

This inspection report has been prepared on the basis of information provided by Executive Engineer, Electricity Distribution Division, (Central) Dehradun. The office of the Accountant General (Audit) Uttarakhand, Dehradun disclaims any responsibility for any misinformation, non submission or submission of incomplete records.

Audit inspection of accounting records of Executive Engineer, Electricity Distribution Division, (Central) Dehradun for the period April 2016 to March 2017 was carried out in exercise of the power conferred by section 19 of the C&AG, DPC Act 1971 read with section 619(3)(b) of the Companies Act 1956 & section 143 of Companies Act 2013. Audit Inspection was conducted by Shri Amit Kumar Mishra, AAO, Shri A.P. Singh, AAO and Shri Vikas Dhyani, AAO under the partial supervision of Shri Mukesh Kumar, Sr. AO during the period from 06.04.2017 to 15.04.2017.

### **Part-I**

1. **Introduction:-** The last audit of this unit was carried out by Shri Amit Kumar Mishra, AAO, Shri A.P. Singh, AAO under the partial supervision of Shri Mukesh Kumar, Sr. AO in which accounting records of the period from April 2015 to March 2016 were generally examined. In current audit, accounting records of the period from April 2016 to March 2017 were generally examined.

2. (i) **Functions and geographical jurisdiction of the unit:**

The function of the Electricity Distribution Division, (Central) Dehradun is to distribute electricity to all over Central urban area of Dehradun city and keep as well as expand the electricity distribution system to this area. The geographical jurisdiction of the division is Central urban area of Dehradun city.

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

Electricity Distribution Division, (Central) Dehradun was covered in the audit. Inspection reports of all independent Drawing and Disbursing officers are being issued separately. This inspection report is based on findings of audit and October 2016 month was selected for detailed examination and June 2016 was selected for Arithmetical Accuracy.

(iii)

Year	Revenue	Expenditure	Profit
2016-17	1063692225.82	43838394.00	--

(To the extent this information is available & applicable)

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

The Electricity Distribution Division (Central) Dehradun is an electricity distribution division of UPCL which is officiated by the Executive Engineer.

## Part-II-A

### **Para 1: Non recovery of additional Security amounting to Rs. 81.13 lakh**

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 given 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.

Scrutiny of billing files and other related records of the large & heavy consumers, it was noticed that in case of 50 consumers, the average two months bills of consumers exceeded the amount of security already deposited which worked out to Rs. 81.13 lakh. 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 which were not done.

Management stated in its reply that instructions are being issued to Sub-divisional Officers for recovery of additional security. The reply is not convincing as the amount of additional security should have been recovered within 45 days but a huge amount was yet to be realized till date. The progress of recovery would be watched in next audit.

The matter is brought to the notice of the management.

## Para 2: Non recovery of electricity dues from 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) U/S-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 (Domestic, Commercial, BPL Private Tube wells and L.T. Industries Consumers), it was noticed that electricity dues has increased from Rs.21.94 crore in 2014-15 to Rs. 24.16 crore in 2016-17 (February 2017) crore as detailed below:

(Rs. In lakh)

Sl. No.	Particulars	2014-15	2015-16	2016-17
1.	Balance outstanding at the beginning of the year	2181.32	2194.01	1553.29
2.	Revenue assessed/Billed during the year	8622.00	9520.72	9567.14
3.	Total amount due for realisation (1+2)	10803.32	11714.73	11120.43
4.	Amount realised during the year	8550.81	10161.44	8703.33
5.	Balance outstanding at the end of the year	2194.01	1553.29	2416.10

Thus it is evident from the above that the division was not serious to realize the dues from the consumers. Had the division been serious to realize the dues in question from the consumers and taken action as provided in the Commercial and Revenue Manual, these dues could have been recovered from the consumers.

Division stated in its reply that in order to reduce these arrears, camps are being organised and concerned SDOs are also directed for realisation of the dues. Reply of the division is not convincing as arrear has risen up to an alarming stage despite the efforts made by division.

The matter is brought to the notice of the management.

**Para 3: Non- realization of Initial Security Deposit**

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 501 non-domestic consumers (RTS-2) whom connection have been released without depositing the required security deposit by them. This resulted in non- realisation of Security deposit by Rs. 79.40 lakh and violation of UERC regulations.

Division stated in its reply that Computerised billing of the KCC consumers (above 4 KW) started in 2008. In the beginning of this system, various fields like, unit, load, initial security etc. were fed manually and probably in these cases initial security were not correctly fed in the system. At present, it is being examined and after examination, initial security will be added back in the bills of the consumers. The reply of the division is not convincing as the fact of non-deposit of security deposit is regularly shown in the electricity bills of the consumers therefore, the same should have been reconciled well in time. This shows division's carelessness in realising security deposit.

The matter is brought to the notice of the management.

**Para 4: Arrear on consumers**

The Electricity Supply Code (April 2007) of UERC provides that the Company may issue a disconnection notice to the consumer who defaults in payment of dues, giving him 15 clear days to pay the dues. Thereafter, if the consumer does not clear all the dues within six months, such connection should be disconnected permanently.

Audit analyzed billing data of consumers of the division and noticed that there were 262 consumers of all categories, having unclear dues ranging between Rs. 8.5 thousand to Rs. 19.34 lakh and who had not deposited the dues for periods ranging from six to 87 months. The supplies in respect of these consumers were neither disconnected nor were arrears recovered. Also, division did not issue recovery certificate (RC) to the concerned District Magistrates for recovery in accordance with the provisions contained in the Company's Memorandum dated 2 November 2004. This resulted in non-realization of arrears amounting to Rs. 1.45 crore (April 2017).

The division stated in its reply that most of the consumers in the arrear list belong to Government Category and regular correspondence is being done for realising the dues. The reply of the division is not convincing as the arrears list comprises of both Government and non-government consumers and efforts for realisation should have been made well in time.

The matter is brought to the notice of the management.

**Para 5: Non issuance of Recovery Certificate under section -5 amounting to Rs. 112.02 lakh**

Commercial & Revenue manual of Uttar Pradesh Power Corporation (Which is being followed by Uttarakhand Power Corporation) 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 due against him within 30 days In case consumer again fails to deposit the dues in the stipulated period then a recovery certificate (RC) U/S-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, it was noticed that as on 01.04.2016, recovery certificate u/s 3 were issued to 577 consumers valuing Rs. 140.41 lakh. During the year 2016-17 (upto 01/2017), recovery certificate u/s 3 to 501 consumers amounting to Rs. 88.62 lakh against which Rs. 10.57 lakh was realised from 85 consumers and notices U/s Section 5 were issued to 32 consumers valuing Rs.23.54 lakh. Recovery certificate of 324 consumers valuing Rs. 82.90 lakh were returned. Hence, recovery certificate u/s 5 is still pending for issuance against 637 consumers valuing Rs.112.02 lakh. Non issuance of recovery certificate u/s 5 shows lack of proper action by division for recovery of arrears.

The division stated in its reply that during 2016-17, section-3 have been issued against 637 consumers and sequentially section-5 are being issued to these consumers. The reply of the division is not convincing as the division should have issued section-5 within stipulated period which was not done.

The matter is brought to the notice of the management.

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

## Part-II-B

### **Para 1: Non- realization of Revenue from 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 under the jurisdiction of EDD Central during the years 2014-15 to 2016-17 are given below:

( Rs. In lakh)

Sl. No.	Particulars	2014-15	2015-16	2016-17
1.	Balance outstanding at the beginning of the year	4775.89	4524.24	2230.62
2.	Revenue assessed/Billed during the year	1540.90	1471.66	1259.89
3.	Total amount due for realisation (1+2)	6316.79	5995.90	3490.51
4.	Amount realised during the year	1792.55	3765.28	1383.08
5.	Balance outstanding at the end of the year	4524.24	2230.32	2107.43

Source: Information compiled from the data provided by the Company

The arrear in respect of Government consumers though has been reduced in 2016-17 in comparison to 2014-15 but still huge arrear is to be realized to safeguard the sound financial health of the Company.

Division stated in its reply that correspondence to the Head of Department is being made to recover these dues. Reply of the division is not convincing as arrear has still on an alarming stage despite the efforts made by division.

The matter is brought to the notice of the management.



**Para 2: Deficiencies in IT implementations**

- It implementations includes IT applications for meter reading, billing & collection, energy accounting and auditing. Scrutiny of Consumer meter reading status ledger as on 12.04.2017, it was found that out of total 1083 commercial consumers Automatic Meter Reading of only 187 consumers (17.27 percent) were being done and meter reading of remaining 896 consumers (82.73 percent) were done manually. This shows the poor implementation of IT applications in meter reading.
- As per Order of retail supply tariff of UPCL for 2012-13, Uttarakhand Electricity Regulatory Commission (UERC) provided in principal approval for implementing prepaid metering w.e.f. October 2012. Prepaid metering provides better service to the consumers, improves cash flow of the Company and also leads to reduction in consumer grievances. Further, prepaid metering shall be mandatory for new temporary LT connections upto 30 KW from October 2012 subject to availability of meters and valid operational constraints. Audit noticed that during the year 2016-17, total 887 of temporary connection were issued but no prepaid meter was installed in any of these connections. This resulted in violation of UERC's Order.

Division stated in its reply that meter reading of remaining 896 consumers will also be started through AMR. Prepaid meters were not installed in temporary connections as it is not possible in a prepaid meter to update tariff. Hence, appropriate action in use of these meters will be taken after directions of the Headquarter Office. The reply of the division is not convincing as More than 82 percent of KCC consumers are billed through manual reading. Further, the provision of updating tariff in prepaid meters should have been taken in consideration before procuring these meters as tariff is fixed by UERC every year.

The matter is brought to the notice of the management.

**Para 3: Non verification of consumers**

- It was noticed that there is no arrangement in master data of R-APDRP software to highlight the updating of Know your consumer (KYC) & details of consumer status. UPCL releases power connection to BPL consumers at minimum tariff (subsidized rate per unit). However, once the connection was released to a BPL consumer initially, after a specified period, the system never tells about the requirement of status of consumer whether the consumer has been updated to APL or not.
- As per rate tariff of UPCL approved by UERC, If consumers installs and uses solar water heating system, rebate of Rs. 100 per month for each 100 litre capacity of the system or actual bill for that month whichever is lower shall be given subject to the condition that consumer gives an affidavit to the licensee to the effect that he has installed such system, which the licensee shall be free to verify from time to time. If any such claim found to be false, in addition to punitive legal action that may be taken against such consumer, the licensee will recover the total rebate allowed to the consumer with 100 % penalty and debars him from availing such rebate for next 12 months. It was noticed that the system never gives alerts to the licensee (UPCL) for verification of the system. It was also observed that no physical verification of consumers availing solar rebate was carried out during 2016-17.

The Division stated in its reply that the provision in the system to generate alert/flag for verification of the BPL and consumers using solar water heaters is to be included by IT wing of UPCL. Correspondence in this regard is being done. The reply of the division is not convincing as the responsibility of physical verification of both i.e. BPL consumers and consumers using solar water heaters lies with the division.

The matter is brought to the notice of the management.

**Para 4: Non utilization of cash collecting Kiosk**

Cash collecting kiosk has been installed by the UPCL (January 2016) in some of the selected divisions to improve the cash collection process and to give smooth payment facility to the consumers. Kiosk has been designed like ATM where a consumer can deposit the cash for payment of his electricity bill and also can get the receipt of the same. The kiosk is connected to the intranet of UPCL. As the machine generates the receipt for payment of the bill, the details of the same is automatically uploaded in the server of UPCL. Cashier collects cash from the machine on daily basis and compares the same with the report generated by the system. The cash so collected is remitted to bank on regular basis. It helps to reduce the burden on the bill payment windows at the collection center and no employee of the division has to be engaged in its use. Therefore, it ensures not only the least use of manpower but accuracy in transaction and instant service to the consumers also.

Audit noticed that the kiosk installed by UPCL had been in use since the month of 04.01.2016 to the 20.09.2016. However, since then no transaction has been observed which shows that machine is not in use for last six months. Thus, despite incurring reasonable amount on procurement and installation of the kiosk, UPCL failed to achieve the objective for which the same was installed. Further, non-utilization of the kiosk resulted in depriving the consumers of instant payment facility of their bills.

The division stated in its reply that kiosk was procured, installed and maintained by R-APDRP wing of UPCL. The machine was not in use after demonetization as it was not recalibrated to the new currency. The calibration of the same was to be done by R-APDRP wing after which the machine could be used for revenue realization. The reply of the division is not convincing as the machine is not in use since November 2016 and the objective for which the machine was purchased was defeated.

The matter is brought to the notice of the management.

**Para 5: Heavy recurring loss of revenue due to Defective meters**

As per Circular dated 12 February 2004 on Rate Schedule of the Company, effective from 20 September 2003, all the defective meters of the consumers should be replaced within 3 months failing which concerned Executive Engineer (Test) and concerned SDO (Distribution Division) shall be held responsible equally.

Test check of the records showed that against 64689 total consumers, the meters of 610 consumers (RTS-1 & RTS -2) remained defective as on March 2017. Out of which meters of 98 consumers (RTS-1 & RTS -2) were defective in the range of three months to 33 months which were against the norms. Thus, higher line loss due to defective meters cannot be ruled out besides, non-repair/replacement of the defective meters is a violation of UERC orders. No case, where any responsibility was fixed on Executive Engineer/Sub-divisional Officer for the delay in replacement of defective meters, was noticed.

The division stated in its reply that work of replacement of defective meters is done by the test division of UPCL. Further, the information in respect of defective meters is sent to test division in time. The reply of the division is not convincing as the billing of consumers with defective meters are done on assessment basis and not on actual basis which further leads to revenue loss. Thus, it is the joint responsibility of both the divisions to replace the defective meters well in time.

The matter is brought to the notice of the management.

**Para 6: Energy as well as revenue loss due to theft/pilferage**

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 is detailed below:

**(Rs. in lakh)**

Name of division	Year of checking	Total number of consumers	Number of checking	Number of theft cases detected	FIR lodged	Amount assessed	Amount realized	Balance
EDD Central	2016-17	64689	85	19	4	382904	281367	101537

Source: Information compiled from the data provided by the Company

It can be seen that the total number of checking carried out by division was less than one per cent of the total numbers of consumers. Out of the total, 19 cases of thefts, FIR was lodged in only four cases and against the assessed amount of Rs. 3.82 lakh from the defaulting consumers only Rs. 2.81 lakh was realized by the Company.

The division stated in its reply that checking of consumers is done time to time and in the matter of theft, FIR is lodged. The realisation does not correspond to departmental assessment because consumers take shelter to the court. The reply of the division is not convincing as total number of checking carried out by division in the year 2016-17 was less than one per cent of the total numbers of consumers. This sample size of checking should be increased to check power theft and to improve revenue realisation.

The matter is brought to the notice of the management.

### **Part III**

(In this part, detail of unsettled paras of previous inspection reports to be reported in below given format.)

Details of unsettled paras of previous inspection reports:-

<b>Sl. No.</b>	<b>Period</b>	<b>Part II-A</b>	<b>Part II-B</b>
1.	Since inception to 03/2007	1	1 to 3
2.	4/2007 to 03/2008	-	1 to 5
3.	04/2008 to 09/2009	1 to 3	1 to 3
4.	10/2009 to 03/2011	1,2	1 to 5
5.	04/2011 to 03/2013	1,2	1,2
6.	04/2013 to 03/2014	-	1 to 5
7.	04/2014 to 03/2015	1 to 3	1 to 3
8.	04/2015 to 03/2016	1	1 to 4

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**

NIL

**Part V**

**Acknowledgement**

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

**Though following documents were not produced during audit:**

NIL

2. **Persistent irregularities.**

NIL

3. **The following officers held the charge of head of the office during the audit period:**

<b>Sr. no.</b>	<b>Name</b>	<b>Post</b>
(i)	Shri Munish Chandra, (last audit to till date)	Executive Engineer.

Minor and operational irregularities which could not be resolved at the time of audit and have been included in Temporary Audit Note with the request that the compliance report on the same may be sent to Sr. DAG/DAG (concerned sector) within one month of receipt of the letter.

**Sr. AO/ES-I**