

**BEFORE THE ELECTRICITY OMBUDSMAN, JHARKHAND**  
4<sup>th</sup> floor, Bhagirathi Complex, Karamtoli Road, Ranchi – 834001

**Case No. EOJ/05/2007**

**Dated- 28<sup>th</sup> Sept. 2007**

**M/s Jai Prabhu Jee Iron & Steel Pvt. Ltd . . . . . Appellant(s)**  
**Versus**  
**JSEB through its Chairman & others . . . . . Respondent(s)**

**Present:**

**Shri Sarju Prasad . . . . . Electricity Ombudsman**  
**Shri Ajit Kumar (Advocate) . . . . . Counsel for the Appellant(s)**  
**Shri Rajesh Shankar (Advocate) . . . . . Counsel for the Respondent**

**J U D G E M E N T**

1. This appeal has been filed by the appellant M/s Jai Prabhu Jee Iron & Steel Pvt. Ltd. against the judgement/order dated 09/02/07 passed in case no.39/2006 by Vidyut Upbhokta Sikayat Niwaran Forum ( In short VUSNF) of JSEB, Ranchi.

2. The brief facts; giving rise to this appeal is that the appellant M/s Jai Prabhu Jee Iron & Steel Pvt. Ltd. is a consumer under HTSS category with Induction Furnace at Plot. nos. C/-21/24, Kandra Industrial Area, P.O.-Gobindpur, District-Dhanbad with effect from 10/07/2004 with a sanctioned contract demand of 2700KVA and load at 11KV. The appellant filed an application for enhancement of contract demand from 2700KVA to 5100KVA and load from 11KV to 33KV. The respondent vide letter dated 13/12/2004 sanctioned an additional demand of 2400KVA and the load at 33KV, thereafter a team of officers of the respondent visited the premises of the appellant for checking and measurement of capacity of the crucible and on that basis respondent calculated total contract demand of 6900KVA at the load of 33KV and in pursuance of this, an agreement was executed between the respondent & appellant on 23/03/2006 (As annexure 03 of the memo of appeal). Thereafter on 4<sup>th</sup> April, 2006 the load of the appellant was enhanced to contract demand of 6900KVA at the load of 33KV. But for some reasons or other, the meter installed at the premises of the appellant and the whole system were not working since the commissioning of the electricity. This happened since

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appellant and the check meters were not recording correct consumption of the electricity. This happened from 4<sup>th</sup> to 24<sup>th</sup> April, 2006 however, after from 25<sup>th</sup> April, 2006 the defects were rectified and correct consumption were being recorded on both meters. So far the energy charges etc. for the period from 4<sup>th</sup> to 24<sup>th</sup> April, 2006 is concerned, as per the order of the General Manager-Cum-Chief Engineer passed on 18/07/2006, the average energy charges has been calculated on the basis of consumption in subsequent two months i.e. in the month of May and June, 2006. Accordingly, a provisional bill dated 28/07/06 for a sum of Rs. 81, 22,687/- has been issued, which included the energy charges etc. for the month of April, 2006 to June, 2006 after deducting payment of Rs. 57, 38,698/- and 24lakhs by the appellant. The appellant being aggrieved by the order dated 18/07/2006 passed by the General Manager-Cum-Chief Engineer, electric supply Area, Dhanbad as well as provisional bill dated 28/07/2006 moved to VUSNF on 28/07/2006 for quashing the order of the General Manager-Cum-Chief Engineer and the provisional bill mentioned above.

3. The VUSNF passed an interim order to the effect that if the appellant deposits a sum of Rs. 50 lakhs and goes on paying subsequent energy charges, no coercive action shall be taken by the respondent and the electric connection of the appellant shall be allowed to remain uninterrupted.

4. The appellant had also submitted that the monthly energy bill right from July, 2004 was being raised illegally on the basis of 100% of the contract demand against the provision of tariff order of Jharkhand State Electricity Regulatory Commission (In short JSERC) for the year 2003-04 which was applicable with effect from 1st January, 2004 and for that the appellant will take appropriate action separately. During the pendency of the case before the VUSNF, a notice dated 24/08/2006 was issued in terms of Section 56 of the Indian Electricity Act, 2003 and the electric connection of the appellant was disconnected on 08/09/06 at 1.40 PM. According to the appellant, this disconnection is illegal. Further, the action of the respondent in calculating the bill for the period from 04/04/2006 to 24/04/2006 on the basis of average bill for subsequent two months is not in accordance to the provision of law, rules and orders. The respondent was charging the electricity bill on the basis of 100% of the contract demand instead of maximum recorded demand which is also illegal. The respondent by filing a reply to the contention of the appellant has tried to justify its action.

5. The VUSNF on the basis of submissions of both parties formulated three issues for consideration and decision which are as follows:-

- (i) Whether or not the disconnection on 08/09/2006 was legal?
- (ii) Whether or not the billing for the period from 04/04/2006 to 24/04/2006 was in accordance with

the provision of law, rules & orders?

(iii) Whether or not the demand charges are permissible on the basis of contract demand?

6. The VUSNF held that the disconnection on 08/09/2006 was not legal as 15 days clear notice was not given to the appellant. It is admitted that the notice was issued on 24/08/2006 but the same was served on 28/08/2006 and disconnection was made on 08/09/2006. Therefore, it is apparent that the disconnection was done much before the expiry of 15 days from the date of service of the notice. The VUSNF was rightly held that disconnection on 08/09/2006 was illegal and made the direction to restore electricity connection, which appears to be perfectly justified.

7. The appellant has further submitted that since the VUSNF has held that disconnection of the electric line of the appellant is illegal, therefore, he is entitled for compensation. Although the electric connection was disconnected before the expiry of 15 days from the notice to the appellant but it appears that the appellant did not make payment of arrears of the electricity charges either within 15 days from the notice or even after that till the date of filing of the appeal. Therefore, I don't think that it is a fit case for which respondent should be directed to pay compensation to the appellant.

8. So far issue no. (ii) formulated by the VUSNF is concerned, it held that there is no provision of law, rules & orders for calculation of energy charges for the period when meters were defective i.e. 04/04/2006 to 24/04/2006 and therefore on equitable ground, the bill for this period must be raised on average bill on the basis of subsequent consumption of three months. In my opinion, when it is admitted that the meters were not recording correctly during the relevant period; the order of the VUSNF for average bill for the period on the basis of subsequent three months bills does not appear to be illegal after all the respondent is purchasing the electricity and is supplying to the consumers, therefore respondent has to pay for electricity to the producing company. The VUSNF has rightly ordered for calculation of energy charges for the period starting from 4<sup>th</sup> April, 2006 to 24<sup>th</sup> April, 2006 on the basis of subsequent three months energy bill on the ground of equity.

9. It has been submitted that during the period on which the meter was not correctly recording consumption of electricity, there was very negligible production but no evidence was produced for such contention before the VUSNF and it is not proper and fair to agitate this matter in this appeal. Even if, the appellant had very negligible production during that period then also the respondent was ready to supply the contract demand to the appellant and there is no evidence that there was any failure on the part of the respondent.

10. So far, issue no. (iii) is concerned. The main dispute is whether the bills should be raised on the basis of 100% of the contract demand in case there is less than 100% of the contract demand recorded in the meter as per the JSERC tariff order of 2003-04. It is pertinent to note that when the JSEB was not in existence at that time, there was a tariff order of BSEB which was applicable in entire State of Bihar including the parts of the present State of Jharkhand and at that time. As per the clause 5 of the tariff order of BSEB, the bill was being raised at 100% of the contract demand or maximum demand recorded whichever is higher. But in the tariff order of JSERC which is applicable with effect from 1<sup>st</sup> January, 2004 with respect to HTSS (HT consumer with induction furnace) as contained in Page 117, clause 5.25, there is no mention of the any provision like that of clause 5 of BSEB tariff's condition that energy bills should be raised on the basis of 100% of the contract demand or the maximum recorded demand, whichever is higher. In other similar cases given below it has already held by this forum that the respondent can not raise bill to the extent of 100% of contract demand, rather it can raise bill on actual maximum recorded demand or the minimum monthly charges which ever is higher :-

1. JSEB vrs. M/s T & T Metals Pvt. Ltd,
2. M/s T & T Metals Pvt. Ltd. vrs. JSEB
3. JSEB vrs. M/s Kumardhubi Steels Pvt. Ltd.
4. M/s Om Dayal Ingots & Steel Pvt. Ltd vrs. JSEB
5. M/s Uday Vijay Steel Pvt. Ltd. vrs. JSEB
6. M/s Kalyaneshwari Ispat Pvt. Ltd. vrs. JSEB
7. M/s Balaji Industrial Products Ltd. vrs. JSEB
8. M/s Regal Ingots Pvt. Ltd. vrs. JSEB

11. It has been held by this Forum that in absence of specific provisions on the tariff order of 2003-04 for charging of 100% of the contract demand in case there is less recorded demand; JSEB can not charge the energy bill at 100% of the contract demand. However, as contained in table 5.36 of the JSERC tariff order 2003-04 which is the approved tariff order for HTSS consumers, there is a provision for minimum monthly charges. Therefore, at best, the respondent in case the less consumption then the contract demand recorded in the meter can charge minimum monthly charges at the rate of 400 KV/month. Therefore, the JSEB is not justified in raising of energy bill at the rate of 100% of the contract demand, it can, at best, raise bill to the extent of minimum monthly charges or the actual maximum demand recorded in the meter of the consumer, whichever is higher. It has been submitted that there is a saving clause at Page 148 in clause 1.4 of the JSERC

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whichever is higher. It has been submitted that there is a saving clause at Page-146 in clause 1.4 of the JSERC tariff order 2003-04 and the approved tariff in table 5.36 is only the rate on which tariff should be charged therefore the initial condition as it was prevailing at the time of BSEB for raising energy bill at 100% of the contract demand still exists. In the saving clause, it has been clearly mentioned that all other terms and conditions in respect of Meter Rent, Supply at Lower Voltage, Capacitor Charge, Circuit-Breaker Charge, Electricity Duty, rebate, security deposit, surcharge for exceeding contract demand etc. shall remain the same as existing in the state, but there is no mention of raising bill @ 100% of contract demand.

12. Although, in the JSERC tariff order, it has been mentioned small things like meter rent etc. but it has not been mentioned that the condition regarding raising electricity bill at 100% of the contract demand in case of HTSS consumer with induction furnace shall remain same. Therefore, it is very difficult to hold that the respondent can raise bill at 100% of the contract demand whether there is shortfall in the maximum recorded demand in the meter of the consumer. In my opinion, at best, it can raise bill at the rate of monthly maximum charges in case there is less consumption.

13. Now the tariff order of JSEB for the year 2006-07 has been published, which is applicable with effect from 1st September, 2007 and now a provision has been made for billing the demand at 75% of the contract demand or the actual maximum demand recorded during the month whichever is higher.

14. Therefore, I find that findings of the VUSNF that the respondent is entitled to make billing at 100% of the contract demand are not justified. The respondent is entitled for billing at the maximum demand recorded during the month or minimum monthly charges whichever is higher for relevant period.

15. Therefore, this appeal is allowed in part and the JSEB is directed to revise the bills for the relevant periods and onwards in light of the discussion made above and adjust the excess amount, if any paid by the appellant. It is needless to say that the respondent must restore the power supply as directed by the VUSNF immediately, if not restored earlier.

Dictated & corrected by me

(Sarju Prasad)  
Electricity Ombudsman

Sd/-  
Electricity Ombudsman