

This inspection report has been prepared on the basis of information provided by Executive Engineer, Electricity Distribution Division (South) 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 (South) 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, AO and Sh. A. P. Singh, AAO during the period from 17.07.2017 to 22.07.2017.

Part-I

1. **Introduction:-** The last audit of this unit was carried out by Shri Vikas Dhyani, AAO and Ms Prerna Bhadula, AAO under the 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 (South) Dehradun is to distribute electricity to all over south area of Dehradun city and keep as well as expand the electricity distribution system to this area. The geographical jurisdiction of the division is within the south area of Dehradun city.

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

Electricity Distribution Division (South) 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 March 2017 was selected for detailed examination and July 2016 was selected for Arithmetical Accuracy.

(iii)

Year	Revenue	Expenditure	Profit
2016-17	1807676988	126193298	--

(To the extent this information is available & applicable)

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

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

Part-II-A

Para 1: 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, it was noticed that electricity dues has increased from ₹ Lakh in the beginning 2014-15 to ₹ lakh in 2016-17 as detailed below:

(₹ in lakh)

Sl. No.	Particulars	2014-15	2015-16	2016-17
1	Balance outstanding at the beginning of the year	2736.69	2789.19	2435.22
2	Revenue assessed/Billed during the year	11398.00	12566.72	14627.60
3	Total amount due for realisation (1+2)	14134.69	15355.91	17062.82
4	Total amount adjusted/ waived off/ rebate	27.45	127.64	116.49
5	Amount realised during the year	11318.05	12793.05	14650.46
6	Balance outstanding at the end of the year	2789.19	2435.22	2295.87

It is evident from above table that there is decrease in arrears of Non Government consumers over the period from 2014-15 to 2016-17. However, still huge amount of arrears are still pending with Non Government Consumers. Division should make more efforts for realizing the arrears. Management in its reply stated that for recovery of arrears appropriate action u/s 3 & 5 is being done and also fictitious arrears have been removed. The reply of the division is not convincing as the huge arrears are still pending against said consumers.

Para 2: 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 arrears from Government consumers which could not be realized by UPCL during the years 2014-15 to 2016-17 are given below:

(₹ In lakh)

Sl. No.	Particulars	2014-15	2015-16	2016-17
1	Balance outstanding at the beginning of the year	4643.77	4549.19	2898.92
2	Revenue assessed/Billed during the year	1648.49	1793.19	1867.91
3	Total amount due for realisation (1+2)	6292.26	6342.38	4766.83
4	Total amount adjusted/ waived off/ rebate	0	650.00	174.19
5	Amount realised during the year	1743.07	4093.46	3544.89
6	Balance outstanding at the end of the year	4549.19	2898.92	1396.13

It is evident from above that the arrears of Government Consumers were decreased from ₹ 4549.19 lakh in 2014-15 to ₹ 1396.13 lakh in 2016-17. However still huge arrears are still pending on Government consumers. Division should make sincere efforts and raise the matter with top management and HoD of the departments for early realization of the same.

Management in its reply stated that many a times due to unavailability of budget in the departments the complete payment of electricity bills are not made by them. However, division is trying to recover the balance amount. The reply of the division is not convincing as the huge arrears are still pending against said consumers.

Part II B

Para 1: Non- realization of dues due to inappropriate monitoring of Recovery Certificates ₹ 202.89 lakh.

As per Indian Electricity Act 2003, the payment of electricity dues should be made within due date mentioned in the bill. In case of default, the supply was required to be disconnected after seven days and a demand notice under section 3 of Dues Recovery Act 1958 (giving 30 days notice) was to be sent. If payment was not received, a Recovery Certificate (RC) under section- 5 of the said act was to be sent to the concerned District Magistrate to recover the dues as land revenue. Proper care was required to be taken that the particulars of the consumers were correct and permanent disconnection was duly finalized so that RC's could be realized.

The status of unrecovered Recovery Certificates u/s 5 during 2014-15 to 2016-17 (upto January 2017) was detailed below:

For the year 2014-15

₹ In lakh

Sl. No.	Particulars	Number	Amount
1.	Opening Balance of RCs which were issued to DM offices for recovery u/s 5 and pending with DM offices as on 01.04.2014.	814	168.92
2.	Number of RCs issued for recovery to DM office against the defaulting consumers under section 5 during the period April-2014 to March-2015	79	39.27
3.	Number of RCs and amount realized by DM office from defaulting consumers during the period April-2014 to March-2015.	14	1.70
4.	Number of RCs returned by DM office due to wrong address of consumers, deceased consumer, etc during the period April-2014 to March-2015.	16	3.74
5.	Number of RCs pending with the DM office due to non-realization as on 31.03.2015.	863	202.75

For the year 2015-16

Sl. No.	Particulars	Number	Amount
1.	Opening Balance of RCs which were issued to DM offices for recovery u/s 5 and pending with DM offices as on 01.04.2015.	863	202.75
2.	Number of RCs issued for recovery to DM office against the defaulting consumers under section 5 during the period April-2015 to March-2016	23	12.87
3.	Number of RCs and amount realized by DM office from defaulting consumers during the period April-2015 to March-2016.	13	5.54
4.	Number of RCs returned by DM office due to wrong address of consumers, deceased consumer, etc during the period April-2015 to March-2016.	19	13.59
5.	Number of RCs pending with the DM office due to non-realization as on 31.03.2016.	854	196.49

For the year 2016-17

Sl. No.	Particulars	Number	Amount
1.	Opening Balance of RCs which were issued to DM offices for recovery u/s 5 and pending with DM offices as on 01.04.2016.	854	196.49

2.	Number of RCs issued for recovery to DM office against the defaulting consumers under section 5 during the period April-2016 to March-2017	20	13.24
3.	Number of RCs and amount realized by DM office from defaulting consumers during the period April-2016 to March-2017.	33	6.84
4.	Number of RCs returned by DM office due to wrong address of consumers, deceased consumer, etc during the period April-2016 to March-2017.	-	-
5.	Number of RCs pending with the DM office due to non-realization as on 31.03.2017.	841	202.89

It is evident from above that 841 numbers of RCs u/s 5 amounting to ₹ 202.89 lakh in 2016-17 is pending with district authorities. Division had not made any correspondence with District Authorities to realise the amount of RCs pending with District Authorities. Had proper action for temporary/permanent disconnection been taken by the Company in time against the defaulting consumers this arrear would not have been accumulated.

It was further observed that there are 110 consumers with arrear above ₹ 50000 valuing ₹ 1.35 crore and pending for realization from 1 to 111 months and even connections of Non Government consumers were not temporary disconnected by sending demand notices u/s 3 as above mentioned manual.

Management in its reply stated that regular meetings with the district authorities are scheduled for recovery of pending RCs and ₹ 14.08 lakh have been recovered through district authorities during 2014-15 to 2016-17. The reply of management is not convincing as still RCs valuing to ₹ 2.03 crore are pending with district authorities for recovery. The amount recovered in last three years by district authorities is negligible. It shows that division has not made sincere efforts with district authorities for the recovery of same.

Para 2: 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 31 consumers of different categories to whom connection have been released without depositing the required security deposit. This resulted in non- realisation of Security deposit by ₹ 5.72 lakh and violation of UERC regulations. The details are as follows:

Sl. No.	No. of consumers	Category	Load (in KW)	Security Deposit @ ₹ 1000 per KW
1.	04	RTS-2 Domestic @ ₹ 1000 per KW	70	70000
2.	03	RTS 6@ ₹ 1000 per KW	174	174000
3.	24	RTS 7 @ ₹ 1000 per KW	328	328000
	Total			572000

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

Management in its reply stated that there is a possibility that during transition of data from manual to RAPDRP system, the amount of initial security was not posted in the original data. Therefore it was also omitted from the RAPDRP data. The division has issued letters to such consumers for providing security deposit details. Reply of the division is not convincing as no connection should be released without appropriate security deposit also any gap in data is responsibility of UPCL.

Para 3:- Delay release of new connection.

UERC LT Regulation 2013 inter alia provides that “The licensee shall be under obligation to energize the connection through a correct meter within 30 days from the :

(a) Date of Application if no defects or outstanding dues are found.

(b) Date of intimation of removal of defects or liquidation of outstanding dues or the date of”

As per the LT regulation a penalty on the division will be imposed at the rate of ₹ 10 per day on per ₹ 1000 of the amount deposited by applicant subject to maximum of ₹ 1000 for each day of delay.

The scrutiny of the records of the divisions for 2014-15 to 2016-17 revealed the following:

Year	No. of cases where connection were released beyond stipulated time	Amount of Penalty (₹ in lakh)
2014-15	278	13.72
2015-16	338	19.30
2016-17	161	7.27
Total		40.29

It is evident from above due to delay in release of connection in 2014-15 to 2016-17 division incurred an avoidable expenditure in form of penalty amounting to ₹ 40.29 lakh. The reasons for the delay may be intimated to audit.

Management in its reply stated that the main reason for delay in release of new connection is non availability of material required at the store division. The reply is not convincing as it is the responsibility of UPCL to ensure timely release of new connections also delay release of new connection has attracted the penalty of ₹ 40.29 lakh in last three years.

Para 4: Non replacement of defective meters.

The Electricity supply code Regulation 3.1.4 provides that ,If the meter is not recording/stuck as reported by the consumer, the Licensee shall check the meter within 30 days of receipt of complaint and if found stuck or identified as defective (IDF), the meter shall be replaced by the Licensee/consumer, as the case may be, within 15 days thereafter, also all new case of defective meters namely ADF, RDF or IDF, if any, shall necessarily be rectified within a maximum period of 3 months.

Scrutiny of the billing records of the division during February and March 2017 revealed that division has billed 68 consumers on IDF basis and the bills were generated on IDF basis in the range of 1 to 100 months.

During the period of defect the consumer is billed on the basis of assessment of average billing of past three billing cycle and not on actual energy consumed as the same cannot be recorded in absence of correct meter. The chances of taking the benefit in form of above average consumption of consumer during IDF billing cannot be ruled out as UPCL has no mechanism to check the actual consumption during period of IDF billing. The absence of co-ordination between the Test Division (responsible for replacement of Defective meter) and Distribution Division results in heavy recurring loss to the company and undue benefit to the consumers.

Management in its reply stated that work related to change of defective meters pertains to test division of UPCL and distribution division regularly provides the list of IDF meters to test division. The reply is not convincing as the bill were generated on IDF basis ranging from 1 to 100 months which shows poor co- ordination between distribution and test division of UPCL.

Para 5: Non recovery of additional Security amounting to ₹ 1.21 crore.

As per para 2.2.1 of UERC Regulations 2007, security of the consumers should be assessed in end of each financial year in respect of those consumers who have been given the connection for supply of electricity, the security should be equal to average consumption of two month bill of the financial year. In case security reassessed exceeds the amount of security already deposited, the differential amount will be demanded as additional security by giving a notice to the consumers within the 45 days. In case the additional security which is not deposited within the stipulated period, the electricity supply of such consumers can be disconnected.

During scrutiny of billing files and other related records of the KCC consumers, it was noticed that the average two months bills of consumers exceeded the amount of security already deposited. Additional security amounting to ₹ 1.65 crore from 311 KCC consumers (enclosed) were pending from March 2016 and have not been recovered till date. As per circular in question, amount of this additional security was required to be recovered within 45 days. This amount should have been recovered from consumers within the stipulated period which was not recovered.

Management in its reply stated that letters have been issued to consumer for deposition of additional security and an amount of ₹ 43.49 lakh has been recovered from the consumers. The reply is not convincing as still ₹ 1.21 crore is pending with the consumers for recovery.

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 2014-15 to 2016-17 is detailed below:

(₹ in lakh)

Name of sub-division	Year of checking	Total number of consumers	Number of checking	Number of theft cases detected/ Assessment made	FIR lodged	Amount assessed	Amount realized	Balance
EDD south Dehradun	2014-15	77613	63	59/59	16	25.83	15.01	10.82
EDD south Dehradun	2015-16	79370	35	16/21	12	8.36	7.46	0.90
EDD south Dehradun	2016-17	77637	9	3/7	3	2.68	1.03	1.65

Source: Information compiled from the data provided by the Company

It can be seen that the total number of checking carried out by division is negligible against the total number of consumers during the period 2014-15 to 2016-17. Had the division increased the number of checking in a year, leakage of revenue could be avoided.

Management in its reply stated that AB cable is being laid in the theft prone areas and during 2014-15 to 2016-17 ₹ 2.04 crore has been assessed on 35 consumer having heavy consumers also the assessed amount of these consumers has been recovered by adjusting the same in their electricity bills. The testing of metering of 2995 consumers was also done during last year. The reply is not convincing as division could only as the agreement with YMPL which carried out the above checkings was only for the testing of the meters of the consumers. The vigilance check by the division was negligible.

Para 7: Irregularity in execution of contract.

Uttarakhand Power Corporation Limited entered into an agreement with M/s HI Tech Power Solution to execute the work of Laying of 11 KV 3X300 sq.mm cable below ground level upto 200 cm using HD pipes using trenchless technology and making all connections & supply of concerning work related materials on 26.08.2016 valuing ₹ 76.45 lakh against tender specification no. EDC(U)/05/2016-17. Time for completion of above work was 3 months from the date of agreement. Additional work of same nature was also given to same contractor valuing ₹ 12.07 lakh (value of bill submitted by contractor) on 09.03.2017.

During scrutiny of records and agreement, following discrepancies were noticed:

- The sanction for estimate by Chief Engineer (D) for above work was accorded (04.07.2016) for ₹ 1.96 crore and expenditure of the estimate shall be booked under the head System Improvement for the year 2016-17. The value of material to be provided by UPCL to contractor was ₹ 30.94 lakh including 2600 meter 11 KV cable 3X 300 sq.mm (₹ 29.12 lakh). The division requested for approval of package (for supply of material by UPCL) to Deputy General Manager on 07.10.2016 after delay of 40 days from the date of agreement. Deputy General Manager accorded the approval of same on 22.10.2016 with the direction to make expenditure under the head O&M. As the work falls in the category of new work, the approval of package should have been sent under the head of System Improvement so that UPCL could have claimed the same in ARR from UERC and could have claimed depreciation in Final Accounts. The last material issued to contractor was on 15.12.2016. It was observed that UPCL awarded contract on 26.08.2016 without ensuring the availability of material to be supplied by it to contractor in order to complete the work in stipulated time. Moreover the estimate of above work was initially approved for an amount of ₹ 1.96 crore and it had awarded the contract at ₹ 76.45 lakh excluding the value of material amounting to ₹ 30.94 lakh. The estimate of the work should have been revised as the value of work was ₹ 107.39 lakh (₹ 76.45 + ₹ 30.94) which was 45 percent below the estimate value. The same was not done.
- The work was completed as stated in Measurement Book on 23.12.2016 but work completion certificate of above work was not furnished to audit. Moreover 11 KV cable laid as per bill submitted was 2560 meter instead of 2600 meter.
- Two different time period for completion of work were mentioned for deducting penalty in case of delay i.e. work is to be completed within 03 months from the date of last material

issued by JE Distribution and work shall be completed within 03 months from the date of agreement and time between date of offer of inspection and date on which inspection is carried out and date issued will be excluded from 03 months time.

- Additional work for laying of 310 meter 11 KV cable by same contractor was sanctioned by Managing Director UPCL 09.03.2017 on the proposal of division as the expenditure falls within the limit of initially approved estimate valuing ₹ 1.96 crore. The vetting remarks or validation of Circle concerned were not available on records. It is also pertinent to mention that original agreement was entered into between Superintending Engineer of Circle concerned and M/s HI Tech Power Solutions. In approval neither total value of additional works nor time period for completion of additional work was mentioned.
- Initially 2560 meter 11 KV cable was laid by the contractor instead of 2600 meters as mentioned in agreement and work was completed as per measurement book. In additional work 350 meter cable was laid by same contractor instead of 310 meter which was supposed to be laid as per noting of additional work approval. The additional work was completed on 17.06.17 as per work completion report. From above, it appears that the work of laying of 40 meter 11 KV cable (2600m-2560m) related to initial work was also completed in June 2017 which resulted in delay of work for more than 3 months and attracts maximum penalty i.e. at the rate of 10 percent at the value of initial agreement. It was also noticed that no penalty was deducted from the running bills of the contractor.

Management in its reply stated that the work was executed in two phases in first phase 2560 meter of line was completed and energised and to improve the technical viability of the line additional 350 meters were laid in which the remaining 40 meters of the cable was used in the second phase. The line laid in the first phase was energised on 23.12.2016. Also, as per the terms of the condition of the contract the work was to be finished within three months of the issue of material by UPCL which was ensured and accordingly the liquidated damages were not deducted from the bills of the contractor. The reply of the division is not convincing as clause 14 of the agreement also provides that the work shall be completed within one month from the date of LOA. As the agreement contains contradictory conditions with regard to the completion date of the contract it requires further deliberations .

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:-

Sl. No.	Period	Part II-A	Part II-B
1.	4/99 to 3/2000	1 to 4	1 to 3
2.	4/2000 to 03/2001	--	3 to 5
3.	3/2001 to 4/2002	--	4 & 5
4.	5/2002 to 6/2003	--	1 to 3
5.	7/2003 to 5/2004	1 to 3	03
6.	6/2004 to 3/2005	1	1, 3 & 4
7.	4/2005 to 3/2006	--	1 to 4 & 6
8.	4/2006 to 3/2007	--	04
9.	4/2007 to 3/2008	--	2 to 4
10.	4/2008 to 3/2011	--	1,3 & 5
11.	4/2011 to 3/2012	--	1 to 6
12.	4/2012 to 3/2013	1 to 3	1 to 4
13.	4/2013 to 3/2014	1 to 4	--
14.	4/2014 to 3/2015	1 to 3	1 to 3
15.	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
Nil	Nil	Nil	Nil	Nil

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, (South) 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:**

Sr. no.	Name	Post
(i)	Shri Ashutosh Tiwari (since 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 (ES) within one month of receipt of the letter.

Sr. AO/ES-I