



## **TAMIL NADU ELECTRICITY OMBUDSMAN**

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### **BEFORE THE TAMIL NADU ELECTRICITY OMBUDSMAN, CHENNAI**

**Present : Thiru. A. Dharmaraj, Electricity Ombudsman**

**Appeal Petition No.54 of 2015**

Thiru M. Ravichandran,  
3-C, KGEYES Magnolia Apartments,  
154, L.B. Road,  
Thiruvanmiyur,  
Chennai-600 041.

. . . . . Appellant  
(Thiru M. Ravichandran)

**Vs.**

The Superintending Engineer,  
Madurai Electricity Distribution Circle/South,  
TANGEDCO (formerly TNEB),  
K.Pudur,  
Madurai 625 007.

. . . . . Respondent  
(Rep. by Thiru M. Selvaraj,  
Assistant Executive Engineer, Vadipatty  
and Tmt. S. Kirija, Asst. Engineer/Town,  
Sholavandhan)

**Date of hearing : 22.9.2015**

**Date of Order : 16.11.2015**

The petition dated 1.7.2015 filed by Thiru M. Ravichandran, Thiruvanmiyur, Chennai-41 was registered as appeal petition No.54 of 2015. The above appeal petition came up for hearing before the Electricity Ombudsman on

22.9.2015. Upon perusing the appeal petition, Counter Affidavit and after hearing both sides, the Electricity Ombudsman passes the following order.

### **ORDER**

**1. Prayer of the Petitioner:**

The Appellant prayed that the office of the Electricity Ombudsman instructs CGRF/ TANGEDCO to refund the unjustifiably withhold part of the security deposit along with interest for the complete deposit amount till date of payment apart from addressing the additional concerns raised.

**2. Brief history of the case:**

2.1. The Appellant is the owner of S.C.No.05-158-009-154. The service was charged under Tariff III-B and was permanently dismantled as per the request of the consumer.

2.2. The Appellant filed a petition dt.18.11.2014 for the refund of the security deposit amount available in the above permanently dismantled service connection.

2.3. A sum of Rs.35,567/- was refunded to the Appellant on 28.2.2015.

2.4. The Appellant filed an appeal before the Electricity Ombudsman stating that the security deposit refunded is only partial and prayed to refund the balance security deposit available with the licensee along with interest.

2.5. The Appellant informed that CGRF has not issued any orders on the petition dated 18.11.2014.

### **3. Contentions of the Appellant:**

- 3.1 A postal mail dated 13.6.2015 was received on 24.5.2015, intimating about need for his personal appearance at CGRF, Madurai on 17.6.2015. It is obvious that the mail was sent with clear intent of not giving a chance for him to appear, since there was ample time between his letter of 3.3.2015 and the hearing date. Incidentally, he was at Madurai on the said date (17.6.2015) and would have easily attended the meeting, if only he was informed about the same.
- 3.2 For the hearing dated 13.1.2015, there was a letter sent dated 9.1.2015 i.e. 4 days before hearing (does not mean it was posted on same date). This mail reached him on 20.1.2015, one week after the hearing date.
- 3.3 It is even more objectionable since the issue (delayed intimation) was pointed out in his letter to CGRF dated 3.3.2015 clearly also stating that his current base is Chennai (and hence would need more time for a trip to Madurai, naturally).
- 3.4 He had sent mails (from [ravimrc@yahoo.com](mailto:ravimrc@yahoo.com)) to [cgrfmdu@tnebnet.org](mailto:cgrfmdu@tnebnet.org) on 20.10.2014 and an escalation email was then sent on 11.11.2014 to the following: [chairman@tnebnet.org](mailto:chairman@tnebnet.org) [secy@tnebnet.org](mailto:secy@tnebnet.org) and [ddtangedco@tnebnet.org](mailto:ddtangedco@tnebnet.org) but there was no action / reply.
- 3.5 His mobile number was provided in every letter / mail (from 18.11.2014). CGRF should have tried to send a SMS, make a call (or sent an email) or atleast make an attempt to check as to why complainant is writing again.

- 3.6 Excepting the acknowledgement / (delayed) intimation of hearing letters, the CGRF has not intimated any action taken out of the hearing including what materials, justification, arguments, etc. were presented by TANGEDCO, Madurai. On the otherhand, CGRF denies participation in hearings by not intimating on time and on the other hand, it does not even share the information presented by the defending party, that is TANGEDCO.
- 3.7 Even the partial payment made through cheque was not accompanied by any detail on the deductions made, leave alone why were they made. Till date, there is no information provided – despite asking for it – on why a security deposit amount that was available on termination of connection was not refunded in full.
- 3.8 It has been more than 20 months since the termination request but TANGEDCO has only resorted to delay tactics and not tried to address the grievance.

**4. Contentions of the Respondent furnished in the Counter Affidavit:**

- 4.1. The Appellant's 1<sup>st</sup> CGRF Petition No. 27/2014 dated 25.11.2014 seeking for immediate security deposit refund for the SC No.158-009-154 was redressed and as per the orders issued on the hearing date 13.1.2015, security deposit amount of Rs.35,567/- was refunded through cheque on 28.2.2015 which has been mentioned in his 2<sup>nd</sup> CGRF petition no.12/2015 dated 20.3.2015 by Appellant itself.
- 4.2. For both the petitions, the letter intimating the hearing dates were sent to the Appellant through courier on 8.1.2015 and 9.6.2015 by CGRF /

Madurai. The CGRF hearing dates are confirmed only after getting concurrence from the members of CGRF due to which the hearing dates are decided only before one week time on account of which the intimations are posted only before 4 days from the date of hearing.

- 4.3. The email sent to ID [cgrfmdu@tnebnet.org](mailto:cgrfmdu@tnebnet.org) was reviewed and while the necessary action was under process, Appellant has filed a written CGRF petition. As the same grievance sent through email was sent as CGRF petition, it was acknowledged and registered as No.27/2014 and was redressed as already mentioned above. The CGRF order dated 13.1.2015 was sent to the Appellant through courier on 27.2.2015.
- 4.4. As per the CGRF rules the hearing dates has to be intimated through letter by post or courier and hence both the letters were sent through courier.
- 4.5. The Appellant filed 2<sup>nd</sup> CGRF petition (12/2015 dated 20.3.2015) for seeking split up details and short fall amount from the available security deposit along with interest.
- 4.6. The hearing was conducted on 17.6.2015 with intimation to the Appellant but the same was received by the appellant a week later. The CGRF had reviewed the petition and the EE / Electrical / Samayanallur (2<sup>nd</sup> Respondent of CGRF) was directed by the CGRF to furnish the split up details for the already refunded amount of Rs.35567/- and to refund the balance amount if any as per the regulations framed by TNERC to the Appellant.

4.7. As per the Forum order, the EE/Electrical/Samayanallur has calculated the appropriate shortfall amount to be refunded to the Appellant as below:-

Meter Caution Deposit Amount	Rs.2500.00
CC charges for the month of January 2014 (which was assessed as door lock)	<u>Rs.3002.00</u>
Total	<u>Rs.5502.00</u>

**5. Hearing held by the Electricity Ombudsman:**

5.1. To enable the Appellant and the Respondent, to put forth their arguments in person, a hearing was conducted before the Electricity Ombudsman on 22.9.2015.

5.2. Thiru M. Ravichandran, the Appellant herein has attended the hearing and put forth his arguments.

5.3. Thiru M. Selvaraj, Assistant Executive Engineer / Vadipatti and Tmt. S. Kirija, Assistant Engineer / Town / Sholavandhan have attended the hearing on behalf of the Respondent and put forth their side arguments.

**6. Arguments of the Appellant :**

6.1. The Appellant reiterated the arguments contained to the appeal petition.

6.2. He argued that the amount of security deposit on his account as per the TANGEDCO's website as on 22.5.2014 is Rs.43538/- But, the Respondent have refunded only Rs.35567/-. Hence he argued that the balance amount has to be refunded to him. Further, he informed that the working sheet for refunding the sum of Rs.35567/- instead of Rs.43538/- has also not been given to him while refunding the above amount.

- 6.3. The Appellant also argued that interest has to be paid by the licensee at applicable rates till the date of refund. But, no interest component was included in the refunded amount.
- 6.4. He argued that the CGRF has sent the notification in respect of the hearing date belatedly on both the occasions. The intimation to attend the hearing shall be in advance with sufficient time so that the consumer could attend the hearing. If it reached the consumer after the hearing date, no purpose could be achieved. Even the notice sent for the 2<sup>nd</sup> hearing scheduled on 17.6.2015 was also received by him on 24.6.2015 i.e. one week after the scheduled hearing date which shows that the authorities are not interested in the presence of consumer.

7. **Arguments put forth by the representative of the Respondent on the hearing date:**

- 7.1. Thiru M. Selvaraj, Assistant Executive Engineer, Vadipatty reiterated the contents of the counter affidavit.
- 7.2. Tmt. S. Kirija, Assistant Engineer / Town, Sholavandan informed that the security deposit available as on 22.5.2014 was the amount inclusive of interest upto 31.3.2014. But the service connection was disconnected on 29.1.2014 for permanent dismantling. Hence she argued that the interest calculation has to be done upto 29.1.2014 only.
- 7.3. She also explained the calculation of the balance amount available with the Board which is detailed below:

	Rs.
Security Deposit available as on 31.3.2013	39,943.00
Interest at 9% per annum upto 29.1.2014	<u>2,996.00</u>
Security Deposit available as on 29.1.2014	42,939.00
 <u>Deduction</u>	
Monthly minimum charges for one month – 1500.00	1500.00
DC Charges - 30.00	30.00
Dismantling charges - 250.00	<u>250.00</u>
	1,780.00
Amount to be refunded after Permanently dismantling the service	41,159.00
Amount already paid vide cheque	<u>35,567.00</u>
Balance to be paid	<u>5,592.00</u>

7.4. The AE argued that the cheque for the above amount is ready and will be paid to the consumer. Regarding interest, she argued that interest upto date of disconnection will alone be paid to the consumer as per the procedure in vogue and hence argued that interest is not payable.

**8. Findings of the Electricity Ombudsman:**

I have heard the argument of both Appellant and Respondent. On a careful consideration of the rival submissions I find the following as the issues.

- (i) What is the code provision for termination of the Agreement in case of termination as per the request of the consumer?
- (ii) Whether the request of the consumer that the licensee has to pay the interest upto the date of refund is acceptable?

**9. Findings on the first issue:**

9.1. In order to find the provision for termination of agreement as per the request of the consumer, we have to refer regulation 33 (3) & 33 (5) of the Tamil Nadu Electricity Distribution Code . The said regulation 33 (3) and 33 (5) of Distribution Code are extracted below:-

33 *AGREEMENTS:*

(1) xxx xxxx xxx

(2) xxx xxxx xxx

(3) *The agreement can be terminated by the consumer at any time by giving one month's notice in writing to the Licensee expressing his/her intention to do so.*

(4) xxx xxxx xxx

(5) *In the case of termination of the agreement either by the consumer under sub – regulation (3) or by the licensee under sub – regulation (4), as the case may be, the licensee shall recover the dues if any due from the consumer after making such adjustment of the dues, due to him by the consumer as may be necessary to clear the dues from the consumer against the security deposit or additional security deposit or any other deposit made by the consumer and after making such adjustment, refund the balance deposit, if any, to the consumer within three months from the date of termination of the agreement.”*

9.2. On a careful reading of Regulation 33 (3) of the Distribution Code, it is noted that the consumer has to give one month notice in writing to the licensee for termination of the agreement.

9.3. On a careful reading of the regulation 33 (5) of the Distribution Code, it is noted that in case of termination of agreement the licensee has to recover the dues if any due from the consumer by adjusting it from the security deposit available with the licensee and the balance deposit if any has to be returned to the consumer within 3 months from the date of termination of the agreement.

9.4. In view of the positions explained in previous paras 9.2 and 9.3. it is noted that as per code provision, the service connection agreement of a

consumer could be terminated on expiry of one month notice period and the accounts has to be settled within 3 months from the date of termination of agreement. As the Appellant has submitted his letter for permanent dismantling of service on 29.1.2014, the service connection agreement has to be terminated on 28.2.2014 and the balance deposit if any has to be refunded to the Appellant on or before 28.5.2014.

**10. Findings on the second issue:**

10.1. The Appellant argued that the deposit amount was with the licensee even after permanent dismantling his service and was refunded partially on 28.2.2015 after a delay of about one year. Hence he argued that the balance amount and interest upto date of refund has to be made to him. He informed that Rs.35,567/- only was refunded to him whereas as per the TANGEDCO's website information, the security deposit available in his service connection is Rs.43,538/- Citing the above information the Appellant argued that a sum of Rs.7971/- has to be refunded to him along with bank interest for the period upto which the amounts were with TANGEDCO.

10.2. The Respondent representative argued that security deposit available in this consumer account displayed in the website includes interest upto 31.3.2014. As the service connection agreement was terminated, the interest calculation has to be made upto date of disconnection (i.e.) 29.1.2014 only and not upto 31.3.2014. Further the amounts that are due from the consumer such as one month minimum charges, dismantling

charges and disconnection charges has to be deducted from the available deposit amount. Hence the amount to be refunded is Rs.41,159/- only and the details are as below : -

	Rs.	Ps.
Security Deposit available as on 1.4.2013	39,943.00	
Interest upto January 2014	<u>2,996.00</u>	
Total Security Deposit available as on 29.1.2014	42,939.00	
<u>Deduction</u>		
Monthly minimum charges for one month –	1500.00	}
DC Charges	- 30.00	
Dismantling charges	- <u>250.00</u>	
Balance amount to be refunded	Total	<u>41,159.00</u>

- 10.3. The Respondent argued that as Rs.35,567/- was already paid, the balance amount to be refunded is Rs.5592/- only and the cheque for that amount is ready and the same will be handed over to the Appellant immediately.
- 10.4. The Appellant also agreed for the above calculation subject to furnishing of document in proof of available security deposit as on 31.3.2013 is 39,943/-, but argued that interest at the bank rate has to be paid to him as there was delay in refunding the balance amount.
- 10.5. In order to resolve the issue of payment of interest, I would like to refer Section 47 (1) and 47 (4) of the Electricity Act, 2003 which is extracted below:-

*“47(1) Subject to the provisions of this section, a distribution licensee may require any person, who requires a supply of electricity in pursuance of section 43, to give him reasonable security, as may be determined by regulations, for the payment to him of all monies which may become due to him –*

*(a) in respect of the electricity supplied to such persons; or*

*(b) where any electric line or electrical plant or electric meter is to be provided for supplying electricity to such person, in respect of the provision of such line or plant or meter,*

*and if that person fails to give such security, the distribution licensee may, if he thinks fit, refuse to give the supply or to provide the line or plant or meter for the period during which the failure continues.*

*(2) xxx xxx xxx*

*(3) xxx xxx xxx*

*(4) The distribution licensee shall pay interest equivalent to the bank rate or more, as may be specified by the concerned State Commission, on the security referred to in sub-section (1) and refund such security on the request of the person who gave such security.*

*(5) xxx xxx xxx*

10.6 A bare reading of the said section 47 (4) of the Act, it is noted that the distribution licensee has to pay interest at the bank rate or more as specified by the concerned State Commission.

10.7 In this regard, the Supply Code also contains such provision in Regulation

5(5) (i) which is extracted below : -

*“5. Miscellaneous charges*

*xxxx xxxx xxx*

***(5) Additional Security Deposit***

*(i) The adequacy of security deposit may be reviewed and re-fixed once in a year in case of HT consumers and once in every two years in case of LT consumers taking into account the interest due for credit. Such reviews shall be made in the month of April/ May. The rate of interest on the security deposit shall be on the basis of the Commission’s directive to the Licensees in this regard.”*

- 10.8 It could be ascertained from the above regulations and as per Section 47 (4) of the Act, the security deposit attracts interest as per the rate fixed by the Commission.
- 10.9 The interest rate fixed by the Hon'ble Commission for the year 2013-14 and 2014-15 is 9% as per Order No.1 of 2014 dated 18.2.2014 and Order No. 2 of 2015 dated 19.2.2015 respectively. Hence it is held that the interest rate to be adopted is 9% for the year 2013-14 & 2014-15.
- 10.10 In this connection, it is also to be pointed out that in earlier order dated 20.7.2006 in O.P.No.8 of 2006, the Electricity Ombudsman has held that the interest has to be paid upto the date preceding the date of refund of Security Deposit.
- 10.11 As the amount to be refunded is the balance security deposit after adjusting the dues to the licensee, I am of the view that it attracts interest at the rate specified by the Hon'ble Commission till the amount is refunded to the consumer.
- 10.12 In the letter dt.12.10.2015, the Superintending Engineer/Madurai EDC has informed that as directed by the Electricity Ombudsman during the hearing conducted on 22.9.2015, they have refunded the balance security deposit amount along with interest as detailed below vide cheque no.454583 dt.30.9.2015.

Balance amount to be refunded	-	Rs.5592/-
Interest for Security Deposit	}	- Rs.2778/-
from 6/2014 to 2/2015.		

Interest for balance amount	}	
from 3/2015 to 9/2015	}	- <u>Rs. 294/-</u>
		Total <u>Rs.8664/-</u>

10.13 In letter dt.29.5.2015, the Superintending Engineer/Madurai EDC has enclosed a copy of CC receipt dt.31.7.2013 in support of the available Security Deposit as on 1.4.2013 as Rs.39943/- and also furnished the statement of security deposit from 2008-2009 to 2014-15 in respect of the disputed service No. 158-009-154. The relevant details are extracted below :

Review Year	Review Date	o/b as on (in Rs)	Collection mode	Interest (in Rs.)	IT Deduction (in Rs.)	closing balance as on (in Rs.)
2008-09	26.6.09	1.4.08 31384	Nil	1883	0	31.3.09 33267
2009-10	26.5.10	1.4.09 33267	Nil	1996	0	31.3.10 35263
2010-11	25.4.11	1.4.10 35263	Nil	2116	0	31.3.11 37379
2011-12	23.4.12	1.4.11 37379	Nil	2243	0	31.3.12 39622
2012-13	06.5.13	1.4.12 39622	Nil (Interest rate 9% from 20.2.14)	321	0	31.3.13 39943
2013-14	27.4.14	1.4.13 39943	Nil	3595	0	31.3.14 43538
2014-15	-	1.4.14 43538	Nil	-	0	-

10.14 On a careful study of the above statement, it is observed that the interest for 2012-2013 was worked out as Rs.321/- The above interest calculation is wrong. The interest rate for security deposit as per Commission's order No.T.O. 1-5, dt.5.2.2013 is 9% for the year 2012-2013. Hence, adopting the above rate, the interest for 2012-13 works out to Rs.3566/- Therefore, the Security Deposit available in the service as on 1.4.2013 is (Rs.39622/- + Rs.3566/-) Rs.43188/- As the refund made by the Respondent is calculated based on the available security deposit as on 1.4.2013 as Rs.39943/-, the Respondent is directed to rework the refund

amount considering the Security Deposit available as on 1.4.2013 as Rs.43,188/- instead of Rs.39943/- and arrange to refund the amount along with interest within 30 days from the date of receipt of this order.

**11. Conclusion:**

11.1. In view of the findings furnished in para 10.14, the Respondent is directed to rework the refund amount considering the security deposit available as on 1.4.2013 as Rs.43188/- and refund the balance amount along with interest to the Appellant within 30 days from the date of receipt of this order.

11.2. With regards to the grievance of the Appellant that the intimation of CGRF hearing was received by him only after the scheduled date of hearing the Chairman, CGRF of Madurai EDC is requested to arrange to dispatch the CGRF hearing date intimation letters to the respective petitioner and the Respondent well in advance in future so that the petitioners and the Respondents received the intimation letters well in time before the scheduled date of hearing.

11.3. A compliance report shall be sent to this office within 45 days from the date of receipt of this order.

11.4. With the above findings, the A.P.No.54 of 2015 is finally disposed by the Electricity Ombudsman. No costs.

**(A. Dharmaraj)**  
Electricity Ombudsman

To  
1) Thiru M. Ravichandran,  
3-C, KGEYES Magnolia Apartments,  
154, L.B. Road,  
Thiruvanmiyur, Chennai-600 041.

2) The Superintending Engineer,  
Madurai Electricity Distribution Circle/South,  
TANGEDCO (formerly TNEB),  
K.Pudur, Madurai 625 007.

3) The Chairman & Managing Director,  
TANGEDCO,  
NPKR Maaligai,  
144, Anna Salai, Chennai – 600 002.

4) The Secretary,  
Tamil Nadu Electricity Regulatory Commission,  
No.19A, Rukmini Lakshmipathy Salai,  
Egmore, Chennai – 600 008.

5) The Assistant Director (Computer) - **FOR HOSTING IN THE TNEO WEBSITE PLEASE**  
Tamil Nadu Electricity Regulatory Commission,  
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