

Inspection report has been prepared on the basis of information provided by Executive Engineer, Electricity Distribution Division, (North) 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, (North) 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 143 of Companies Act, 2013. Audit Inspection was conducted by Shri A. P. Singh, AAO and Shri Vikas Dhyani, AAO during the period from 13.11.2017 to 18.11.2017.

Part-I

1 **Introduction:-** The last audit of this unit was carried out by Dr. Satish Pal, AAO and Shri Ghanshyam Das Pal, AAO under the supervision of Shri Sohrab Hussain, Sr. Audit Officer 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, (North) Dehradun is to distribute electricity to all over Northern area of Dehradun district and keep as well as expand the electricity distribution system to this area. The geographical jurisdiction of the division is within northern area of Dehradun District.

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

Electricity Distribution Division, (North) 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 April 2016 month was selected for detailed examination and October 2016 was selected for Arithmetical Accuracy.

(iii)

| Year | Revenue (` In lakh) | Expenditure (`In lakh) | Profit |
|---------|---------------------|------------------------|--------|
| 2016-17 | 10216.11 | 939.48 | -- |

(To the extent this information is available & applicable)

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

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

Part II A

Para 1: Non recovery of ` 61.09 lakh from MDDA

Electricity Distribution Division North Dehradun entered into an agreement with M/s Modern Electric Company for conversion of overhead LT/HT Electrical Distribution network into Underground Distribution network in February 2014 at Mall Road Mussoorie as required by Mussoorie Dehradun Development Authority (MDDA) (Deposit Work). The work was completed in August 2015 with some additional work. The total cost of work was ` 5.36 crore. An amount of ` 4.75 crore was received from MDDA upto October 2013.

During scrutiny of records it was noticed that an amount of `61.09 lakh is yet to be recovered from MDDA for the last two years. Further, no sincere efforts were made by the division to recover the same amount from MDDA.

Division accepted the audit observation and stated that regular correspondences were being made to recover the amount from MDDA. The recovery of the same would be intimated to audit. However, the fact remains that, the amount is pending since October 2013 from MDDA. The recovery of same may be watched in next audit.

The matter was brought to the notice of the management.

PART II B

Para 1: Non recovery of additional Security amounting to ` 4.09 crore

As per para 2.2.1 of UERC Regulations, 2007, security of the consumers should be assessed at 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 months 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 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 Key Consumer Cell (KCC) consumers, it was noticed that in case of 106 consumers, the average two months bills of consumers exceeded the amount of security already deposited which worked out to ` 4.09 crore from 332 consumers which is outstanding from April 2017. As per extant circular, this additional security amount was required to be recovered within 45 days, which were not done.

Division accepted the audit observation and stated in its reply that notices have been issued to the defaulting consumers for realization of additional security and an amount of ` 34.84 lakh was recovered from these consumers. Efforts are being made to recover additional security from the remaining consumers. But the fact remains that additional security amounting to ` 4.09 crore which pertained to the financial year 2016-17 and which should have been realized within 45 days i.e. by 15th May 2017 still remains unrealized.

The matter was 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 failed 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 marginally decreased from ` 502.73 lakh in 2015-16 to ` 408.10 lakh in 2016-17. However, still huge amount of arrear is pending for recovery.

Division stated in its reply that efforts are being made to increase the revenue realization. During the year 2017-18, efforts are being made by sub-divisional officers, Junior engineers and other officials of the division to reduce the arrears. The reply of the division is not convincing as despite the above mentioned efforts made by the division, still huge arrears amounting to ` 408.10 lakh from non-government consumers in 2016-17 were pending for realization which shows that division's efforts for realizing arrears from non-government consumers were not sufficient.

The matter was brought to the notice of the management.

Para 3: Avoidable expenditure of ` 2.90 lakh

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.

During scrutiny of records, audit noticed that due to delay in release of 58 connections in 2016-17 division incurred an avoidable expenditure in the form of penalty amounting to ` 2.90 lakh for not releasing the connections in the stipulated time.

Division accepted the audit observation and stated in its reply that as per UERC order, it is being ensured at division level that there will be no delay in release of New Service Connection and no such penalty shall be levied on the division in future. In this regard, all sub-divisional officers have been directed for compliance of the same. Had the division taken sincere efforts well before in time, the penalty of ` 2.90 lakh due to delay could have been avoided.

The matter is brought to the notice of the management.

Para 4: Non replacement of defective meters

The Electricity supply code Regulation 3.1.4 provides, 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 meter is 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 revealed that division issued IDF bills to 162 consumers as on March 2017. It was also observed that the meters of the consumers remained defective in the range of 1 to 54 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 recurring loss to the company and undue benefit to the consumers.

Division accepted the audit observation and stated that numbers of IDF meters were reduced to 103 in October 2017 as compared to 162 in March 2017. Efforts were being made to replace IDF meter in co-ordination with Test division. The reply of division is not convincing as these consumers were billed on assessment basis and not on actual basis and chances of overuse of electricity cannot be ruled out in such cases resulting in recurring loss to the company.

The matter is brought to the notice of the management.

Para 5: Delay in Permanent Disconnection.

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 so that the particulars of the consumers were correct and permanent disconnection was duly finalized so that RC's could be realised.

During scrutiny of records it was noticed that in case of 21 KCC consumers, connections temporarily disconnected ranged between 2 years to 8 years but no permanent disconnections were made till date which resulted in violation of as per above mentioned Act. Further the chances of recovery of dues from these defaulting consumers are remote.

Division accepted the audit observation and stated in its reply that 6 PDs were finalised out of 21 said cases and effort were being made to finalise remaining PD cases. The reply of the division is not convincing as PD should have been finalised earlier as there was lapse of 2 to 8 years in finalising the PDs.

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. | AIR for the period | Part-II-A | Part-II-B |
|----------------|---------------------------|------------------|------------------|
| 1. | 4/2003 to 3/2004 | 1 to 2 | 1 to 6 |
| 2. | 4/2005 to 3/2006 | 1 | 1 to 6 |
| 3. | 4/2006 to 3/2007 | 1 | 1 to 5 |
| 4. | 4/2007 to 3/2008 | 1 | 1 to 4 |
| 5. | 4/2008 to 3/2009 | 1 | 1 to 5 |
| 6. | 4/2009 to 3/2011 | 1 | 1 to 6 |
| 7. | 4/2011 to 3/2012 | 1 to 2 | 1 to 4 |
| 8. | 4/2012 to 3/2013 | 1 to 2 | 1 to 6 |
| 9. | 4/2013 to 3/2014 | -- | 1 to 4 |
| 10. | 4/2014 to 3/2015 | -- | 1 to 6 |
| 11. | 4/2015 to 3/2016 | -- | 1 to 2 |

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, North 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 V.K. Singh (last audit to March 2017) | 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