

**Before**

**UTTARANCHAL ELECTRICITY REGULATORY COMMISSION**

**Case No. :** Misc. Application No. 52/2004 dated 29.03.2004.

**In the matter of:**

Suomoto proceedings initiated with respect to meter reading, billing and collection from Domestic Consumers.

**In the matter of:**

Uttaranchal Power Corporation Ltd.  
Urja Bhawan, Kanwali Road,  
Dehradun

..... Respondent

**Coram**

**Sri Divakar Dev      Chairman**

**Date of Order 9<sup>th</sup> July, 2004**

**ORDER**

1.        The Commission has been receiving complaints with respect to different aspects of service being provided to consumers by the distribution Licensee namely Uttaranchal Power Corporation Ltd. (UPCL). Large number of

these complaints relate to the Licensee's arrangements for reading of consumers meters, preparation and distribution of bills and about arrangements made by the Licensee for collection of billed amount from consumers. This matter has also been raised in almost every meeting of the State Advisory Committee constituted by the Commission under section 87 of the Electricity Act, 2003. Licensee's response to the issue so far has been inadequate and routine. Licensee's own figures point to serious shortcomings in the existing billing system which itself should have caused him concern even without others raising it. Against a total of 3755.58 MU of electricity purchased by the Licensee for consumption within the State during 2002-03, the quantity billed for was only 2021.59 MU indicating a loss of 1733.99 MU partly due to technical reasons but substantially due to pilferage. This loss works out to a total of 46.17% of the total energy procured. Obviously, the metering and the billing system of the Licensee are not effective enough and permit such large-scale theft of electricity.

2. When we look at the system of collection of the billed amount the situation is no better. It is disturbing to see that unrealized billed amount inherited by UPCL from UPPCL which was Rs. 629.25 crore as on 09.11.2001 had increased to Rs. 682.06 crore as on 31<sup>st</sup> March 2002, i.e. by about Rs.53 crore within a period of less than 5 months which is quite alarming. This further swelled up to a whopping sum of Rs. 919.04 crore on 31.03.2003 as quoted by the Licensee in their submission before the Hon'ble High Court. Such huge shortfalls in collections again points to serious flaws in the prevalent billing and collection arrangements. In short the Licensee's arrangements for reading of meters, preparation and distribution of bills and collection of the billed amount, while causing considerable annoyance and inconvenience to consumers is at the same time damaging Licensee's own commercial interests and is resulting in heavy losses arising from imprecise measurement of the energy sold and unacceptably low collection of the billed amount.

3. In view of the magnitude and gravity of the problem and its implications both for the Licensee as well as consumers, the Commission

decided to take cognizance of the matter and examine this issue in depth. The Licensee was required to make a comprehensive submission about the arrangements made by him for reading of individual meters, periodic cross checking of the recorded meter readings, preparation and issue of bills, and for payment of bills by consumers. Simultaneously, the Commission invited suggestions for improving the existing arrangements from consumers and all other stakeholders. For this public notices were published in following newspapers:

(a) Dainik Jagran on 16<sup>th</sup> March 2004

(b) Times of India on 17<sup>th</sup> March 2004

4. In response, a brief submission has been filed by the Licensee on 26.03.2004. A total of 17 written responses have been received from other stakeholders and the same are listed out at the Annexure-1 of this order. In addition the Commission held public hearings on the subject at Nainital on 21<sup>st</sup> May 2004, Haldwani on 22<sup>nd</sup> May 2004 and Dehradun on 12<sup>th</sup> June 2004. During these Public hearings another 11 objections to the existing arrangements were raised, which have again been given at Annexure-2 of this Order.

5. As per the Licensee's submission dated 26<sup>th</sup> March 2004 two types of arrangements exist in the State for billing and collection of charges from domestic consumers. In parts of Roorkee, Rishikesh, Dehradun, Haldwani and Nainital the arrangement is that every alternate month the consumer notes down his meter reading and takes the same to the Licensee's billing centre for preparation and payment of his bill. Ironically this system is called the Spot Billing System by the Licensee. In other places it has been claimed that meters are being read in alternate months between 15<sup>th</sup> and 31<sup>st</sup> of every month. The bills are supposed to be distributed in the following month through departmental employees and by outsourcing.

6. Payments are received from domestic consumers at the spot billing centres in Roorkee, Rishikesh, Dehradun, Haldwani and Nainital and at other

offices of the Licensee. The feedback received by the Commission from consumers in the State and from other sources, including the State Advisory Committee paints a totally different and a rather gloomy picture of the manner in which the existing arrangement is working. Objections filed and issues raised in this connection can be summarised as given below:

**(i) In places other than Roorkee, Rishikesh, Dehradun, Haldwani and Nainital.**

- a) Contrary to the Licensee's claim in this regard, meters are not being read regularly and bills are often raised on assumed consumption.
- b) In many cases meters have not actually been installed even though charges for the same have been realised and even the meter number is being shown in the bill. Such meters that have not been installed, are shown as defective and for month after month consumers are being billed on the rates applicable for defective meters.
- c) Bills for domestic consumers are not being received regularly resulting in accumulation of dues.
- d) Bills are received late and time available to consumers for their payment is often too little resulting in disputes over levy of surcharge on the billed amount.

**(ii) In Roorkee, Rishikesh, Dehradun, Haldwani and Nainital**

- a) The Spot Billing System in these places conveniently transfers the responsibility for meter reading and billing from Licensee to consumers and they have been made responsible not only for timely payment but also for reading their meters and procuring a bill from the Licensee.
- b) On account of unscientific planning of these Spot Billing Centres, consumers have to face extreme harassment and indignity in getting their bills prepared first and then in paying them.
- c) Many consumers find this arrangement annoying and highly inconvenient either on account of reasons like their own working hours

or old age or ill health or for that matter on account of their disinclination to undergo the indignity and harassment that they inevitably have to face at these Spot Billing Centres.

7. For better appreciation of the problem one may look at the broad Consumer Profile of the State as obtained from the Licensee, which is given below;

|   |          |
|---|----------|
| a) Total No of consumers  | 8,95,296 |
| b) No of Domestic consumers                                     | 7,72,709 |
| c) No of domestic consumers in urban areas                      | 4,87,793 |
| d) No of domestic consumers in rural areas                      | 2,84,916 |
| e) No of urban domestic consumers under the Spot Billing System | 1,48,225 |

8. It will be seen from above that domestic consumers form the largest single group of consumers and account for more than 86% of the Licensee's total number of consumers. The Commission is, therefore, confining the present exercise to domestic consumers. The Commission has considered the objections raised by various stakeholders and the suggestions received from them. The Commission has also had detailed discussions with senior officers of Licensee's company and State Government representatives on 19<sup>th</sup> June 2004 and then on 5<sup>th</sup> July 2004. The Commission was encouraged to note the positive response to these issues from CMD and other officers of the Licensee. The position that has emerged is given below:

**(I) Meter Reading and Billing System**

***(i) Under the Spot Billing System***

9. In a normal sale transaction, the seller's first concern is to ensure that the quantity or numbers of goods sold are correctly measured and the same are reflected in the bill that he issues. This is one of the fundamental principles of any sales transaction and is essential to protect interests of both the seller as well as the purchaser of goods. Notwithstanding the difficulties that the Licensee

faces in this regard, not measuring correctly the energy sold to any consumer is difficult to appreciate as it totally defies this fundamental commercial principle. Instead of correcting its flaws and bringing about improvements in the existing meter reading and billing systems, the Licensee has totally abdicated his responsibility in this regard in the so called Spot Billing System. If earlier the meters were not being properly read, under this system reading of meters by the Licensee has been totally given up and the Licensee has placed total reliance on consumption of energy as reported by individual consumers. The consumption reported by the consumer, month after month, is not even checked or verified on behalf of the Licensee. The Licensee, therefore, has no means of ensuring that the quantum of electricity supplied by him to any consumer is actually being paid for fully by such consumer. Such an arrangement is bound to result in losses to the Licensee whether through delayed billing and payments or worse through short billing and under payments.

10. Further, as in any sale the basic responsibility for preparation and distribution of correct bills is that of the Licensee. He cannot shift this burden on the consumers and force them to perform these tasks on his behalf and for that go to Licensee's office to get their own bills prepared and then again to make the payments thereof. No other purchaser of any goods or services is required to do so and there appear no reason to force purchasers of electricity to take over and discharge the seller's responsibilities in this regard. Even in the Power sector, this kind of distortion in responsibilities does not exist elsewhere in the country, except perhaps in UPPCL which is UPCL's parent organization. This peculiar arrangement reflects gross insensitivity to consumer convenience and ironically has been named Spot Billing System. There would always be some consumers who want to pay their dues but cannot or do not want to go to the collection centres just to know what they have to pay. This could be for variety of genuine reasons like old age, illness, long working hours and such other reasons. Forcing them to compulsorily line up in Licensee's offices is akin to forced labour and is simply not acceptable. Measuring the quantity of electricity sold to a consumer and raising proper bill for the same is primarily Licensee's responsibility and all

functions related to it have to be performed by him or by his agents, and not by consumers. Licensee's existing arrangements in places where the Spot Billing System is in operation are, therefore, faulty and need to be suitably modified. The Licensee is, accordingly, directed to carry out a critical review of the Spot Billing System and replace it with a consumer friendly system in which functions like reading of meters, preparation and dispatch of bills are performed by Licensee or his agents and these responsibilities are not thrust on consumers. There may be no objection in making the existing arrangement optional if some consumers find it convenient and would like to continue with it. The new arrangement should be put in place by 10<sup>th</sup> November 2004.

***(ii) In other places***

11. Even in places where meters are being read by the Licensee and bills sent to consumers the general complaint is that the meter readers do not actually go and take the reading for months together. Bills for such consumers as a routine are prepared either on assumed consumption basis or on rates applicable to "Meters Not Read" category. Almost all consumers who appeared before the Commission complained vehemently about this practice. Raising of bills on assumed consumption or any other basis hurts interest of consumers as well as the Licensee. It is appreciated that there would be some cases in which in spite of sincere efforts, Licensee's meter readers are unable to record the correct reading and in such situations there is no option but to raise bills based on assumed consumption. However this should be an exception and not the rule. What causes concern is resorting to this method of billing on a large scale. It should not be difficult for the Licensee to monitor and identify areas or consumers for whom bills are being prepared on this basis month after month, as the billing data is already computerized. The Commission hereby directs the Licensee to take effective steps to check the present large-scale misuse of this system by identifying consumers and areas in which this malpractice of issuing bills without proper reading is rampant, and correct the distortion while fixing responsibility for the same. The Licensee should also ensure that meter readings

are regularly entered in a card/book kept with the meter of each consumer. Each such entry should be made and initialled by the meter reader. In case of complaints of incorrect billing entries made in the past in such cards/note books should be considered sufficient evidence for deciding the matter. This being an ongoing exercise no time frame is being prescribed for it.

12. Another issue raised is that the bills are often received when the last date for payment is already over or is only a few days away. This results in inconvenience and avoidable disputes between consumers and Licensee over levy of surcharge on the billed amount. This obviously needs to be corrected and for this the Licensee needs to review and streamline the existing arrangement for preparation and issue of bills. Dates for receipt of bills by domestic consumers should be fixed in advance and if a consumer does not receive his bill well before that date no surcharge should be levied on him. For sake of transparency the bills should show the date on which the bill has been dispatched by Licensee's office and reasonable time of say 15 days from this date should be allowed to the consumers before attracting any surcharge. The Licensee is hereby directed to carry out a detailed review of the existing arrangements and streamline the same in a way that the consumer has clear 15 days time to pay his bills. This exercise should be completed by 10<sup>th</sup> November 2004.

***(iii) Defective and Not Read Meters***

13. Charges for defective meters prescribed in the tariff order dated 08.09.2003 are leviable for a maximum period of three months only during which time the Licensee is expected to have replaced the defective meter. The Commission has already directed that should the Licensee fail to replace the defective meter, charges leviable on such consumers will be the charges applicable to un-metered consumers of that category or the average consumption of the past three billing cycles immediately preceding the date of the meter being found or being reported defective, whichever is higher. This is already being implemented by the Licensee.

14. Where meters could not be read because of non-availability of any consumer, bill should be based on the last one year's average consumption of the consumer. This would ensure that the consumer is not over or under burdened by the electricity charges and average yearly consumption would cover all the seasonal variations in consumption. In such cases when the bills are based on average consumption of past 12 months, they should clearly show the date when the meter reader went to the consumer's premises to take the meter reading and reason for not being able to do so. All such bills should get suitably adjusted as and when such meters can be read or as and when the meter reading is reported by the consumer. This should be started by 10<sup>th</sup> November 2004.

## **(II) Bill Collection System**

15. Another area of acute and almost universal dissatisfaction amongst consumers is Licensee's existing arrangement for collection of billed amounts. Almost all consumers who appeared before the Commission have complained about the time that they have to waste for making such payments, the indignity and inconvenience that they have to suffer in doing the same and last but not the least of the attitude and behavior of Licensee's staff at these collection centres. By making the bill payment arrangements unnecessarily cumbersome, the Licensee is also discouraging sincere consumers and pushing them into becoming defaulters. When compared to payment arrangements made by some progressive organizations like the mobile telephone companies or the banks for their credit cards, the Licensee's arrangements are simply primitive in which consumers' inconvenience and indignity seem to be of no consequence. Such an approach is out of tune with modern times and is also harming Licensee's own commercial interests. Therefore the Licensee has to make improvements in his existing collection system and ensure that:

- a) For consumers wanting to make payments through cheques, arrangements are made for receipt of such cheques without unreasonable delay and within reasonable distance of consumers' premises. This

would require the Licensee to make arrangements for receipt of such cheques not only at his bill collection centres but also by setting up of drop boxes at convenient places as is being done for mobile phones and credit cards. The number and locations of such boxes should be so determined that a consumer in urban area does not have to travel more than say one kilometer to drop his cheque. This may be done for main urban centres by 10<sup>th</sup> November 2004.

- b) For Rural areas also the existing arrangement needs to be fine tuned to ensure that the consumer does not have to travel unduly long distances to pay his electricity bills. This could be attempted by entering into suitable arrangements with rural branches of banks and with post offices located in such areas. This must be done by 31<sup>st</sup> December 2004.
- c) All arrangements made in this connection need to be given adequate publicity to make the consumers aware of the same which in turn would encourage them to use the available facility.

16. For consumers paying bills at Licensee's offices in cash the number of counters required for any area should be worked out on the basis of the number of consumers to be served. The Commission paid visit to one of the Licensee's bill collection centres and was appalled at the primitive arrangements there. The space available for consumers to wait for their turn was utterly inadequate forcing them to spill out and wait under open sky. There is an urgent need to make such places consumer friendly and attractive so that the consumer does not shun them. Such collections centres should be provided with some minimum basic conveniences. Airlines booking offices in bigger cities provide a good model for this purpose. This should also be done by 10<sup>th</sup> November 2004.

17. In urban areas which account for about 63% of domestic consumers in the State, in addition to arrangements for physical delivery of bills, billing information can be put on Licensee's website consumer wise and individual consumers should be able to access it and download his bill and the same should be an acceptable basis for such consumers making payment. It is understood

that such arrangements have been successfully made by some other Licensees in the country. The Commission does not see any reason why similar arrangements cannot be made in Uttarakhand also. The Licensee should launch a pilot project for putting consumer-wise data on website for consumers in Dehradun, Haridwar and Haldwani to begin with. The pilot project should be launched latest by 10<sup>th</sup> November 2004, monthly reports should be sent to the Commission by 10<sup>th</sup> of the succeeding month spelling out circle-wise progress of the same.

18. Consumers should also have the option to make advance lump sum payments from which the billed amount may be deducted periodically. Consumers choosing to opt for this arrangement can be issued a pass book showing the amount deposited from time to time, amount adjusted against the electricity dues after each billing cycle and the balance left. On such advance deposits, interest shall be paid at the State Bank of India's prevailing interest rate for Savings Bank account. This system will extend a facility to consumers without any extra cost to him and will at the same time reduce Licensee's own requirement of costlier working capital funds. This may be introduced by 31<sup>st</sup> December 2004.

19. Progress cum Compliance reports on each direction given above will be sent for Commission's information on 7<sup>th</sup> of each calendar month.

**(Divakar Dev)**  
**Chairman**