

CHAPTER IV : WORKS AND MILITARY ENGINEER SERVICES

4.1 Overpayment in Electricity Bills

Garrison Engineer (GE) Babina made overpayment of ₹ 0.55 crore due to application of incorrect rate schedule by Uttar Pradesh Power Corporation Ltd (UPPCL). In another case, GE (West) Colaba made overpayment of ₹ 1.08 crore due to failure to intimate realistic maximum electricity demand by GE to Brihan Mumbai Electric Supply & Transport (BEST).

Two cases of overpayment of electric tariff due to payment of bills at incorrect rate schedule and failure to intimate realistically assessed Contracted Maximum Demand (CMD) to Electricity authorities have come to notice in audit. The total overpayment worked out to ₹ 1.63 crore. Both the cases are discussed as under:

Case-I

Electricity tariff rate schedules of Uttar Pradesh Power Corporation Ltd. (UPPCL) was revised with effect from December 2004. In the revised rate schedules, Military Engineer Services (MES) was placed under the category LMV²⁶-1 as against the previous category of LMV-4. The tariff rates under schedule LMV-1 were less than that of LMV-4. A Voltage rebate of 5 per cent and 7.5 per cent of rate of charge were also admissible to MES if supply were at 11 Kilovolt (KV) and was above 11 KV respectively. GE Babina was getting bulk electric supply from the UPPCL at 11 KV contracted load since October 2001. The contracted load was increased from 11 KV to 33 KV with effect from June 2007.

Chief Engineer Lucknow Zone, Lucknow issued instructions in December 2004 that the concerned Garrison Engineers (GEs) should ensure that correct bills are raised by the UPPCL and payment thereof as per new schedule of category LMV-1 with effect from the billing month of January 2005.

Audit scrutiny of the electric bills paid by GE Babina revealed that UPPCL had floated bills at incorrect rate schedule (LMV-4) and GE continued to pay as per the bills raised. The payment of electric bills by the GE without ensuring the correct rate of the tariff had resulted in overpayment of ₹ 69.31 lakh between January 2005 and October 2007. Out of this, a sum of ₹ 14.26 lakh had been adjusted in the subsequent bills of April 2008 to October 2008 leaving an amount of ₹ 55.05 lakh unadjusted. The GE confirmed the overpayment of ₹ 55.05 lakh, which remained unadjusted as of December 2010.

²⁶ LMV = Low Medium Voltage

The matter was referred to the Ministry in November 2010; their reply was awaited as of July 2011.

Case-II

In July 2007, the Chief Engineer (CE), Southern Command (SC), issued guidelines to all Zonal CEs indicating that monitoring of the recorded maximum demand is to be done and if deemed necessary, the Contracted Maximum Demand (CMD) may be revised based on the actual consumption. Brihan Mumbai Electric Supply & Transport (BEST) tariff booklet, stipulated that monthly Billing Demand would be higher of the following:

- (i) Actual Maximum Demand recorded in the month during 0800 hours to 2400 hours.
- (ii) 75 per cent of the highest billing demand recorded during preceding eleven months subject to limit of contract demand.
- (iii) 50 per cent of the contract demand.

Contract demand was demand in kilowatt (KW), mutually agreed between BEST and the Consumer as entered into the agreement or agreed through other written communication.

Audit noticed that Garrison Engineer (West) Colaba, Mumbai failed to take necessary action to assess and fix the CMD for two electricity connections resulting in avoidable payment of ₹ 1.08 crore. The detail of case is given below:

GE (W) Colaba receives bulk electric supply from BEST Mumbai, under high tension (HT) in respect of two electricity connections having connected load of 1352.08 kilo watt (KW) and 1796.38 KW respectively.

Prior to November 2006, no fixed/demand charges were charged by BEST and the electricity charges were based on the total units consumed in the month. From November 2006 onwards, BEST charged fixed/demand charges based on the recorded maximum demand. In August 2007 the BEST requested the GE to indicate the CMD in respect of the two connections, for charging the demand charges. However, the GE, instead of assessing and arriving at the required maximum demand based on the past consumption, as instructed by the CE SC, left it to BEST to examine the feasibility of entering into the contract demand.

In October 2007, BEST initially fixed the CMD 1352 KW (1690 KVA) and 1796 KW (2245 KVA) based on connected load and later on in January 2008, BEST unilaterally made an upward revision of CMD to 2718.4 KW (3398 KVA) in respect of both connections.

Audit noticed that for the two connections, the highest consumption during November 2006 and September 2007 was 600.8 KW (751 KVA) and 826.4 KW (1033 KVA) only. Moreover, the highest actual monthly level consumption of electricity for these connections for the period from October 2007 to February 2010 was 818.4 KW (1023 KVA) and 946.4 KW (1183

KVA) respectively, which is far less than the contracted load. After being pointed out in Audit, GE Colaba in October 2009 took up the matter with the BEST to fix the CMD at 880 KW (1100 KVA) and 1040 KW (1300 KVA) in respect of the two connections, which was implemented in March 2010. Further, an amount of ₹ 3.77 lakh out of ₹ 1.08 crore has been adjusted for the electricity bills from December 2009 to February 2010.

Thus non-intimation of realistically assessed CMD by the GE to BEST, resulted in excess payment of ₹ 1.08 crore from October 2007 to February 2010. Ministry in December 2010 agreed that the GE failed to assess and fix the contract demand and intimated that CE BEST has agreed for refund/adjustment of excess payment.