



National Electric Power Regulatory Authority

NEPRA Tower
Attaturk Avenue (East) Sector G-5/1, Islamabad.
Ph:051-2013200, Fax: 051-2600021

Consumer Affairs
Department

TCD 11/ 5319-2022
October 5, 2022

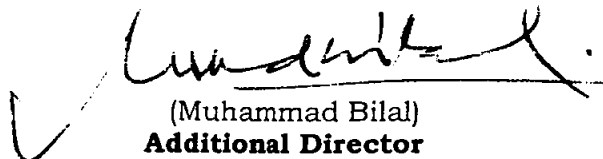
Chief Executive Officer,
Hyderabad Electric Supply Company (HESCO),
WAPDA Water Wing Complex, Hussainabad, Hyderabad.

Subject: **DECISION IN THE MATTER COMPLAINT FILED BY MANAGING DIRECTOR, ZEAL PAK CEMENT FACTORY LIMITED, UNDER SECTION 39 OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 AGAINST HESCO REGARDING RECONNECTION OF ELECTRICITY SUPPLY (AC # 24 37151 0000221)**

Complaint# HESCO-NHQ-11311-03-22

Please find enclosed herewith the decision of the NEPRA Consumer Complaints Tribunal dated October 5, 2022 regarding the subject matter for necessary action and compliance within thirty (30) days, positively.

Encl: As above


(Muhammad Bilal)
Additional Director

Copy to:

- 1) C.E/Customer Services Director,
Hyderabad Electric Supply Company (HESCO),
WAPDA Water Wing Complex, Hussainabad,
Hyderabad.
- 2) Chief Engineer (Planning),
Hyderabad Electric Supply Company (HESCO),
WAPDA Water Wing Complex, Hussainabad,
Hyderabad.
- 3) Managing Director,
Zeal Pak Cement Factory Ltd,
Tando Muhammad Khan Road, S.I.T.E.,
Hyderabad.
Cell. 022-3886599,3886498



BEFORE THE
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
(NEPRA)

Complaint No. HESCO-NHQ-11311-03-22

Managing Director Zeal Pak Cement Factory Limited
Tando Muhammad Khan Road, S.I.T.E Hyderabad.

..... **Complainant**

VERSUS

Hyderabad Electric Supply Company (HESCO)
Wapda Water Wing Complex, Hussainabad Hyderabad.

..... **Respondent**

Date of Hearing: April 28, 2022 & July 21, 2022

Complainant: 1) Managing Director Zeal Pak Cement Factory Limited

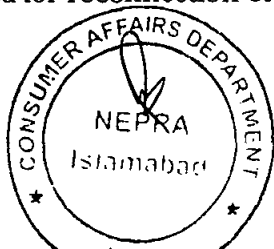
Respondent: 1) Mr. Zaki Mukhtiar, Director Commercial
2) Mr. Ramesh Kumar, SE (GSO)
3) Mr. G. Farooque Tunio, XEN (Opt.), Latifabad
4) Mr. Nisar A. Memon Addl. Chief Circle Hyderabad
5) Mr. Sabir-Uz- Zaman, XEN (SS&T), Hyderabad

SUBJECT: DECISION IN THE MATTER OF COMPLAINT FILED BY MANAGING DIRECTOR ZEAL PAK CEMENT FACTORY LIMITED UNDER SECTION 39 OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 AGAINST HESCO REGARDING RECONNECTION OF ELECTRICITY SUPPLY. (AC # 24 37151 0000221)

DECISION

This decision shall dispose of the complaint filed by Managing Director Zeal Pak Cement Factory Limited (hereinafter referred to as "the Complainant" or ZPCFL) against Hyderabad Electric Supply Company (hereinafter referred to as "Respondent" or "HESCO"), under section 39 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (hereinafter referred to as the "NEPRA Act").

2. NEPRA received a complaint from Managing Director Zeal Pak Cement Factory Limited, (ZPCFL) dated March 08, 2022 wherein the complainant submitted that they could not pay electricity bills w.e.f. August 2020 due to financial constraints owing to COVID-19 pandemic which resulted in disconnection of electricity supply by HESCO against outstanding dues amounting to Rs. 38,480,673/-. Later, he approached HESCO for restoration of supply on November 01, 2021 and requested to allow payment of outstanding dues of electricity in installments. HESCO vide letter dated December 8, 2021 allowed six (06) installments. The complainant made payment of Rs. 10 Million to HESCO on December 07, 2021. Thereafter, ZPCFL vide letter dated December 10, 2021 requested HESCO for immediate restoration of supply, however HESCO did not restore electricity supply. ZPCFL further submitted that HESCO has demanded security deposit, RCO fee, fixed charges and markup/LPS totaling amounting to Rs.45,183,824/- which is unjustified, because the connection was disconnected in January 2021 and ZPCFL applied for reconnection on November 01, 2021 within 1 year (365 days) of disconnection,



therefore according to law, ZPCFL is not liable for payment of updated security deposit and other charges etc.

3. The matter was taken up with HESCO. In response, HESCO vide letter dated April 19, 2022 reported that on request of ZPCFL, HESCO allowed six (06) installments of arrears of the bill amounting to Rs. 38,480,673/- on December 08, 2021 with first installment of Rs. 10,00,000/- (10 Million) to be paid immediately and the remaining amount of bill to be paid in five (05) equal installments. Upon receipt of request of ZPCFL for restoration, the case was processed as per Reconnection policy envisaged in Consumer Service Manual (CSM). Accordingly, site was verified by HESCO for restoration of supply whereby some discrepancies in the circuit breaker were pointed out which were later on rectified.

4. The report of HESCO was shared with the complainant. In response, the complainant raised observations on the report of HESCO and reiterated the earlier version. In order to probe further into the matter, a hearing was held on April 28, 2022 wherein both the parties participated and advanced their arguments. The Complainant requested for restoration of electricity supply to avoid further loss of business. HESCO representatives informed that as per record there is no proof for payment of security deposit paid by ZPCFL. After detailed deliberation, HESCO was directed to restore electricity supply of the Complainant after replacement of 132 kV AEG circuit breaker and obtaining test report as per the standards; subject to furnishing an undertaking by the Complainant to HESCO to the effect that he will accept the decision of NEPRA with respect to disputed charges. The Complainant will continue to pay regular electricity bills every month including installments as already agreed with HESCO. In response, HESCO vide letter dated June 24, 2022 informed that the connection has been restored accordingly.

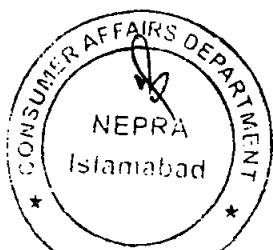
5. In order to probe further into the matter, another hearing was scheduled on July 21, 2022 wherein the Complainant failed to attend the same. Subsequent to the hearing the following directions were issued to HESCO for submission;

- i. How many industrial connections are running under the jurisdiction of HESCO which have not paid security deposit or there is no record with HESCO regarding payment of security deposit.
- ii. Has HESCO taken any action/step for payment of security deposit by such consumers?
- iii. According to provisions of Consumer Service Manual (CSM), if a consumer applies for reconnection within one year, no updation of security deposit is required. The instant Complainant approached HESCO within prescribed time period of one year as provided in the CSM for reconnection. In such case, asking for payment of updated security deposit justified?

6. HESCO vide letter dated September 19, 2022 submitted the requisite information and highlighted that the record of security deposit of 4932 connections is not available.

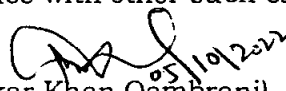
7. The case has been examined in light of the record made so available by the parties, arguments advanced during the hearing(s) and applicable law. Following has been observed.

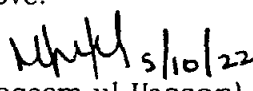
- a) The complainant is an industrial consumer of HESCO, having load of 11.20 MW under B4 tariff category. The complainant defaulted in making regular electricity bills which resulted in disconnection of electricity supply by HESCO on January 21, 2021 against outstanding dues of Rs. 38,480,673/-. HESCO allotted permanent disconnection code on the impugned electricity connection.
- b) Later, the complainant approached HESCO for payment of bills in installments and accordingly HESCO allowed him payment in installment with down payment/1st installment of Rs.10 Million and the remaining dues in five (5) equal installments.

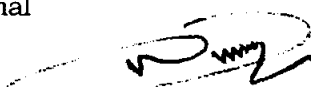


- c) Subsequently, the complainant paid 1st installment and thereafter approached HESCO in writing for reconnection of his electricity connection. In response, HESCO demanded other charges i.e., Markup/LPS, RCO fee, Fixed Charges, Security Deposit (SD) amounting to Rs. 9,96,824/-, Rs. 10,000/-, Rs. 4,305,000/- and Rs.39,872,000/- respectively.
- d) According to HESCO there is no proof/ evidence of payment of security deposit by ZPCFL. Therefore, HESCO raised demand for payment of security deposit, along with other charges. After detailed deliberation and considering the request of the Complainant, HESCO was directed to restore electricity supply of the Complainant to avoid further loss of business. In response to the directions of NEPRA, the Complainant submitted an undertaking to HESCO dated May 10, 2022 and assured to comply with the decision of NEPRA as and when finalized.
- e) HESCO was also directed to submit details of such industrial connections which have not paid security deposit or there is no record with HESCO regarding payment of security deposit. In response HESCO vide letter dated September 19, 2022 has reported that there are 2893 active consumers and 2039 in active (Permanently Disconnected) consumers whose security deposit records are not available. This security deposit issue is being dealt separately by the Authority.
- f) Reconnection Fees, Fixed charges and Markup/Late Payment Surcharges (LPS) shall liable to be paid by the complainant as per Consumer Service Manual (CSM) and applicable tariff terms and conditions.
- g) As per Clause 5.2.2 of CSM in case of change of tariff category, shifting of connection and reconnection (if period of disconnection is more than 365 days the security deposit shall be updated at prevailing rates subject to adjustment of already paid security deposit. Moreover Clause 8.6.1 of Consumer service Manual provides that for consumers whose security deposit has not been adjusted against the outstanding arrears and the disconnection period is less than 365 days, no additional security deposit will be charged. In the instant case the consumer approached HESCO within prescribed time period of 365 days therefore there is no requirement of payment of security deposit at prevailing rates. However, HESCO has informed that there is no record of payment of security Deposit by ZPCFL which is required to cover the default risk. In this regard, the complainant was also directed to provide evidence regarding payment of security deposit but the same is still awaited.

8. Foregoing in view, it is concluded that Zeal Pak Cement Factory Limited approached HESCO for reconnection, within prescribed time period of 365 days therefore there is no requirement to update the security deposit at the prevailing rates. The complainant shall be liable to pay the Reconnection Fees, Minimum/fixed charges and late payment Surcharges (LPS). Since, no such record exists with HESCO regarding security deposited by ZPCFL; therefore HESCO is directed to issue notice to ZPCFL to provide evidence/ receipts of paid security deposit to HESCO within twenty (20) days for up-dation of record. If the complainant fails to provide evidence of the security deposit then HESCO shall report the same to this office so that the case may be dealt in accordance with other such cases as mentioned at para 7 (e) above.


(Lashkar Khan Qambrani)
Consumer Complaints Tribunal
Director


(Moqem-ul-Hassan)
Consumer Complaints Tribunal
Assistant Legal Advisor


(Ubedullah Memon)
Consumer Complaints Tribunal
Director

Islamabad, October 05, 2022

