

**CONSUMER GRIEVANCE REDRESSAL FORUM  
MAHARASHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LTD.  
NASHIK ZONE**

(Established under the section 42 (5) of the Electricity Act, 2003)

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No. / CGRF /Nashik/NC/Shrirampur Dn./474/05-15/

Date: 22/05/2015

**(BY R.P.A.D.)  
In The Mater Of  
Recovery Of Arrears For Change Of Tariff Category**

**Date of Submission of the case :15/04/2015**

**Date of Decision : 22/05/2015**

To.

1. M/s. Vignhar Tyre Industries,  
77, Industrial Estate,  
Ghulewadi, Sangamner  
Dist. Ahmednagar.  
(Consumer No.155938013253)

Complainant

2. Nodal Officer ,  
Maharashtra State Electricity Distribution Com. Ltd.,  
Circle office, Ahmednagar  
3. Executive Engineer,  
Maharashtra State Electricity Distribution Com. Ltd.  
Sangamner Division Office  
Dist. Ahmednagar.

Distribution Company

**DECISION**

M/s. Vignhar Tyre Industries, Sangamner, (hereafter referred as the Complainant ). Ahmednagar is the L.T. industrial consumer of the Maharashtra State Electricity Distribution Company Ltd. (hereafter referred as the Respondent). The Complainant has submitted grievance against MSEDCL for refund of tariff difference recovery amount . The Complainant filed a complaint regarding this with the Internal Grievance Redressal Committee of the Maharashtra State Electricity Distribution Company Ltd. But not satisfied with the decision of the Respondent , the consumer has submitted a representation to the Consumer Grievance Redressal Forum in Schedule "A". The representation is registered at inward no.85 of 2015 on 15 /04/2015.

The Forum in its meeting on 15/04/2015, decided to admit this case for hearing on 05/05/2015 at 1.00 pm in the office of the forum . A notice dated 16/04/2015 to that effect was sent to the appellant and the concerned officers of the Distribution Company. A copy of the grievance was also forwarded with this notice to the Nodal Officer, MSEDCL, Ahmednagar Circle Office for submitting para-wise comments to the Forum on the grievance within 15 days under intimation to the consumer.

Shri. V.G Bhivnsani, Dy.Ex.Engr. Circle Office Ahmednagar , Shri. U.R. Gogate Addl. Ex. Engr. represented the Distribution Company during the hearing. Shri B.R. Mantri appeared on behalf of the consumer.

**Consumers Representation in brief :**

1. MSEDCL has released connection with industrial tariff since beginning.
2. But pursuant to the inspection conducted by the Flying Squad of MSEDCL in the month of June 2014, MSEDCL has issued a demand notice for Rs.140655/-reclassifying the consumers unit of "tyre retreading" under LT II (A) Commercial tariff, from August 2012 to June.2014. The consumer has paid all the bills raised from time to time based on the classification as per prevailing tariff schedule.
3. MERC has clarified in the tariff order for in case no. 19 of 2012 that workshop and any other type of automobiles repair center LT II Commercial tariff shall be applicable whereas industrial related workshop shall be billed as per industrial tariff. After this tariff, with reference to regulation 13 of supply code classification/reclassification is the primary duty of licensee. For mistakes/faults of licensee the consumer cannot be burdened. If wrong tariff category has been made applicable the licensee is not empowered to recover arrears on account of difference of tariff. With reference to supply code 2005 section 50 of Electricity Act, 2003 , there is no provision for recovery in tariff difference. Instead of taking action against the erring officer, the licensee is raising bill upon consumer in contravention to the statutory provision.
4. With Reference to MERC order in Case No.24/2001 on 11th Feb.2003, the Hon'ble Commission has laid down that no retrospective recovery of arrears can be allowed on the basis of any abrupt re-classification in spite pointing out the same by the Auditor.
5. The same matter has decided by Appellate Tribunal for Electricity (Appellate Jurisdiction) in ELR No. 1543 Appeal No. 131 of 2013 dated 07/08/2014 stating "that the arrears for difference in tariff could be recovered from the date of detection of the error"
6. MSEDCL has wrongly changed tariff category as per commercial without consideration of our views and MERC tariff applicability for non-industrial premises.
7. As per the order of MERC and APTEL judgment, tariff recovery should be from date of detection i.e. from the billing month of June 2014

**Consumer's Demand:**

Requested to decide the tariff applicability and give instruction for refund of amount paid Rs. 140655/- with RBI Bank rate of interest.

**Arguments from the Distribution Company.**

The Distribution Company submitted a letter dated 02/05/2015 from the Nodal Officer, MSEDCL, Ahmednagar Circle and other relevant correspondence in this case. Putting forth the arguments on the points raised in the grievance the representatives of the Distribution Company stated that:

1. The Consumer has given written application on date 18/02/2015 in IGRC about the tariff difference should be charged prospectively. The IGRC has given the decision vide letter No. 5727 dtd. 13/04/2015 stating that the tariff difference from IP to C charged by MSEDCL is correct.
2. As the tyre remolding process according to the circular No. 175 dtd. Aug. 2012 is to be considered as commercial tariff. Therefore, the consumer charged the tariff difference from Aug. 2012 is correct.

**Action by IGRC :**

1. Internal Grievance Redressal Cell Ahmednagar Circle conducted hearing on 18/03/2015 for the complaint submitted on 18/02/2015
2. After hearing both the parties IGRC gave decision as per letter dated 13/04/15 as under:

*"As per Commercial Circular\no. 175 dtd. 05/09/2012, the tariff charged to the consumer from IP to commercial is correct."*

**Observations by the Forum:**

1. The complainant is carrying out the activity of “tyre retreading” and the Distribution Company has applied industrial tariff for the electric connection since beginning. Later as per MERC tariff order dated 16/08/2012 [in case no. 19/2012] which is applicable with effect from 01/08/2012 , the activity of “tyre retreading” is brought under LT II :Non residential/Commercial .
2. However, the Distribution Company continued to apply industrial tariff till the visit of flying squad in June 2014 . There is no dispute that the tariff category LT II :Non residential/Commercial should be applied after detecting that the consumer is conducting business of “tyre retreading”. The only question is about justification for asking retrospective recovery with effect from 01/08/2012.
3. The consumer is not at fault for paying the bills under industrial tariff category from August 2012 to May 2014 as they were raised by the Distribution Company under the same category.
4. MERC under the order dated 11/02/2003 in Case No. 24 of 2001 regarding retrospective recovery on the basis of reclassification of the tariff category has directed as under:  
*“.....no retrospective recovery of arrears can be allowed on the basis of any abrupt reclassification of a consumer.....Any reclassification must follow a definite process of natural justice and the recovery, if any, would be prospective only as the earlier classification was done with a distinct application of mind by the competent people. The same cannot be categorized as an escaped billing in the strict sense of the term to be recovered retrospectively..... In all those cases, recovery, if any, would be prospective from the date of order or when the matter was raised either by the utility or consumer and not retrospective. ....”*
5. The Appellate Tribunal for Electricity (APTEL) in the recent order dated 7<sup>th</sup> August, 2014 in Appeal No. 131 of 2013 [in the matter of Vianney Enterprises versus Kerala State Electricity Regulatory Commission ] has held that “ the arrears for difference in tariff could be recovered from the date of detection of the error”
6. The Honb’le Electricity Ombudsman, Mumbai in his order dated 23/12/2014 [In representation no. 126 of 2014] in the similar matter of recovery of arrears after change of tariff category in a case of Mr. Subhash Kailash Gupta (J. S. Auto Garage) Vs MSEDCL has mandated as under:  
*“.....The Representation is thus allowed. The Respondent is directed to recover arrears from the Appellant from billing month of March, 2014 without applying DPC and interest on the said arrears. The arrears already paid by the Appellant should be adjusted and balance amount be recovered from the Appellant”*
7. On the basis of the orders of MERC, APTEL and the Electricity Ombudsman ,Mumbai as mentioned above , the Distribution Company is entitled to charge Commercial Tariff from September , 2013 onwards. However retrospective recovery is set aside and the complainant is entitled to the refund of the amount recovered with statutory interest.

The following order is hereby passed by the Forum for implementation:

**ORDER**

1. Distribution Company is directed to refund , within 30 days from the date of this order, the amount recovered for the period August 2012 to May 2014 on account of tariff difference along with interest equivalent to the Bank Rate under Section 62 (6) of the Electricity Act, 2003 from the date of deposit till the date of refund.
2. As per regulation 8.7 of the MERC (Consumer Grievance Redressal Forum & Electricity Ombudsman) Regulations, 2006 , order passed or direction issued by the Forum in this order shall be implemented by the Distribution Licensee within the time frame stipulated and the concerned Nodal Officer shall furnish intimation of such compliance to the Forum within one

month from the date of this order.

3. As per regulation 22 of the above mentioned regulations , non-compliance of the orders/directions in this order by the Distribution Licensee in any manner whatsoever shall be deemed to be a contravention of the provisions of these Regulations and the Maharashtra Electricity Regulatory Commission can initiate proceedings *suo motu* or on a complaint filed by any person to impose penalty or prosecution proceeding under Sections 142 and 149 of the Electricity Act, 2003.
4. If aggrieved by the non-redressal of his Grievance by the Forum, the Complainant may make a representation to the Electricity Ombudsman, 606, 'KESHAVA', Bandra Kurla Complex, Bandra (East), Mumbai 400 051 within sixty (60) days from the date of this order under regulation 17.2 of the MERC (Consumer Grievance Redressal Forum & Electricity Ombudsman) Regulations, 2006.

**(Rajan S. Kulkarni )**  
Member

**(Ramesh V.Shivdas )**  
Member-Secretary  
& Executive Engineer

**(Suresh P.Wagh)**  
Chairman

**Consumer Grievance Redressal Forum Nashik Zone**

Copy for information and necessary action to:

- 1 Chief Engineer , Nashik Zone, Maharashtra State Electricity Distribution Company Ltd. , Vidyut Bhavan, Nashik Road 422101 (For Ex.Engr.(Admn)
- 2 Chief Engineer , Nashik Zone, Maharashtra State Electricity Distribution Company Ltd. , Vidyut Bhavan, Nashik Road 422101 ( For P.R.O )
- 3 Superintending Engineer, Maharashtra State Electricity Distribution Company Ltd. , O&M Circle office, Ahmednagar.