

This Audit Inspection Report has been prepared on the basis of information provided by Executive Engineer, Electricity Distribution Division (Central), Dehradun. 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 (Central), Dehradun for the period April 2019 to March 2020 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. Audit Inspection was conducted by Shri A. P. Singh AAO and Shri Dheerendra Singh, AAO (Adhoc) under the partial supervision of Shri Vikas Dhyani, Sr. A.O. during the period from 03 September 2020 to 11 September 2020.

### **Part-I**

1. **Introduction:** -The last audit of this unit was conducted by Shri A. P. Singh AAO and Shri Amit Kumar, AAO for the period April 2018 to March 2019 under the partial supervision of Shri Mukesh Kumar, Sr. A.O. 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, (Central) Dehradun is to distribute electricity to the Central area of Dehradun and keep as well as strengthen the electricity distribution system. Geographical jurisdiction of the division is Central area of Dehradun city.

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

Electricity Distribution Division, (Central) 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. April 2019 month was selected for detailed examination of vouchers and October 2019 was selected for arithmetical accuracy.

(iii)

( In crore)

| Year                     | Revenue | Expenditure | Profit |
|--------------------------|---------|-------------|--------|
| April 2019 to March 2020 | 134.06  | 12.83       | --     |

(To the extent this information is available & applicable)

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

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

## Part II (A)

### **Para 1: Non- realization of Revenue.**

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 UP Electricity 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 District Magistrate concerned to recover the dues as Land Revenue.

Scrutiny of some selected cases for realization of revenue from the consumers revealed that division issued (August 2008) a commercial connection to a consumer namely Smt. Veena Babbar with a load of 50.0 KW. Division conducted checking of consumer's meter in December 2018 and meter was found running slow. An assessment of ` 6.66 lakh was made (February 2020) against consumer. A notice to deposit the final assessment amount within seven days was issued to consumer failing which action as per above regulation was to be taken. However, the consumer did not deposit the assessed amount & appealed to Consumer Grievance Redressal Forum (CGRF) and Electricity Ombudsman in January 2020 against the assessment made by the division which was not allowed by CGRF in November 2019 and Electricity Ombudsman in March 2020. However, the assessment dues were not paid by the consumer till date. The consumer failed to deposit even the monthly bills of electricity from February 2019 to till date. As the consumer defaulted in making payment of assessment dues and regular electricity bills since February 2019 to August 2020 except in May 2020 amount to ` 0.95 lakh, the delay which resulted in accumulation of arrear from ` 6.66 lakh to ` 17.64 lakh (August 2020).

Division in its reply stated that notice was issued to consumer to realise the arrear and amount of arrear has also been reflected in the regular bills issued to consumer. Arrear was not realised from the consumer as it had appealed in CGRF/ Ombudsman. The decision of CGRF/ Ombudsman had come in favour of division and action is being taken to realise the same. The reply of the division is not acceptable as the decision of CGRF/ Ombudsman had come in favour of division in March 2020 and still the amount of ` 17.64 lakh has not been realised till date after the lapse of five months.

**Para 2: Suspected loss due to non-verification of late payment surcharge Rs. 11.25 crore**

Para 6 regarding levy of delayed payment surcharge (DPS) of general conditions of Rate Schedule 2019 *inter alia* provides that in the event of electricity bill which are not being paid by the consumer within 30 days after the due date, delayed payment surcharge at the rate of 1.25 *per cent* on the principal amount (electricity charges) shall be levied from the original due date for each successive months.

During scrutiny of billing files of Garhwal Jal Sansthan, Dehradun (a consumer), it was noticed that electricity charges was not being paid by the consumer in regular basis. This has resulted in electricity charges to the tune of `11.25 crore were accumulated upto March 2020. Accordingly, as per provision of the tariff, division has been imposing delay payment surcharge amounting to as details below.

(` in lakh)

| Sl. No.      | Name of Division                          | Electricity Charges | Amount of LPS | Total          |
|--------------|---|---------------------|---------------|----------------|
| 1            | Garhwal Jal Sansthan, Raipur              | 35.14               | 33.40         | 68.54          |
| 2            | Garhwal Jal Sansthan, Pithuwala           | 7.84                | 14.92         | 22.76          |
| 3            | Garhwal Jal Sansthan, (North) Rajpur Road | 15.65               | 136.96        | 152.61         |
| 4            | Garhwal Jal Sansthan, (South) Rajpur Road | 611.89              | 269.56        | 881.45         |
| <b>Total</b> |   | <b>670.52</b>       | <b>454.84</b> | <b>1125.36</b> |

It was pertinent to mention here that electricity bills were being sent to the consumer for verification and surcharge, which was not being verified and paid by the consumer.

As electricity dues (*i.e.* electricity charges and surcharge) were being charged as per provision of rate schedules issued time to time by Uttarakhand Electricity Regulatory Commission (UERC), getting the dues verified by the consumer was not in order. This resulted in non-verification and non-payment of surcharge and accumulation of dues amounting to ` 11.25 crore.

Division in its reply stated that it has been issuing continuously bills to Jal Sansthan reflecting the amount of LPS for verification but the current bills are being verified by consumer and are being paid at headquarters' level. Connection of consumer could not be disconnected as it falls in the category of essential supplies. Efforts are being made to realise the LPS by division and UPCL Headquarter. The reply of the division is not acceptable as the consumer is neither verifying the LPS nor making the payment of LPS which has resulted in accumulation of arrear of LPS amounting to ` 454.84 lakh

## Part II B

### **Para 1: Delay in completion of work and excess payment to contractor amounting to ₹ 5.56 lakh**

Electricity Distribution Circle (Urban) entered into an agreement on 19 August 2019 with M/s Creative Entrepreneurs LLP to execute the work for underground cable laying 33 LV XLPE cable from 132 KV Bindal S/s to Dilaram Chowk by trenchless technology amounting to

₹ 84.45 lakh. The work is to be executed by Electricity Distribution Division (Central), Dehradun. Time for completion of work was 3 months from the last date of issue of 33 KV cable by Store division. As per terms of payment of agreement, the 70 *per cent* payment against the bill would be made, 20 *per cent* payment would be made after submission of completion certificate of work and 10 *per cent* would be made after submission of full performance security as per agreement. The above work includes centralized items (to be issued by Store division 33 KV XLPE cable), decentralized items and labour charges.

During scrutiny of records, it was noticed that the store division had issued required cable in February and March 2020 after lapse of 5 months from the date of agreement but other centralized items have not been issued to distribution division till date. The work has not been completed till date (after lapse of More than 8 months) due to lack of co-ordination between Distribution division and Store division. No correspondence was made by division to store division for timely supply of cable in order to complete the work in time. Further contractor submitted the performance bank guarantee which was valid upto February 2020. It was not further extended by the contractor despite the work is yet to be completed. As per tender document, the guarantee should be valid till the end of guarantee period. Division made the 80 *per cent* (70 *per cent* of running bill and 10 *per cent* after submission of performance guarantee) payment of first and second running bill in July and August 2020 when guarantee was not in force. This has resulted in excess payment to contractor of 10 *percent i.e.* ₹ 5.56 lakh.

Division in its reply stated that the work was not completed due to delay in obtaining of No Objection Certificate from other departments due to Covid 19 Pandemic. It also stated that correspondences were being made with the contractor to get the bank guarantee or FDR and it would be obtained soon. The reply of the division is not acceptable as the agreement with the contractor was entered into on 19.08.2019 and there was delay in supplying the required cable from store division. Had the cable been supplied in time the work could be completed

well before the starting Covid 19 Pandemic. Moreover, division had made excess payment of ` 5.56 lakh without having bank guarantee in force which is violation of payment terms of agreement.

**Para 2: Avoidable expenditure of ` 5.92 lakh due to delay in release of new connections**

Uttarakhand Standard of performance regulation 2007 and Right to service act provided that the UPCL should adhere to the standards of performance (SOPs) for timely release of new connections, recovery of new connection charges and metering etc. 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”. Also, the right to service act prescribes the time limit for release of new connection as 15 days, where extension of network is not required.

The scrutiny of the records of the divisions for the period April 2016 to March 2020 revealed the following:

| <b>Year</b>  | <b>No. of cases where connection were released beyond stipulated time</b> | <b>Amount of Penalty (In `)</b> |
|--------------|---|---------------------------------|
| 2016-17      | 26  | 2,84,000                        |
| 2017-18      | 42  | 2,12,050                        |
| 2018-19      | 08  | 36,800                          |
| 2019-20      | 13  | 59,220                          |
| <b>Total</b> | <b>89</b>   | <b>5,92,070</b>                 |

From the above it is evident that UPCL had to bear penalty amounting to ` 5.92 lakh in 89 cases during the period April 2016 to March 2020 due to delay release of connection. 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 delay in releasing of new connections was due to shortage of manpower and efforts are being made to improve the same. Sincere efforts are being made by division in order to avoid delay in releasing of new connection.

The reply of the division is not acceptable as the fact remains that division failed to provide the connection within stipulated time which attracted the penalty of ` 5.92 lakh.



**Para 3: Delay in awarding of contract on deposit work.**

A) An estimate of ` 23.79 lakh was sanctioned by EDD (Central) Dehradun on 21 May 2020 on the request of Dehradun Smart City Corporation Limited (Consumer) for the temporary shifting of 11 KV line and LT line from Behal Chowk to Naini Chowk under Smart City Project on Deposit work basis.

On the scrutiny of records, it was noticed that consumer had deposited the required amount of ` 23.79 lakh on 17 June 2020 to the division for the above mentioned work. Agreement for the same has not been awarded till date after the lapse of 2 months from the date of depositing the amount by the consumer.

B) An estimate of ` 56.32 lakh was sanctioned by EDD (Central) Dehradun on 18 February 2020 on the request of Dehradun Smart City Corporation Limited (Consumer) for the shifting of 33 KV, 11 KV line and LT line at parade ground under Smart City Project on Deposit work basis.

On the scrutiny of records it was noticed that consumer had deposited the required amount of ` 56.32 lakh on 23 May 2020 to the division for the above mentioned work. Agreement for the same has not been awarded till date after the lapse of 3and half months from the date of depositing the amount by the consumer.

Division in its reply stated that in Case A joint inspection at ground level for work had been done and agreement would be finalised soon and in Case B agreement has been entered into by Electricity Distribution Circle (Urban) for said work. The reply of the division is not acceptable as the said work was to be done on deposit basis and the required amount has been submitted by consumer in May and June 2020 and delay in finalising the agreement is not justified. The progress of the above works would be watched in next audit.

### **Part III**

Detail of unsettled paras of previous inspection reports: -

| <b>Sl. No.</b> | <b>Period</b>              | <b>Part II-A</b> | <b>Part II-B</b> |
|----------------|----------------------------|------------------|------------------|
| 1              | Since inception to 03/2007 | 1                | 1 to 3           |
| 2              | 4/2007 to 03/2008          | -                | 1 to 5           |
| 3              | 04/2008 to 09/2009         | 1 to 3           | 1 to 3           |
| 4              | 10/2009 to 03/2011         | 1,2              | 1 to 5           |
| 5              | 04/2014 to 03/2015         | 3                | 2                |
| 6              | 04/2015 to 03/2016         | -                | 2                |
| 7              | 04/2016 to 03/2017         | 1,3              | 3,4,5            |
| 8              | 04/2017 to 03/2018         | 1,2              | 1 to 3           |
| 9              | 04/2018 to 03/2019         | 1                | 1 to 4           |

For obtaining the replies of old AIR, the audit memo number 07 (book number 1051) was issued to the management of the division. In response, division replied that the replies to the outstanding paras are being prepared and will be submitted through proper channel.



**Part IV**

**Best practices of the unit**

NIL

**Part V**

**Acknowledgement**

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

| <b>Sr. no.</b> | <b>Name</b>         | <b>Post</b>        |
|----------------|---------------------|--------------------|
| (i)            | Shri Munish Chandra | Executive Engineer |

**Sr. Audit Officer/AMG-II**