

Inspection report has been prepared on the basis of information provided by Executive Engineer, Electricity Distribution Division, Uttarkashi. 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, Uttarkashi for the period April 2015 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. Audit Inspection was conducted by Shri Roshan Lal Sharma, AAO and Shri Ghanshyam Das Pal, AAO during the period from 23.10.2017 to 30.10.2017.

Part-I

1. **Introduction:-** The last audit of this unit was carried out by Shri Roshan Lal Sharma, AAO and Shri Ghanshyam Das Pal, AAO under the supervision of Shri sohrab Husain Sr. AO, in which accounting records of the period from April 2014 to March 2015 were generally examined. In current audit, accounting records of the period from April 2015 to March 2017 were generally examined.

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

The function of the Electricity Distribution Division, Uttarkashi is to distribute electricity to the Uttarkashi and keep as well as expand the electricity distribution system. The geographical jurisdiction of the division is Uttarkashi.

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

Electricity Distribution Division, Uttarkashi 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 February 2016 and October 2016 month was selected for detailed examination.

Year	Revenue	Expenditure	Profit
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(To the extent this information is available & applicable)

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

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

Part II (A)

Para-1 : Duplicacy of five apada work amounting to ` 36.56 lakh .

Consequent to the disaster in June 2013 in the state of Uttarakhand, the districts of Pithoragarh, Bageshwar, Chamoli, Uttarakashi and Rudraprayag, were largely affected. At the request of the State Government, the Government of India approved a medium and long term construction package to assist the State. For the reconstruction of HT and LT lines and distribution sub-stations, construction of 33/11 KV substation and installation of additional power transformer to rehabilitate the distribution network and connecting power supply, the state proposed an amount of ` 54.19 crore of which an SPA of ` 50.00 crore was approved. Power distribution network of Electricity Distribution Division, Uttarkashi got badly affected due to natural calamity of 16th and 17th June 2013. For the reconstruction of HT and LT lines and distribution sub-stations in Uttarkashi, UPCL had submitted 22 packages amounting to ` 118.49 lakh in September, 2013 to the Government of Uttarakhand. Govt. of Uttarakhand had sanctioned ` 67.57 lakh in June 2014 and ` 50.92 lakh in January 2016 against SPA Fund as project code no. 10032.

During the audit it was observed that the division had executed above work against O&M (Devi Apada) Fund in 2013-14 and adjusted the same against SPA Fund. The division submitted two utilisation certificate of ` 67.57 lakh & ` 50.92 lakh each alongwith enclosure of 22 packages amounting to ` 118.49. In respect of UC submitted by the division amounting to ` 67.57 lakh, the division stated that it carried out works during the Financial year 2014-15 (upto 31-12-2014) against the fund received in June 2014 and in case of UC amounting to ` 50.92 lakh, stated that it carried out works during the financial year 2015-16 (upto 02-01-2016) against the fund received in January 2016 . It was seen that five package (` 36.56 lakh) out of 22 packages (` 118.49 lakh) sanctioned by the Government of Uttarakhand as per SPA grant and five package out of 48 packages (` 276.83 lakh) as per NDRF grant sanctioned by DM were similar work carried out against both grant.

Division stated that no work was carried out against the SPA(R) fund.

The reply of the division is not acceptable, as per utilisation certificates submitted by the division to Govt. of Uttarkhand against SPA(R) and D.M Uttarkashi against NDRF grant, the work carried out were similar in both grant.

Para-2: Non submission of Utilisation Certificate alongwith completion certificate amounting to ` 276.83 lakh against NDRF/SDRF Fund.

Power distribution network of Electricity Distribution Division Uttarkashi got badly affected due to natural calamity of 16th and 17th June 2013. In this calamity, the division had submitted (22.8.2013) 51 packages of Apda Work to D.M, Uttarkashi for approval, estimate amounting to ` 382.10 lakh. D.M office had sanctioned only 48 work, amounting to ` 276.83 lakh after deducting three per cent contingency plus 15 per cent supervision charge. The division executed 48 works of NDRF/SDRF with approval of District Magistrate (DM) amounting to ` 276.83 lakh in all the Apda affected area under its jurisdiction to restore the power supply.

During scrutiny of records of division, it was revealed that DM, office had released ` 193.780 lakh (70% of the sanctioned amount) against NDRF/SDRF fund as per sanctioned amount of ` 276.83 lakh in 2013-14. The balance amount of ` 83.05 lakh (30 % of the sanctioned amount) was to be released after submission of Utilisation Certificate (UC) along with the Completion certificate and third party Inspection. All the works of NDRF/SDRF were completed by the division long back but no Utilisation Certificate and completion certificate has been submitted till date. DM Uttarakashi had also written a letter to the executive engineer on 30/04/2014 for the same and instructed to submit the UC along with completion certificate as early as possible otherwise action would be taken against them. But the Division did not submit the utilisation certificate along with completion certificate till date. Hence the chances of elapse of the amount could not be ruled out.

Division accepted the audit observation and stated that UC of ` 193.78 lakh were submitted to DM office from time to time. But due to shortage of man power i.e. SDO and JEs and remote area of division, third party inspection along with completion certificate could not be submitted by division. Now instructions have been issued to all sub-divisional officers for

submitting verification report of Third Party Inspection and completion certificate of the work in respect of disaster at the earliest.

The reply of the division is not acceptable, because more than two years have elapsed but the division has not submitted completion certificate till date.

Part II (B)

Para 1: : Non recovery of Initial/additional Security amounting to ` 52.42 lakh.

As per para 2.2.1 of UERC Regulations 2007, security of the consumers should be assessed at 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, it was noticed that initial/additional security (average two months bills) of consumers exceeded the amount of security already deposited which worked out to ` 52.42 lakh which was outstanding from April 2017 to till date. As per circular in question, amount of this initial/ 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 recoverable additional security amount should have been shown in the consumers bills and notices have been issued to the SDOs/JEs 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 2017. The same should have been realised within the stipulated period.

Para-2: Delay in releasing of New LT Connections Enhancement and Reduction of Loads Resultantly UERC imposed penalty----` 18.13 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 ` 18.13 lakh.

Division in its reply stated that the main reason of delay in releasing of new connection was shortage of SDOs and JEs and non availability of computer system and connectivity. Now instructions have been issued to all SDO and JEs for releasing of connection in time.

The matter is brought to the notice of higher management.

Para- 3 : Avoidable loss of energy in distribution – ` 5.22 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 from 04/2016 to 03/2017 T&D losses were 37.04 *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 ` 5.22 cr. (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	102.993 M.U.	
2	Sale of Energy	64.849 M.U.	
3	Loss of Energy (1-2)	38.144 M.U. (37.04%)	
4	Permissible Loss as per norms (15.00 <i>Per cent</i>)	15.45 M.U.	
5	Avoidable loss of energy in distribution (3-4)	22.694 M.U.	
Cost of avoidable loss of energy = 22.694 X 10,00,000 X 2.30 = ` 52196200 Say ` 5.22 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 April 2017, 2103 meters were mechanical meters and out of them only 264 mechanical meters were replaced by electronic meters up to 08/2017 and balance 1839 mechanical meters were yet to be replaced as on August 2017. Thus the Division failed to replace all the mechanical meters by electronic meters as advised by the UERC.
- ii. Against total 51316 connections in March 2017, 7453 meters (13.86 *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 the area of Distribution Division is very remote and disaster affected and the various measures have been taken to reduce the line loss (i) Replacement of damage HT/LT line (ii) IDF percentage in 03/2017 were reduced to 9%. and the Division is also Replacing IDF meters (iii) replacing of old line with Aerial bunch cables. (iv) Damaged transformers are being replaced and work of increasing the capacity of overloaded transformers is in progress.

The reply is not acceptable as due to higher T&D losses, the Division had lost the energy amounting to ` 5.22 crore.

Para-4 : Huge Arrear against Domestic/Commercial Consumers of ` 4706.89 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 in Uttarkashi division, the arrear of Domestic and Commercial consumer at the end of March 2015 were ` 3841.97 lakh which were increased in ` 4479.66 lakh in March 2016 and further increased in ` 4706.89 lakh at end of the year (March 2017). So an amount of ` 4706.89 lakh were pending for realization from Domestic and Commercial consumers.

It revealed that during 04/2015 to 03/2017 the outstanding dues increased by ` 864.92 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 domestic/commercial consumers were being made regularly and Section 3 and Section 5 demand notice had been issued

The reply of the division is not convincing as the arrears of RTS-1&2 consumers have increased.

Para-5 : Extra burden of Supervision and Contingency charges of ` Rs 21.33 lakh in disaster work.

Consequent to the disaster in June 2013 in Uttarakhand, the districts of Pithoragarh, Bageshwar, Chamoli, Uttarakash and Rudraprayag, were largely affected. At the request of the State Government, the Government of India had approved a medium and long term construction package to assist the State. For the reconstruction of HT and LT lines and distribution sub-stations, construction of 33/11 KV substation and installation of additional power transformer to rehabilitate the distribution network and connecting power supply, the state proposed an amount of ` 54.19 crore of which an SPA of ` 50.00 crore was approved. Power distribution network of Electricity Distribution Division, Uttarkashi got badly affected due to natural calamity of 16th and 17th June 2013. For the reconstruction of HT and LT lines and distribution sub-stations in Uttarkashi, UPCL had submitted 22 packages amounting to ` 118.49 lakh in September, 2013 to the Government of Uttarakhand. Govt. of Uttarakhand had sanctioned ` 67.57 lakh in June 2014 and ` 50.92 lakh in January 2016 against in SPA Fund as project code no. 10032.

During the audit it was observed that the division had executed above work against O&M (Devi Apada) Fund in 2013-14 and adjusted the same against SPA Fund. The division has submitted two utilisation certificate of ` 67.57 lakh & ` 50.92 lakh each. As per UC submitted by the division for ` 67.57 lakh the division stated carrying out works during the Financial year 2014-15 (upto 31-12-2014) against the fund received in June 2014 and In case of UC ` 50.92 lakh, division has stated carrying out works during the financial year 2015-16 (upto 02-01-2016) against the fund received in January 2016 . But the Division had adjusted all estimated amount including ` 21.33 lakh being the amount of three per cent contingency and 15 per cent supervision charges. Charging the amount ` 21.33 lakh against grant as contingency and Supervision charge is not in order, as the created assets are lying with UPCL and govt. had compensated only actual damages cost not supervision charge. The same should be refunded to state government.

Division accepted the audit observation and stated that Government sent SPA(R) fund directly to UPCL Headquarter office. All the estimates were prepared including contingency and Supervision Charges but division had demanded only actual expenditure incurred against the project(excluding contingency and supervision charges) from UPCL Headquarter.

The reply of the division is self explanatory.

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:-

S.No	Period	Part-II-A	Part-II-B
1	October /2007 to March/2010	1	1 to 7
2	April 2010 to September 2011	1	1 to 5
3	October 2011 to March 2013	-	1 to 6
4	April 2013 to 03/2014	-	1 to 7
5.	April 2014 to March 2015	1	1 to 6

Compliance report of unsettled paras of previous inspection report-

For furnishing of reply of the outstanding paras of old Inspection Reposts an audit Memo No. 32 was issued to the Company. In turn division stated that replies of these outstanding paras of old Inspection Reports are being prepared and same would be furnished after countersigned of Superintendent engineer.

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, Uttarkashi 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)	Sh. Pawan Singh	Executive Engineer.
(ii)	Sh. Prashant Pant,	Executive Engineer
(iii)	Sh. Gaurav Saklani	Executive Engineer
(iv)	Sh. R.R. Parmar	Accountant

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-1

