

Audit Inspection Report on the transaction audit of Executive Engineer Electricity Distribution Division, (Central) Dehradun, UPCL for the period from April 2015 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 was conducted by Shri Amit Kr. Mishra AAO and Sh. A P Singh, AAO under the partial supervision of Shri Mukesh Kumar, Sr. Audit Officer during the period from 20.05.2016 to 28.05.2016.

"The Audit Inspection Report has been prepared on the basis of records /data/ information made available by the Executive Engineer, (Central) Dehradun. The office of the Accountant General (Audit) Uttarakhand, Dehradun will not be responsible for any incorrect information made available"

PART-I-A

A. INTRODUCTORY

The last audit of the division was conducted by Shri Amit Kr. Mishra AAO and Sh. A P Singh, AAO under the supervision of Shri Mukesh Kumar, Audit Officer covering the period up to March 2015. During the present audit, accounts and records for the period from April 2015 to March 2016 were generally examined.

The following officers held the charge of the division since last audit to date.

Executive Engineer:

Shri Pravesh Kumar, Executive Engineer since last audit to 18.06.2015

Shri Munish Chandra, Executive Engineer since 19.06.2015 to March 2016

Divisional Accountant

1 Shri Sriram, DAW since last audit to date.

2 Shri. Deepak Verma, DAR since last audit to date.

(B) Outstanding Paras of old AIRs

Sl. No.	Period	Part II-A	Part II-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.	04/2011 to 03/2013	1,2	1,2
6.	04/2013 to 03/2014	-	1 to 5
7.	04/2014 to 03/2015	1 to 3	1 to 3

(C) PERSISTENT IRREGULARITIES

-----Nil-----

(D) RECORDS NOT PUT UP

-----Nil-----

Part-II-A

Para 1: Non recovery of additional Security amounting to ` 1.30 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 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 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 large & heavy consumers, it was noticed that in case of 50 consumers, the average two months bills of consumers exceeded the amount of security already deposited by ` 1.30 crore. As per circular in question, amount of this additional security was required to be recovered within 45 days. This amount should have been recovered from consumers which was not done.

Management stated in its reply that efforts for realization of the remaining amount were being made. The reply is not convincing as the amount of additional security should have been recovered within 45 days i.e. upto 15th May 2016 but a huge amount was yet to be realized till date. The progress of recovery would be watched in next audit.

The matter is brought to the notice of the management.

Part-II-B

Para 1: Deficiencies in IT implementation regarding Revenue collection

Revenue collection is one of the most important functions of a distribution division. In an IT environment, details/records regarding revenue collection should be free from any type of human intervention and tampering. In a distribution division, different categories of consumers pay their electricity bill directly in authorized banks. Periodic collection summary received from bank by the concerned division comprises of the details of consumers, their electricity dues and payment made against them. After that, the same details were uploaded to the R-APDRP system by the division.

It was observed that this collection summary was emailed by the banks to the division in the convertible format (Excel Sheet) and the same was uploaded in the R-APDRP system in the same format as the R-APDRP system does not support any other format. This summary should have been sent to the division in inconvertible format (PDF etc.) to avoid human intervention. This will lead to the chances of discrepancies in the revenue collection.

The matter is brought to the notice of the management.

Para 2: Failure in permanent disconnection of temporary connection (Prepaid meters)

As per Order of retail supply tariff of UPCL for 2012-13, Uttarakhand Electricity Regulatory Commission (UERC) provided in principal approval for implementing prepaid metering w.e.f. October 2012. Further, National Electricity Policy under clause 5.4 emphasises the use of modern technology for reducing distribution losses and improvement in quality of service to consumers and energy conservation. Prepaid metering provides better service to the consumers, improves cash flow of the Company and also leads to reduction in consumer grievances. Further, prepaid metering shall be mandatory for new temporary LT connections upto 30 KW from October 2012 subject to availability of meters and valid operational constraints.

Scrutiny of records of EDD (Central) Dehradun, it was noticed that during 2013-14 to 2015-16, 76 prepaid meters for temporary connection were released. At the time of releasing new temporary connection through prepaid meters, the tariff applicable for that period was fixed in the meter. In order to avail power, the consumer has to recharge his prepaid meter in advance through recharge coupon available in the division and the electricity charges are deducted from the recharge as per that applicable tariff programmed in the meter. The applicable tariff once fixed in prepaid meter should have been periodically updated with the release of new tariff by UERC but the same was not possible in the case of these prepaid meters as once the applicable tariff was fixed in pre paid meter it cannot be altered.

The division stated in its reply that out of above prepaid connections, 13 connections were pending for permanent disconnection till date but permanent disconnection of none of the connection has been done as on date as the PD code was not provided by the meter vendor (M/s Secure Ltd.) till now. The division requested the vendor to do MRI of these meters in order to adjust the amount of increased tariff per year from the amount of security deposit. But the same was not done by the vendor till date. As the PD was not done in respect of the above 13 connection, no security money was refunded which was deposited by the consumer at the time of taking temporary connection. The reply of the division is not convincing as there should have been a provision in the agreement with the vendor for PD code and MRI which was not done well in time which was not done. This shows lack of foresight and planning at the time of

finalization of agreement with the vendor. Further plan of action to sort out the problems may be intimated to Audit.

The matter is brought to the notice of the management.

Para 3: Deficiencies in IT implementation in metering

- IT implementations includes IT applications for meter reading, billing & collection, energy accounting and auditing. Scrutiny of Consumer meter reading status ledger as on 24.05.2016, it was found that out of total 1242 commercial consumers Automatic Meter Reading of only 191 consumers (15.38 *per cent*) were being done and meter reading of remaining 1051 consumers (84.62 *per cent*) were done manually. This shows the poor implementation of IT applications in meter reading.
- As per records of damaged/bypass DTR metering system installed in R-APDRP in town area covered under Central Division, it was found that 3 number of meters/modems were found bypassed and in 32 DTRs, work of installation of modems is under progress.
- It was also observed that the network connectivity in the division was very poor. The poor speed was not only hampering the regular work of division but also affecting the billing collection efficiency and other routine work of the division. The instances of frequent breakdown in the network connectivity were also noticed.

Division accepted the audit observation and stated in its reply that in respect of AMR meter reading and DTR metering, the action will be taken from the Test Division. Further, in case of poor network connectivity, manual receipts were given to consumer. Also, the division requested to its Hqrs. to provide another service provider to make the network connectivity effective. This shows that the IT implementation and infrastructure created under R-APDRP was not working satisfactorily.

The matter is brought to the notice of the management.

Para4: Deficiencies in IT implementation in consumer verification

- It was also noticed that there is no arrangement in master data of R-APDRP software to highlight the updating of Know your consumer (KYC) & details of consumer status. UPCL releases power connection to BPL consumers at minimum tariff (subsidized rate per unit). However, once the connection was released to a BPL consumer initially, after a specified period, the system never indicates the requirement of updation of status of consumer whether the consumer has been moved to APL or not.
- As per rate tariff of UPCL approved by UERC, if consumer installs and uses solar water heating system, rebate of ` 100 per month for each 100 litre capacity of the system or actual bill for that month whichever is lower shall be given subject to the condition that consumer gives an affidavit to the licensee to the effect that he has installed such system, which the licensee shall be free to verify from time to time. If any such claim found to be false, in addition to punitive legal action that may be taken against such consumer, the licensee will recover the total rebate allowed to the consumer with 100 % penalty and debar him from availing such rebate for next 12 months. It was noticed that the system never gives alerts to the licensee (UPCL) for verification of the such system.

Division accepted the audit observation and stated in its reply that in order to generate alerts for KYC requirement for BPL consumers and verification of solar water heating consumers, the action was to be taken at Hqrs. level. This shows that IT system was not adequate for verification of consumers.

The matter is brought to the notice of the management.

Para 5: Non- realization of Revenue

The purpose of establishing distribution division in different parts of the State is to provide electricity to the consumers of different categories. One of the most important functions of the division is to realize electricity charges consumed by the consumers. The realisation as per the targets fixed by the UPCL is intimated monthly to the division indicated efficiency of the division and good financial health of the UPCL. The revenue collected/ realised by the division is intimated through monthly commercial diary of the distribution division. Arrear of the division in respect of RTS-3 and RTS-6 has increased as detailed in the table below:

RTS	Consumers	Arrear of last years (` in lakh)	Arrear Ending month of February 2016 (` in lakh)
RTS-3	Public Lamp	1112.56	1198.67
RTS-6	Public water works	3411.68	4169.02

The arrear of the division has risen in comparison to previous year, which is harmful for the sound financial health of the Company.

The management accepted the fact the arrears in respect of RTS-3 and RTS-6 categories has risen up in comparison to previous year. These consumers fall under the category of essential services so the connections cannot be disconnected. The reply of the management is not convincing as the arrears have risen up to alarming stage.

PART III

-----NIL-----

Sr. Audit Officer/ES-I

