

This inspection Report has been prepared on the basis of information provided by Executive Engineer, Electricity Distribution Division, Rishikesh. 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, Rishikesh 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, Assistant Audit Officer and Shri Khub Chand, Assistant Audit Officer under the supervision of Smt. Usha Singh Audit Officer during the period from 06.12.2017 to 14.12.2017.

Part-I-A

1. **Introduction:-** The last audit of this unit was conducted by Shri Roshan Lal Sharma, Assistant Audit Officer, Shri. Amit Kumar, Assistant Audit Officer and Shri Khub Chand, Assistant Audit Officer under the supervision of Shri B.C. Suyal, 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 examined.
2. (i) **Functions and geographical jurisdiction of the unit:**
The function of the Electricity Distribution Division, Rishikesh is to distribute electricity to the Rishikesh as well as to strengthen the electricity distribution system. Geographical jurisdiction of the division is Rishikesh.
- (ii) **Auditing methodology and scope of audit:**
Electricity Distribution Division, Rishikesh 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 2015 month was selected for detailed examination.

(iii)

in Lakh

Year	Revenue	Expenditure	Profit
2016-17	7600.31	684.85	6915.46

(To the extent this information is available & applicable)

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

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

Part II (A)

-----NIL-----

Part II (B)

Para 1: Avoidable penalty due to delay in releasing of New LT Connections, Enhancement and Reduction of Loads – ₹ 36.50 lakh.

As per section 14 and 15 of UERC Regulation, 2013, regarding Release of New LT Connections, Enhancement and Reduction of Loads, if the concerned Distribution Division fails 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 the norms laid down by UERC.

Scrutiny of records provided by the division revealed that during the period from April 2016 to June 2017, 592 consumers applied for New L.T. Connections, Enhancement and Reduction of Loads but the division failed to release the New L.T. Connections, Enhancement and Reduction of Loads of the consumers in the stipulated period resulting in levy of penalty amounting to ₹ 36.50 lakh as per the details given below: -

Statement of Penalty levied as per Tariff Regulation Act 2013									
Month	Consumer not available	Consumer request	Technical Difficulty	Land Dispute	Material not available	Objection by Public	Departmental connection	Court Case	Total
Apr-16	3950	500	400	85260	0	0	0	0	90110
May-16	49720	860	0	103790	0	51800	0	0	206170
Jun-16	34430	0	20	100430	79530	58840	3700	17010	293960
Jul-16	42710	49760	0	42400	7020	48110	0	0	190000
Aug-16	2100	4910	0	39310	17290	0	0	0	63610
Sep-16	1400	1930	0	5040	30060	57890	28700	0	125020
Oct-16	10480	4270	0	377360	125890	82660	0	0	600660
Nov-16	12130	14480	2060	50400	22560	0	0	0	101630
Dec-16	63950	79740	146780	321370	111330	92240	84600	0	900010
Jan-17	86200	73600	0	192570	238790	28500	0	0	619660
Feb-17	7350	13400	0	60870	52680	0	0	0	134300
Mar-17	71850	90140	0	59980	103260	0	0	0	325230
Total	386270	333590	149260	1438780	788410	420040	117000	17010	3650360

It was noticed that out of total number of 592 cases where penalty of ₹ 36.50 lakh was imposed, 515 cases amounting to ₹ 25.78 lakh were on account of non availability of consumer, request of consumer not to release the connection, land dispute and objection by Public. Further, penalty of ₹ 9.38 lakh on release of 71 connections were on account of non-

availability of material and technical difficulties and balance penalty of ₹ 1.34 lakh on six connection was on account of departmental connection.

Further, review of records revealed that the reasons for delay given in the report submitted to UERC was not documented by the division and no record in support of reasons for delay was available in the records provided to audit. In absence of the supporting documents stating the reasons for delay, the same could not be verified during audit.

Had the New L.T. C connections released in the stipulated period, the penalty of ₹ 36.50 lakh could have been avoided.

Management in reply stated that the penalty as reflected in the system has not yet been imposed on the division and the same is still in progress.

Reply of the Management is not acceptable as section 14 and 15 of UERC Regulation 2013 reveals that penalty on the division is to be imposed as per the norms.

Para 2: Non adherence to the terms and conditions of tender documents pertaining to security deposit.

According to the terms and conditions (Point no. 1.10 for Performance Security) and Schedule (C) of the tenders invited for various works, the successful tenderer shall deposit the security amounting to 10 *per cent* of the total value of the contract for due and faithful performance of the contract before or at the time of the placing the order. The amount of Earnest Money may be adjusted with this amount of security.

During the test check, it was observed that the security deposit before signing of the agreement was not collected from the successful tenderer. Due to non availability of the security deposit, the division has no means to financially secure/safeguard itself in the event of non completion/non commencement of work due to any reason. Thus the agreements were signed without complying with the terms and conditions of the tender documents.

Management in reply accepted the comment and assured the compliance of the same in future.

The same may be watched in the next audit.

Para 3: Non realization of additional security of ₹ 38.52 lakh.

As per UPSEB order No. 617-CUB/S-8 dated 7.3.1994 (adopted by the UPCL), the security of the consumer should be re-assessed in each financial year and the security should be equal to average of two months bill of the consumer. In case, security re-assessed exceeds the initial security, additional security so worked out will be demanded, by giving notice to the consumers. In case the additional security is not deposited within the stipulated period, the electricity supply of the consumer can be disconnected. Amount of additional security deposited by the consumers may be utilized by the Company as working capital.

During scrutiny of billing files and other related records of the consumers, it was noticed that the Division had demanded additional security of ₹ 38.52 lakh through monthly bill (May 2017) from the consumers.

Audit noticed that after demanding the additional security in May 2017, notices were issued to the consumers to deposit the additional security in July 2017. The division did not issue any reminders to the defaulting consumers. Thus, the consumers were not properly pursued to deposit the requisite additional security even though the amount of Additional Security could have been utilized by the Corporation as working capital. The additional security was yet to be deposited (December 2017) by the consumers. Non deposition of additional security by the consumers resulted in blocking of funds of ₹ 38.52 lakh.

Management in reply stated that notices to all consumers regarding collection of additional security were issued and ₹ 13.08 lakh was realised. However, notices to the Government consumers were also issued.

Reply is not acceptable as additional security of ₹ 25.44 lakh is yet to be realised.

Para 4: Non-Realisation of revenue.

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 of Electricity Dues & Recovery Act, 1958 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 as on March 2017 huge amount of ₹ 28,993.97 lakh was pending for realization from the different categories on Non-Government consumers as detailed below:

(₹ in Lakh)

Sl. No.	Particulars	Arrear (2015-16)	Arrear (2016-17)	Arrear Increase
I	Domestic & BPL	877.05	976.35	99.30
II	Commercial	903.57	971.21	67.64
II	LT & HT Industry	27,042.40	27,046.41	4.01
Total		28,823.02	28,993.97	170.95

It was noticed that total electricity dues which were ₹ 28,823.02 lakh from Non-Government consumers as on March 2016 increased to ₹ 28,993.97 lakh in March 2017. It revealed that during the 2016-17 the outstanding dues increased by ₹ 170.95 lakh. Pendency of huge dues against Non-Government consumers revealed that the recovery of the dues was not pursued vigorously.

Review of top 60 defaulters (Non-Government consumers) of the division revealed that an amount of ₹ 129.62 lakh was recoverable from 01 to 99 months. It was further observed that against these defaulting consumers only 36 notices under section 3 were issued to consumers till date.

It is evident that the position of arrears has reached an alarming stage and if the division/UPCL does not take serious efforts under section 3 and 5 of the Act to realize the outstanding dues, the position of the UPCL will further deteriorate.

Management in reply stated that during the financial year 2017-18, notices u/s 3 amounting to ₹ 135.99 lakh were issued to 311 no of consumers against which recovery of ₹ 25.58 lakh

was made and notices u/s 5 of the Act amounting to ₹ 2.29 lakh were also issued. In this respect, the process of disconnection was also initiated by the division.

Reply of the Management is not acceptable as the fact remains that the arrears increased by ₹ 170.95 lakh during the year and also a huge amount of arrears is yet to be recovered.

Para 5 : Non issuance of Recovery Notice u/s-5 amounting to ₹ 46.13 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 15 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 (Act) would be issued through concerned Distribution Authority. All such action for recovery of dues should be completed within six months.

As on 31 March 2016, 333 notices (₹ 39.44 lakh) issued u/s 3 of the Act were pending for recovery. During 2016-17, 341 further notices (₹ 46.22 lakh) were issued u/s 3. In response 189 consumers deposited the dues of ₹ 35.80 lakh up to March 2017 and 28 notices (₹ 3.73 lakh) were returned back. Thus, 457 consumers did not deposit the dues of ₹ 46.13 lakh. As per prescribed procedure, notice u/s 5 of the Act should have been issued to all 457 consumers. However, the same was not issued to even a single consumer till Sep 2017. It was also seen that during 2016-17, only 02 notices (₹ 3.40 lakh) were issued U/S 5 of the Act out of 333 consumers (₹ 39.44 lakh) from whom the payment was due U/S 3 of the Act Thus non issuance of recovery certificate U/S 5 to 457 consumers of ₹ 46.13 lakh shows that recovery of dues was not properly pursued.

It is evident that serious efforts under section 3 and 5 to realize the outstanding dues are to be made by the Division else the outstanding dues may become irrecoverable.

Management in reply stated that during the financial year 2017-18, notices u/s 3 of the Act amounting to ₹ 135.99 lakh were issued to 311 no of consumers against which recovery of ₹ 25.58 lakh was made and notices u/s 5 amounting to ₹ 2.29 lakh were also issued.

The reply of the Management is not acceptable as against the 333 consumers (₹ 39.44 lakh) from whom the payment was due to be recovered, notice u/s 5 of the Act of ₹ 2.29 lakh only were issued. However, no. of notices u/s 5 of the Act issued by the division was not intimated to audit in reply.

Para 6: - Blockade of funds due to excess damage of Transformers –₹ 77.06 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. The age of distribution transformers is estimated to be 25 years, provided that proper maintenance and protection of the device is available.

Uttarakhand Power Corporation Limited (UPCL) had issued guidelines that the damage of transformers should not exceed 3.0 *per cent* of the transformers installed. During scrutiny of relevant records, it was noticed that during 2016-17, the damage rate of transformers was on higher side than the prescribed norms fixed by the UPCL as detailed below:

Sl. No.	Capacity of T/F (in KVA)	No. of installed against capacity	T/F each	No. of T/F damaged	No. of T/F allowed as per norms (i.e. 3%)	No. of T/F exceed the damage limit	Issue rate of T/F	Loss due to excess damage of T/F	
1	25	174		16	9%	05	11	56000	616000
2	63	113		16	14%	03	13	107000	1391000
3	100	179		16	8%	05	11	143500	1578500
4	160	21		02	9%	01	01	175000	175000
5	250	109		06	5%	03	03	382000	1146000
6	400	36		06	16%	01	05	560000	2800000
	Total	632		62			44		7706500

Above revealed that against the prescribed norms of 3 *per cent*, actual damage rate ranged between 05 *per cent* to 14 *per cent* during the year 2016-17 which was comparatively on higher side. Test check of transformer damage reports revealed that out of total damaged transformers (62 nos.), 15 transformers were damaged due to lightening and balance 47 transformers were damaged due to internal faults. It was also observed that in all the 15 cases where transformers were damaged due to lightening, the Lightning Arrester (LA) was installed on the transformers as intimated by the division. This indicates that the LAs installed on the transformers were not working at the time of lightening. The damage of transformers in excess of the prescribed norms resulted in blockade of funds of ₹ 77.06 lakh.

Management in reply stated that in spite of having lightning arrester installed, the transformers were damaged due to heavy lightning. Further, corrective measures are being taken by the division by installing the healthy and robust earthing of lightning arrester.

The reply is not acceptable as the fact remains that the damage rate of the transformer is higher than the norms prescribed by UPCL which resulted in blockade of fund of ₹ 77.06 lakh.

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
1.	04/2004 to 03/2005	1	--
2.	04/2005 to 03/2006	1&2	4
3.	04/2006 to 03/2007	1	1 to 4
4.	04/2007 to 09/2010	1 & 2	1 to 6
5.	10/2010 to 03/2012	1 & 2	1 & 4
6.	04/2012 to 03/2013	1 to 3	1 & 2
7.	04/2013 to 03/2015		1 to 7
8.	04/2015 to 03/2016	--	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
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Part IV

Best practices of the unit

NIL

Part V

Acknowledgement

1. Office of The Accountant General (Audit) Uttarakhand, Dehradun expresses gratitude towards Executive Engineer, Electricity Distribution Division, Rishikesh 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:**

NII

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	Executive Engineer
(ii)	Shri. Ravinder Singh Negi	Divisional Accountant (works)
(iii)	Shri Diwakar Gaur	Divisional Accountant (Revenue)

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-I