

This Audit Inspection Report has been prepared on the basis of information provided by Executive Engineer, Electricity Distribution Division (North), 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 (North), 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 Companies Act 2013. Audit Inspection was conducted by Ms. Purna Bhadula, AAO, Shri Amit Kumar, AAO and Shri Nishant Choudhary, Auditor under the supervision of Ms. Usha Singh, Sr. Audit Officer during the period from 17 October 2020 to 27 October 2020.

Part-I

1. **Introduction:-** The last audit of this unit was carried out by Ms. Purna Bhadula, AAO and Shri Khub Chand, AAO under the supervision of Ms. Usha Singh, Sr. Audit Officer 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 (North), Dehradun is to distribute electricity to all over Northern area of Dehradun district and upkeep as well as expand the electricity distribution system to this area. The geographical jurisdiction of the division is within northern area of Dehradun District.

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

Electricity Distribution Division (North), 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 and February 2020 month was selected for detailed examination and January 2020 was selected for Arithmetical Accuracy.

(iii)

(₹ in crore)

Year	Revenue	Expenditure	Profit
2019-20	137.96	13.65	--

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

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

Part II (A)

Para1: Avoidable expenditure due to delay in providing services to consumers.

As per Uttarakhand Right to Service Act, Citizen Charter and SoPs, UPCL had to provide various services to the consumers regarding Power Supply, Metering related, transfer of consumer connection & conversion of service, disconnection/ reconnection of supply etc. within the stipulated timeline prescribed for each service failing which attracts the penalty on hourly/ daily basis. The details of delay in providing these services and compensation payable thereon with respect to Power Supply Failure, Metering related Transfer of consumer connection & conversion of services and Disconnection/ Reconnection of supply are given below:

Table 1

Type of Service- Power supply failure				
Year	No. of cases of delay	Prescribed time to resolve (in hr)	Range of Delay (in hr)	Compensation Payable (in ₹)
2019-20	221	12	1 to 163	₹ 53806.66

From above, it is evident that there was a delay in 221 cases ranging from 1 hr to 163 hrs for resolving the power supply within the prescribed time (12 hrs.) during the period April 2019 to March 2020 which attracts the penalty/compensation payable up to ₹ 53806.66.

Table 2

Type of Service- Metering related				
Year	No. of cases of delay	Prescribed time to resolve (in days)	Range of Delay (in days)	Compensation Payable (in ₹)
2019-20	1112	03/ 30/ 45	1 to 584	₹ 2319900.00

From above, it was observed that there was a delay in 1112 cases ranging from 01 day to 584 days for resolving the issues of metering related within the prescribed time (03 days/ 30 days/ 45 days) during the period April 2019 to March 2020 which attracts the penalty/ compensation payable up to ₹ 2319900 /-. During the discussion with the officials of the division, it was also apprised that the complaints pertaining to the replacement/checking of meters are being dealt by the Electricity Test Division.

Table 3

Type of Service- Transfer of consumer connection & conversion of services				
Year	No. of cases of delay	Prescribed time to resolve (in days)	Range of Delay (in days)	Compensation Payable (in ₹)
2019-20	50	60	1 to 480	₹ 173400.00

From above, it is evident that there was delay in 50 cases ranging from 01 days to 480 days for resolving the issues related to “transfer of consumer connection & conversion of services” within the prescribed time (60 days) during the period April 2019 to March 2020 which attracts the penalty/ compensation payable up to ₹ 173400/- .

Table 4

Type of Service- Disconnection/ Reconnection of supply				
Year	No. of cases of delay	Prescribed time to resolve (in days)	Range of Delay (in days)	Compensation Payable (in ₹)
2019-20	338	05	1 to 1746	₹ 862450.00

It is also noticed from table 4 that there was delay in 338 cases ranging from 01 day to 1746 days for resolving the issues related to “disconnection/ Reconnection of supply” within the prescribed time (05 days) during the period April 2019 to March 2020 which attracts the penalty/ compensation payable up to ₹ 862450/-.

Further, one consumer (registration no. 22704161933) applied under the service Other Consumer Services in the year April 2016, however, the same was rectified in August 2019 after the delay of 1208 days and the compensation of ₹ 60150/- was leviable against the Division.

Delay in providing these services to the consumers not only resulted in avoidable loss to the division in the form of penalty/ compensation payable up to ₹ 34,69,816/- but inconvenience to the consumers also.

Division in reply stated that meters are being changed and issued by the Test Division. The coordination of the division in this regard is being done by this division.

The reply of the division is not acceptable as non adherence of the guideline of Uttarakhand Right to Service Act, Citizen Charter and SoPs resulted in avoidable loss to the division in the form of penalty/ compensation payable up to ₹ 34,69,816/- as well as inconvenience to the consumers.

Para 2: Non-refund of cash handling charges by the bank- ₹ 6.68 lakh as well as reconciliation of Bank Statements.

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:

SI No.	Bank name	Account No.	Reconciled Upto	Account Name
1.	Punjab National Bank	0616012100002003	30.09.2020	Receipt
2.	Punjab National Bank	0616012100001226	30.09.2020	Earmarked Funds

During scrutiny of Bank Reconciliation Statement of the division for the month of September 2020, it was observed:

1. That Other credits of ₹ 11,91,174/- during the period April 2013 to April 2016 in the Receipt accounts is yet to be reconciled till date
2. Cheques valuing ₹ 4.48 lakh sent to bank for collection was still lying un-cashed since August 2007. Even after passage of 12 years, these cheques still remain un-cashed /unclear which shows that the reconciliation of revenue receipts with the bank account had not been done by the division. Also, in the absence of further reconciliation and also non-confirmation of these uncashed cheques, the chances of loss to the Corporation due to time-barring of cheques could not be ruled out.
3. 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. Bank had debited ₹ 6,68,209/- as cash handling charges/ cheque returned charges during the period July 2007 to September 2020 in receipt account and ₹ 88.50/- in EMF accounts. Thus, total amount of ₹ 6.68 lakh deducted by the bank should have been credited in the respective accounts which is not in consonance with the MoU entered into with the bank. Thus, non-recovery of the cash handling charges resulted in loss to the UPCL of ₹ 6.68 lakh.

Division in reply stated that during October 2020, ₹ 13,437.35 relating to bank charges has been refunded by the bank and process of refund of the balance is still under progress.

The matter relating to bank charges will be watched in the next audit, however, replies relating to Other credits of ₹ 11,91,174/- during the period April 2013 to April 2016 in the Receipt accounts is yet to be reconciled till date and cheques valuing ₹ 4.48 lakh lying un-cashed since August 2007 is not submitted by the division.

Part II B

Para 1: Non recovery of additional Security amounting to ₹ 4.51 crore.

As per Para 2.3.1 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 months 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. Amount of additional security deposited by the consumers may be utilized by the Company as working capital.

Test check of the records relating to consumers with high electricity consumption (from whom additional security of ₹ 15000 and above was recoverable) revealed that the Division had demanded additional security of ₹ 4.51 crore through monthly bill (April 2020) from the consumers.

Further, it was also noticed that after demanding the additional security in the bill of April 2020, the division could not realise any additional security from the consumers. Further in the event of non receipt of additional security, the division did not issue any notices to the defaulting consumers till September 2020.

Further detailed scrutiny of the records revealed that out of 596 consumer of which ₹ 4.51 crore was due, we analysed 04 consumers in the non domestic category from whom highest additional security was due. The analysis shows the following:-

1. M/s Hotel Savay with the connected load of 850 KVA had deposited an initial security deposit amounting to ₹ 15.01 lakh. In the beginning of financial year (2019-20) the security was reviewed and the security deposit was assessed as ₹ 24.72 lakh. The available security deposit of the consumer was ₹ 15.01 lakh and the consumer was required to deposit an additional security of ₹ 8.83 lakh (after adjustment of interest on security deposit and TDS). Till date the consumer has not deposited additional security as demanded by UPCL in the bill for the month of April 2020.
2. M/s Pacific Development (K No. 700K000023122) with the connected load of 1700 KVA had deposited an initial security deposit amounting to ₹ 52.09 lakh. In the beginning of financial year (2019-20) the security was reviewed and the security deposit was assessed as ₹ 61.10 lakh. The available security deposit of the consumer was ₹ 52.09 lakh and the consumer was required to deposit an additional security of ₹ 6.30 lakh (after adjustment of

interest on security deposit and TDS). Till date the consumer has not deposited additional security as demanded by UPCL in the bill for the month of April 2020.

3. M/s Westend Hotel (K No. 700K000030489) with the connected load of 200 KVA had deposited an initial security deposit amounting to ₹ 2.06 lakh. In the beginning of financial year (2019-20) the security was reviewed and the security deposit was assessed as ₹ 7.69 lakh. The available security deposit of the consumer was ₹ 2.06 lakh and the consumer was required to deposit an additional security of ₹ 5.24 lakh (after adjustment of interest on security deposit and TDS). Till date the consumer has not deposited additional security as demanded by UPCL in the bill for the month of April 2020.
4. M/s Hotel Shipra (700K000000820) with the connected load of 382 KVA had deposited security amounting the ₹ 4.98 lakh. The additional security required to be deposited by consumers was ₹ 7.70 lakh as per the bill issued for the month April 2020. In the beginning of financial year, the security was reviewed and revised by UPCL. The additional security required to be deposited by consumers after revision comes out to be ₹ 1.56 lakh as per the bill of the month April 2020. No additional security has been deposited by the consumer till date (September 2020).

Thus, the consumers were required to be pursued to deposit the requisite additional security so that the amount of Additional Security could have been utilized by the Corporation as working capital. The additional security was yet to be deposited (September 2020) by the consumers. Non deposition of additional security by the consumers resulted in blocking of funds of ₹ 4.51 crore.

Division in its reply stated that it has recovered ₹ 1.47 crore from 179 consumers, hence, ₹ 3.04 crore is to be collected from 417 consumers. Further, division is trying its best to realise the same.

The reply of the division is not acceptable as the fact remains that additional security of ₹ 3.04 crore is yet to be collected from 417 consumers.

Para 2: Non recovery of ₹ 174.41 lakh due to non-verification/payment of surcharge by Jal Sansthan.

As per Rate Schedule and General Condition of tariff order issued by the UPCL from time to time, the late payment surcharge or delayed payment surcharge (DPS) @ 1.25% per month on the principal amount of bills will be applicable for all categories including RTS3 – Government Irrigation System & Public Water Works, if electricity bills are not paid in full or part thereof within the stipulated time. The UPCL has right to disconnect the power supply in case the surcharge is not paid by the consumers under section 56 of the Indian Electricity Act, 2003.

During test check of the bills and relevant records it was noticed that the Division has been issuing the electricity bills along with late payment surcharge (₹ 174.41 lakh) payable by Jal Sansthan. The Jal Sansthan has verified only Electricity charges and late payment surcharge was not verified. The outstanding dues against Jal Sansthan as on March 2020 is given below:

(₹ in lakh)

Sl. No.	Name of Govt. Department.	No. of connection	Connected Load (Kw)	Electricity Charges	Late payment surcharge @ 1.25%	Total
1	Jal Sansthan	54	4268	103.91	174.41	278.32

From the above, it is pertinent to mention that surcharge payable by Jal Sansthan was 62.59 *per cent* of the electricity dues which is alarming due to accumulation of surcharge.

Division in reply stated that as Jal Sansthan provides essential services, hence, process relating permanent disconnection cannot be executed against Jal Sansthan.

Division furnished the irreverent reply to the para. However, the fact remains that surcharge payable by Jal Sansthan was ₹ 174.41 lakh which is alarming due to accumulation of surcharge.

Para 3: Avoidable expenditure of ₹4.84 lakh due to delay in release of new connection.

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 2019 to March 2020 revealed that during the year 2019-20, 56 connections were issued beyond the stipulated time which may result in penalty amounting to ₹ 4.84 lakh. As compared to the figures of the previous years, the division was not able to decrease the number of cases in which the connection was issued beyond the stipulated time but the penalty amount showed a decreasing trend from ₹ 5.80 lakh to ₹ 4.84 lakh.

Delay in releasing the connections to the consumers not only resulted in avoidable loss to the division in the form of penalty but inconvenience to the consumers also.

Had the New L.T. Connections released in the stipulated time period, the penalty of ₹ 4.84 lakh could have been avoided.

Division in reply stated that due to Covid-19, division failed to adhere the provisions of the UERC Regulation, 2007 which resulted in the penalty of ₹ 4.84 lakh.

The reply of the division is not acceptable as the fact remains that penalty of ₹ 4.84 lakh may be imposed on the division due to delay in release of new service connections.

Para 4: 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. Review of the commercial diary of the division for the month of March 2020 revealed that there are huge arrears pending for realisation from almost all the categories of consumers as follows:

(₹ in lakh)

Sl. No.	Category of Consumers	Arrears as on March 2018	Arrears as on March 2019	Arrears as on March 2020
1.	Government Consumers	333.00	76.91	505.77
2.	Non Government Consumer	361.15	466.13	722.28
Total		694.15	543.04	1,227.75

The arrears have significantly increased to ₹ 1,227.75 lakh as on March 2020 in comparison to year 2018-19 *i.e.* ₹ 543.04 lakh which are yet to be realized for the sound financial health of the division.

Further, 13 cases related to defaulting consumers from the category of non-government consumers were analysed in detail which is as follows:

SL No.	Connection Number	Name of Consumer	Last paid date	Last paid amount	Arrear Amount as per current bill (in ₹)
1.	7021114071527	TESRING MAGURE	26-12-2014	2981	3,52,818/-
2.	701Z999094836	KR KUSUM CHOPRA	Not available	Not available	4,14,759/-
3.	7025284071846	Ms.JYOTSNA PODAR	Not available	Not available	3,81,399/-
4.	701Z999071184	ALAM SINGH	Not available	Not available	1,38,356/-
5.	7011421113082	K C JAIN	17-07-2008	3785	1,43,149/-
6.	7012421118569	DURGA PRASAD VERMA	Not available	Not available	96,656/-
7.	7011111013416	NATHU RAM	05-09-2009	215	69,928/-
8.	7011111117843	KRISHNA DEVI	16-03-2011	4,000	84,411/-
9.	7011111121455	SUSHANT AHUJA	19-09-2012	185	93,027/-
10.	7071128102036	AKSHAT GUPTA	Not available	Not available	1,04,881/-
11.	7012421118569	DURGA VERMA	Not available	Not available	1,03,018/-
12.	700K00008982	MANISHA SINGH	20-10-2020	1,00,000	1,10,571/-
13.	700K000016167	SURESH CHAND	18-09-2020	40,000	1,19,295/-
Total					22,12,268/-

From the above table it can be seen that seven consumers (at sl. No. 1,5,6,8,9,12 &13) who paid the last amount of ₹ 2981/- , ₹ 3785/-, ₹ 215/- , 4000/-, ₹ 185/- ₹ 1,00,000/- and ₹ 40,000/- in December 2014, July 2008, September 2009, March 2011, September 2012,

October 2020 and September 2020 respectively had accumulated dues amounting to ₹ 9.73 lakh till date. Further, in rest of the cases, the last paid amount by the consumers as well as the period of delay was not available in the record furnished to audit. The dues had however accumulated to ₹ 12.39 lakh.

The division stated in its reply that the efforts are being made to recover the pending dues. Further, it was stated that out of the cases highlighted by audit, the recovery has been done in case of consumers mentioned at serial number 6,11,12 and 13.

The reply of the division is not tenable as the fact remains that huge dues amounting to ₹ 1,227.75 lakh are pending to be recovered for which sufficient steps should be taken by the division.

Para 5: Loss of revenue due to theft/misuse of tariff

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 records, it was observed that during April 2018 to March 2020, the Departmental Vigilance Team and Division checked and found 23 irregularities in respect of direct theft of electricity and misuse of tariff. The total amount assessed, recovery made & unrecovered revenue in these cases is given below:

(₹ in lakh)

Sl. No.	Year	Theft cases /misuse of tariff found		Recovery made		Unrecovered Revenue	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
1.	2018-19	06	3.60	5	2.35	1	1.25
2.	2019-20	17	18.11	9	5.39	8	12.82
	Total	23	21.71	14	7.74	9	14.07

It could be seen from the table above that out of 23 cases for the years 2018-19 and 2019-20, recovery was made in only 14 cases of ₹ 7.74 lakh. In the remaining 09 number of cases, assessed amount of ₹14.07 lakh remained unrecovered.

Further, in two cases of direct theft for the year 2019-20, an amount of ₹ 2.73 lakh and ₹4.48 lakh was recoverable. In both these cases letters were written by the division in January 2020 with clear instruction to deposit the amount within 07 days. However, the same has not been deposited yet.

The division stated in its reply that out of the above 09 cases in which the recovery is pending are in the court. The same shall be finalised after the decision of the court.

The progress in the above cases may be intimated to audit.

Part III

Detail of unsettled paras of previous inspection reports:-

Sl. No.	AIR for the period	Part-II-A	Part-II-B	Total
1.	04/2003 to 03/2004	2	1,3,4,5,6	06
2.	04/2004 to 03/2005	1,2	2,3,4	05
3.	04/2005 to 03/2006	1	1,2,3,4,6	06
4.	04/2006 to 03/2007	--	2,4	02
5.	04/2007 to 03/2008	1	1,3	03
6.	04/2008 to 03/2009	--	3,4 & 5	03
7.	04/2009 to 03/2011	--	3,4,5	03
8.	04/2011 to 03/2012	--	4	01
9.	04/2013 to 03/2014	--	4	01
10.	04/2014 to 03/2015	--	6	01
11.	04/2016 to 03/2017	1	5	02
12.	04/2017 to 03/2018	--	1,2,4	03
13.	04/2018 to 03/2019	1 & 2	1,2 & 3	05

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
No replies to the previous outstanding para were furnished.				

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 (North), 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:**

Sr. no.	Name	Post
(i)	V.K. Singh	(01 April 2019 to 18 July 2020) Executive Engineer
(ii)	Shri Prashant Bhuguna, (18 July 2020 to 31 March 2020)	-- do--
(iii)	Shri Harish Bisht	(last audit to March 2018) Accountant (W)

The compliance report on the AIR may be sent to Deputy Accountant General/AMG-II office of the Principal Accountant General (Audit), Mahalekhakar Bhawan Kaulagarh, Dehradun-248195 within one month of receipt of the letter.

Sr. Audit Officer/ AMG-II(PSUs)