



FOURTEENTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC UNDERTAKINGS
(2016-2019)**

SEVENTY THIRD REPORT
(Presented on 4th December, 2018)

**SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM**

2018

FOURTEENTH KERALA LEGISLATIVE ASSEMBLY

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SEVENTY THIRD REPORT

On

KERALA STATE ELECTRICITY BOARD LIMITED

**(Based on the Report of the Comptroller and Auditor General of
India for the year ended 31 March, 2014)**

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COMMITTEE ON PUBLIC UNDERTAKINGS (2016-2019)

COMPOSITION OF THE COMMITTEE

Chairman:

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Shri V. K. Babu Prakash, Secretary

Shri K. Suresh Kumar, Joint Secretary

Shri Harish G., Deputy Secretary

Smt. Deepa V., Under Secretary.

INTRODUCTION

I, the Chairman, Committee on Public Undertakings (2016-2019) having been authorised by the Committee to present the Report on my behalf, present this Seventy Third Report on Kerala State Electricity Board Limited based on the Report of the Comptroller and Auditor General of India for the year ended 31st March, 2014 relating to the Public Sector Undertakings of the Government of Kerala.

The aforesaid Report of the Comptroller and Auditor General of India for the year ended 31st March, 2014 was laid on the Table of the House on 23-3-2015. The consideration of the audit paragraphs included in this Report and the examination of the departmental witness in connection thereto was made by the Committee on Public Undertakings constituted for the years 2016-2019 at its meeting held on 21-6-2017.

This Report was considered and approved by the Committee (2016-2019) at its meeting held on 19-11-2018.

The Committee places on record its appreciation for the assistance rendered by the Accountant General (Audit), Kerala in the examination of the Audit Paragraphs included in this Report.

The Committee wishes to express its thanks to the officials of the Power Department of the Government Secretariat and The Kerala State Electricity Board Limited for placing the materials and information solicited in connection with the examination of the subject. The Committee also wishes to thank in particular the Secretaries to Government, Power and Finance Department and the officials of the Kerala State Electricity Board Limited who appeared for evidence and assisted the Committee by placing their views before it.

Thiruvananthapuram,
19th November, 2018.

C. DIVAKARAN,
Chairman,
Committee on Public Undertakings.

**REPORT
ON
KERALA STATE ELECTRICITY BOARD LIMITED**

AUDIT PARAGRAPH

Introduction

2.2.1 The Kerala State Electricity Board Limited (Company) was incorporated under the Companies Act, 1956 on 14 January 2011. The Company started independent operations with effect from 31 October 2013 when the Government of Kerala (GoK) transferred the assets and liabilities of erstwhile Kerala State Electricity Board (KSEB), a statutory corporation, to it. The Company is engaged in generation, transmission and distribution of electricity in the State. Sale of energy and its billing is regulated by Electricity Act 2003, rules and regulations¹⁹ and orders/circulars issued by Government/Kerala State Electricity Regulatory Commission (KSERC)/KSEB or the Company. The Consumers are classified into three viz., Low Tension (LT), High Tension (HT) and Extra High Tension (EHT) consumers based on their connected load and energy requirement. A consumer is classified as LT, HT or EHT consumer if he avails supply at a voltage of less than or equal to 650 volts²⁰, between 650 volts to 33000 volts and exceeding 33000 volts respectively under normal conditions. The details of the consumers' energy consumption, revenue from sale of power, etc. for the year 2012-13²¹ were as given in the Tables below:

-
- 19 Kerala Electricity Supply Code 2005 issued by Kerala State Electricity Regulatory Commission and Terms and Conditions of Supply 2005 issued by KSEB
- 20 Kerala Electricity Supply Code (Clause 4(2)) specified the voltage of LT supply as 240 volts and 415 volts for single phase and three phase respectively.
- 21 The Company has not prepared the Annual Accounts for the period ending 31 March 2014, so far (as of December 2014).

Details of consumers and revenue from sale of energy

Category	Number of consumers		Connected load		Consumption		Revenue	
	(Lakh)	Percentage	In MW	Percentage	In MU	Percentage	₹ in crore	Percentage
LT consumers	108.03	99.96	17182.99	93.44	12258.66	72.80	4738.26	65.60
HT & EHT	0.04	0.04	1206.47	6.56	4579.58	27.20	2484.20	34.39
Sale through power exchange							0.93	0.01
Total	108.07	100.00	18389.46	100.00	16838.24	100.00	7223.39	100.00

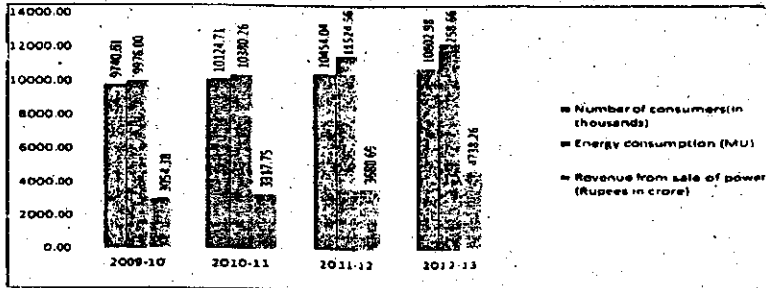
Table 2.22: Details of LT consumers and revenue from sale of energy

Category	Number of consumers		Connected load		Consumption		Revenue	
	(lakh)	Percentage	In MW	Percentage	In MU	Percentage	₹ in crore	Percentage
Domestic	85.74	79.36	11842.34	68.92	8313.36	67.82	2154.16	45.46
Commercial	16.34	15.13	2738.94	15.94	2224.06	18.14	1855.38	39.16
Industrial	1.32	1.22	1539.24	8.96	1101.96	8.99	587.12	12.39
Agricultural	4.60	4.26	956.77	5.57	306.08	2.50	47.28	1.00
Street Lights	0.03	0.03	105.70	0.61	313.20	2.55	94.32	1.99
Total	108.03	100.00	17182.99	100.00	12258.66	100.00	4738.26	100.00

The billing, collection and accounting for HT & EHT consumers are done centrally by Special Officer (Revenue). Billing in respect of LT consumers is done at 748 Electrical Sections attached to 70 Electrical Divisions (August 2014).

Trend of sale of power to LT consumers

2.2.2 The details of sale of power to LT consumers during the period from 2009 to 2013 are depicted in the graph below:



The Electrical Sections are the basic units for distribution of electricity to the consumers which function under the Assistant Engineers. Business process in Electrical Section involves Registration, Billing, Collection and Accounting and Disconnection functions.

Open Resource Utility Management Application (ORUMA)

2.2.3 With a view to automate key revenue billing and collection activities in the Electrical Section erstwhile KSEB introduced (August 2007) an application software called Open Resource Utility Management Application (ORUMA). ORUMA is an in-house software application developed in free and open source software platform. Complete life cycle of the project, viz., requirement analysis, design, development, testing, implementation, maintenance, etc. is being carried out by the IT wing of the Company. The business rule changes from time to time as per Supply Code/KSERC orders/Board Orders, etc., are also incorporated in the software. It was installed in all the Electrical Sections in Kerala by 2009.

PostgreSQL was selected as Relational Data Base Management System (RDBMS) for ORUMA. Debian Linux and Ubuntu Linux are used as server

operating system and client operating system respectively. As a platform independent tool for development, PHP was selected as the programming language. Both the server operating system and client operating system are located in Electrical Section.

Audit Objectives

2.2.4. Audit was taken up to assess whether:

- The IT system has achieved the intended objective of supporting the business process and ensures compliance with the applicable rules and regulations in registration, billing, collection, accounting and disconnection of LT consumers.
- The database provides sufficient, complete, reliable and authorised information for management to identify areas of potential revenue loss and to maximise the revenue.

Audit Criteria

2.2.5 The Audit of computerised LT billing system was conducted with reference to:

- The provisions of the Electricity Act, 2003;
- Kerala Electricity Supply Code, 2005;
- Kerala State Electricity Board Terms and Conditions of Supply, 2005;
- Board Orders/Circulars/Instructions issued by KSEB, the Company and KSERC; and
- Schedule of Tariff and Terms and Conditions for Retail Supply of Electricity.

Scope and Methodology of Audit

2.2.6 The Audit was conducted by collecting the computerised data for the period from August 2007 to September 2014 from 710 Electrical Sections in 68 Electrical Divisions. The data was analysed using IDEA²² Software and

22 Interactive Data Extraction and Analysis.

Postgre SQL queries. The results of the analysis were examined to identify loss/omission of revenue and to ensure comprehensiveness of the software.

Interaction with Government/Management

The scope, methodology and objectives of Audit were discussed in the Entry Conference conducted on 7 August 2014. Subsequently, audit findings were reported to the Company and the State Government (October 2014) and discussed in an Exit Conference conducted on 12 November 2014. The Entry and Exit Conferences were attended by the representatives of the Company/State Government. Reply from the Company was received (December 2014) and has been considered while finalising the Report. Reply from State Government is awaited (December 2014).

Acknowledgement

2.2.7 Audit acknowledges cooperation and assistance extended by the staff and management of the Company in conducting this performance audit.

Audit Findings

Audit findings are discussed in the following paragraphs:

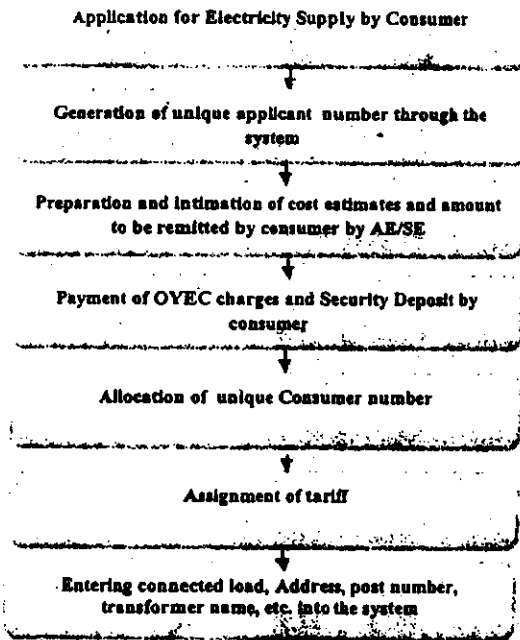
Registration of Consumers

2.2.8 As per the Kerala State Electricity Board Terms and Conditions of Supply, 2005, the owner of any premise may apply to the Assistant Engineer of Electrical Section concerned by remitting the prescribed fee²³ for electricity connection. The Company, after examining the relevant documents²⁴ and inspecting the premises, works out the amount to be remitted towards Own Your Electric Connection (OYEC) Charges and security deposit. The Company is expected to release the connection within one month²⁵ from the date of remittance of required amount.

-
- 23 Application fee for electricity connection for LT, HT and EHT consumers is ₹25, ₹.1000 and ₹5000 respectively
- 24 Completion Report of the Consumer's installation, Test Report of the consumer's installation of the licensed electrical contractor, a neat sketch of the premises showing the position of all lamps and other fittings, if the intending consumer is not the owner of the premises to be electrified, he shall furnish a consent agreement.
- 25 Where extension of LT line or 11 KV line is required, connection shall be provided within 30 days or 4 months per KM or part thereof additional line respectively.

Registration Process

The registration process is depicted below:



Following deficiencies were noticed in consumer registration:

Absence of essential details of consumers

2.2.9 As per clause 21 of Kerala Electricity Supply Code, 2005 (read with clause 35 of Terms and Conditions of Supply, 2005), every bill issued to consumers for recovery of charges for supply of electricity shall contain name and address of the consumers. It is, therefore, important to maintain the database of basic details such as name and address of consumers. On scrutiny of database, it was observed that in the case of 2.59 lakh consumer records in 629 Electrical

Sections (2.19 per cent of the total live consumers), names as well as complete address of consumer were not available in the database. Audit noticed that the absence of necessary controls in the system allows the relevant fields to be left blank. This has resulted in preparation of incomplete bills violating the provisions of Kerala Electricity Supply Code and Terms and Conditions of Supply, 2005. In addition, this leaves the Company without the essential details of consumers which would make the revenue recovery proceedings, if any, against defaulted consumers difficult.

The Company replied (December 2014) that at the time of introduction of ORUMA some old consumer details were not traceable from the records available at the section offices. The reply is not acceptable since the meter readers are regularly visiting the premises of the consumers for issue of spot bill, the required details should have been collected and entered in the system.

Assigning of excess connected load to transformers

2.2.10 At the time of registration, details of transformers from which electric connection has been provided to the consumer have to be entered in database. This helps to identify the location of consumers and generating MIS on capacity utilisation/overloading of transformers, etc. Analysis of data indicated that, 35820 transformers out of 69301 transformers in 681 Electrical Sections, were overloaded as the total load connected to those transformers was in excess of the maximum capacity. Audit observed that the system does not have inbuilt control to map each consumer with correct transformers and to generate MIS report to alert the management on overloading of transformers beyond their capacity.

While accepting Audit observations, the Company replied (December 2014) that feeder-transformer-consumer mappings were not envisaged in ORUMA software. It was also stated that ORUMA software was being modified and renamed as ORUMANET software, the rolling out of which was in progress and was scheduled to be completed by May 2015.

Categorisation of ineligible consumers under Non Paying Group

2.2.11 As per Government order²⁶, the economically backward domestic consumers having connected load not exceeding 500 watts and monthly consumption not exceeding 20 units are exempted from payment of electricity charges. These consumers are classified as Non Paying Group (NPG). Audit noticed that consumers with connected load exceeding 500 watts and consumers other than domestic consumers were classified as NPG and electricity was supplied free of cost. The ineligible concession thus extended to them worked out to ₹ 0.42 lakh in respect of 57 consumers in 41 Electrical Sections during the period June 2008 to June 2014. It has been observed that business rule pertaining to classification of NPG consumers was not mapped properly in the System. As a result classification of consumers as NPG was done manually and the ineligible consumers availed supply free of cost.

While concurring with the Audit observation, the Company replied (December 2014) that steps are being taken to implement the validation in the new software in respect of classification of NPG consumers. However, actions need to be taken to correct the data in the existing database.

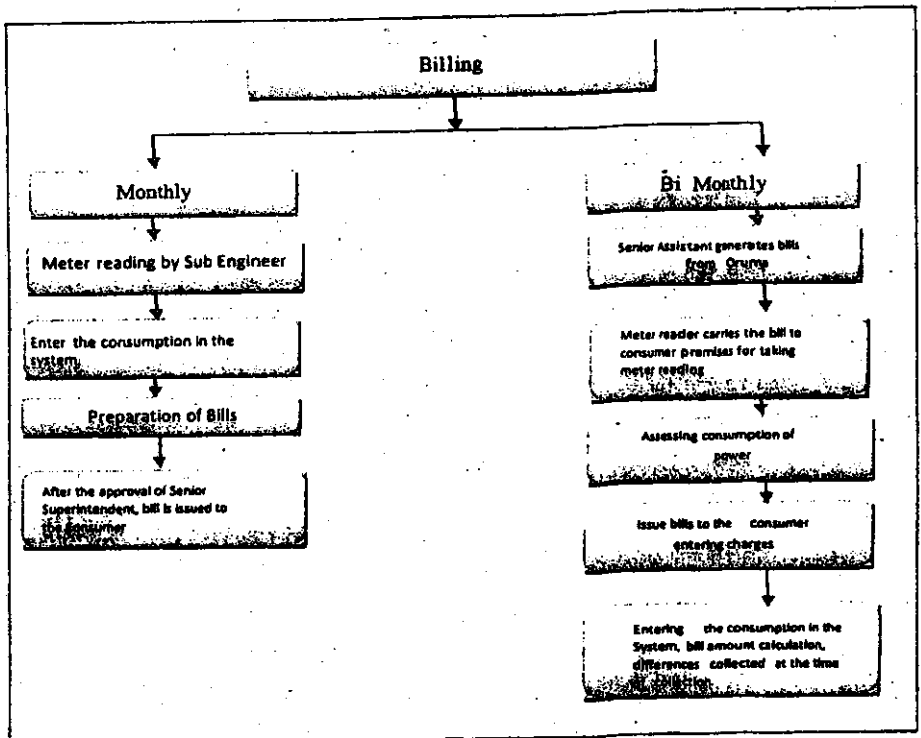
Billing of Consumers

2.2.12 The Company issues bills to the consumers on the basis of consumption recorded by meters installed at the premises of the consumers. The Company issues monthly and bi-monthly bills to consumers. Monthly bills are issued to LT Industrial and Commercial consumers having connected load above 10 KW. Domestic consumers having connected load more than 20 KW are also coming under monthly²⁷ billing. In the case of all other LT categories of consumers, bi-monthly billing is applicable.

26 G.O.(MS.)No.27/2013/PD dated 20 June 2013.

27 vide order dated 11th May 2010 authorised Chief Engineer (Commercial & Tariff).

The LT billing process is depicted below:



IT wing is responsible for making necessary changes in the software regarding the tariff revisions, introducing power restrictions, fuel surcharge, etc., rolled out by the Company from time to time. Changes made in the system are implemented in the field offices by respective System Supervisors.

Analysis of data received from the Electrical Sections revealed the following deficiencies in the software and billing:

Non-mapping of business rules

2.2.13 To make the system fool-proof and efficient, all the business rules need to be mapped properly in the system. Audit, however, noticed non-mapping of important business rules as discussed below:

a. Short collection of initial Security Deposit

Audit observed that business rules pertaining to the calculation of Initial Security Deposit was not mapped in the system which led to manual calculation of the same. This has resulted in short collection of ₹ 1.76 crore during the period from April 2009 to March 2014 in respect of 6916 consumers in 651 Electrical Sections. The Company replied (December 2014) that steps are being initiated to provide auto-generation facility in the software for the calculation of initial security deposit amount, instead of user input method.

b. Non-mapping of rule regarding issue of first bill

As per clause 18 of Supply Code, the licensee shall issue the first bill in case of new installations within two months of providing connection. Audit analysed the data on new connections and found that first bill to 68341 consumers was issued after periods ranging from four months to 54 months from the date of providing electric connection as given in the Table below:

Table 2.23: Statement showing details of delayed issue of first bill

Sl. No.	Delay in issue of first bill	No. of consumers
1.	4 months to 1 year	65764
2.	1 year to 2 years	1960
3.	2 years to 3 years	577
4.	3 years and above	40
Total		68341

As per the service connection procedure, area code, day code, next billing month, etc., have to be entered in the system for effecting new service connection.

Entering of incorrect details/non entering of details are the reasons for delay in issue of first bill. Due to delay in issue of first bill, the realisation of revenue to the Company was also delayed. It was replied (December 2014) that a new report would be provided in the software to identify newly connected but un-billed consumers, if any, in the system.

c. Non issue of bills

It was also noticed that 474 Electrical Sections had not issued bills in respect of 1.61 lakh consumers since the installation of ORUMA, though their status were shown as "*Connected and Using*" in the system. Audit noticed that the Company did not try to trace out the whereabouts of these consumers to ensure the actual status and either bill or exclude the consumers from database.

The Company replied (December 2014) that during data entry for implementation of ORUMA and migration from legacy system to ORUMA, consumers which are actually in the status of Dismantled/Not Using/Account Closed, etc., may be entered as "*Connected and Using*". The Company also stated that action was initiated to verify present status of these consumers and to correct the same in the system. Action was also initiated to provide a report in the software to identify unbilled consumers in the system with status as "*Connected and Using*".

d. Non-mapping of business rules with regard to compounding of an offence for theft of energy

Clause 4(4) (e) & (f) of Kerala Electricity Supply Code (first amendment) Regulations, 2005, permits compounding of an offence of theft of electricity by accepting compounding charges at prescribed rates which discharge the person from all criminal proceedings²⁸ in connection with that offence. The compounding of an offence shall be allowed only in respect of the first offence committed by any person or consumer. Any person who is convicted of an offence punishable under the Electricity Act, 2003 shall be debarred from getting any supply of energy for a period which may extend to two years but which shall not be less than 3 months. This rule should have been mapped properly in the ORUMA system so that

28 Punishable with imprisonment for a term which may extend to three years or with fine or with both

the system automatically gives an alert to the authorities when a debarred consumer applies for fresh electricity connection or a discharged consumer applies for compounding the offence of theft of energy on a second occasion. Audit noticed absence of such an input control in the system.

The Company replied (December 2014) that action is being initiated to introduce a control mechanism in the ORUMA system so as to get an alert to the authorities to rectify the above deficiency.

e. Non-mapping of provisions regarding higher rate of interest on security deposit for delayed credit

As per the Supply Code²⁹, the accrued interest on security deposit for each financial year shall be credited to consumer's account during the first quarter of the subsequent financial year and adjusted against electricity bills. The Licensee shall pay interest at twice the bank rate for the delay in making the adjustments for interest on security deposit. Analysis of data revealed that there were delays in crediting interest ranging from one day to 1870 days. Non-mapping of the above provisions in the systems resulted in non-payment of penal interest of ₹ 1.77 crore to 5.75 lakh consumers during July 2009 to August 2014.

The Company replied (December 2014) that the provision regarding twice the bank rate for delayed credit of interest on Security Deposit to consumers is now implemented in the LT billing software. The fact, however, remains that the Company has not taken any steps to pay penal interest to the consumers for the delayed credit of interest on security deposit.

f. Short collection due to application of wrong tariff to advertisement boards

The tariff applicable for display lighting, hoarding, external illumination of building for publicity and sales promotion was changed from LT-7A to a higher tariff of LT-10 with effect from 01 May 2013. The IT wing of the Company, however, did not make suitable changes in the software in this regard. As a result, the system continued to bill the consumers whose purpose of usage was

²⁹ Clause 16 (9) (2) and (3).

"advertisement boards" under lower tariff of LT-7A and sold 7.43 lakh units of electricity resulting in revenue loss of ₹ 0.70 crore in respect of 1788 consumers in 238 Electrical Sections during the period from May 2013 to August 2014. Audit observed that out of 1788 consumers, the Electrical Sections subsequently changed the purpose of 1313 consumers as hoardings, display boards, etc., to make the system to apply LT-10 tariff while the remaining 475 consumers continued to be billed under LT-7A tariff.

The Company replied (December 2014) that whenever Regulatory Commission/Board issues orders to change the purpose from one tariff category to another the same change would also be effected in the system. In the case of existing consumers tariff should be changed individually through the system by identifying the consumer. It was also stated that a control mechanism is being introduced in the software to overcome the situation. The reply cannot be accepted as the purpose "advertisement boards" has been wrongly mapped to LT-7A tariff instead of LT-10 which resulted in wrong application of tariff and the fact remains that the Company is yet to recover the short assessment due to the application of lower tariff. Being in a computerised environment, the company should have developed automated solution to change the tariff according to their purposes instead of individually changing the tariff.

g. Short collection due to application of wrong tariff to workshops with automobile service stations

As per the tariff approved (December 2007) by KSERC, Workshops with Automobile service stations were to be billed under LT-7A. The CE (IT) did not make provisions in the system and the system continued to generate bills for Workshops with Automobile service stations under the lower tariff of LT-4A. This resulted in short collection of ₹ 0.81 crore during February 2008 to September 2014 in respect of 12.76 lakh units of electricity consumed by 123 consumers in 69 Electrical Sections. Audit observed that out of 123 consumers, 119 consumers are still being billed under lower tariff (LT-4A).

The Company replied (December 2014) that action was being taken to verify the above consumers with purpose as "workshop with automobile service station", so as to find out whether they have actually segregated their workshop load to avail the benefit of industrial tariff.

h. Short collection due to application of wrong tariff to paying guest facility for students along with owner

Tariff notification which came into effect from 1 July 2012 excluded the 'paying guest facility for students along with owner' from LT-6B tariff. As per the notification, LT-6B tariff is applicable to "..... hostels of educational institutions affiliated to Universities or under the control of the Director of Technical/Medical Education/Public Instruction or such other officers of Government or run by the Government or State Social Welfare Board, hostels run by institutions that are registered under Cultural, Scientific and Charitable Societies Act and exempted from payment of income tax....". Therefore, 'paying guest facility for students along with owner' was to be billed under higher tariff of LT-7A applicable for private hostels. The CE (IT), however, did not make necessary changes in the system and the system continued to bill these consumers in LT-6B resulting in a short collection of ₹ 0.18 crore during July 2012 to July 2014 from 413 consumers in 77 Electrical Sections. Total sale of electricity to above mentioned consumers in lower tariff is worked out to 10.75 lakh units. Audit observed that out of these consumers, the Company had not changed the purposes of 303 consumers and continued to bill them under LT-6B.

The Company replied (December 2014) that action was being taken to verify the purpose of above mentioned consumers, so as to find out their actual purpose of usage of electricity to include them in appropriate tariff.

Short assessment due to application of reduced rate of interest on instalments allowed

2.2.14 As per clause 8 of Supply Code, 2005, the Company may allow the consumer to remit the cost of electric line extension/substation construction for new connections on instalment basis and interest at twice the bank rate shall be applied for instalments. The maximum period for instalments shall be 60 months.

Audit noticed that RBI changed the bank rate during February 2012 to January 2014 as shown below:

Table 2.24: Bank rates declared by Reserve Bank of India

Period		Bank Rate	Rate to be applied
17-2-2012	19-4-2012	9.50	19.00
20-4-2012	31-1-2013	9.00	18.00
1-2-2013	21-3-2013	8.75	17.50
22-3-2013	2-5-2013	8.50	17.00
3-5-2013	18-7-2013	8.25	16.50
19-7-2013	19-9-2013	10.25	20.50
20-9-2013	10-10-2013	9.50	19.00
11-10-2013	31-10-2013	9.00	18.00
1-11-2013	30-1-2014	8.75	17.50
31-1-2014 onwards		9.00	18.00

The CE (IT), however, did not make necessary changes in the system and the system continued to generate bills charging interest at 12 per cent³⁰ per annum. This resulted in short collection of ₹ 0.50 crore during February 2012 to June 2014 in respect of 9656 consumers in 505 Electrical Sections.

The Company replied (December 2014) that a mechanism was initiated to get the bank rate as and when there is a change in rate, and implement the same in software. The fact, however, remains that the Company has not taken any action to recover the short assessment due to application of lower interest rate on instalments allowed by the Company.

Absence of inbuilt system to identify and bill unauthorised additional load

2.2.15 As per Clause 51(1), (3) and (4) of Terms and Conditions of Supply, 2005, if the actual load of a LT Consumer exceeds the authorised connected load³¹,

30 Twice the Bank rate of 6 per cent = 12 per cent

31 'Connected Load' means the sum of rated capacities in terms of KVA of all connected energy consuming devices in the consumer's installation.

the unauthorised additional load shall be got regularised by the consumer within a period of three months from the date of detection. The unauthorised load would derail the distribution plan of the Company and adversely affect the quality of power supplied. As such, the system should have a inbuilt control mechanism to calculate maximum consumption as per the connected load and generate an alert to the authorities for physical verification of the premises of the consumer to detect unauthorised additional load, if any. Audit, however, noticed absence of such an inbuilt control in the system to automatically identify and raise an alert to the authorities and the system continued to bill the consumer at normal rate. Analysis of data revealed that there was unauthorised additional load in respect of 9.45 lakh consumers in 704 Electrical Sections and 85.44 crore units were consumed through unauthorised additional load. Further, loss to the Company on account of non-collection of fixed charges during January 2008 to August 2014 worked out to ₹ 0.24 crore³² pertaining to consumers whose fixed charges were based on connected load.

The Company replied (December 2014) that an inbuilt control mechanism to calculate maximum consumption as per the connected load and to generate alerts to the authorities for physical verification of the premises of the consumer to detect unauthorised additional load will be provided in the system. It was also stated that the audit observation regarding the loss to the Company on account of non-collection of fixed charges is unrealistic in respect of domestic and agricultural consumers as fixed charges is not based on their connected load, and in the case of other category of consumers steps are initiated to verify the connected load. Audit has worked out the short collection of fixed charges only in respect of consumers whose fixed charges is based on connected load and hence realistic.

Loss of revenue due to supply at single phase where connected load exceeded five kilo watts

2.2.16 As per Clauses 4 (a) and 5 of Supply Code, 2005, read along with Clause 46 of Terms and Conditions of Supply, 2005, single phase supply at 240 V shall be effected to installation having connected load up to five kilo watts (KW)

32 Short collection of fixed charges is worked out for consumers whose fixed charges is based on connected load.

and supply shall be effected only at 415 V three phase for installations having connected load in excess of five KW. Analysis of data revealed that the Company had effected connection in single phase to consumers having connected load exceeding five KW. There were differences in fixed charges for single phase and three phase in following tariff categories.

Table 2.25: List showing fixed charges for single and three phase consumers

Tariff	Monthly fixed Charge (₹)	
	Single Phase	Three phase
LT 1A (Domestic)	20 per month	60 per month
LT VI (E)	20 per month	60 per month
LT VII A & LT VIII	60 per KW	120 per KW

This deprived the Company revenue of ₹ 3.83 crore from 26076 consumers on account of fixed charges during December 2007 to September 2014 in respect of 606 Electrical Sections.

The Company replied (December 2014) that as per general guidelines to officials issued by the Company, service connection to domestic consumers in single phase for connected load above 5000 watts can be effected if three phase four wire distribution main is not available in the area. In the case of other category of consumers, steps are being initiated to identify and convert the service connection to three phase. The fact, however, remains that the system does not prevent a single phase connection for consumers with connected load in excess of 5000 watts in areas where three phase distribution lines are available.

Levy of Electricity Duty on exempted category of consumers

2.2.17 Section 12 of the Kerala Electricity Duty Act, 1963, exempts power sold to or consumed by Government of India (GoI) or consumed in the construction, maintenance or operation of any railway by GoI from levy of Electricity Duty (ED). Further, Section 4 of the said Act exempts public lightings

from levy of ED. These provisions were not mapped into the system and the system wrongly levied ₹ 2.39 crore towards ED during January 2008 to September 2014 in respect of 5468 exempted consumers in 652 Electrical Sections as shown below:

Table 2.26 Statement showing collection of ED from exempted consumers

Sl. No.	Purpose	No. of Consumers	Electricity Duty (₹ in lakh)
1	All India Radio Offices/Institutions	34	4.60
2	Central Government Department	486	40.93
3	Central Government Excise Office	104	11.12
4	Central Government Offices and Institutions	479	29.57
5	Central Government Tax/Revenue Collection Department	1	0.20
6	Customs Office	43	2.30
7	Doordarshan Offices/Institutions	35	18.93
8	Income Tax Office	121	12.05
9	Postal Services	1072	19.10
10	Public Lighting (Metered)	2401	56.59
11	Public Lighting (Unmetered)	258	18.52
12	Railway Level Cross Gates	177	1.80
13	Railway Station	65	9.77
14	Railways/Railway Offices	108	6.19
15	Tax/Revenue Collecting Offices Central Government (Excluding Local Bodies)	84	7.77
Total		5468	239.44

The Company replied (December 2014) that steps are being taken to provide an inbuilt mechanism in the software so as to exempt the specified category of consumers from payment of ED automatically. The fact, however, remains that the Company has not taken any steps to refund the ED collected from the exempted consumers in violation of the Kerala Electricity Duty Act, 1963.

Short payment of interest on consumers' security deposit

2.2.18 Clause 16 of the Supply Code stipulates that the Licensee shall pay interest on security deposit to the consumer at bank rate³³ prevailing as on 1st April of the financial year for which interest is due. Analysis of data revealed that the Corporate Office (Finance Wing) of the Company and CE (IT) failed to make necessary changes in the system in line with increase in bank rate and wrongly fixed interest rate as 8 per cent instead of 9.50 per cent in 2012-13. As a result, the system worked out the interest payable to the consumers at the rate of 8 per cent only. This resulted in short payment of interest amounting to ₹ 12.54 crore in respect of 52.88 lakh consumers for the year 2012-13.

The Company replied (December 2014) that due to fluctuations in the bank rate, interest for fixed deposit of State Bank of India was taken for calculating interest payable to consumers. The reply is not acceptable as the Supply Code clearly stipulates that the licensee shall pay interest on security deposit to the consumers at the bank rate.

Absence of MIS on Faulty meters

2.2.19 As per Clause 33 of Terms and Conditions of Supply, 2005, "If the Board is unable to raise a bill on meter reading due to its non-recording or malfunctioning, the Board shall issue a bill based on the previous six months' average consumption. In such cases, the meter shall be replaced within one month". Analysis of data revealed that there were delays ranging from one month to 79 months in replacing 30.21 lakh faulty meters indicating failure of the Company to utilise the data available in the system to replace the faulty meters

33 'Bank rate' means the rate at which the Reserve Bank of India discounts bills.

within the stipulated period of one month. Further, it was also noticed that there are still 6.87 lakh faulty meters as given in the Table below:

Table 2.27: Number of faulty meters not rectified

Period of delay	Number of Meters
1 month to 1 year	249016
1 year to 2 years	161823
2 years to 3 years	90260
3 years to 4 years	57916
4 years to 5 years	56470
More than 5 years	71597
Total	687082

While accepting the audit observations, the Company replied (December 2014) that the faulty meters belonging to high value consumers would be given priority for replacements so as to minimise the loss of revenue. The fact, however, remains that the system does not generate any report of faulty meters.

System allows the disconnected consumers to continue the status for more than 12 months

2.2.20 As per Clause 41(4) of Terms and Conditions of Supply, 2005, no service shall remain disconnected continuously for a period exceeding six months for non-payment of amount due to the Licensee. If the dues are not paid within six months from the date of disconnection, the service shall be dismantled and agreement terminated immediately after giving fifteen days' notice to the consumer. It is also stipulated that if a request is received from the consumer within six months of disconnection on *bona fide* grounds to keep the service disconnected beyond six months, the Assistant Executive Engineer concerned may consider each case on its own merits and extend the period of disconnection up to a maximum of 12 months, provided the consumer undertakes the responsibility for the safe custody of service mains, equipments and pay the prescribed charges.

Audit observed that the system did not produce any report to alert the management on existence of consumers with 'disconnected' status for a period in excess of permissible limit. Analysis of data revealed that in respect of 4516 consumers in 446 Electrical Sections, the status was shown as 'disconnected' for periods exceeding 12 months, violating the provisions contained in KSEB Terms and Conditions of Supply, 2005.

The Company replied (December 2014) that steps are being initiated to dismantle the disconnected consumers as per the relevant provision in the Supply Code/Regulations/Board Orders, etc.

Data Integrity

2.2.21 Complete, accurate and relevant data in the system is necessary to ensure the data integrity. Audit, however, noticed abnormally high consumptions in some of the bills entered into the system. Some of the examples are given in the Table below:

Table 2.28: Statement showing some of the abnormal consumptions entered into the system

SL No.	Section code	Section name	Consumer number	Connected load (watts)	Bill No.	Bill date	Billing month	Abnormal Consumption (Units in lakh)
1	5649	Koratty	6623	54000	291542	1-10-2010	October 2010	194.87
2.	6604	Westhill	8967	38000	32532	14-7-2009	July 2009	186.35
3	6754	Kizhakkanchery	4196	5025	45777	12-8-2009	August 2009	10.00
4	5733	Eroor	12344	5990	36113	18-7-2013	July 2013	10.00

As the meter readings are vital for accurate computation of the energy bills, adequate control should be exercised to ensure its accuracy. The Company should have compared abnormally lower or higher readings with connected load of the consumers as well as consumption pattern while processing the bills.

The Company replied(December 2014) that the abnormal consumption may be due to incorrect data entry. It was also replied that steps are being initiated to provide an inbuilt control mechanism to calculate maximum consumption based on registered connected load and generate alerts to the authorities to eliminate these kind of issues.

[Audit Paragraph 2.2 (2.2.1 to 2.2.21) contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2014].

Notes furnished by Government on Audit Paragraph is given in Appendix II

Discussion and Findings of the Committee:

The Committee noted the audit objection that in the case of 2.59 lakh consumer records in 629 Electrical Sections of KSEB, the basic details such as names and complete addresses of consumers were not entered in the database, thereby missing essential details of consumers resulting in issuing incomplete bills to the consumers violating the provisions of Kerala Electricity Supply Code and Terms and Conditions of Supply, 2005. The Committee sought an explanation for this defect in the billing system. The witness explained that such a situation prevail during the period of audit but at present many positive changes have been effected and billing sections of KSEBL has been computerised, 769 Electrical section offices have been linked and various procedures were currently being done online. To a query of the Committee the witness replied that the details of every consumer was currently available online.

When the Committee pointed out the audit findings that since the meter readers were regularly visiting the premises of the consumers for issue of spot bill, the required details should have been collected and entered in the system, the witness clarified that the details of all consumers have been made available online and now there are facilities to pay electricity bill through any electrical section office and through mobile phones on account of computerisation and online

services. The witness added that with the introduction of smart meters, readings of power usage by the consumers can be directly uploaded to the KSEB systems, thus enabling the Board to circumvent the practice of manual visits to the consumer premises for taking meter readings.

The Committee noted that, out of the 747 electrical sections, 658 electrical sections had implemented Oruma Net Software and enquired whether the modification of Oruma Software into Oruma Net Software in the remaining 89 Electrical Sections of the Board had been completed. The witness informed that the modification of Oruma software into Oruma Net Software had been completed in all electrical sections of the Board.

The Committee noticed the improper mapping of business rule pertaining to classification of NPG (Non Paying Group) consumers in the KSEB System which led to the manual classification of consumers and as a result, 57 ineligible consumers in 41 electrical sections were seen to have availed NPG concessions leading to an ineligible concession of ₹ 0.42 lakh. The Committee sought the reason for availing supply free of cost by ineligible consumers. The witness replied that, it was due to the absence of facility in the early Oruma Software and with the advent of new Oruma Net software, only NPG consumers whose power consumption do not exceed the stipulated limit of 20 units per month and with connected load below 500 watts were given NPG concessions, and others would be automatically removed from the NPG group. The witness further added that non NPG consumers would be re inducted into the NPG group if their bi-monthly consumption falls below the NPG limit of 40 units. The Committee found this as a serious flaw on the part of the Board.

The Committee noted the deficiencies in the software and billing of consumers and sought explanation. The witness admitted that loss amounting to ₹45,000 had occurred with regard to 75 lakh consumers and this was due to the manual work done at that time in 700 section offices and that mistake was rectified now.

The Committee enquired about the non mapping of important business rules in the Board's system related to calculation of Initial Security Deposit which led to manual calculation of the same, resulting in short collection of ₹ 1.76 crore

in respect of 6916 consumers in 651 electrical sections. The witness replied that the problems which arose at that time were due to the implementation of the new software and currently 99% of the softwares were updated and auto generation facilities have been initiated in the software for collection of initial security deposit.

The Committee sought explanation for the delay of 4 months to 3 years for issuing first bill in the case of 68341 new installations thereby violating the clause 18 of Supply Code, which led to delay in realisation of revenue to the Board. The witness replied that KSEB had not suffered any loss of revenue. The witness also stated that out of about one crore consumers, only 68341 consumers were devoid of first bills due to failure in mapping the details of these consumers in the systems and that this deficit has been rectified at present.

The Committee pointed out that 474 electrical sections of the Board had not issued bills in respect of 1.61 lakh consumers and remarked that it was a serious negligence on the part of the Board and sought explanation for that. The witness confessed that it was a data entry error and clarified that the details of consumers who were in the status of dismantled / not using were erroneously entered as "connected and using" during the migration of old data into Oruma software. The witness further clarified that the Company is not even able to issue bills to these consumers since they were no longer consuming electricity. The Committee remarked that it was a serious fault on the part of KSEB.

The Committee noted that KSEB failed to make necessary changes in the system so that the interest rate on instalments allowed by KSEB to its consumers for electric line extension/substation construction for new connections did not hike according to the fluctuations of bank rate prescribed by RBI from time to time. The Committee viewed that this has led to a short collection of ₹ 0.50 crore during February 2012 to June 2014 in respect of 9656 consumers.

The Committee enquired about the reason for not recording the interest rates of banks which changes day by day. The witness replied that KSEB was following the bank rates, and changes in the interest rate was effected only in instances of substantial variation in bank rates. It was further explained that there were practical difficulties in making changes in the system according to the

fluctuations in the bank rates and collecting interest duly, and added that in the present situation the suggestion to change the interest rate according to the daily fluctuations of bank rates was not practical.

The Committee was not convinced by the reply and expressed its strong view that inspite of all equipments and better facilities, the remark that 'it was not practical', could not be justified; instead they should try their level best.

The Committee enquired about the measures taken by the Board in order to realise the short assessment which prevailed due to application of lower interest rates. The witness replied in the negative and affirmed that the excess amount cannot be realised since in such a situation, consumers could go for litigation.

The Committee expressed its strong displeasure at the reply which it felt as highly imprudent, and refuted the Board's arguments regarding practical difficulties in recovery of pending dues from KSEB consumers. The Committee also criticised the Board for disregarding its obligations and responsibilities on flimsy grounds.

The Committee enquired about the absence of inbuilt control mechanism in the KSEB system to automatically identify and bill unauthorised additional load, which led to the consumption of 85.44 crore units and non-collection of fixed charges amounting to ₹ 0.24 crore. The witness replied that a software aimed to detect and record unauthorised usage of electricity has been installed in the KSEB systems at present and at the time of audit that facility was not available. To a query of the Committee the witness replied that with the implementation of inbuilt control mechanism, unauthorised usage of electricity by consumers had been detected. In addition to that, Anti Power Theft Squad inspections (APTS) are also examining and detecting unauthorised power consumption. The witness revealed that, in cases of later detection of unauthorised power usage, the additional charges could be deducted from the consumers with retrospective effect.

To a specific question of the Committee, the witness stated that unauthorised additional load in respect of agricultural connection was also included in the amount pointed out by audit and that the agricultural consumers were exempted from paying fixed charge based on their connected load. It was also stated that for all consumers, the fixed charges would remain the same even if there was an increase in power consumption.

The Committee remarked that these details were not revealed in the reply furnished by the KSEB, and expressed its strong displeasure for submitting vague reply before the Committee on serious audit findings. The witness admitted the fault.

The Committee noted that single phase connections were given to domestic consumers with connected load exceeding 5000 watts even in areas where 3 phase distribution lines were available and demanded an explanation for the violation of the Supply Code, 2005 and the Terms and Conditions of Supply, 2005 in this regard. The witness replied that the Board had not provided three phase line in all regions since they have to curb the consumption from going above 5000 watts in the hilly and remote areas where only single phase connections were installed. It was also revealed that additional charges could be deducted from single phase consumers with power usages above 5000 watts where three phase lines were found installed.

The Committee enquired about the huge economic loss of ₹ 3.83 crore suffered by the company on account of non-recovery of fixed charges from 26076 consumers of 606 electrical sections. The witness replied that fixed charges were applicable only to 3-phase connections and hence the figure pointed out in the audit report was not based on facts. He affirmed that the loss would never reach this figure even if the cost of investment for providing three phase connection, is also calculated.

The Committee remarked that the statement given by the witness that the figures in the audit report were not actual but imaginary, based on guess work, was not incorporated in their reply and demanded an explanation for this. The witness was not able to give a convincing reply to this. The Committee expressed its strong contempt over the confronting nature of the argument put-forth by the witness and criticised the Board for preparing action taken statements on audit remarks without relevant facts.

The Committee enquired about the erroneous collections of ₹ 2.39 crore towards Electricity Duty in respect of 5468 exempted consumers. The witness replied that the Electricity Duty collected erroneously had been credited to the Government account and admitted that it was a fault on the part of the company.

The witness added that at present modifications have been made in the company's software to exempt specified category of consumers from payment of electricity duty. The Committee observed that these details were not stated in the reply furnished by the Power Department.

The Committee alleged that KSEB was in practice seemingly looting the exempted consumers by imposing levy of Electricity Duty and condemned that it amounted to dereliction of duty by the officials of KSEB. The Committee strongly criticized the accounting system in KSEB and voiced strongly that it was not functioning effectively and blamed that the way of preparing accounts was not proper and financial mismanagement was at its peak and discarded the arguments raised by the witness as totally baseless and wrong.

The Committee noted that the Board fixed interest rate on security deposit paid to consumers at 8% instead of the prevailing bank rate of 9.5% in 2012-2013 in violation of Clause 16 of the Supply Code, resulting in short payment of interest amounting to ₹ 12.54 crore in respect of 52.88 lakh consumers. The Committee criticized the Board for abstaining from paying eligible interest to its consumers and demanded to know the rationale behind the Board's decision in this regard. The witness replied that the errors which occurred during 2008-2014 was due to certain discrepancies in the software and clarified that necessary modifications had been made in the system to prevent the recurrence of such errors in future. The witness also explained that the Board would refund the short payments to eligible consumers if and when demand for the same arise.

The Committee refuted the Board's explanation regarding the practical difficulties in identifying 52.88 lakh consumers eligible for refund of payments and reminded that it was the duty of the Board to overcome such difficulties.

The Committee observed that K.S.E.B. failed to replace 30.21 lakh faulty meters within the stipulated period of one month, thus violating Clause 33 of Terms and Conditions of Supply Code, 2005. The Committee also noted that there were still 6.87 lakh faulty meters at the time of audit and enquired about the progress made in replacing them. The witness replied that the Company had purchased 15 lakh meters and that the process of replacing the defective meters was in progress.

OBSERVATIONS/RECOMMENDATIONS

1. The Committee recommends that the KSEBL authorities should ensure the updation of essential details of consumers in the KSEB database in order to provide complete and accurate bills to consumers.
2. The Committee wants KSEB to take necessary steps to prevent ineligible consumers from availing NPG(Non Paying Group) concessions by ensuring proper mapping of business rules pertaining to classification of NPG consumers in the KSEB system.
3. The Committee views the act of entering details of dismantled consumers as "connected and using" during the process of migration of old data into new Oruma software as real dereliction of duty on the part of KSEB officials. The Committee strictly directs KSEB to avoid such lapses in future, and also to submit a report on steps taken in this regard.
4. The Committee observes that KSEB violated Clause 8 of Supply Code, 2005 by failing to levy interest at twice the RBI bank rates on consumers who had remitted the cost of electric line extension/substation construction for new connections on instalment basis. The Committee demands that KSEB should make necessary changes in its systems and update its billing software in order to ensure that interest levied on consumers for electric line extension/substation construction are updated in accordance with periodic revisions in RBI rates. The Committee demands that the Board should make use of its advanced equipments and better facilities and should try their level best for implementation of such changes.
5. The Committee recommends that the Supply Code, 2005 should be amended and for that KSEB should recommend to Kerala State Electricity Regulatory Commission to amend the Supply Code so that effective recovery of interest amount from consumers is made possible according to fluctuations in bank rates.
6. Expressing its displeasure over the erroneous collection of electricity duty from exempted consumers, the Committee insists that KSEBL should refrain from levying of electricity duty in the case of exempted consumers.

The Committee recommends to strengthen the accounting system and to initiate steps to improve the financial management of the Board.

7. The Committee strongly recommends to rectify the short payment of eligible interest on security deposit amounting to ₹ 12.54 crore to all eligible consumers of KSEB for the year 2012-2013, irrespective of whether they are individual, Private or Government Institutions.
8. The Committee urges the Board to complete the task of replacing defective electric meters in a time bound manner, and inform the details of progress made in this regard.

C. DIVAKARAN,

Chairman,

Committee on Public Undertakings.

Thiruvananthapuram,
19th November, 2018.

APPENDIX-I

SUMMARY OF MAIN CONCLUSIONS /RECOMMENDATIONS

Sl. No.	Para No.	Department Concerned	Conclusions/Recommendations
1	2	3	4
1	1	Power Department	The Committee recommends that the KSEBL authorities should ensure the updation of essential details of consumers in the KSEB database in order to provide complete and accurate bills to consumers.
2	2	Power Department	The Committee wants KSEB to take necessary steps to prevent ineligible consumers from availing NPG(Non Paying Group) concessions by ensuring proper mapping of business rules pertaining to classification of NPG consumers in the KSEB system.
3	3	Power Department	The Committee views the act of entering details of dismantled consumers as "connected and using" during the process of migration of old data into new Oruma software as real dereliction of duty on the part of KSEB officials. The Committee strictly directs KSEB to avoid such lapses in future, and also to submit a report on steps taken in this regard.
4	4	Power Department	The Committee observes that KSEB violated Clause 8 of Supply Code, 2005 by failing to levy interest at twice the RBI bank rates on consumers who had remitted the cost of electric line extension/substation construction for new connections on instalment basis. The Committee demands that KSEB should make necessary changes in its systems and update its billing software in order to ensure that interest levied on

1	2	3	4
			consumers for electric line extension/substation construction are updated in accordance with periodic revisions in RBI rates. The Committee demands that the Board should make use of its advanced equipments and better facilities and should try their level best for implementation of such changes.
5	5	Power Department	The Committee recommends that the Supply Code, 2005 should be amended and for that KSEB should recommend to Kerala State Electricity Regulatory Commission to amend the Supply Code so that effective recovery of interest amount from consumers is made possible according to fluctuations in bank rates.
6	6	Power Department	Expressing its displeasure over the erroneous collection of electricity duty from exempted consumers, the Committee insists that KSEBL should refrain from levying of electricity duty in the case of exempted consumers. The Committee recommends to strengthen the accounting system and to initiate steps to improve the financial management of the Board.
7	7	Power Department	The Committee strongly recommends to rectify the short payment of eligible interest on security deposit amounting to ₹ 12.54 crore to all eligible consumers of KSEB for the year 2012-13, irrespective of whether they are individual, Private or Government Institutions.
8	8	Power Department	The Committee urges the Board to complete the task of replacing defective electric meters in a time bound manner, and inform the details of progress made in this regard.

Para No.		Reply furnished by Government
2.2.09		<p>2.2.9: Absence of essential details of consumers:- The billing software has the facility to update the name, address and all other relevant details. Circular has been issued to necessary action to update the missing details of consumers in the system.</p>
2.2.10		<p>2.2.10: Assigning of excess connected load to transformers: As reported earlier, the modification of the software is completed. The modified Oruma Net software is rolled out to 658 electrical sections out of 747 electrical sections. The remaining 89 electrical sections are pending due to non - availability of MPLS/VPN (high speed- secured internet line) connectivity from BSNL.</p>

33/19

33/1

2.2.11

2.2.12

and Airtel. All efforts are being taken to establish connectivity. Once connectivity is established, these sections will be immediately migrated to OrumaNet.

2.2.11: Categorisation of ineligible consumers under Non Paying Group:

Modification is done in the billing software so that consumption based on connected load validation is strictly taken into account while billing. Also connected load of the consumers belonging to NPG category cannot be raised above 500 watts.

2.2.13

Non-mapping of business rules

(a) Short collection of initial security deposit:

Auto generation facility is now available in the software for calculation of initial security deposit amount.

(b): Non mapping of rule regarding first bill:

A validation is given in the billing software so that the selection of first billing month of new consumer by the user is possible only for any one of the immediate next two months based on its billing area and billing frequency. A report is also provided (billing efficiency report) to identify connected but unbilled consumers in the system.

(c): Non-issue of bills:

Circular was issued to verify the present status of above category of consumers to either bill or to change their present status in the system. Follow up action has also been taken from this office for software modification to change the connection status from not using to using.

(d): Non mapping of business rules with regard to compounding of an offence for theft of energy.

Action is being taken to provide a control mechanism in the ORUMA system.

(e): Non-mapping of provisions regarding higher rate of interest on security deposit for delayed credit.

The provision regarding twice the bank rate for delayed credit of interest on Security Deposit to consumers is implemented in the system.

(f): Short collection due to application of wrong tariff to Advertisement Boards:-

Modification is done in the billing software so that tariff-purpose mis- match never occur. Also if any tariff mismatch is occurred, then system billing is not permitted until tariff is changed according to its recorded purpose.

(g): Short collection due to application of wrong tariff to workshops with automobile service stations:

Circular was issued to verify the above category of consumers in LT-IV tariff with purpose as "workshop load with automobile service station", so as to find out whether they are actually segregated their workshop load to avail the benefit of LT-IV industrial tariff.

(h): Short collection due to application of wrong tariff for paying guest facility for students along with owner:

Circular was issued to verify the actual purpose of usage of electricity to the above category of consumers so as to include them in appropriate tariff category.

2.2.14

2.2.14: Loss due to application of reduced rate of interest on installments allowed.

The Financial advisor, KSEB was requested to inform the bank rate, as and when there is a change in rate, so as to implement the same in the billing software.

2.2.15

2.2.15 Absence of inbuilt mechanism to identify and bill unauthorized additional load:

Based on the observation of audit, an inbuilt control mechanism to calculate maximum consumption as per the connected load and to generate alerts is implemented. The audit observation regarding loss to the Board on account of non-collection of fixed

charges during the period from January 2008 to August 2014 from consumer is unrealistic.

The domestic and agriculture consumers for which the bulk of unauthorized additional load is observed, have no fixed charge based on their connected load.

In the case of other category of consumers, direction was issued to distribution field offices to verify the connected load.

2.2.16

2.2.16: Loss of revenue due to supply at single phase where connected load exceeds 5 kilo watts:-

As per supply code 2005 and terms and conditions of supply, three phase supply shall be provided for consumers having connected load above 5 KW. But as per Board order dated 02.09.2008 General guideline to officials. clause 7(iii), it is directed to provide service connection to domestic consumers in single phase for connected load above 5000 watts, if three phase four wire distribution main is not available in the area. In the case of other category of consumers, direction is already issued to distribution field offices to identify and convert the service connection to three phase.

In view of the above circumstances, it may please be noted that the facility to provide single phase connection for consumers with connected load in excess of 5000 watts cannot be prevented through the

software.

2.2.17: Levy of Electricity duty on exempted category of consumers:

Modification is done in the software so as to exempt the specified category (purpose) of consumers from payment of electricity duty

2.2.17

2.2.18

2.2.18: Short payment of interest on consumer's security deposit:

Due to fluctuation in the bank rate, interest for fixed deposit of State Bank of India was taken for calculating interest payable to consumers. The Financial Advisor, KSEB was also requested to inform the bank periodically so as to implement the same in billing software.

2.2.19

2.2.19: Absence of MIS on faulty meters:

There are enough reports regarding faulty meters now available in the system.

2.2.20

2.2.20: System allows the disconnected consumers to continue the status for more than 12 months:

Directions has been issued to distribution field offices vide circular under reference (2) above, to dismantle such disconnected consumers exceeding the period specified as per relevant provisions of Supply Code.

2.2.21

2.2.21: Data Integrity:

The billing software is modified in such a way that an inbuilt control mechanism is provided in it to calculate maximum consumption based on registered connected load. The system will not permit to generate bill if there is mismatch.

For details compliance and rectification of the

		<p>discrepancies pointed out by audit, Board had issued a detailed circular to field office on 12.08.2015. As these anomalies were noted for the period from 2008 to 2014 and covers large number of consumers in more than 700 sections, which is time consuming. Moreover the above compliance requires submission of KYC details from consumers, it requires site inspection, field verification etc. As the work involved is huge on the reasons stated above, time has been given up to 30th September 2016 for compliance on rectifications to the made by field offices. Data and review details is being collected and compliance will reported to the audit at the earliest. Hence it is requested that time upto 30th September 2016 may please be allowed for verification, rectification and compliance.</p>
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