

Audit Inspection Report on the accounts of Executive Engineer, Electricity Distribution Division, Ranikhet for the period April 2014 to March 2016, was carried out in exercise of the power conferred by section 19 of the C & AG, DPC Act, 1971 read with section 143 of the Companies Act, 2013. The transaction audit of the division was conducted by Shri Ghanshyam Das Pal, Asstt. Audit Officer, from 06.06.2016 to 13.06.2016 under the supervision of Sh. Sohrab Husain, Sr. Audit Officer.

The Audit Inspection Report has been prepared on the basis of records/data/information made available by the Executive Engineer, Electricity Distribution Division, Ranikhet. The office of the Accountant General (Commercial Audit Wing) will not be held responsible for any incorrect information or information not made available.

## **PART-I-A**

### **A- INTRODUCTORY**

Last audit of accounts and records of the division was conducted by Shri Amit Kumar Mishra, Asstt. Audit Officer, Shri Vikas Dhyani, Asstt. Audit Officer under the partial supervision of Shri Mukesh Kumar A.O and covered the period upto 03/2014. During the present audit the accounts/records of the Division were generally examined.

The following officers held the charge of the division during the audit period:

Shri Ravi Kumar EE since last audit to 7.3.2015

Shri Rakesh Kumar, EE 7.3.2015 to 20.6.2015

Shri Manoj Sati, EE 20.6.2015 to 29.10.2015

Shri Umakant Chaturvedi 29.10.2015 to till date of audit

Shri N.S. Rawat, DA (W/R) since last audit to 31.10.2014

Shri Hem Chandra Pandey DA, Work and Revenue since 05.11.2014 to till date of audit.

### **B- Outstanding Paras of previous Audit Inspection Reports.**

<b>Period</b>	<b>Part II A</b>	<b>Part IIB</b>	<b>Total</b>
02/03 to 03/04	1	1, 2, 3, 4	5
04/04 to 03/05	1	1, 2, 3	4
04/05 to 03/06	-	1, 2, 3, 4	4
04/06 to 03/07	-	1, 2, 3	3
04/07 to 09/08	1	1 to 6	7
10/2008 to 03/2011	1	1 to 5	6
04/2011 to 03/2014	2	3	5

**C- Persistent Irregularities: Non-installation of lightening arresters on the transformers**

**D- Record not put to audit: -----NIL-----**

**PART-IIA**

**-----NIL-----**

## PART-II B

### **Para- 1: Loss of ` 170.54 lakh due to non-installation of Lightning Arrester.**

Lightening Arrester (LA) is equipment which arrests the lightening and evacuates the same through proper earthing. LA is installed to protect the transformers and associated lines from damage through lightening. LA is required to be installed along with the transformers in hilly areas as the frequency of instances of lightening are high in these areas. Electricity Distribution Division, Ranikhet is situated in the hilly area, which is very prone to natural calamity and lightening. Therefore, LA should be installed in all the transformers of the division to avoid damage.

Scrutiny of the records, it was noticed that during the years 2014-15 & 2015-16, 299 numbers of transformers of various capacities of the division were damaged. The two reasons were recorded in the relevant records provided to audit for the damage of transformers were internal fault and lightening. Out of 299 damaged transformers, 113 transformers (37 percent) were damaged due to non-installation of LA. Due to non-installation of LA on the above transformers, the division suffered a loss of ` 76.22 lakh (statement enclosed).

Further, a reference is invited to para No. 01 (copy enclosed) of the Inspection Report for the period from April 2011 to March 2014 in which it was highlighted that “Loss of ` 94.32 lakh due to non-installation of Lightning Arrester”. In turn division replied that list of those transformers in which LA had not been installed was being prepared and work of installation would be taken up after approval of competent authority. Audit noticed that no such action has been taken by the division. Thus due to negligence on the part of the division, division suffered a loss of ` 170.54 lakh ( ` 76.22 lakh + ` 94.32 lakh = ` 170.54 lakh )

Division having accepted the audit observation again replied that list of those transformers in which L.As have not been installed is being prepared and work of installation would be taken up after approval of competent authority. Reply of the division is not acceptable because similar reply to the audit observation rose during earlier audit was given by the division; however, no corrective action has been taken in this regard till date of audit. .

Matter is brought to the notice of higher authority.

**Para-2: Heavy recurring loss of revenue due to non repair/replacement of defective meters.**

Para 4 regarding defective meters of general conditions of RTS issued by the Uttarakhand Regulatory Electricity Commission (UERC) effective from April 2014 and April 2015 interalia provides as under:

“In case of defective meter (ADF/IDF) the consumer shall be billed on the basis of average consumption of the past three billing cycles immediately preceding the date of the meter being found or being reported defective ( as per Regulations 3.2 (1)of the Electricity Supply Code ). These charges shall be levied for maximum period of three months or two billing cycle only. During this period licensee is required to replace the defective meter. Thereafter, the licensee shall not be entitled to any bill without correct meters. It is also fact that consumers, who have defective meters, are misusing the electricity.

Scrutiny of relevant records of the division revealed that 4282 number of meters of consumers were IDF/Defective , out of them 942 number of meters were defective for the period between 18 months to 40 months, however, no efforts were made to replace/repair these defective meters by the EDD/Test Division. Thus due to non- replacement of defective meters, there was heavy recurring loss of energy and also violation of UERC's order.

Thus in order to avoid the recurring loss of revenue and compliance of UERC’s orders, there is urgent need to repair/replace all the defective meters in question.

Division having accepted the audit observation stated that time to time this issue has been brought to notice of the concerned Test Division. Reply of the division is not acceptable because meters in question should have been repaired/ replaced within three months as per provision of Tariff Orders issued from time to time by the UERC. Besides recurring loss of revenue, there was also violation of Tariff Orders issued by the UERC.

Matter is brought to the notice of higher authority.

**Para- 3: Non-recovery of electricity dues amounting to ` 33.24 Crore due to violation of Commercial and Revenue manual.**

Commercial and Revenue Manual of Uttar Pradesh Power Corporation (which has been adopted by Uttarakhand Power Corporation) interalia provides that in case a consumer does not deposit electricity dues within 30 days from the date of receipt of bill, his connection would liable to be disconnected and 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 actions for recovery of electricity dues should be completed within six months.

During the scrutiny of records, it was noticed that the division has 71316 consumers with connected load of 108960 KW and electricity dues of ` 24.48 crore were outstanding against them as of 1<sup>st</sup> April 2014 which were increased to ` 33.24 crore till February 2016 (Records relating outstanding dues till March 2016 was not available in the division) as detail below:

Sl. No.	Category of consumers	Outstanding Electricity dues as on 1 <sup>st</sup> April 2014 (` in lakh)	Outstanding Electricity dues at the end of February 2016. (` in lakh)
1	Domestic other than BPL	833.30	269.76
2	BPL	184.96	428.84
3	Non-Domestic	552.43	382.90
4	Pump Canal	104.11	619.74
5	Jal Sansthan	404.41	503.09
6	Jal Nigam	311.64	1049.82
7	L.T. Industry	57.17	70.23
	<b>Total</b>	<b>2448.02</b>	<b>3324.38</b>

These electricity dues could not be realised as the division has not taken action against the defaulting consumers as provided in the Commercial and Revenue Manual. Thus it was observed that division was not serious to recover the dues from the defaulting consumers.

Division having accepted the audit observation and stated that in order to realise the outstanding dues from the consumers, instruction have been issued to the concerned SDO's and JEs. Efforts are also being made to realise the electricity dues from the defaulting consumers at the division level. Reply of the division is not convincing because if action as provided in the Commercial and Revenue Manual as referred above had been taken then the dues could have been realised.

Matter is brought to the notice of higher authority.

**Para 4- Non realization of additional security amounting to ` 81.18 lakh**

As per UPSEB order No. 617-CUB/S-8 dated 7.3.1994 as adopted by UPCL, the security of the consumer should be assessed in each financial year in respect of those consumers who have been given connection for supply of electricity, the security should be equal to average of two months consumption bill. In case, security reassessed exceeds from the already deposited security then the difference amount will be demanded as additional security by giving notice to the consumers within 45 days. In case the additional security which is not deposited within the stipulated period, the electricity supply of the consumer can be disconnected.

In scrutiny of relevant records it was noticed that ` 81.18 lakh was required to be demanded from the consumers as additional security which was not demanded. Thus there was violation of circular in question due to not demanding the additional security as provided in the said circular.

Division stated in its reply that notices have been issued to concerned consumers for depositing the additional security. Reply of the division is not acceptable because notices were issued to the consumers on being pointed out by the audit .If timely notices were issued then amount of additional security could have been realised.

Matter is brought to the notice of higher authority.

**Statement damages of transformers due to non-installation Lighting Arresters**

<b>Year</b>	<b>Capacity ( in kva )</b>	<b>No. of transformers</b>	<b>Cost per transformer ( ` )</b>	<b>Loss ( ` )</b>
2014-15	16	09	37600	338400
	25	41	58000	2378000
	63	04	98000	392000
	100	03	130500	391500
2015-16	16	02	37600	75200
	25	44	55000	2420000
	63	06	101100	606600
	100	03	134600	403800
	400	01	616300	616300
	<b>Total</b>		113	



**PART-III**

-----NIL-----

**Sr. Audit Officer/ES-I**