

**PUNJAB STATE ELECTRICITY REGULATORY COMMISSION
SCO NO. 220-221, SECTOR 34-A, CHANDIGARH**

**Petition No.70 of 2014
Date of Order: 22.04.2015**

Present: Smt.Romila Dubey, Chairperson
Shri Gurinder Jit Singh, Member

In the matter of : Petition in the matter of computing the actual cost of 66 kV line and bay and refund of excess amount of security works deposited for releasing the electricity connection of M/s Ladhar Paper Mills, A/C No.X58-LS42-00002 – Violation of Reg. 19.7 Supply Code.

AND

In the matter of: Ladhar Paper Mills, Village Ladhran, Tehsil Nakodar, District Jalandhar, through its partner Shri Amarjit Singh
-----Petitioner

Versus

Punjab State Power Corporation Limited, The Mall, Patiala
-----Respondent

ORDER

The petitioner is a Paper Mill and is a consumer of the respondent Punjab State Power Corporation Limited (PSPCL) at Sub-urban Sub-Division Nakodar having sanctioned load of 5200 kW with contract demand of 5777 kVA at 66 kV since September, 2010.

The petitioner submitted that in order to get the electric connection released, the petitioner had deposited following amounts on various dates :

- (i) ₹47500/- vide BA 16 No.596/E5077 dated 07.10.2008 towards survey and Route plan charges of 66 kV line
- (ii) ₹41,00,000/- vide BA 16 No.194/E5084 dated 25.02.2009 towards erection of 66 kV Bay at 66 kV S/S Allewali.
- (iii) ₹54,65,348/- vide BA 16 No.193/E5084 dated 25.02.2009 towards erection of 66 kV line from 66 kV S/S Allewali to the factory site.

These charges, being more than charges on per kVA basis were got deposited as per estimated cost of line / bay in terms of Regulation 9.1.1 (b) of the Supply Code. The respondents were required to refund the excess amount deposited, if the actual cost of works is less than the security (works), within 60 days from the release of connection in terms of Regulation 19.7 of the Supply Code. The assessment of the petitioner was that the actual cost of 66 kV line and Bay was much less than the amount of security (works) deposited by the petitioner. The petitioner further submitted that the matter regarding refund of excess amount has been followed up with the offices of AEE/Sub-urban Sub-Division, Nakodar and Additional SE/Sub-urban Division, Nakodar of the respondent but failed to get any response. The petitioner also requested for refund of excess amount to AEE/Suburban, PSPCL, Nakodar vide letter dated 21.03.2014 with copies to Addl. SE/ Suburban Division, PSPCL, Nakodar, Addl. SE/Grid Construction Division, PSTCL, Jalandhar but no response had been received from any of them. Addl.SE/Suburban

Division, PSPCL, Nakodar is nodal officer and the petitioner pursued the matter of refund with him but he has shown helplessness on the plea that officers of PSTCL were not providing any information with regard to actual cost of works.

The petitioner has prayed that respondents may be directed to refund the excess amount of security (works) with applicable interest after adjusting the actual cost of 66 kV line and Bay in accordance with Regulation 19.7 of Supply Code.

The petition was admitted vide Order dated 09.01.2015 and Punjab State Transmission Corporation Limited was also impleaded as a respondent. PSTCL and PSPCL were directed to file reply to the petition by 09.02.2015 and serve a copy directly to the petitioner and each other.

PSPCL in its reply dated 11.02.2015 submitted that the work of 66 kV Bay was to be carried out by Grid S/S Division, PSTCL, Jalandhar. Therefore the amount of ₹41,00,000/- deposited by the consumer for the purpose, was transferred to his office vide U-chèque No.400855 dated 26.02.2009 by Addl.SE/DS, City Division, Nakodar. Accordingly, the Addl. SE, Suburban Division, Nakodar requested Addl. SE/Grid S/S, Jalandhar vide letter dated 26.09.2014, 30.10.2014 and 07.11.2014 to intimate the detail of actual expenditure incurred towards erection of the Bay to him but the concerned Division of PSTCL vide memo No.4079 dated 10.11.2014 intimated that the estimate has been sent for sanction to the competent authority but had not been received back. No reply, however, was received from Addl.SE/Grid S/S Divn.,PSTCL, Jalandhar for memo No.8382 dated 23.12.2014 on the matter.

Similarly Addl. SE/ Sub-urban DS Divn., PSPCL, Nakodar requested Addl. SE/TLSC Divn., PSTCL, Jalandhar vide letters dated 26.09.2014 and 07.11.2014 for supplying the details of actual expenditure incurred on erection of 66 kV line. Further, the Addl.SE/TLSC, PSTCL was also requested to furnish reply to the petition vide Addl.SE/DS Sub-urban Divn. Nakodar memo No.439 dated 28.01.2015 but no reply has been received.

PSTCL filed reply dated 20.02.2015. The scrutiny of the reply revealed that the same was incomplete as the detail of expenditure given vide Annexure-A of the reply shows the expenditure on account of erection of 66 kV line from 66 kV S/S Allewali to the Ladhar Paper Mill only and no detail of expenditure incurred on 66 kV Bay had been given in the reply. PSTCL was accordingly directed vide Order dated 24.02.2015 to file detail of expenditure incurred on erection of both 66 kV line and 66 kV Bay, showing balance amount, if any, refundable to the petitioner. PSTCL was further directed to give dates of completion of works by 24.03.2015 with copy to PSPCL and the petitioner.

PSTCL filed detail of expenditure incurred on erection of 66 kV Bay at 66 kV Sub-station Allewali vide Financial Advisor memo No.903 dated 16.03.2015 with copy to the petitioner and PSPCL. PSTCL also filed additional submissions dated 20.03.2015 revising the expenditure incurred on erection of 66 kV line as filed earlier. Copy of the revised detail of expenditure had been supplied to the petitioner and PSPCL. During hearing on 31.03.2015, the petitioner accepted the details of expenditure incurred and balance shown by PSTCL as correct. PSTCL had submitted in its reply dated 20.02.2015 that no compensation for land on account of tower

erection for 66 kV line had been given to any person and if the same is demanded by any concerned one, it will be payable by the petitioner. PSPCL and PSTCL reiterated this submission during the hearing on 31.03.2015. Accordingly, the Commission directed the petitioner vide Order dated 01.04.2015 to file an affidavit within a week, undertaking that in case any compensation for land for tower erection is demanded at any time by any concerned, the same shall be paid by the petitioner. Hearing of the case was closed and order was reserved vide order dated 01.04.2015.

The petitioner has since filed affidavit dated 31.03.2015 of Shri Amarjit Singh S/o Shri Gurcharan Singh, Partner of Ladhar Paper Mills, the petitioner and have solemnly affirmed and declared as under :-

“2. I, undertake that I will pay compensation amount on demand for land/forest or any statutory compensation if claimed by any agency at later stage.”

PSPCL in its reply has stated that since the matter pertains to payment of security charges so the petitioner should raise this issue before Consumer Grievances Redressal Forum. The petitioner has mentioned that as the matter relates to two power companies of the state and despite his best efforts he could not get justice compelling him to approach the Commission. The Forum has been set up by the distribution licensee under section 42(5) of the Act in accordance with the guidelines specified in PSERC (Forum & Ombudsman) Regulations, 2005 and transmission licensee does not fall in the

ambit of these regulations. Since the matter relates to both PSPCL and PSTCL, so the petition has been taken up to protect the interests of the consumer.

The Petitioner had deposited ₹96,12,848 till 25.02.2009 for this connection. PSTCL has given detail of total expenditure incurred on erection of 66 KV line & 66 KV line bay as below:-

66 KV line from Allewali to M/S.Ladhar Paper Mill, Nakodar

Total deposit	= ₹ 55,12,848
Total expenditure	= ₹ 45,52,700
Balance Amount	= ₹ 9, 60,148

66 KV Line Bay

Total deposit	= ₹ 41,00,000
Total expenditure	= ₹ 30,51,228
Balance Amount	= ₹10,48,772

Therefore, excess amount of ₹20,08,920 (₹10,48,772 + ₹9,60,148) should be immediately refunded by PSTCL to PSPCL.

In accordance with regulation 9 of PSERC (Electricity Supply Code and Related Matters) Regulation, 2007, as amended from time to time, (hereinafter referred as Supply Code), the applicant seeking new connection at 33 kV or higher voltage is liable to pay as per Regulation 9.1.1(i)(c) of Supply Code for release of connection. Regulation 19 of the Supply Code entitles the licensee to recover Security (works) from the applicant against estimated expenditure for

providing electric line or plant. Further Regulation 19.7 of the Supply Code provides:

*“After execution of work of the electric line or electrical plant as the case may be, the Licensee will be entitled to demand from the applicant the total amount actually incurred by the Licensee (recoverable amount) for this purpose and adjust Security (works) against such recoverable amount. In the event of Security (works) being in excess of the recoverable amount, the excess amount will be determined by the Licensee within sixty days from the date of release of connection and refunded by adjustment against electricity bills of the immediately succeeding months. In case the Licensee fails to refund the excess amount and adjust it against electricity bills of the immediately succeeding months, **the Licensee will be liable to pay interest on the excess amount at twice the SBI’s Short Term PLR prevalent on first of April of the relevant year for the period of delay beyond sixty days of the date of release of connection till the excess amount is adjusted.** The amount of such interest will be adjusted against the electricity bills thereafter” [emphasis supplied].*

The regulation 19.7 was substituted by 2nd amendment to Supply Code vide Notification no. PSERC/Secy./Regu.63 dated 29.12.2011 and the words **“SBI’s Short Term PLR prevalent on first of April of the relevant year”** were substituted by words **“SBI’s Base Rate prevalent on first of April of the relevant year plus 2%”**. Regulation 9.3.6 of the PSERC (Electricity Supply Code and

Related Matters) Regulation, 2014, effective from 1.1.2015 also provides for payment of interest on the excess amount at twice the SBI's Base rate prevalent on first of April of the relevant year plus 2% for the period of delay beyond sixty days of the date of release of connection till the excess amount is adjusted.

According to the Petitioner, connection was released in September, 2010 and this fact has not been challenged by the respondents. Thus, licensee was required to refund the excess amount recovered from the consumer within sixty days from the date of release of connection through adjustment in electricity bills of succeeding months. The period of sixty days have been provided to the licensee for completion of office formalities and for getting approvals etc. However, in this case, the first correspondence for settlement of accounts was made by Addl.SE/DS Suburban Nakodar on 26.9.2014 i.e after about 4 years. There is no justification for such an inordinate delay on the part of PSPCL. Equally indifferent attitude has been noticed in PSTCL where no efforts appear to have been made to finalise the accounts of the works and refund the charges to the applicant through PSPCL, thereby making a mockery of the Regulations framed by the Commission. The Petitioner was unnecessarily harassed, compelling him to approach the Commission for settlement of the issue which should have been sorted out at the supervisory level of the PSPCL/PSTCL. Such instances have been reported in the past also and the Commission takes a very serious view of continuous harassment of the consumers on this account despite repeated advice to the licensees to adhere to different

timelines provided in the regulations. Such delays not only lead to avoidable harassment of the consumer but also tarnish the image of the companies beside putting extra financial burden due to levy of penal interest on refundable amount. Since the amount remained with PSTCL so the company is responsible to refund the excess amount along with interest as per Supply Code.

In view of the pleadings made by the parties & provisions of the Supply Code referred above, the Commission directs as under:

- a) PSTCL should refund excess amount of ₹20,08,920 immediately to PSPCL.
- b) PSPCL shall work out the amount payable by the Petitioner as per Regulation 9.1.1(i)(c) of Supply Code keeping in view the expenditure details given by the PSTCL.
- c) The excess amount of Security (works) worked out as per para (b) along with interest at twice the SBI's Short Term PLR prevalent on first of April of the relevant year after 60 days from the date of release of connection up to 28.12.2011 and thereafter at twice the SBI's Base Rate prevalent on first April of relevant year plus 2% till the excess amount is adjusted, shall be payable to the Petitioner.
- d) Amount as per para (c) above shall be adjusted immediately against the Petitioner's electricity bills of succeeding months.
- e) PSTCL is liable to pay interest to PSPCL as worked out in para (c) above.

f) However, in case any compensation for the land for towers is claimed by any agency, the same shall be payable by the Petitioner

The petition is disposed of accordingly.

Sd/-

(Gurinder Jit Singh)
Member

Sd/-

(Romila Dubey)
Chairperson

Chandigarh
Dated: 22.04.2015