

Inspection report has been prepared on the basis of information provided by Executive Engineer, Electricity Distribution Division, Rudraprayag. 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, Rudraprayag 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 143 of Companies Act 2013. The audit of the division was conducted by Shri R.L.Sharma, AAO and Shri Ghanshyam Dal Pal AAO during the period from 03.10.2017 to 07.10.2017.

Part-I

Introduction:- The last audit of this unit was carried out by Shri Vikas Dhyani, AAO and Shri Sunil Verma, Sr. Auditor under the partial supervision of Shri Mukesh Kumar, Sr. AO during 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.

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

The function of the Electricity Distribution Division, Rudraprayag is to distribute electricity to all over Rudraprayag district and keep as well as expand the electricity distribution system and the geographical jurisdiction of the division is Rudraprayag, and Kedarnath Valley.

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

Electricity Distribution Division, Rudraprayag 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 March 2017 was selected for Arithmetical Accuracy.

(iii)

Year	Revenue	Expenditure	Profit
2016-17	₹ 1582.14 lakh	₹ 960.32 Lakh	--

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

The Electricity Distribution Division Rudraprayag is an electricity distribution division of UPCL which is officiated by the Executive Engineer.

Part-IIA

Para 1: Non refund of unutilised government grant (SPA) of ₹ 183.46 lakh.

Power distribution network of Electricity Distribution Division, Rudraprayag got badly affected due to natural calamity on 16th and 17th June 2013. The Corporation had submitted a proposal for reconstruction of HT and LT lines and distribution sub-station in District Rudraprayag for ₹ 183.46 lakh in September, 2013 to the Government of Uttarakhand. Government of Uttarakhand sanctioned ₹ 183.46 lakh against the said proposal in SPA construction Fund in June 2014 project code no. 10030.

During the course of audit, it was observed that after occurrence of disaster June 2013, the division had carried out all the disaster work for reconstruction of HT and LT lines and distribution sub-station against the grant received from D.M. office (NDRF/SDRF) amount to ₹ 205.82 lakh instead of grant received under SPA. The SPA grant received in June 2014 is pending unutilised till date and the division submitted the Utilisation Certificate for the same in 3/10/2016 to Government of Uttarakhand which is not in order as these works should have been carried out through SPA fund.

Division accepted the audit observation and stated that all the work of reconstruction of HT and LT lines and distribution sub-station was carried out against NDRF/SDRF fund instead of SPA fund.

The matter is brought to the notice of higher management.

Part-II B

Para 1: Avoidable loss of energy in distribution – ₹ 2.32 crore.

The main function of distribution division is to receive the energy and distribute it among the consumers in such a way that loss of energy in distribution (line loss) should not exceed the norms fixed by the Uttarakhand Electricity Regulatory Commission (UERC). The UERC had fixed a norm of 15.00 *per cent* for the year 2016-17. To achieve the norms, UERC had also identified some causes due to which there is loss of energy in distribution and suggested remedial measures to reduce distribution losses as detailed below:-

Causes for transmission losses:-

- (i) Un-authorized extraction of electricity.
- (ii) Defective metering system.
- (iii) Wrong estimation of consumed energy.
- (iv) Non-rectification of defective meters.

Measures:-

- (i) Installation of Electronic Meters to control theft.
- (ii) Regular checking of unauthorized extraction of electricity.
- (iii) Rectification of defective meters.

During test check of relevant records revealed that during the period 04/2016 to 03/2017 and T&D losses were 32.52 *per cent* against the allowable norms of 15.00 *per cent* for the year fixed by the UERC. Thus transmission losses were on very higher side than the prescribed norms. Excess T&D losses resulted in loss of ₹ 2.32 crore (by taking the cost of energy at an average of ₹ 2.30 per unit) as detailed below:

Sr. No.	Particulars	Energy in Million Units	
		04/2016 to 3/2017	
1	Energy received during the period	57.699 M.U.	
2	Sale of Energy	38.936 M.U.	
3	Loss of Energy (1-2)	18.763 M.U. (32.52 <i>per cent</i>)	
4	Permissible Loss as per norms (15.00 <i>Per cent</i>)	8.65 M.U.	
5	Avoidable loss of energy in distribution (3-4)	10.11 M.U.	
Cost of avoidable loss of energy = 10.11 X 10,00,000 X 2.30 = ₹ 23253000 Say ₹ 2.33 crore			

It is evident from the above that the Division failed to control the T&D losses of energy within the prescribed norms.

In this regard audit observed that:

- i. In March 2017, 4529 meters were mechanical meters and out of them only 757 mechanical meters were replaced by electronic meters during FY 2017-18 and balance 3772 mechanical meters were yet to be replaced as on July 2017. Thus the Division failed to replace all the mechanical meters by electronic meters as advised by the UERC.
- ii. During the period 04/2016 to March 2017, no raids were carried out by the Division. Considering the fact that the distribution losses were on very higher side than the prescribed norms of UERC, the Division is required to increase number of raids to ascertain unauthorized extraction of power.
- iii. Against total 54479 connections in March 2017, 9446 meters (18.12 *per cent*) were defective which was higher than the prescribed norms of UERC *i.e.* 2 *per cent*.

Thus, the Division was yet to take corrective measures as advised by the UERC. Had the corrective measures as suggested by UERC been taken by the Division, the distribution losses suffered by the Company could have been minimized.

Division in its reply stated that old GI wires are being replaced to new wire in all sub-divisions and the division is also reducing the HT / LT ratio to minimise the line loss. Further, the Division is also replacing the defective/ mechanical meters and also trying to stop the unauthorised extraction of the power by sudden checking.

The reply is not acceptable as due to higher T&D losses, the Division had lost the energy amounting to ₹ 2.33 crore.

Para 2: Not submitting Utilisation Certificate of ₹ 205.34 lakh against NDRF/SDRF Fund.

Power distribution network of Electricity Distribution Division got badly affected due to natural calamity of 16th and 17th June 2013. In this calamity, after approval of the State Government, the division executed a number of 61 works (34 works of NDRF/SDRF with approval of District Magistrate (DM) amounting to ₹ 205.82 lakh and 27 with the approval of Project Implementing Unit (PIU) i.e. Sub-Divisional Magistrate amounting to ₹ 177.07 lakh) in all the Apda affected area under its jurisdiction to restore the power supply.

During scrutiny of the records of division, it was revealed that DM, office had released ₹ 152.37 lakh (75 per cent of the sanctioned amount) against NDRF/SDRF as per sanctioned amount of ₹ 205.82 lakh in 2013-14 to 2014-15, for 34 works. The balance amount of ₹ 53.45 lakh (25 per cent of the sanctioned amount) will be released after submission of Utilisation Certificate alongwith the Completion certificate and third party Inspection. All the work of NDRF/SDRF has been completed by the division long back but did not submit Utilisation Certificate till date. DM Rudraprayag had also issued a letter to the executive engineer on 20/09/2017 for submission of utilisation certificate alongwith completion certificate within 15 days otherwise the balance amount of ₹ 53.45 lakh will be elapsed. The Division had not submitted the utilisation certificate till date (8.10.2017) so the chance of receiving the balance amount ₹ 53.45 lakh is remote.

Further, it was also noticed that the work of painting of L.T. poles from Sonprayag to Kedarnath amounting to ₹ 10.38 lakh was approved through Project Implementing Unit. The work was executed at the cost of ₹ 7.63 lakh. The basic purpose of executing restoration works was to restore the power supply in the Natural Calamity on affected areas as early as possible. However, painting of poles in affected area does not fall in the category of bare minimum work for restoring power supply in case of natural calamity. This shows the wastage of money in the name of restoring power supply which resulted in wasteful expenditure of Rs 7.63 lakh.

Division in its reply stated that, UC against this amount were sent to D.M. office on 22-05-2017, but the D.M. office returned it for not inclosing of Third Party Inspection report. Instructions have been issued to all sub-divisional officers for submitting verification report of Third Party Inspection.

The reply of the division is not acceptable as more than 15 days have been elapsed but the division failed to submit utilisation certificate till date, so the chance of non-living of balance amount ₹ 53.45 lakh.

Para 3: Non recovery of additional Security amounting to ₹ 25.93 lakh

As per para 2.2.1 of UERC Regulations 2007, security of the consumers should be assessed in the 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 if the additional security does not deposit within the stipulated time then the electricity supply of such consumers should have been cut.

During the scrutiny of billing files and other related records of the KCC consumers, it was noticed that in case of 92 consumers, the average two months bills of consumers exceeded the amount of security already deposited which worked out to ₹ 25.93 lakh which is outstanding from April 2016 to till date. As per circular, amount of additional security was required to be recovered within 45 days. This amount should have been recovered from consumers which were not done.

The division stated in its reply that notices have been issued to the consumers for the recovery of the same. The reply of the division is not convincing as the recovery of additional security has not been made till date since April 2015. The same should have been realised within the stipulated period.

Para 4: Blockade of funds due to excess damage of Transformers – ₹ 73.78 lakh.

Distribution transformers are vital equipments for supply of power to consumers and also play vital role in stepping up the voltage of current to the consumers. Uttarakhand Power Corporation Limited (UPCL) has fixed norms for damage of transformers and issued guidelines that the damage should not exceed 3.0 *per cent* of the transformers installed.

During scrutiny of relevant records it was noticed that the damage rate of transformers during the year 2016-2017 was on higher side as compared to the norms fixed by UPCL as detailed below: (2016-17)

Sl. N	Capacity of T/F (in KVA)	No. of T/F installed against each capacity	No. of T/F damaged	Percent of damage transformers	No. of T/F allowed as per norms (i.e. 3 <i>per cent</i>)	No. of T/F exceed the damage limit	Issue rate of T/F (in ₹)	Loss due to excess damage of T/F (in ₹)
1	16	764	31	4.06	23	08	36000	288000
1	25	1062	106	15.68	20	86	56,000	4816000
2	63	184	21	9.81	06	15	107,000	1605000
3	100	82	04	5.71	02	02	143500	287000
4	250	28	02	13.33	01	01	382000	382000
	Total						--	7378000

Total Loss = ₹ 7378000

Above record revealed that the actual damage arranged between 4.06 *per cent* and 50 *per cent* was much higher than the prescribed norms of 3 *per cent* during the year 2016-17. It was observed in the audit that main reasons for excess damage of transformers were lightning, overloading and internal fault. Damage of transformers in excess of the prescribed norms resulted in blockade of funds of ₹ 73.78 lakh.

Further, it was also noticed that 142 number of damaged transformers of different capacity were lying in the charge of concerned J.Es and were not repaired within the required time as per details given below:-

Sl. No.	Capacity of Transformers	Nos.	Rate (Issue) ₹	Amount
1	16 KVA	25	36000	900000
2	25 KVA	93	56000	5208000
3	63 KVA	18	107000	1926000
4	100 KVA	04	143500	574000
5	250 KVA	02	382000	764000
	Total	142		9372000

As per the normal practice the damaged transformers are replaced by working transformers and damaged transformers are required to be sent immediately to workshop for repairing. It cannot be ruled out that some transformers were damaged under guarantee period as their damages records were not available in the division.

Further, scrutiny of records revealed that these transformers were damaged during the year 2011-12 to 2016-17 however the same were not sent to workshop for repairing and are still lying till date at the different sites of the division.

It would be observed from the above that due to not sending the damaged transformers for repairing in the stipulated period. The fund of the corporation to the extent of ₹ 93.72 lakh has been blocked.

Division in its reply stated that instructions have been issued to all the JEs for sending the damaged transformers for repair in store/workshop division.

The reply of the division is not convincing as the division as not submitting the reply of excess damage rate of transformers.

Para 5: Huge Arrear against Commercial Consumers of ₹ 559.30 lakh.

The UPCL provides electricity to the consumers of different categories. One of the most important functions of the division is to realize the electricity charges from the consumers. Commercial and Revenue Manual of Uttar Pradesh Power Corporation (which has been adopted by Uttarakhand Power Corporation) *inter-alia* provides that in case a consumer does not deposit electricity dues within 30 days from the date of receipt of bill, his connection would be liable to be disconnected and a demand notice for recovery of electricity dues will be issued U/s 3 for depositing of dues against him within 30 days. In-case consumer does not deposit the dues within stipulated period a recovery certificate (R.C.) will be issued U/s – 5 through District authorities. All such action for recovery of electricity dues should be completed within six month.

Scrutiny of records revealed that the arrear at the end of previous year of Commercial consumers was ₹ 498.37 lakh which increased to ₹ 559.30 lakh as end of the year (March 2017). So an amount of ₹ 559.30 lakh was pending for realization from Commercial consumers.

It revealed that during 04/2016 to 03/2017 the outstanding dues increased by ₹ 60.93 lakh. Pendency of dues against these consumers revealed that the recovery of the dues was not pursued vigorously.

The division accepted the observation and stated that efforts for timely realization of arrears from the commercial consumers were being made regularly. The reply of the division is not convincing as the arrears of RTS-2 consumers have increased. The same should have been reduced.

Para 6: Delay in releasing of New LT Connections Enhancement and Reduction of Loads Resultantly UERC imposed penalty-----₹ 4.12 lakh.

As per UERC (Release of New LT Connections, Enhancement and Reduction of Loads) Regulation 2013, if the distribution division concerned failed to release the LT Connection, Enhancement and Reduction of Loads in the stipulated period as fixed by the Commission, a penalty on the division will be imposed as per laid down norms of UERC. Scrutiny of records provided by the division revealed that during the period from April 2015 to September 2017 consumers applied for New L.T. Connections Enhancement and Reduction of Loads but division failed to release the New L.T. Connections Enhancement and Reduction of Loads of some consumers out of them in the stipulated period, consequently UERC imposed penalty of ₹ 4.12 lakh.

Division in its reply stated that UPCL are paying regularly the penalty imposed by the UERC, necessary action will be taken after receiving the instruction from the Head quarter.

The matter is brought to the notice of higher management.

Part III

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

Detail of unsettled paras of previous inspection reports:-

Sl. No.	AIR for the period	Part-II-A	Part-II-B	Total
1.	10/2006 to 09/2007	1	1 to 3	04
2.	10/2007 to 09/2008	-	1 to 4	04
3.	10/2008 to 09/2011	-	1 to 6	06
4.	10/2011 to 09/2012	2	1 to 3	04
5.	10/2012 to 03/2014	-	1 to 4	04
6.	04/2014 to 03/2015	-	1 to 5	05
7	04/2015 to 03/2016	2	1 to 6	08

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, Rudraprayag 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 Manoj Gusain	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. Audit Officer/ES-1