**COURT OF THE LOK PAL (OMBUDSMAN),**

**ELECTRICITY, PUNJAB,**

**PLOT NO. A-2, INDUSTRIAL AREA, PHASE-1,**

**S.A.S.NAGAR (MOHALI).**

**APPEAL NO. 45/2018**

**Date of Registration : 25.07.2018**

**Date of Hearing : 12.11.2018**

**Date of Order : 15.11.2018**

**Before:**

**Er. Virinder Singh, Lok Pal (Ombudsman) Electricity**

**In the Matter of:**

Yerik International,

Village Rajgarh,

G.T. Road,

Doraha.

...Petitioner

Versus

Addl. Superintending Engineer,

DS Division,

PSPCL, Doraha.

...Respondent

**Present For:**

Petitioner : Shri R.S. Dhiman,

Petitioner’s Representative (PR).

Respondent : 1. Er. Sanjeev Jolly,

Addl. Superintending Engineer.

2. Shri Surinder Pal Singh,

Revenue Accountant.

Before me for consideration is an Appeal preferred by the Petitioner against the order dated 27.06.2018 in Case No. CG-145 of 2018 of the Consumers Grievances Redressal Forum (Forum) deciding that :

*“The balance amount of applicable interest on Security (consumption) and Security (meter) be paid to the Petitioner till the end of financial year 2017-18 i.e. 31.03.2018 in compliance of Regulation 17.1 of the Supply Code-2007 and Regulation 17.1 of the Supply Code-2014.”*

**2. Facts of the Case:**

The relevant facts of the case are that:

1. The Petitioner was having a Large Supply Category connection with sanctioned load of 2498.688 kW and contract demand (CD) of 2498.688 kVA at Supply Voltage of 11 kV.
2. The Petitioner deposited Advance Consumption Deposit (ACD) and Security (Meter) presently known as Security (Consumption) & Security (Meter), as per demand raised by the PSPCL from time to time during 2000-01 to 2017-18 and the gross amount so deposited by the Petitioner amounted to Rs. 47,42,430/- upto 04/2017.
3. The Respondent-PSPCL did not update the amount of Security in the Energy Bills till the month of 03/2017. As a result, the Petitioner received less amount of interest on it. The interest on Security already paid as per bills for the Financial Years 2008-09 to 2016-17 was Rs. 5,09,287/-, as per provisions contained in Regulation 17.1 of the Supply Code-2007 and the Supply Code-2014.
4. Aggrieved with the lesser interest given in energy bills of different financial years, the Petitioner filed a Petition on 17.04.2018 in the Forum, who passed the order dated 27.06.2018 (Reference: Page-2, Para 1).
5. The Petitioner was not satisfied with the decision of the Forum and preferred an Appeal in this Court with the prayer to set-aside the decision of the Forum and allow the Appeal in the interest of justice.

**3. Submissions made by the Petitioner and the Respondent:**

Before undertaking analysis of the case, it is necessary to go through written submissions made by the Petitioner and reply of the Respondent as well as oral submissions made by the Representative of the Petitioner and the Respondents along with material brought on record by both the sides.

1. **Submissions of the Petitioner**:

The Petitioner made the following submissions for consideration of this Court:

1. The Petitioner was running a Forging Unit and having an electricity connection, bearing Account No. KD11-CD01-00041, with sanctioned load of 2498.688 kW and contract demand (CD) of 2498.688 kVA under Large Supply (LS) Category at 11 KV.
2. The Petitioner had been depositing Security (Consumption) and Security (Meter) as per demand raised by the PSPCL from time to time. Starting with a payment of Rs. 3,15,625/- on 21.07.2000, the Petitioner deposited a total sum of Rs. 47,42,430/- upto 05.04.2017 on account of Security (Consumption) as per receipts available with the Petitioner. Though, the Respondent accepted the Security (Consumption) & Security (Meter) amount of Rs. 47,42,430/- as correct but the same was not updated in their record regularly. As such, applicable interest on Security (Consumption) & Security (Meter) had also not been revised in accordance with the updated amount of Security (Consumption). In this manner, a huge amount was payable to the Petitioner on account of arrears of interest on Security deposited by it. The Petitioner made innumerable visits to the Respondent’s offices and met the concerned officials with the request to pay interest on full amount of the Petitioner’s Security deposit, but to no avail. Even, written requests to the AEE/DS Sub Division, PSPCL, Doraha failed to evoke any response.
3. Aggrieved, the Petitioner moved to the Forum for resolution of the matter. In its decision, the Forum gave some relief but the Petitioner was not satisfied with this partial relief. As such, the present appeal was preferred for full justice.
4. The Forum allowed interest on Security (Consumption) and Security (Meter) in accordance with provisions contained in Regulation 17.1 of the Supply Code-2014 instead of under Regulation 17.3 which was applicable in regard to the payment of interest to the consumer. This was totally unjust, hence, not acceptable. The Petitioner had deposited Security (Consumption) & Security (Meter) with the Respondent after raising loans and was paying interest on these loans. Non-payment of interest by the Respondent in time was, therefore, a huge loss to it.
5. Regulation 17.3 of the Supply Code-2014 was squarely applicable in the present case of the Petitioner. Accordingly, directions may be given to comply with the same and make payment of interest to the Petitioner accordingly in the interest of justice.
6. **Submissions of the Respondent:**

The Respondent submitted the following for consideration of this Court:

1. The Petitioner was having a Large Supply Category consumer with sanctioned load of 2498.688 kW and contract demand (CD) 2498.688 kVA. The supply to the consumer was on 11kV.
2. As per record of the office of the Respondent, the Security of the Petitioner was not correctly updated in the energy bills till the month of March 2017 despite the fact that it was allowed interest on Security as already shown in their energy bills.
3. The Petitioner deposited the Security, as raised by the PSPCL from time to time as per following details:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Sr.  No. | Year | Receipt No. | Date | Amount of Security (Consumption) & Security (Meter)  (in Rs.) | Remarks |
| 01 | 2000-01 | 111/32529 | 21.07.2000 | 3,15,625-00 |  |
| 02 | 2000-01 | 299/22859 | 07.09.2000 | 2,19,625-00 |  |
| 03 | 2004-05 | 016/4147 | 09.06.2004 | 2,36,500-00 |  |
| 04 | 2006-07 | 444/81682 | 07.04.2006 | 2,09,000-00 |  |
| 05 | 2010-11 | 427/93057 | 12.06.2010 | 70,918-00 |  |
| 06 | 2010-11 | 103/6864 | 24.03.2011 | 3,82,350-00 |  |
| 07 | 2011-12 | 339/8199 | 16.09.2011 | 6,38,262-00 |  |
| 08 | 2017-18 | 78/9576 | 05.04.2017 | 26,70,150-00 |  |
|  | | | Total | 47,42,430-00 |  |

The revised calculation of the interest payable to the Petitioner after deduction of interest already paid to the Petitioner was as under:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Sr. No. | Period | Security Amount  (in Rs.) | Rate of Interest on Security deposited | Interest on Security  Deposited  (in Rs.) | Remarks |
| 01 | 2008-09 | 9,80,750-00 | 12.25% | 1,20,142-00 |  |
| 02 | 2009-10 | 9,80,750-00 | 12.25% | 1,20,142-00 |  |
| 03 | 2010-11 | 9,80,750-00 | 11.75% | 1,15,238-00 |  |
| 04 | 2011-12 | 14,34,018-00 | 10.25% | 1,46,987-00 |  |
| 05 | 2012-13 | 20,72,280-00 | 12.00% | 2,48,674-00 |  |
| 06 | 2013-14 | 20,72,280-00 | 11.70% | 2,42,457-00 |  |
| 07 | 2014-15 | 20,72,280-00 | 12.00% | 2,48,674-00 |  |
| 08 | 2015-16 | 20,72,280-00 | 11.30% | 2,34,168-00 |  |
| 09 | 2016-17 | 20,72,280-00 | 11.30% (83 days)  7.75% (282 days) | 1,77,330-00 | CC 19/2016  CC 30/2016 |
|  | | | Interest Payable | 16,53,812-00 |  |

The interest on Security already paid by PSPCL as per bills for the Years 2008-09 to 2016-17 was as under:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Sr.  No. | Period | Security Amount  (in Rs.) | Rate of Interest on Security deposited | Interest on Security deposited (in Rs.) | Remarks |
| 01 | 2008-09 | 2,52,500-00 | 12.25% | 30,931-00 |  |
| 02 | 2009-10 | 2,52,500-00 | 12.25% | 30,931-00 |  |
| 03 | 2010-11 | 2,52,500-00 | 11.75% | 29,669-00 |  |
| 04 | 2011-12 | 6,34,850-00 | 10.25% | 65,072-00 |  |
| 05 | 2012-13 | 6,34,850-00 | 12.00% | 76,180-00 |  |
| 06 | 2013-14 | 6,34,850-00 | 11.70% | 74,275-00 |  |
| 07 | 2014-15 | 6,34,850-00 | 12.00% | 75,973-00 |  |
| 08 | 2015-16 | 6,34,850-00 | 11.30% | 71,935-00 |  |
| 09 | 2016-17 |  | 11.30% (83 days)  7.75% (282 days) | 54,321-00 | CC 19/2016  CC 30/2016 |
|  | | | Interest Paid | 5,09,287-00 |  |

1. As per decision of the Forum, the amount of interest payable for the years 2009 to 2017 worked out to Rs. 16,53,812-00 against which, a sum of Rs. 5,09,287- had already been refunded through the energy bills. Accordingly, the difference of amount of interest (Rs. 16,53,812 – Rs. 5,09,287) was Rs. 11,44,525/- which was refunded in the energy bills of July 2018 as per provisions of Regulation 17.1 of the Supply Code -2014.
2. Regulation 17.3 of the Supply Code-2014 was not applicable in the present case because it provided that:

*“In the event of delay in effecting adjustments due to the consumer as per regulation 17.2 the distribution licensee shall for the actual period of delay pay interest at twice the SBI’s Base Rate prevalent on first of April of the relevant year plus 2%.”*

This Regulation was amended vide notification dated 22.06.2016 and as per this notification interest at Bank Rate as notified by RBI plus 4% is payable.

In this case, the Petitioner had already been allowed interest on Security shown in the energy bills for the period from 2009 to 2017 and there was no delay in giving interest to the Petitioner and prayed to dismiss the Appeal.

**4. Analysis:**

The issue requiring adjudication is the legitimacy of the interest allowed to the Petitioner, on Security (Consumption) and Security (Meter), as per applicable regulations.

*The points emerged are deliberated and analysed as under:*

1. PR contended that the Petitioner had been depositing Advance Consumption Deposit (ACD) now known as Security (Consumption) and Security (Meter) as per demand raised by the Respondent - PSPCL from time to time. Starting with payment of Rs.3,15,625/- on 21.07.2000, the Petitioner deposited a total sum of Rs. 47,42,430/- upto 05.04.2017 on account of Security (Consumption). Though, the Respondent accepted the Security amount of Rs. 47,42,430/- as correct but the same was not updated in their record regularly. As such, applicable interest on it had also not been received. In this manner, a huge amount was payable to the Petitioner on account of arrears of interest on Security deposited by it. The Petitioner made innumerable visits to the Respondent’s offices and met the concerned officials with the request to pay interest on full amount of the Petitioner’s Security deposit, but to no avail. Even, written requests to the AEE/DS Sub Division, PSPCL, Doraha failed to evoke any response.

The Respondent in its defence, submitted that as per record of the office of the Respondent, the Security of the Petitioner was not correctly updated in the energy bills till the month of March 2017 despite the fact that it was allowed interest on Security as already shown in their energy bills. As per decision of the Forum, the amount of interest payable for the year 2009 to 2017 worked out to Rs. 16,53,812/- against which, a sum of Rs. 5,09,287/- had been refunded through the energy bills. The remaining amount of interest (Rs. 16,53,812 – Rs. 5,09,287) i.e. Rs. 11,44,525/- was refunded in the energy bill of July 2018 in terms of provisions contained in Regulation 17.1 of the Supply Code -2014.

*I find that the Petitioner was allowed lesser amount of interest on the amount of Security (Consumption) and Security (Meter) deposited by it for its Large Supply Category connection as the same was not regularly updated in its system by the Respondent – PSPCL. I also find from perusal of the material brought on record that a refund of Rs. 11,44,525/- on account of difference of interest due upto the end of the Financial Year 2017-18 (i.e. upto 31.03.2018), was made to the Petitioner vide Sundry Charges Adjustment (SCA) No. 18/31/R-11 in the energy bill for July 2018 in compliance to order dated 27.06.2018 of the Forum deciding to allow applicable interest in terms of provisions of Regulation 17.1 of the Supply Code-2014.*

1. PR next contended that the decision ibid of the Forum was not just and fair and interest was required to be allowed in terms of provisions contained in Regulation 17.4 of the Supply Code-2007 and Regulation 17.3 of the Supply Code-2014 as per which, interest was payable at twice the SBI Base Rate plus 2% for actual period of delay, amended to RBI Bank Rate + 4% w.e.f. 22.06.2016.

The Respondent, in its defence, stated that the decision of the Forum was correct and had been implemented. Besides, the Petitioner had not submitted any documentary evidence to prove that it had ever submitted any application in regard to non-updation, of the Security deposited by it, in the system of the PSPCL as reflected in the energy bills issued.

The Respondent, further stated that the Petitioner had never pointed out any discrepancy in non-updation of the Security deposited by it on receipt of energy bills issued by the PSPCL. The Respondent added that the Petitioner knowingly delayed the submission of the disputed claim as it was entitled to get interest at comparatively higher rate from PSPCL than that admissible in the banking institutions. The Petitioner also hoped that in the event of success of its Petition/Appeal in the Forum/Court of Ombudsman, it could get higher rate of interest under Regulation 17.3 of the Supply Code-2014 than the normal rate admissible under Regulation 17.1 of the Supply Code-2014.

*I observe that the Respondent defaulted in ensuring timely up-dation of Security (Consumption) and Security (Meter) in the Energy Bills which led to avoidable litigation. At the same time, the Petitioner had also been negligent in bringing the fact of non-updation of the same in the Energy Bills for a long period, to the notice of the Respondent. The Petitioner, being a Large Supply Category consumer, was expected to go through and study the Energy Bills carefully and intelligently and bring the discrepancy, if any, to the notice of the Respondent immediately on noticing it on receipt of the energy bills. Hence, in view of the facts and circumstances of the present case, the claim of the Petitioner for allowing interest in terms of provisions of Regulation 17.4 of the Supply Code-2007 or Regulation 17.3 of the Supply Code-2014 is not sustainable.*

From the above analysis, it is concluded that the interest, on the Security (Consumption) and Security (Meter), allowed is in accordance with the applicable regulations and the relief of penal interest claimed in the present Appeal is without merit.

**5. Decision:**

**As a sequel of above discussions, the order dated 27.06.2018 of the Forum in Case No. CG-145 of 2018 is upheld.**

**6.** The Appeal is disposed off accordingly.

**7.** In case, the Petitioner or the Respondent (Distribution Licensee) is not satisfied with the above decision, it is at liberty to seek appropriate remedy against this order from the appropriate Bodies in accordance with Regulation 3.28 of the Punjab State Electricity Regulatory Commission (Forum and Ombudsman) Regulations – 2016.

(VIRINDER SINGH)

November 15, 2018 LokPal (Ombudsman)

S.A.S. Nagar (Mohali) Electricity, Punjab.