



BEFORE THE VIDYUT OMBUDSMAN FOR THE STATE OF TELANGANA
First Floor 33/11 kV Substation, Beside Hyderabad Boat Club
Lumbini Park, Hyderabad - 500 063

PRESENT : SRI MOHAMMAD NIZAMUDDIN
VIDYUT OMBUDSMAN

TUESDAY THE THIRTY FIRST DAY OF JANUARY
TWO THOUSAND AND TWENTY THREE

Appeal No. 31 of 2022-23

Between

M/s. Shri Hari Ferro Alloys Pvt., Ltd. Sy.No.1369, Bhiknoor Village and Mandal
Kamareddy District, represented by its Director, Sri Bharat Kumar.
Contact : 7036205211, 988044005.

.....Appellant

AND

1. The Assistant Divisional Engineer / Operation / Domakonda - 9440811609.
2. The Divisional Engineer / Operation / Kamareddy - 9440811586.
3. The Senior Accounts Officer / CO/Kamareddy - 9494859022.
4. The Superintending Engineer / Operation / Kamareddy - 7901093953.

..... Respondents

This appeal is coming on before me for final hearing on 29.12.2022 in the presence of Miss Nishtha - authorised representative of the appellant and Sri Zakir Ali Danish - authorised representative of the respondents and having stood over for consideration till this day, this Vidyut Ombudsman passed the following:-

AWARD

This appeal is preferred aggrieved by the Award passed by the Consumer Grievances Redressal Forum - I (in short 'the Forum') of Telangana State Northern Power Distribution Company Limited (in short 'TSNPDCL') in

C.G.No.288/2022-23, Kamareddy Circle dt.03.11.2022.

CASE OF THE APPELLANT BEFORE THE FORUM

2. The case of the appellant is that, it is a HT consumer for the supply of power of Contracted Maximum Demand (CMD) of 5850 KVA and at present for derated CMD of 100 KVA w.e.f. 22.08.2022 under High Tension Category bearing No KMR 040 situated at Survey No. 1369, Bhiknoor Village and Mandal, Kamareddy District. The respondents have raised the bill dated 26.7.2022 for Rs 3,00,45,806/- of July 2022 billing month which was due on 09.08.2022. The respondents have raised the bill dated 26.9.2022 for Rs. 92,78,676/- of August 2022 of billing month which was due on 09.09.2022. The total amount payable by the appellant was Rs 3,93,24,482/- as on 09.09.2022. The appellant is maintaining the Security Deposit of Rs 5,93,95,310/- as on 09.09.2022 considering the CMD of 5850 KVA. The respondents, on the request of the appellant for the deration of CMD from 5850KVA to 100 KVA on 22.08.2022 derated the CMD. On 01.09.2022 the power supply was disconnected to the appellant illegally. The appellant vide its letter dated 01.09.2022 made a representation to the Chairman and Managing Director of TSNPDCL requesting to adjust the payment of July 2022 and August 2022 out of available Security Deposit and refund the balance amount after adjustment of required Security Deposit for CMD of 100 KVA. The respondents have refused to adjust the same. It is accordingly prayed to declare the disconnection of power supply on 01.09.2022 by the respondents

to the subject Service Connection as illegal and consequently to direct the respondents to restore the power supply immediately. It is also prayed to adjust Rs 3,00,45,806/-, Rs 92,78,676/-, Rs 1,50,000/- of required Security Deposit for present CMD of 100 KVA out of available Security Deposit and refund Rs 1,99,20,828/- with interest etc.

REPLY OF THE RESPONDENT BEFORE THE FORUM

3. In the written reply submitted by respondent No.4, it is stated that the review of Security Deposit against the subject Service Connection shall be done after 31.03.2023 only based on the consumption recorded during the period from April 2022 to March 2023.

AWARD OF THE FORUM

4. After considering the material on record and after hearing both sides, the learned Forum has dismissed the complaint.

5. Aggrieved by the Award passed by the learned Forum, the present appeal is preferred, contending among other things, that the learned Forum has dismissed the complaint without properly applying its legal mind on the material available on record.

GROUND OF THE APPEAL

6. It is submitted that the learned Forum did not consider that the appellant is asking for restoration of power supply for derated CMD of 100

KVA against the original CMD of 5850 KVA and against the Security Deposit of around Rs 5.95 cores which is available with the respondents as on that date. The Award of the learned Forum is contrary to the Electricity Act and Regulation in force. It is therefore prayed to set-aside the impugned Award dated 3.11.2022 and to restore the power supply etc.,

WRITTEN SUBMISSIONS OF THE RESPONDENTS

7. In the counter filed by the respondents it is stated that during the pendency of the process of the deration the appellant did not pay the bills on 26.07.2022 and 26.08.2022 which comes to Rs 39,32,444/- which includes late payment charges, customer charges and ACD charges etc. The review of Security Deposit shall be done against the subject Service Connection after 31.03.2023 based on the consumption during the relevant time. Therefore it is prayed to dismiss the appeal.

ARGUMENTS

8. The learned Authorised representative of the appellant has submitted written arguments, inter-alia, contending that the appellant has requested the respondents to return an amount of Rs 1,99,20,828/- along-with interest from out of the Security Deposit after keeping the required Security Deposit for 100 KVA and they have disconnected the subject Service Connection illegally. Hence it is prayed to direct the respondents to refund the Security Deposit amount and to declare that the disconnection as illegal.

9. Heard the learned Authorised representative(Standing Counsel) for the respondents.

POINTS

10. The points that arise for consideration are:-

i) Whether the respondents are liable to adjust the amount of Rs 3,93,24,482/- from the Security Deposit of Rs 5,93,95,310/- and return the balance of Rs 1,99,20,828/- along-with interest?

ii) Whether the impugned Award of the learned Forum is liable to be set aside? and

iii) To what relief?

POINT No. (i) and (ii)

ADMITTED FACT

11. It is an admitted fact that the respondents have released HT Service Connection No KMR040 to the appellant.

SETTLEMENT BY MUTUAL AGREEMENT

12. Both the parties have appeared before this Authority on different dates. Efforts were made to reach a settlement between the parties through the process of conciliation and mediation. However, no settlement could be reached. The hearing, therefore, continued to provide reasonable opportunity to both the parties to put-forth their case and they were heard.

REASONS FOR DELAY IN DISPOSING OF THE APPEAL

13. Since I took charge as Vidyut Ombudsman on 01.07.2022 and since there was no regular Vidyut Ombudsman earlier, the appeal was not disposed of within the prescribed period.

CRUX OF THE MATTER

14. The appellant M/s. Shri Hari Ferro Alloys Ltd., is having a HT Service Connection bearing No. KMR 040. The said Service Connection was released initially on 16.10.2018 with a Contracted Maximum Demand of 5850 KVA. The appellant gave an application dt.25.07.2022 for deration of CMD from 5850 KVA to 100 KVA. Subsequently the respondents accorded sanction of deration w.e.f. 22.08.2022. During the process of sanction of deration, the appellant withheld the current month CC bills dt.26.07.2022 (July) and 26.08.2022 (August) amounting to Rs. 3,93,24,440/- which includes late payment charges, customer charges and ACD charges etc. The appellant's plea is that they are having Security Deposit against the subject Service Connection to the tune of Rs. 5,93,95,310/- and after deration to 100 KVA the respondents have to refund excess Security Deposit available on or before 22.09.2022 after leaving aside the required SD amount for 100 KVA i.e. Rs 500/- per KVA x 100 KVA x 3 shifts = Rs.1,50,000/-. It is also pleaded that after adjusting July and August 2022 CC bills i.e. Rs. 3,00,45,806/- and Rs. 92,78,676/- respectively, the respondents are liable to refund Rs.1,99,20,828/- as per the Clause 9 of Regulation 6 of 2004 apart from interest twice the applicable rate

for Rs. 5,93,95,310/- till the date of adjustment. The respondents did not agree to the request made by the appellant and due to non-payment of July and August month, disconnected power supply on 01.09.2022.

15. Before going to the dispute it is relevant to go through the Regulation governing the Security Deposit. Clause 6 of Regulation No. 6 of 2004, which is relevant is reproduced here-under:-

i. **General reviews:** subject to the billing period of three months or two months as specified in clause 4, the adequacy of the amount of security deposit in respect of consumers shall be **reviewed by the licensee generally once every year (preferably after revision of tariff for the respective year)** based on the average consumption for the period representing 12(twelve) months from April to March of the previous year.

ii. Demand notice for additional security deposit:

a) **Based on review as per sub clause (1)** above demand for shortfall or refund of excess SD will be made by the licensee.

Provided, however, that if the security deposit payable by the consumer is short by or in excess of not more than 10% of the existing security deposit no demand for shortfall will be made for payment of additional security deposit and the consumer shall not be entitled to demand the refund of the excess.

b) If the existing security deposit of a consumer is found to be in excess more than 10% of the required deposit, **refund of the excess security deposit shall be made by the licensee by adjustment of the then outstanding dues from the consumer to the licensee or any amount becoming due from the consumer to the licensee immediately thereafter.**

c) Where the consumer is required to pay Additional Security Deposit, the licensee shall issue to the consumer a 30 days advance notice specifying the amount payable with supporting calculations.

Clause 7 of Regulation 6 of 2004

7. Interest on Security Deposit payable by the Licensee:

(1) The licensee shall pay interest on the security deposit of a consumer, at the Bank Rate notified by Reserve Bank of India provided that the Commission may specify a higher rate of interest from time to time by notification in the Official Gazette.

(2) The interest accruing to the credit of the consumer shall be adjusted annually against the amounts outstanding from the consumer to the Licensee as on 1 May of every year and the amounts becoming due from the consumer to the Licensee immediately thereafter.

(3) The Licensee shall duly show the amounts becoming due to the consumer towards interest on the security deposit in the bills raised on the consumer.

(4) The Licensee shall pay interest at twice the rate specified under sub-clause (1) above for the delay in making the adjustments for interest on security deposit.

Clause 9 of Regulation 6 of 2004:-

Refund of Security Deposit

Where an agreement for **supply of electricity is terminated** as per the Terms and Conditions of supply, the Licensee shall be required to refund the security deposit if any, after making adjustments for the amounts outstanding from the consumer to the Licence, within one month of the effective date of termination of the agreement:

Provided that if such refund is delayed beyond the period of one month as specified above, **the Licensee shall pay interest on such deposit at twice the rate applicable on such effective date of termination of the agreement.**

A perusal of the above given Clause of the Regulation 6 of 2004 goes to show that the adequacy of the Security Deposit amount shall be reviewed by the Licensee once in every year and it is reiterated that the review shall be after revision of tariff for the respective year i.e, after the month of March since in

general the revision of tariff would be starting every year from the month of April. The calculation of Security Deposit is reckoned with average consumption for the (12) months from April to March of the previous year. The Sub-Clause (2) follows the Sub-Clause (1) i.e. the refund of excess Security Deposit, if available, shall be subsequent to the review of adequacy of the Security Deposit and not at any other instance. This is the crucial condition for adjustment / refund. In case of interest amounts towards Security Deposit also the licensee shall adjust the amounts as on 1st May of every year as reckoned in Clause 7. Hence it is quite clear that as on 20.08.2022 i.e, before the effect of deration from 5850 KVA to 100 KVA, the review on Security Deposit was completed as per the above given procedure as on 1st May 2022 and the adjustment / refund is not contemplated in the Regulation in the middle of the year as requested by the appellant. The only case when immediate refund of Security Deposit can be given is when the agreement for supply of electricity is terminated as per the Clause (9) of the Regulation and appellant can not seek restoration of power supply at a later stage and the service is dismantled.

16. The learned Authorised representative of the appellant has relied upon the Award of the learned Forum in CG.No 420/2015 dt.28.11.2015 which held that the Security Deposit shall be refunded in similarly situated case. The said Award is not binding on this authority. Accordingly, I hold that the respondents are not liable to adjust the amount of Rs 3,93,24,482/- from the Security Deposit of Rs 5,93,95,310/- and return the balance of Rs

1,99,20,828/- along-with interest and the Award of the learned Forum is not liable to be set-aside. These points are accordingly decided against the appellant and in favour of the respondents.

POINT No. (iii)

17. In view of the findings on point No. (i) and (ii), the appeal is liable to be rejected.

RESULT

18. In the result, the appeal is rejected without costs, confirming the Award passed by the learned Forum. I.A No.1 of 2022-23 is dismissed.

A copy of this Award is made available at <https://vidyutombudsman-tserc.gov.in>.

Typed to my dictation by Private Secretary, corrected and pronounced by me on this the 31st day of January 2023.

Sd/-
Vidyut Ombudsman

1. M/s. Shri Hari Ferro Alloys Pvt., Ltd. Sy.No.1369, Bhiknoor (v), Bhiknoor South, Kamareddy - District, represented by its Director, Sri Bharat Kumar. Contact : 7036205211, 988044005.
2. The Assistant Divisional Engineer / Operation / Domakonda - 9440811609.
3. The Divisional Engineer / Operation / Kamareddy - 9440811586.
4. The Senior Accounts Officer / CO/Kamareddy - 9494859022.
5. The Superintending Engineer / Operation / Kamareddy - 7901093953.

Copy to

6. The Chairperson, Consumer Grievances Redressal Forum-II, TSNPDCL,

Power House Compound, Varni Road, Nizamabad Mandal and District -
503201.

