

This inspection report has been prepared on the basis of information provided by Executive Engineer, Electricity Distribution Division, Rudraprayag. The office of the 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, Rudraprayag for the period 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 619(3)(b) of the Companies Act 1956 & section 143 of Companies Act 2013. Audit Inspection was conducted by Shri Vikas Dhyani, AAO and Shri Sunil Verma, Sr. Auditor under the partial supervision of Shri Mukesh Kumar, Sr. AO during the period from 14.10.2016 to 20.10.2016.

Part-I

1. **Introduction:-** The last audit of this unit was carried out by Shri Amit Kumar AAO and Shri Khub Chand, AAO for the period April 2014 to March 2015 under the supervision of Shri B.C. Suyal, Sr. AO in which accounting records of the period from April 2014 to March 2015 were generally examined. In current audit, accounting records of the period from April 2015 to March 2016 were generally examined.

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

The function of the Electricity Distribution Division, Rudraprayag is to distribute electricity to all over Rudraprayag district and keep as well as expand the electricity distribution system and the geographical jurisdiction of the division is Rudraprayag, and Kedarnath Valley.

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

Electricity Distribution Division, Rudraprayag 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, 2016 month was selected for detailed examination and April 2015 was selected for Arithmetical Accuracy.

(iii)

Year	Revenue	Expenditure	Profit
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(To the extent this information is available & applicable)

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

The Electricity Distribution Division Rudraprayag is an electricity distribution division of UPCL which is officiated by the Executive Engineer.

Part II (A)

Para1: Additional burden due to non-pursuance of Apda claims.

Power distribution network of Electricity Distribution Division, Rudraprayag got badly affected due to natural calamity of 16th and 17th June 2013. In this calamity, a 33 KV line of 7.93 kilometre was washed out at different places from Rudraprayag to Ukhimath. The Managing Director of UPCL approved the proposal for construction of the same line (27.06.2013) through internal resources. However, the same should have been claimed from the State Government by UPCL. Had the claim for the above been submitted to State Government, the additional burden of ` 66.02 lakh could have been avoided. This shows the callous approach from the division's end in raising claims from the State Government.

Further, in respect of three works (namely (i) reconstruction of 11 KV line in the Kodima Talla village amounting to ` 0.99 lakh (ii) reconstruction of 11 KV line in the Kodima Malla village amounting to ` 0.99 lakh and (iii) Repairing and Shifting of 11 KV and LT lines and one number of 25 KVA substation at Mahad, Bamsu village amounting to ` 2.77 lakh), the utilization certificates (UCs) were not furnished to the State Government till date. However, the first two works were completed on 18.04.2014 and the last work was completed on 29.03.2014. The reasons for such huge delay in submitting the UCs were not found in the records.

The division in its reply stated that 33 KV sub-station and its associated lines were completely damaged during Apda. After inspection of site the higher officers of UPCL found that it is very necessary to reconstruct the said damaged substation along with lines to restore power supply in the affected area. After that the Managing Director, UPCL approved the proposal for the construction of the said substation. The division further stated that in respect of above mentioned three works, the Utilization Certificates (UCs) were sent to SDM Office but the same was returned after raising some objections by them. Presently, all the objections have been cleared and the revised UCs are being sent to SDM office. The reply of the management is not convincing as 61 works under 17 feeders were executed by UPCL under Apda and all these works were duly approved by District Authorities likewise this work also should have been approved by District Authorities keeping in mind the financial interest of the company. Further, the division could not submit UCs for the above mentioned works even after lapse of more than two years since the works were completed.

Para2: Loss due to non-pursuance of Apda claims.

Power distribution network of Electricity Distribution Division, Rudraprayag got badly affected due to natural calamity of 16th and 17th June 2013. In this calamity, 18 feeders of the division were affected in which division lost assets valuing ` 4.50 crore. The division submitted its claims of ` 3.84 crore in respect of 17 feeders to District Administration for compensation, against which District Administration released only ` 2.78 crore in respect of these 17 feeders. UPCL had to bear remaining ` 1.06 crore from its internal resources. In respect of Apda claims, following points were observed:

- The division did not pursue its claim of ` 1.06 crore which was incurred through internal resources to the State government. Also there was no correspondence with the state government authorities in this respect.
- The division had restored the power supply in all the affected feeders as late as in the month of September 2013, whereas Apda affected the area in the month of June 2013. The delay in restoration of power supply reduces the consumer satisfaction as well as results in poor revenue collection because electricity bills cannot be raised for the period when power was not supplied.
- The government exempted commercial establishments (hotels, restaurant, lodge, etc.) from payment of Electricity bills till March 2017 vide order dated May 2014 located at both sides of the Kedarnath Road from Tilwara to Kedarnath. The Government order also states that the list of commercial consumers (to whom benefit of exemption of bill payment was to be given) should be sent to District Authority for verification. After the approval of District Authority, benefit of same would be passed on to the Apda affected commercial consumers. In this respect, it was observed that division did not send the list of exempted consumers to the District Authority for due approval till date. Instead of sending the list to District Authority, the division is sending the unapproved list to its Headquarter and passing the benefit of exemption to 297 commercial consumers amounting to ` 66.70 lakh for the period April 2014 to May 2016. Passing the benefit to said consumers without due approval from District Authority is violation of Government order and therefore, chances of reimbursement of the same from State Government are remote.

The division accepted the observation and stated that efforts are being made for realization of the remaining amount of ` 1.06 crore from the State Government. Also due to heavy damage in Apda, the power network was completely ruined in that area. However, in most of the villages the power supply got restored temporarily within 15 days but reconstruction of the infrastructure could have been completed by the month of September 2013. Further the details in respect of electricity charges of commercial consumers were regularly sent to Chief Engineer (Commercial), UPCL for raising claims from State Government.

The reply of the division is not convincing as division had not made serious efforts for realization of its dues and the division failed to follow the instructions given in the government order as, it did not send the list of exempted consumers to the District Authority for due approval till date. Instead of sending the list to District Authority, the division is sending the unapproved list to its Headquarter and passing the benefit of exemption to 297 commercial consumers amounting to ` 66.70 lakh.

Part II B

Para1: Wasteful expenditure of ` 7.63 lakh.

Power distribution network of Electricity Distribution Division got badly affected due to natural calamity of 16th and 17th June 2013. In this calamity, after approval of the State Government, the division executed a number of 61 works (27 works with approval of District Magistrate and 34 with the approval of Project Implementing Unit (PIU) i.e. Sub-Divisional Magistrate) in all the Apda affected area under its jurisdiction to restore the power supply.

During scrutiny of the records of division, it was revealed that a work of painting of L.T. poles from Sonprayag to Kedarnath amounting to ` 10.38 lakh was approved through Project Implementing Unit. The work was executed at the cost of ` 7.63 lakh against which ` 5.19 lakh was received from PIU and ` 2.44 lakh is still to be received till date. The basic purpose of executing restoration works was to restore the power supply in the Natural Calamity affected areas as early as possible. However, painting of poles in the affected area does not fall in the category of bare minimum work for restoring power supply in case of natural calamity. This shows the wastage of money in the name of restoring power supply which resulted in wasteful expenditure of ` 7.63 lakh.

The division in its reply stated that the work of painting of LT poles from Sonprayag to Kedarnath was duly approved by District Magistrate to identify these poles separately and the amount of said work was released by them. The reply is not convincing as painting of poles in the Apda affected area does not fall in the category of bare minimum work for restoring power supply in case of natural calamity. Hence, this resulted in wasteful expenditure of ` 7.63 lakh.

Para 2: Deficiencies in IT implementations

- As per commercial diary of the Rudraprayag division for the month of March 2016 there were 16376 BPL and Kutir Jyoti consumers of the division. It was 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 tells about the requirement of status of consumer whether the consumer has been updated to APL or not. None of the BPL consumer was surveyed for their status.
- For reflecting division's performance in revenue realization and for energy accounting it prepares commercial diary of each month. Despite implementation of RAPDRP and online billing the commercial diary of the division is prepared manually. Manual intervention in preparation of commercial diary may result in wrong data entry and manipulation.
- 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.

The division accepted the observation and stated in its reply that action regarding updation of BPL consumers is to be taken by the IT Cell, UPCL. In this regard, the correspondence with the IT Cell, UPCL will be made. Further, being located at hilly terrain the problem of network connectivity is very common in the division. The division should ensure updating in the system and improve its network connectivity as early as possible.

Para3 : Non recovery of additional Security amounting to ` 18.32 lakh

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 given 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.

Scrutiny of billing files and other related records of the KCC consumers, it was noticed that in case of 95 consumers, the average two months bills of consumers exceeded the amount of security already deposited which worked out to ` 18.32 lakh which is outstanding from April 2015 to till date. 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 were not done.

The division stated in its reply that notices have been issued to the consumers for the recovery of the same. As a result, some consumers are depositing their amount of additional security. In order to ensure the recovery of Additional security in respect of remaining consumers, the sub-divisional officers are being firmly instructed. The reply of the division is not convincing as the recovery of additional security is pending even since March 2012 (in some cases). The same should have been realised within the stipulated period.

Para4: Manual billing of consumers

UPCL has implemented RAPDRP software for billing and revenue collection purpose and it also uses KCC software for billing of three phase consumers. During scrutiny of the billing records of the division audit observed that there are 535 poles of Street Light which are either running with defective meters or without meter as per records. Billing of these consumers (RTS 3 i.e. Public Lamp) is being done manually. Division has been raising electricity bill to the Public Lamp consumer on assessment basis. As the billing of these consumers is done on assessment basis the division is not aware about the actual power consumption of the consumer and thus cannot raise actual energy consumption based electricity bills to these consumers. Due to non replacement of IDF meters and non installation of meters, division is unable to recover the actual cost of electricity as per approved tariff.

The division accepted the facts and stated that the correspondence with the Electricity Test Division is being made for work of installation of meters on unmetered connections and all the connections will be metered soon. The reply of the division is not convincing as there is no provision of billing of unmetered connection in current Tariff Schedule approved by UERC. This may result in actual loss of revenue as bills cannot be raised on the unmetered consumers as per the tariff.

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 from the consumers. 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-1 and RTS 3 have increased during 2015-16 as detailed in the table below:

RTS	Consumers	Arrear of March 2015 (` in lakh)	Arrear Ending month of March 2016 (` in lakh)
RTS-1	Domestic	324.65	355.44
RTS 3	Public Lamp	1.67	41.30

The slackness in revenue collection by the division has resulted in overall increase in the arrears which should be realized to improve the cash position of the UPCL.

The division accepted the observation and stated that efforts for timely realization of arrears from all the categories of consumers were being made regularly. The reply of the division is not convincing as the arrears of RTS-1 & RTS-3 consumers have increased. The same should have been reduced.

Para 6: Loss due to non replacement of defective meters.

The consumers whose meter malfunction or stop working or gets defective are categorized as IDF meters. After any meter is identified as IDF, these meters are replaced by new meter by TEST division concerned. Test division sends sealing of new meter to the distribution division concerned for updating the same in the system. Till the time consumer's status is updated it is billed on assessment basis.

Scrutiny of the system of the division revealed that out of total number of 53073 consumers, the meters of 10036 consumers (18.91 *per cent*) were defective (IDF) as on October 2016 which were higher than the norm of 3 *per cent*. This shows division's failure in replacing these IDF meters deprived the division to recover the actual cost of electricity as per approved tariff.

The division in its reply stated that the IDF meters are being replaced and this is a continuing process. The reply of the division is not convincing as the percentage of defective meters under the jurisdiction of the division has reached to an alarming stage.

Part III

(In this part, detail of unsettled paras of previous inspection reports to be reported in below given format.)

Detail of unsettled paras of previous inspection reports:-

Sl. No.	AIR for the period	Part-II-A	Part-II-B	Total
1.	10/2006 to 09/2007	1	1 to 3	04
2.	10/2007 to 09/2008	-	1 to 4	04
3.	10/2008 to 09/2011	-	1 to 6	06
4.	10/2011 to 09/2012	2	1 to 3	04
5.	10/2012 to 03/2014	-	1 to 4	04
6.	04/2014 to 03/2015	-	1 to 5	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
-	-	-	-	-

Part IV

Best practices of the unit

NIL

Part V

Acknowledgement

1. Office of The Accountant General (Audit) Uttarakhand, Dehradun expresses gratitude towards Electricity Distribution Division, Rudraprayag 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)	Shri Manoj Gusain	Executive Engineer.

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 Sr. DAG/DAG (concerned sector) within one month of receipt of the letter.

Sr. AO/ES-I