



**BEFORE THE VIDUYUT 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**  
**VIDUYUT OMBUDSMAN**

FRIDAY THE TWENTY SEVENTH DAY OF JANUARY  
TWO THOUSAND AND TWENTY THREE

**Appeal No. 33 of 2022-23**

Between

M/s. Markandeya Engineering, Kothapally Village & Mandal, Karimnagar  
District, represented by Sri Nandala Anil Kumar. Contact : 9989558870.

.....Appellant

**AND**

1. The Assistant Engineer/Operation/Kothapally - 9676167628.
2. The Assistant Divisional Engineer/Operation/Rural/Karimnagar - 9440811418.
3. The Assistant Accounts Officer/ERO/Rural/Karimnagar-9440811465.
4. The Divisional Engineer/Operation/Town/Karimnagar-9440811394.

..... Respondents

This appeal is coming on before me for final hearing on 27.12.2022 in the presence of Sri Nandala Anil Kumar, representative of the appellant and Sri K. Raju - ADE/OP/Karimnagar Rural, Smt. N. Suneetha - AAO/ERO/Karimnagar Rural and DE/OP/Karimnagar for the respondents and having stood over for consideration till this day, this Viduyut 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.326/2022-23, Karimnagar Circle dt.29.10.2022, closing the complaint filed by the appellant.

### **CASE OF THE APPELLANT BEFORE THE FORUM**

2. The case of the appellant is that the respondents have released Service Connection No.230101600 to the appellant. On 01.9.2022 respondent No.2 inspected the Service Connection of the appellant and issued a notice for back billing for Rs 92,462/-. Basically the appellant is a manufacturer of Thread Beams and Cloth since 1988. Earlier it was a sick unit. The primary object of the appellant is garment washing includes the following:-

1. To remove starch that is applied in fabric manufacturing.
2. To soften the garment's hand feel and improve bulkiness.
3. To remove dirt, spots and oil stains that accumulate on the garment during the garment manufacturing processes.
4. Washed clothes can be worn directly after purchasing.
5. To stabilise garment shrinkage and dimensional instability.
6. To give a faded look or any other colour-tinted to the garment.

All these processes are part of manufacturing only. Dry cleaning and washing activity come under laundry service, their activity is to process old and used clothes, whereas the appellant processes for new clothes as part of the manufacturing of garments. Thus the appellant comes under Category-III of power supply which covers the manufacturing and processing. It is accordingly prayed to withdraw the back billing notice demanding Rs 92,462/-.

### **REPLY OF THE RESPONDENT BEFORE THE FORUM**

3. In the written submission of respondent No.4, it is stated that on 01.09.2022, during the inspection of the appellant-company they observed that the appellant was utilising the power supply for processing the garments i.e., washing, drying and ironing of clothes in bulk which comes under Category-II for the purpose of billing of electricity consumption. A final assessment order was passed confirming the earlier demand made and also adding some other amount of Rs 118/- + 75/-.

### **AWARD OF THE FORUM**

4. After considering the material on record and after hearing both sides, the learned Forum has closed the complaint by holding that the appellant is liable to pay the demanded amount.

5. Aggrieved by the Award passed by the learned Forum, the present appeal is preferred, contending among other things, that the appellant is not a laundry but it is a garment manufacturing company. Therefore the power supply given to the appellant is under Category-III only. It is accordingly prayed to withdraw the notice demanding Rs 92,462/- and additional charges and also to restore the power supply.

## **WRITTEN SUBMISSIONS OF THE RESPONDENTS**

6. In the written submission of respondent No 3, it is stated that the respondents have released the subject Service Connection to the appellant in July 1988 under Category-III. The back billing is correct.

7. Heard both sides.

## **POINTS**

8. The points that arise for consideration are:-

i) Whether the notice demanding back billing of Rs 92,462/- (including Rs 118/- + Rs 75) is liable to be withdrawn?

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 FACTS**

9. It is an admitted fact that the respondents have released the Service Connection No.230101600 to the appellant in July 1988 under Category-III. It is also an admitted fact the appellant is not exclusively doing laundry work. The back billing notice was issued based on inspection dated 1.9.2022.

## **SETTLEMENT BY MUTUAL AGREEMENT**

10. 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**

11. 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**

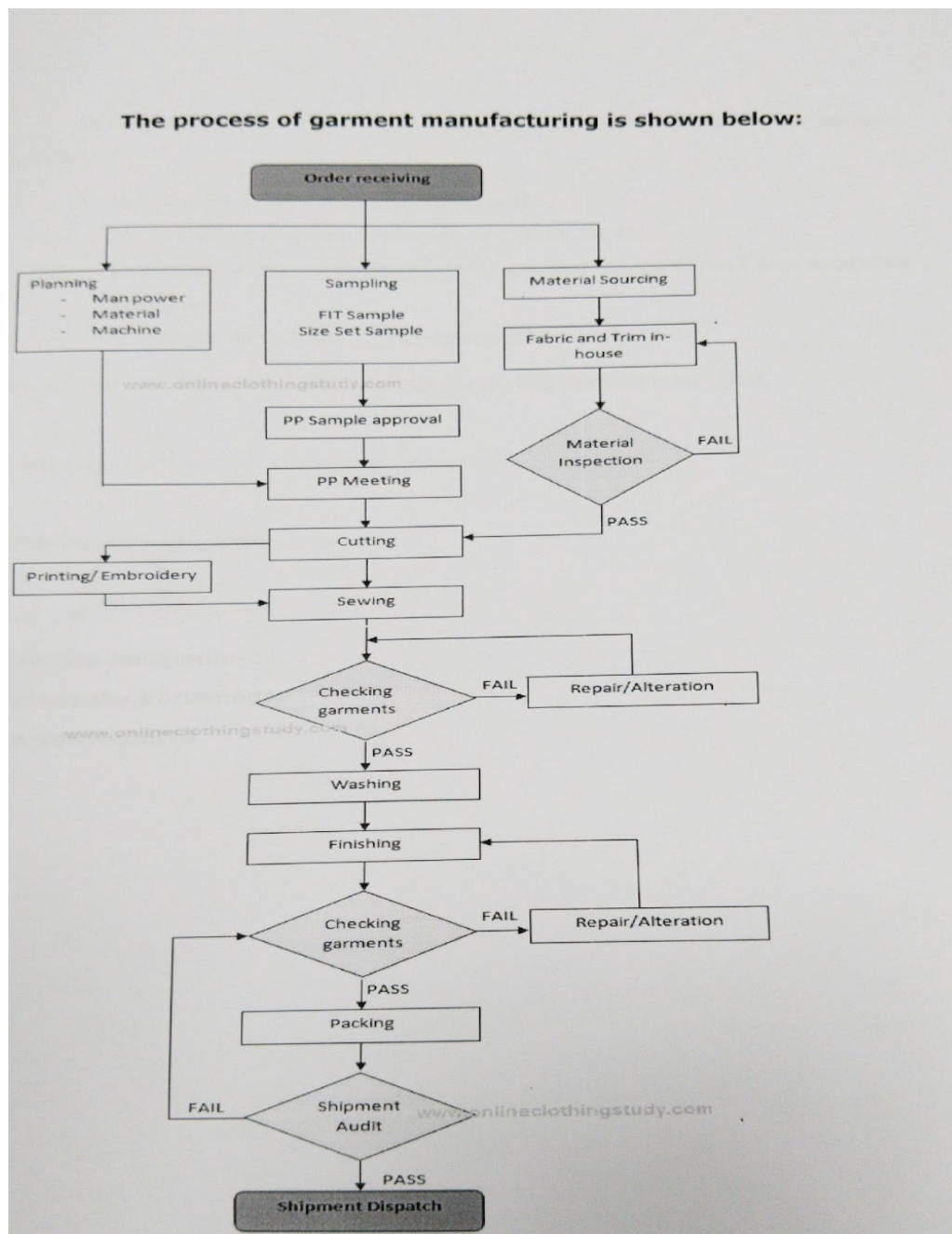
12. The appellant-M/s. Markandeya Engineering Sizing Works, Kothapally is having Service Connection No. 2301 01600 under LT Category-III, preferred the present appeal against the back billing proposed towards Category change from LT Category-III to LT Category-II. The assessment was made for an amount of Rs.92,462/- levied for the period from January 2016 to September 2022. The Provisional Assessment notice vide Lr.No.ADE/OP/Rural/KNR/D.No.1486 dt.13.09.2022, was issued demanding the payment of Rs.92,462/- under Sec.126 of the Electricity Act (in short the 'Act'). Subsequently, Final Assessment Order was issued vide Lr.No. DEE/OP/KNR/Tech/F.No./D.No.1145 dt.10.10.2022, confirming the provisionally assessed amount of Rs. 92,462/-. The back billing notice states that the consumer is utilising supply for **processing of garments** and the back billing was imposed based on the instructions given vide Lr.No.DE/ADE/AE/A/NPDCL/WGL/F.No.0012-KNR/KNR-R/D.No.587 dt.23.07.2022. In the Provisional Assessment Order and Final Assessment

Order the respondents have wrongly proposed the back billing under Sec. 126 of the Act. Actually back billing does not fall under Sec. 126 of the Act. The proceeding under Sec. 126 of the Act is essentially a civil proceeding, the Licensee may initiate action to recover the electricity charges in case of unauthorised use of electricity. The present case is not such a case, even according to the respondents, it is recovery of revenue lost due to wrong categorization of the subject service. Records show that there was another circular given by the CGM/Commercial/NPDCL vide Memo No. CGM(Comml.)/GM/DE/ADE/AEC/D.No.712/2022-23 dt.14.07.2022, Clause 5 of the said circular is reproduced here-under:-

**“5. Washing/Drying and Ironing clothes in bulk (Laundry workshop) should be released in Category-II, Commercial Only.”**

13. The appellant claimed that their industry is garment manufacturing unit only and relied on the letter of Assistant Director of Handlooms and Textiles dt.14.11.2022, wherein it is stated that the appellant industry- M/s. Kanakadurga Textiles falls under the activity of washing, dyeing, drying and ironing of clothes which involves many processes converting the cotton to cloth/garment and that the said textile unit is a garment manufacturing unit registered under a small scale unit by the department, eligible for power tariff subsidy as per norms. Appellant further relied on Clause 9.4 of the Tariff Order, where the textile unit falls under LT-III Category for the load below 75 KW/100 HP and falls under industrial purpose, manufacturing, processing and

preserving goods for sale etc. The representative of the appellant has quoted the basic difference between the laundry service and their industry stating that the laundry service industry is to process old and used clothes, whereas, their process involves new clothes as a part of the manufacturing of garments.





14. It is pertinent to note the Clause 7.8 of the Tariff Order 2017-18

**Clause 7.8:-LT-II: Non-Domestic/ Commercial Applicability**

- Consumers who avail supply of energy for lighting, fans, heating, air conditioning and power appliances in Commercial or Non-Domestic premises. For example, shops, business houses, offices, public buildings, hospitals, hostels, hotels, 7. Terms and Conditions of Tariff Telangana State Electricity Regulatory Commission 118 choultries, restaurants, clubs, theatres, cinema halls, bus stands and attached offices, railway stations, timber depots, photo studios, printing presses, all servicing & repairing centres (other than that of TSRTC), bus depots (other than that of TSRTC), **laundries, dry cleaning units**, gas/oil storage/transfer stations, warehouses, godowns (other than cold storage godowns), storage units or of such similar nature.

Here the laundries and dry cleaning units fall under the Category of Non-Domestic LT-Category-II. The circular given by the CGM/Commercial dt.14.07.2022, elaborates further that washing/drying and ironing clothes in bulk (laundry workshop) shall be released under Category-II, the circular is silent on the previous existing laundry services and speaks only about release of new Service Connections.

It is relevant here to mention the applicability of LT-Category-III Industry

**LT-III: Industry Applicability**

**Clause 7.16:-**The tariff is applicable for supply of electricity to Low Tension Industrial consumers with a Contracted load of 75 kW/100 HP and below. Industrial purpose shall mean, supply for purpose of manufacturing, processing and/or preserving goods for sale, but shall not include shops, business houses, offices, public buildings, hospitals, hotels, hostels, choultries, restaurants, clubs, theatres, cinemas, bus stations, railway stations and other similar premises, notwithstanding any manufacturing, processing or preserving goods for sale.



15. A perusal of the flowchart given by the appellant shows that the process involves sampling, cutting, printing, sewing, washing and finishing. The basic purpose of Laundry is regular washing of used clothes to remove any bacteria, dirt, other infection and later ironing. Whereas, the process of the appellant's industry involves cutting, printing, sewing in addition to the laundry process. Now the question is whether the above said additional process over laundry can be considered under the definition of an industry. From the year 2018-19 Tariff Order, **laundries, dry cleaning units** were introduced under LT Category-II. The CGM commercial circular emphasises that washing/drying and ironing clothes in bulk(laundry workshop) shall be released under Category-II. Both the Tariff Order and the circular reiterate that washing and ironing of the used clothes fall under the Category of LT-II. Apparently the additional activity of cutting, printing and sewing does not fall under the ambit of laundries and the letter of Assistant Director of Handlooms and Textiles dt.14.11.2022, also supports the appellant's stand. The respondents just relied on the circular in respect of back billing, neither opposed nor contradicted the additional activity of cutting, printing and sewing. Moreover, in the Provisional Assessment Notice, the incriminating points of the Inspecting Officer state that the activity as "**Processing of Garments**" not a laundry. Thereby the additional activity cutting, printing and sewing before laundry work reckoned by the appellant is admissible. Hence, the appellant Service Connection power supply usage activity falls under the Category of LT Category-III.

16. In view of the aforementioned paras, the change of Category from LT Category -III to LT Category-II is not tenable. The appellant Service Connection 2301 01600 is liable to be billed under LT Category-III on the strength of the activity of the premises and supported by the government order vide letter of Assistant Director of Handlooms and Textiles dt.14.11.2022. Accordingly, I hold that the notice demanding back billing of Rs 92,462/- including Rs.118/- + Rs 75/- is liable to be withdrawn and the Award of the learned Forum is liable to be set aside. These points are accordingly decided in favour of the appellant and against the respondents.

**POINT No. (iii)**

17. In view of the findings on point No. (i) and to (ii), the appeal is liable to be allowed and respondents are liable to withdraw the back billing amount of Rs 92,462/- and its consequential additional charges levied, if any.

**RESULT**


18. In the result, the appeal is allowed, without costs. The Award passed by the learned Forum is set-aside and consequently the impugned notice demanding Rs 92,462/- etc. towards back billing is set-aside. This authority gave interim direction to the respondents on 23.11.2022 to reconnect the power supply to the appellant Service Connection pending disposal of the appeal subject to payment of 25% of the demanded amount. That amount shall be adjusted in the future bills. The Interim Order is made absolute and

the respondents shall continue to provide power supply to the appellant. I.A.No 1 of 2022-23 is closed.

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 27th day of January 2023.

Sd/-  
**Vidyut Ombudsman**

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1. M/s. Markandeya Engineering, Kothapally Village & Mandal, Karimnagar District, represented by Sri Nandala Anil Kumar, Contact : 9989558870.
  2. The Assistant Engineer/Operation/Kothapally - 9676167628.
  3. The Assistant Divisional Engineer/Operation/Rural/Karimnagar - 9440811418.
  4. The Assistant Accounts Officer/ERO/Rural/Karimnagar-9440811465.
  5. The Divisional Engineer/Operation/Town/Karimnagar-9440811394.

**Copy to**

6. The Chairperson, Consumer Grievances Redressal Forum of TSNPDCL- I, H.No.2-5-58, Opp: Head Post Office, Nakkalagutta, Hanamkonda, Warangal District, Pin code - 506001.