

Audit Inspection Report has been prepared on the basis of information provided by Executive Engineer, Electricity Distribution Division (Urban), UPCL, Roorkee. The office of the Principal 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 (Urban) Roorkee for the period April 2019 to March 2020 was carried out in exercise of the power conferred by section 19 of the CAG's (DPC) Act, 1971 read with section 143 of the Companies Act, 2013. Audit Inspection was conducted by Shri Ghanshyam Das Pal, AAO and Shri Saurabh, Sr. Auditor under the supervision of Shri Roshan Lal Sharma, Sr. AO during the period from 21 August 2020 to 29 August 2020.

Part-I

1. **Introduction:-** The last audit of this unit was carried out by Shri A. P. Singh, AAO and Shri Amit Kumar, AAO under the supervision of Shri Vikas Dhyani, Sr. AO in which accounting records of the period from April 2018 to March 2019 were generally examined. In current audit, accounting records of the period from April 2019 to March 2020 were generally examined.

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

The function of the Electricity Distribution Division, (Urban) Roorkee is to distribute electricity in all the urban area of Roorkee city to different category of consumers and keep as well as expand the electricity distribution system in that area. The geographical jurisdiction of the division is all the urban area of Roorkee.

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

Electricity Distribution Division, (Urban) Roorkee 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 January 2020 month was selected for detailed examination and July 2019 was selected for arithmetical accuracy.

(iii)

(` in crore)

Year	Revenue	Expenditure	Profit
2019-20	127.67	13.22	--

(To the extent this information is available & applicable)

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

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

Part II A

Para 1: Avoidable penalty due to delay in releasing of New LT Connections, Enhancement and Reduction of Loads – ` 42.81 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.

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 application whichever is later.

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 from 2016-17 to 2019-20 revealed the following:

Year	No. of cases where connection were released beyond stipulated time	Amount of Penalty (in `)
2016-17	699	1602410
2017-18	165	1116830
2018-19	99	654290
2019-20	97	907930
Total	1060	4281460

It is evident from above that penalty of ` 42.81 lakh was imposed on the division during the period 2016-17 to 2019-20 for not releasing the connections in the stipulated time. Delay in releasing the connections to the consumers resulted in avoidable loss to the division in the form of penalty but inconvenience to the consumers also.

Division in its reply stated that the main reasons of delay were house lock, site dispute and crop in line route. Hon' ble UERC vide order dated 07-01-2020 has directed UPCL for substantiating its claim by revalidating the calculated penalty of past period w.r.t. the delays caused due to force-majeure events or other occurrences beyond its control, subject to prudence check. Division is working on it and submitting its report. The reply of division is

not convincing as the fact remains that UERC has not waived off the penalty till date. The matter may be watched in the next audit.

Para 2: Non- realization of Revenue in respect of private defaulter consumers.

Commercial and Revenue Manual of Uttar Pradesh Power Corporation (which had 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 Under Section 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.

During scrutiny of top defaulter consumers of private category's arrear list, it was observed that 25 numbers of consumers were not regular in paying their electricity dues. However, no action for disconnection/ recovery of the amount was found on records produced to audit. The details of these consumers are as under:

Sl. No.	Name of consumer	SC No.	Category	Last payment made by consumer	Accumulated dues as on date (`)
1.	Ahmad Hussain	686-0401- 050138	RTS-2	28-01-2013	799493.00
2.	Jogendra Kumar	682-DK12- 118759	RTS-1	14-03-2020	777364.00
3.	Dasi Ram	689-BKL9- 710982	RTS-4	07-11-2015	698489.00
4.	Swami Satmuktanand	686-0869- 114788	RTS-2	-	607448.00
5.	M/S GrafixImpects S/O VedParkash	680-0201- 050490	RTS-7	19-02- 2009	413234.00
6.	M/S DisnetWireless M/S Disnet Wireless	680-0000- 021703	RTS-2	-	389829.00
7.	Mr. Jugalkishor S/o.Raghuvversingh	689-DAG9- 711136	RTS-4	06-03- 2017	382934.00
8.	MohdYameen	687-0822- 047687	RTS-1	29-09- 2010	374364.00
9.	Hem Chand	689-DMD9-521041	RTS-4	28-03-2016	345895.00
10.	Islam	689-BKL9- 670826	RTS-4	30-07- 2013	341417.00
11.	Ram Singh S/O Ram Pirwa	689-DMD9- 520947	RTS-4	-	310027.00
12.	Ravind Pal	680-3201- 050217	RTS-7	02-05- 2008	304202.00
13.	Bal Karan	682-1112- 065746	RTS-1	-	303546.00
14.	Raj Kumar Bedera S/O PrakashLal	680-3301- 001383	RTS-7	-	301641.00
15.	PaltooDass S/O Kassa	682-DP02- 042064	RTS-1	10-07- 2018	288572.00
16.	Shobha Singh	681-DA11- 030294	RTS-1	-	284068.00
17.	Lakshman	681-DA01- 912491	RTS-1	22-05- 2017	282508.00

18.	Rajendar Kumar	682-1112- 073818	RTS-1	-	266770.00
19.	Mr.Ishrar S/O.Nishar	686-DKK6- 166910	RTS-2	21-12- 2018	263930.00
20.	Mr.Guddu S/O.Pappu	686-DP02- 164110	RTS-2	19-07- 2018	245797.00
21.	Mustaqeem	682-1210- 023415	RTS-1	26-03- 2019	239232.00
22.	Rodha Singh S/O Delay Ram	681-DT21- 019006	RTS-1	22-01- 2016	226256.00
23.	Mr. Kawal Kishore Jaiswal S/O.KanhaiyaLal	686-BR41- 165641	RTS-2	24-01- 2018	223796.00
24.	ChambeLal	682-DM32- 146638	RTS-1	22-01- 2012	216313.00
25.	MadanChauhan	687-1168- 142194	RTS-1	-	210037.00
Total					90,97,162.00

It can be seen from above table that these consumers are not paying their electricity dues in time. In eight cases no payment was received from the consumers since the connection was released and one consumer since 2008 and three consumers since 2012/2013 did not made any payment against their dues.

Division in its reply stated that 13 connections are temporary disconnected, five connections are permanently disconnected and six connections are under EDD, Ram Nagar, Roorkee which are erroneously mapped to this division. The reply of the division is not acceptable as division has not issued Recovery Certificate under section-5 of Electricity (Dues & Recovery) Act, to the defaulting consumers and ` 90.97 lakh is blocked.

Further, it was also observed that huge arrears are pending against the following three category consumers:

(` in lakh)

Sl. No.	Category of Consumers	Arrears as on March 2019	Arrears as on March 2020	Increase in Arrear
1.	Domestic and BPL	4926.42	5641.17	714.75
2	Non-Domestic	2688.83	2749.51	60.68
3	Private Tubewells	935.99	1072.13	136.14
Total		8551.24	9462.81	911.57

It can be seen from the above table that arrears of Domestic and BPL consumers was ` 4926.42 lakh in March 2019 which increased to ` 5641.17 lakh in March 2020, arrears of Non-Domestic consumers was ` 2688.83 lakh in March 2019 which increased to ` 2749.51 lakh in March 2020 and in Private Tubewells the arrears was ` 935.99 lakh in March 2019 which increased to ` 1072.13 lakh in March 2020.

Division in its reply stated that division caters to urban as well as rural area consumers. Two third part of consumer base belongs to rural area, shortage of personnel in collecting revenue, organized frequent revenue camps in distant rural areas, conducted door to door combing drive to recover revenue, disconnection of defaulter consumer, deputed most of office employees in last quarter for revenue collection through revenue camps and combing drives and also issued Section 3 and Section 5 notices to recover revenue from defaulting consumers.

The reply of the division is not acceptable as on date, huge arrear amounting to ` 94.63 crore were pending against Domestic and BPL, Non-Domestic and Private Tubewells Consumers and division had not made any serious effort for realization of the same.

The matter is brought to the notice of higher authority.

Part II B

Para 1: Loss ` 11.95 lakh due to Non-refund of cash handling charges by the bank.

Revenue account is maintained in the division for collection of amount received from consumers for sale of energy. Revenue receipt account shows financial strength of the division as well as the corporation. Division also maintained Ear Mark Funds accounts for deposit of security money of consumers and deposit works amount. The following two accounts are being maintained in the division:

Sl No.	Bank name	Account No.	Reconciled Upto	Account Name
1.	Punjab National Bank	0924002100021885	31.03.2020	Receipt
2.	Punjab National Bank	09240021000017332	31.03.2020	Earmarked Funds

As per Memorandum of Understanding (MOU) made (12.05.2003) between UPCL and Bank, bank should not debit any bank charges in above mentioned accounts.

During scrutiny of Bank Reconciliation Statements of above both accounts of March 2020 revealed that bank had debited ` 9,98,744/- as cash handling charges/cheque returned charges in receipt account and ` 196342/- in EMF accounts. The total amount of ` 11.95 lakh deducted by the bank should have been credited in the respective accounts. Thus due to non-refund of ` 11.95 lakh by the bank the division suffered a loss of ` 11.95 lakh.

Division in its reply stated that we are continuously requesting bank to refund the deducted charges and also intimating head quarter about the same. This matter can be resolved only with the help of headquarter. The reply of the division is not convincing as no record was available/provided by the division for making efforts for realization of the same. Thus ` 11.95 lakh is blocked as on date.

Para 2 - Non recovery of additional security amounting to ` 1.92 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 consumers, it was noticed that the additional security of ` 2.46 crore from the 173 consumers whose additional security was ` 10,000 and above (` 1.00 lakh and above for 20 KCC consumers) was pending from March 2020 and has not been recovered till date. As per circular in question, amount of this additional security was required to be recovered within 45 days. However, no efforts were made by the division to disconnect supply of defaulter consumers.

Division in its reply stated that most of additional security was pending against government consumers and notices u/s 47 of Electricity Act, 2003 has been issued to all the consumers. M/s IIT Roorkee has deposited additional security amount of ` 48,09,941.00 on 29.08.2020 and five consumers have deposited additional security of ` 642112.00. Division is pursuing the remaining amount of additional security and they are likely to be deposited very soon. The reply of the division is not acceptable as ` 1.92 crore is yet to be realised.

Para 3: Avoidable loss of energy in distribution – ` 16.85 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 losses) should not exceed the norms fixed by the Uttarakhand Electricity Regulatory Commission (UERC). The UERC had fixed a norm of 14.50 *per cent* of energy received for the period 2019-20. 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 meter

Measures:-

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

During test check of relevant records of the division, it was observed that during the period 2019-20, T&D loss was 31.59 *per cent* against the admissible norm of 14.50 *per cent* fixed by the UERC for the year. Resultantly, division suffered a loss of ` 16.85 crore in 2019-20 as detailed below:

Sr. No.	Particulars	Energy in Million Units
		4/2019 to 03/2020
1	Energy received during the period	372.159 MU
2	Sale of Energy	243.296 MU
3	Loss of Energy (1-2)	(31.59%) 128.863MU
4	Permissible Loss (14.50 %) as per norms	53.963 MU
5	Avoidable loss of energy in distribution (3-4)	74.90 MU
Cost of avoidable loss of energy in 2019-20= 74.90 X 10,00,000 X 2.25 = ` 16,85,25,000.00,Say ` 16.85crore		

It is evident from the above that the division failed to control the loss of energy within the prescribed norms.

In this regard, audit observed that during April 2019 to March 2020, 312 checking were carried out by the division. Considering the fact that the distribution losses were higher than the prescribed norms of UERC, division is required to be carried out raids regularly.

Division in its reply stated that the main reasons of high distribution losses are due to installation of meters at inaccessible place, under recording, no recording, inaccurate posting of the readings, shortage of manpower to make raids in theft prone areas on regular basis and Lack of proper assistance from local police personal to make raids in hard theft prone areas. Division, further stated that we are making regular monitoring of meter reading taken by the meter reader, frequent raids with available man power in theft prone areas, checking of meter of consumers with bare minimum recorded consumption, frequent checking of meters /double metering of power intensive consumers and replacement of LT bare conductor by AB Cable, etc.

The reply of the division is not convincing, however, the fact remains that the distribution loss of the division was much higher than the prescribed norms of UERC (14.50 *per cent*) and suffered a loss of ` 16.85 crore which was not recoverable.

Para 4: Loss of revenue due to non-realization of assessed amount ` 1.59 crore.

Clause 8.1 of supply code 2005 provides that the authorised officer under section 135 of the Act, *suomoto* or on receipt of reliable information regarding theft of electricity at the premises shall promptly conduct, exercising due diligence, inspection of such premises and shall prepare a report. If it is established that there is a case of theft of energy, the Licensee shall assess the energy consumption for past period as per the assessment formula given in Annexure 6.3 (c) and prepare final assessment bill as per applicable tariff.

Clause 8.3 states that *in case of default in payment of the assessed amount, the Licensee shall, after giving a 15 days' notice in writing, disconnect the supply of electricity, remove meter and service line and shall also file a case against the consumer* in designated special court as per the provisions of section 135 of the Act.

The UP Electricity (Dues Recovery) Act, 1958 provides that where any dues are payable by a consumer, the prescribed authority may at any time after thirty days from the date on which such dues accrued, serve upon the person liable a notice of demand stating the name of the person, the amount payable by him. Even after that if dues are not paid, a suit shall be initiated and process of recovery of amount should be initiated as arrears of land revenue.

During the scrutiny of the record, it was observed that during April 2019 to March 2020, the Departmental Vigilance Team and Division checked total number of 312 cases and found 273 irregularities. The total amount assessed, recovery made & unrecovered revenue in these cases is given below:

(` in Lakh)

Sl. No.	Year	Theft cases found		Recovery made		Unrecovered Revenue	
		No. of cases	Amount (`)	No. of cases	Amount (`)	No. of cases	Amount (`)
1.	2019-20	273	236.94	161	77.84	112	159.10
	Total	273	236.94	161	77.84	112	159.10

It could be seen from the table above that out of 273 cases, recovery was made in only 161cases of ` 77.84 lakh. In the remaining 112 number of cases, assessed amount of ` 159.10 lakh remained unrecovered.

Due to inaction on the part of the management to stop theft or realize the assessed amount, the deployment of the staff involved in conducting the raids as well as preventing the same cannot be justified.

Division in its reply stated that division is working hard to recover assessed amount with the help of police personal, ` 0.78 crore is left for realization against assessment made in FY 2019-20, assessed amount has been credited in bill of consumers who have not deposited assessment amount and Section 3 and Section 5 issuance action has been initiated against 74 consumers with connection or without connection. The reply of division is not convincing as that fact remains that ` 1.59 crore was pending against the theft cases.

Part III

Detail of unsettled paras of previous inspection reports:-

Sl. No.	Period	Part II-A	Part II-B
1.	1/2004 to 3/2005	1 & 2	1 to 9
2.	4/2005 to 3/2006	-	03
3.	4/2006 to 3/2007	1	1 to 4
4.	4/2007 to 3/2008	1 & 2	1 to 3
5.	4/2008 to 3/2011	-	2 to 4
6.	4/2011 to 3/2014	-	1 to 3
8.	04/2014 to 03/2015	1	1 to 5
9.	04/2015 to 03/2016	-	1 to 4
10.	04/2016 to 03/2017	2, 4	1 to 7
11.	04/2017 to 03/2018	1	1 to 5
12.	04/2018 to 03/2019	1 to 3	1 to 2

Compliance report of unsettled paras of previous inspection report-

For furnishing of reply of the outstanding paras of old Inspection Reports an audit Memo No. 005 (book no. 1055) was issued to the division. In turn, division furnished the replies of Sl. No. 6 to 9 & 12 of some outstanding paras of old Inspection Reports.

Part IV

Best practices of the unit

NIL

Part V

Acknowledgement

1. Office of the Principal Accountant General (Audit) Uttarakhand, Dehradun expresses gratitude towards Electricity Distribution Division, (Urban) Roorkee and their officers and employees for promptly providing desired documents and information including infrastructure related co-operation during the course of audit.

The 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:

Name	Post
(i) Shri Vijay Kumar Singh, (last audit to till date)	Executive Engineer
(ii) Shri Satish Saini, (last audit to till date)	Divisional Accountant (works)
(iii) Smt. Usha Rawat, (last audit to till date)	Divisional Accountant (works)

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 Deputy Accountant General (AMG-II) within one month of receipt of the letter.

Sr. Audit Officer/AMG-II(PSUs)