

This inspection report has been prepared on the basis of information provided by Electricity Distribution Division (Urban) Haridwar; 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 Electricity Distribution Division (Urban) Haridwar, 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 619(3)(b) of the Companies Act 1956 & section 143 of the Companies Act 2013. Audit Inspection was conducted by Shri Ghanshyam Das Pal, AAO and Dr. Satish Pal, AAO under the supervision of Shri Sohrab Husain, Sr. AO during the period from 30.11.2016 to 08.12.2016.

### **Part-I**

1. **Introduction:-** The last audit of this division was carried out by Sh Khub chand from 14.12.2015 to 21.12.2015 under supervision of Shri B.C. Soyal, 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 division:**

The main function of the division is to receive the energy from Power Transmission Corporation Ltd. and distribute it among the different category of consumers of Haridwar city and realisation of revenue from them .The geographical jurisdiction of the division is Haridwar city.

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

Electricity distribution division, (Urban) Uttarakhand Power Corporation Ltd. Haridwar, was covered in the audit. This inspection report is based on findings of audit and March 2016 month was selected for detailed examination.

(iii)

| Year    | Revenue  | Expenditure | Profit/Loss |
|---------|----------|-------------|-------------|
| 2011-12 | 13905.98 | 1638.67     | 12267.31    |
| 2012-13 | 16792.68 | 966.15      | 15826.53    |
| 2013-14 | 16600.29 | 1041.74     | 15558.55    |
| 2014-15 | 14460.28 | 1078.85     | 13381.73    |
| 2015-16 | 17079.92 | 1389.66     | 15690.26    |

(iv) Organization structure of the division.

Organization structure of the division is enclosed

## **Part II (A)**

### **Para 1: Delay in releasing of New LT Connections, resulting into penalty of ` 36.31 lakh on the division.**

As per UERC ( Release of New LT Connections, Enhancement and Reduction of Loads ) Regulation 2013, if the distribution division concerned failed to release the LT Connection, Enhancement and Reduction of Loads in the stipulated period as fixed by the Commission, a penalty on the division will be imposed as per laid down norms of UERC. Scrutiny of records provided by the division revealed that during the period from December 2013 to October 2016 consumers applied for New L.T. Connections but division failed to release the New L.T. Connections in the stipulated period, consequently a penalty of ` 36.31 lakh become due to non compliance of above regulation.

Division having accepted the observation stated in its reply that clarifications for delay in releasing the connection have been called for from the Sub-divisional Officers .As and when clarifications are received from the SDOs then action for recovery of penalty would be taken up.

Reply of the division is not acceptable because delay in releasing of connections enhancement and reduction of load is a violation of guidelines issued by UERC consequently loss to the division of ` 36.31 lakh by way of penalty. If connections enhancement and reduction of load were completed in the stipulated period as fixed by the UERC then this loss could have been avoided.

Matter is brought to the notice of higher authority.

**Para -2: Likely loss of ` 57.58 lakh due to negligence on the part of the division**

Under the provision of Corporation the advances/materials given by the Division to the Contractors should be recovered/adjusted in time and be watched closely.

During the test check of miscellaneous advance register, it was observed that a sum of ` 57.58 lakh was pending for recovery/ adjustment against the contractors as detailed in the enclosed Annexure.

The advances/materials could not be recovered/ adjusted from the bills/security deposited by the contractors though the same were outstanding for more than 10 years. .As the advance is about more than ten years old, thus recovery of the same is remote. This has resulted in undue favour to the contractors to the same extent and due to negligence on the part of division consequently division suffered a loss to the extent of ` 57.58 lakh. If timely pursuance was made with contractors then this loss could have been avoided.

Division stated in its reply that matter regarding advance against contractor is being investigated.

Reply of the division is not acceptable because advances against the contractors is more than 10 years old, hence chances of recovery are remote. Thus due to negligence on the part of the division, division suffered a loss to the extent of ` 57.58 lakh.

Matter is brought to the notice of higher authority.

**Annexure**

**Statement showing the Advance against Contractors**

| <b>Sl. No</b> | <b>Date</b>   | <b>Particulars</b>                           | <b>Amount</b>  |
|---------------|---------------|--|----------------|
| 1.            | Not available | Municipal Board Haridwar                     | 215365         |
| 2.            | ----Do---     | Municipal Board Haridwar                     | 884153         |
| 3.            | ----Do---     | M/s Prakash Rubbers, Rurkee                  | 9145           |
| 4.            | ----Do---     | M/s S.K. Traders                             | 8137           |
| 5.            | ----Do---     | M/s Maya enterprises                         | 605            |
| 6.            | ----Do---     | M/s Eletronic Contractors ltd. Ahmedabad     | 5297           |
| 7.            | ----Do---     | M/s Prakash Company Rurkee                   | 8108           |
| 8.            | ----Do---     | M/s New Herdwar Electricals Stores Haridwar. | 49036          |
| 9.            | ----Do---     |  | 54558          |
| 10.           | 20/11/03      |  | 29610          |
| 11.           | 18/12/03      |  | 60512          |
| 12.           | Not available | M/s Chopra Engineers                         | 139190         |
| 13.           | ----Do---     |  | 2400           |
| 14.           | ----Do---     | M/s Anant Ram and Sons                       | 10519          |
| 15.           | ----Do---     | M/s Ashoka Traders                           | 840            |
| 16.           | 26/8/08       | M/s Nawani Traders                           | 698570         |
| 17.           | 11/10/08      |  | 45359          |
| 18.           | 07/11/08      |  | 32317          |
| 19.           | 26/8/08       |  | 32165          |
| 20.           | Not available | M/s Bala ji Enterprises                      | 3471917        |
| <b>Total</b>  |               |  | <b>5757803</b> |

**Part II (B)**

**Para 1: Non - recovery of electricity dues from Government consumers due to violation of Commercial and Revenue Manual---` 18.15crore**

Commercial and Revenue Manual of Uttar Pradesh Power Corporation (which has been adopted by Uttaranchal 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 action for recovery of electricity dues should be completed within six months.

During the scrutiny of records, it was noticed that Electricity dues against Government consumers of ` 2483.13 lakh were pending for realization as on 31 March 2015 and ` 1815.40 lakh were pending for realisation as on 31<sup>st</sup> March 2016 as detail below:

| <b>Sl. No.</b> | <b>Category of consumers</b> | <b>Outstanding Electricity dues as on 1<sup>st</sup> April 2015<br/>(` in lakh )</b> | <b>Outstanding Electricity dues at the end of February 2016.<br/>(` in lakh)</b> |
|----------------|------------------------------|--|--|
| 1              | Public Lamp                  | 2183.77  | 1476.26  |
| 2              | State Tube wells             | 299.36   | 338.77   |
|                | <b>Total</b>                 | <b>2483.13</b>   | <b>1815.03</b>   |

Further, it was also noticed that dues against the arrear of ` 51.73 lakh were recovered/transferred by the division during the year, thus amount of arrear of ` 2431.40 lakh should have been shown as arrear in the commercial diary for realization as on 31<sup>st</sup> March 2016 against which division shown ` 1815.03 lakh in the Commercial for the month of March 2016. It may please be elucidated. As per Commercial Diary for the year ending March 2016 dues of ` 1815.03 lakh were old more than one year however, action as provided in the above referred manual was not taken, consequently dues of ` 1815.03 lakh could not be realized from the consumers.

In turn division having accepted the audit observation and stated in its reply that ` 28.78 lakh have been recovered from the State Tube wells during the month of August 2016 .Division further stated that vigorous pursuance are being made to recover the balance dues from the consumers. Connection of the consumers could not be disconnected being Government consumers and essential services are being provided by them to the public. Reply of the division is not acceptable because dues in question are more than one year old and as such nothing mentioned in the above referred manual that section-3 and section-5 cannot be issued to Government consumers. Thus fact remain that dues of ` 18.15 crore could not be realized due to violation of Commercial and Revenue Manual.

Matter is brought to the notice of higher authority.

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

The main function of Uttarakhand Power Corporation Limited (UPCL) is to receive the energy and distribute it among the different categories of the consumers in such a way that the loss of energy in distribution should not exceed 15% as fixed by Central Electricity Authority, Govt. of India. In case loss of energy exceeds form 15% then Corporation would suffer a loss to that extent. In order to control the loss of energy in distribution Central Electricity Authority, Govt. of India suggested main cause of abnormal loss of energy in distribution is defective meters because the consumers, who have defective meters, misuse the electricity.

Uttarakhand Electricity Regulatory Commission (UERC) also made a provision in para 4 regarding defective meters of general condition of RTS effective from April 2014 and April 2015 which 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 raise any bill without correct meters.

Scrutiny of relevant records of the division revealed that 1640 number of meters of the consumers were IDF/Defective, out of them 464 number of meters were defective for the period



between 13 months to 103 months, however, no efforts were taken to replace/repair these defective meters by the EDD/Test Division. Thus due to non- replacement of defective meters, there is heavy recurring loss of energy and also violation of UERC's order.

Thus, in order to avoid the recurring loss of revenue there is urgent need to repair/replace all the defective meters which are defective for the period between 13 months to 103 months.

Division stated in its reply that list of IDF meters is sent every month to the Test Division for repair/ replacement of IDF meters. Further connections which are showing as IDF for the last 3 or 4 years, division has finalized the P.D. (Permanent disconnection) and also bill of such connections has been stopped. Reply of the division is not acceptable because neither such documents were shown to the audit nor supporting documents were enclosed with reply by the division.

Matter is brought to the notice of higher authority

**Para 3: Blockade of funds due to excess damage of Transformers – ` 68.34 lakh.**

Distribution transformers are vital equipments for supply of power to consumers and also play vital role in stepping up the voltage of current to the consumers. The age of distribution transformers is estimated to be 25 years, provided that proper maintenance and protection of the device is available. Uttarakhand Power Corporation Limited (UPCL) had issued guidelines that the fixed norms for damage of transformers should not exceed 3.0 *per cent* of the transformers installed.

During scrutiny of relevant records it was noticed that the damage rate of transformers during 2015-2016 was on higher side as compared to the norms fixed by UPCL as detailed below:

(April 2015 to March 2016)

| Sl. No. | Capacity of T/F (in KVA) | No. of T/F installed against each capacity | No. of T/F damaged during the year | No. of T/F allowed as per norms (i.e. 3%) | No. of T/F exceed the damage limit | Issue rate of T/F | Loss due to excess damage of T/F |
|---------|--------------------------|--|------------------------------------|---|------------------------------------|-------------------|----------------------------------|
| 1       | 25                       | 118  | 11                                 | 9.32%                                     | 06                                 | 05                | 275000                           |
| 2       | 63                       | 239  | 15                                 | 6.28%                                     | 07                                 | 08                | 808800                           |
| 3       | 100                      | 284  | 15                                 | 5.28%                                     | 09                                 | 06                | 807600                           |
| 4       | 250/300                  | 184  | 13                                 | 7.07%                                     | 06                                 | 07                | 3094000                          |
| 5       | 400/500                  | 196  | 09                                 | 4.59%                                     | 06                                 | 03                | 1848900                          |
|         | <b>Total</b>             | <b>1021</b>                                | <b>63</b>                          |   | <b>34</b>                          | <b>29</b>         | <b>6834300</b>                   |

Above revealed that against the prescribed norms of 3% actual damage rate of transformers ranged between 4.59% to 9.32% during the years 2015-16, which was

comparatively on higher side. It was also observed in the audit that main reasons for excess damage of transformers were overloading and internal fault. Damage of transformers in excess of the prescribed norms resulted in blockade of funds of ` 68.34 lakh.

Division having accepted the audit observation stated that excess rate of damages was due to theft and use of excess load than sanctioned load. In order to avoid excess damages of transformers, new transformers are being installed under the RAPDRP scheme. To check the theft A.B. conductor is also being installed. Damage rates of transformers would be watched in next audit.

Matter is brought to the notice of higher authority

**Para 4: Non - recovery of electricity dues from Non-Government consumers due to violation of Commercial and Revenue manual---` 107.05crore**

Commercial and Revenue Manual of Uttar Pradesh Power Corporation (which has been adopted by Uttaranchal 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 action for recovery of electricity dues should be completed within six months.

During the scrutiny of records, it was noticed that electricity dues against Non-Government consumers of ` 12347.22 lakh were pending for realization as on 31 March 2015 and ` 11588.08 lakh were pending as on 31<sup>st</sup> March 2016 as detailed below:

| Sl. No. | Category of consumers   | Outstanding Electricity dues as on 1 <sup>st</sup> April 2015<br>(` in lakh ) | Outstanding Electricity dues at the end of February 2016.<br>(` in lakh) |
|---------|-------------------------|---|--|
| 1       | Domestic Other than BPL | 7333.14   | 6411.95  |
| 2       | BPL                     | 64.33   | 67.51  |

|   |                    |                 |                 |
|---|--------------------|-----------------|-----------------|
| 3 | Non-Domestic       | 3125.76         | 3220.98         |
| 4 | LT. Industries     | 392.06          | 357.63          |
| 5 | H.T. Industry      | 1327.98         | 1431.14         |
| 6 | Private Tube wells | 103.95          | 98.87           |
|   | <b>Total</b>       | <b>12347.22</b> | <b>11588.08</b> |

Further, it was also noticed that dues against the arrear of ` 1641.82 lakh only were recovered by the division till March 2016, thus amount of arrear of ` 10705.4 lakh ( ` 12347.22 lakh-`1641.82 lakh= ` 10705.40 lakh ) were pending for realization as on 31<sup>st</sup> March 2016 which were more than one year old however, action as provided in the above referred manual was not taken by the division, consequently dues of ` 10705.40 lakh could not be realized from the consumers.

Division having accepted the audit observation stated that during the year 2015-16, 830 connections of the consumers have been permanently disconnected and in order to realize the dues 512 notices U/s-3 involving ` 201.85 lakh have been issued to the concerned consumers and during the year 2016-17, 315 connections of the consumers have been permanently disconnected and in order to realize the dues 769 notices U/s-3 involving ` 535.72 lakh have been issued to the concerned consumers. Reply of the division is not acceptable as the same was not available as per records provided to audit

Matter is brought to the notice of higher authority

**Part III**

Detail of unsettled paras of previous inspection reports:-

| Period of Inspection Report. | Part- II (A) para number | Part-II (B) para number |
|------------------------------|--------------------------|-------------------------|
| 4/2003 to 3/2004             | 1 to 4                   | 1 to 5                  |
| 4/2004 to 3/2005             | 1 to 4                   | 1 to 4                  |
| 4/2005 to 3/2006             | 1,2                      | 1 to 4                  |
| 4/2006 to 3/2007             | 1                        | 1 to 4                  |
| 4/2007 to 3/2008             | 1,2                      | 1 to 3                  |
| 4/2008 to 9/2009             | 1 to 3                   | 1 to 5                  |
| 10/2009 to 3/2011            | ----                     | 1 to 8                  |
| 4/2011 to 3/2013             | 1 to 5                   | 1 to 6                  |
| 4/2013 to 3/2014             | 1 to 3                   | 1, 2                    |
| 4/2014 to 3/2015             | -                        | 1 to 6                  |

**Compliance report of unsettled paras of previous inspection report-**

For furnishing of reply of the outstanding paras of old Inspection Reports an audit Memo No. 96 was issued to the Company. In turn division stated that replies of these outstanding paras of old Inspection Reports are being prepared and same would be furnished as early as possible.

**Part IV**

**Best practices of the Division**

No good practices or innovation noticed during the course of audit

**Part V**

**Acknowledgement**

1. Office of The Accountant General (Audit) Uttarakhand, Dehradun expresses gratitude towards Executive Engineer of the Division and their officers and employees for promptly providing desired documents and information including infrastructure related co-operation during the course of audit.

2. **Documents were not produced during audit:**

-----NIL-----

**3. Persistent irregularities.**

-----NIL-----

**4. 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>        | <b>Period</b>                    |
|----------------|--------------------------|--------------------|----------------------------------|
| <b>1</b>       | Shri N. S. Bisht         | Executive Engineer | 23.02.2015 to 01.08.2015         |
| <b>2</b>       | Shri V.S. Panwar         | Executive Engineer | 01.08.2015 to till date of audit |
| <b>3</b>       | Shri Dayanand Tomar      | DA (W)             | 06.09.2014 to 17.10.2015         |
| <b>4</b>       | Sh. Rakesh<br>Bahukhandi | DA (W)             | 17.10.2015 to till date          |
| <b>5</b>       | Sh. Vikas Kumar          | DA (R)             | 06.09.2014 to till date          |

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. Audit Officer/ES-I**