Para 3: Non- realisation of additional security amounting to ₹ 63.04 lakh and non-realization of initial security deposit amounting to ₹ 2.09 lakh.

(A) Additional Security:

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 ` 63.04 lakh from 91 KCC consumers were pending from April 2017 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.

On this being pointed out the division stated that notices have been issued for deposit the additional security.

(B) Initial Security:

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 six consumers of different categories to whom connection have been released without depositing the required security deposit. This resulted in non- realisation of Security deposit by ` 1.42 lakh and violation of UERC regulations. The details are as follows:

Sl. No.	KNO	Category	Load (in KW)	Required Security Deposit @ ` 1000 per KW
1.	7628	RTS-7 LT AND HT INDUSTRY	100.00	166814
2.	11284	RTS-2 NON-DOMESTIC	11.00	11000
3.	11555	RTS-7 LT AND HT INDUSTRY	8.00	8000
4.	11728	RTS-7 LT AND HT INDUSTRY	8.00	8000
5.	19335	RTS-2 NON-DOMESTIC	10.00	10000
Total				203814

It is evident from above table that division failed to collect the security amount at the time of releasing connections to above consumers.

On this being pointed out, the division replied that during manual to computerized 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.

Matter is brought to the notice.

Para 4: inadequate vigilance checking by the division

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 sub-division	Year of checking	Total number of consumers	Number of checking	Number of theft cases detected/ Assessment made	FIR lodged	Amount assessed	Amount realized	Balance
EDD (R) Haldwani	2016-17	62903	741	51	51	7.93	7.93	-
	2017-18	68986	880	138	137	24.14	24.14	-

Source: Information compiled from the data provided by the Company

It can be seen that the total number of checking carried out by division ranged from 1.17 per cent to 1.27 per cent against the total number of consumers during the period 2016-17 to 2017-18. It is pertinent to mention that percentage of checking itself as compared to total number of consumers was negligible. Had the division increased the number of checking in a year, leakage of revenue could be avoided.

The division in its reply that due to shortage of manpower, it is not possible to greater checking for detecting the theft. However, efforts are being made for detecting the theft.

The reply of the division confirms the fact that there is need of greater vigilance check for detecting the theft.

Matter is brought to the notice.

Part III

Details of unsettled paras of previous inspection reports:-

Sl. No.	Period	Part II-A	Part II-B
1.	10/2006 to 09/2007		1,2
2.	10/2007 to 09/2008	1	2
3.	10/2008 to 3/2011	1	-
4.	4/2011 to 3/2013	1	-
5.	4/2013 to 3/2014	1	1,2,3,4&5
6.	04/2014 to 03/2015	1	1,2,3
7.	04/2015 to 03/2016	1	1,2,3,4
8.	04/2016 to 03/2017	1,2,3,4	1,2,3,4,5,6,7,8,9,10,11,12

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, Haldwani (Rural), Nainital 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 Amit Anand	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