

Before

UTTARANCHAL ELECTRICITY REGULATORY COMMISSION

In the matter of:

Show cause notice dated 30th May 2005 issued by the Commission to Uttaranchal Power Corporation Ltd. regarding punitive action under sections 142 and 146 of the Electricity Act, 2003.

In the matter of:

Non-compliance of directions pertaining to arrangements for collection of bills of domestic consumers, given by the Commission to Uttaranchal Power Corporation Ltd. (UPCL) on 09.07.2004.

Coram

Sri Divakar Dev Chairman

Date of Order 1st September 2005

ORDER

1. The Commission after inviting through public notices and considering responses from all stakeholders and hearing Uttaranchal Power Corporation Ltd. (UPCL), the supply and distribution licensee in the State, passed a detailed order on 09.07.2004 pertaining to the licensee's prevailing system of energy metering, meter

reading, billing and collection of the billed amounts. The order contained a number of specific directions on each of the above aspects. The present proceedings relate to compliance of the directions given by the Commission with respect to the bill collection system. These directions were contained in paras 15 and 16 of the above order. The relevant portions of the said order are reproduced below:

“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 **10th 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 **31st 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 **10th November 2004.***

2. The order further required the licensee to send compliance reports on the above directions to the Commission on the 7th day of each calendar month. The licensee failed to send these periodic compliance reports. The feedback reaching the Commission suggested that no meaningful action had been taken by the licensee to comply with the above directions. For making an objective assessment of the position of implementation of these directions by the licensee, the Commission on 28.12.2004, constituted a committee of experts. The members of this Committee were;

- i) Shri S.C. Dhingra, Former Member, UPERC
- ii) Shri M. S. Rizvi, Former Executive Director, UPPCL
- iii) Shri V.K. Khanna, Former Executive Director, REC

3. The expert committee obtained information from the licensee and interacted at length with its officers and submitted its report on 26.05.2005. The Expert Committee's conclusion pertaining to the directions referred to above is reproduced below:

“After going through the responses of UPCL which appears perfunctory, the Committee feels that any number of directions issued by the Commission may not help unless effective steps with full enthusiasm are taken by UPCL on each of these directions with endeavor to regain its financial health. The Committee observed that whatever steps for improving various aspects of revenue management have been taken, are localized and person-dependent and are therefore, short-lived.”

4. The Expert Committee's above report only confirmed the feedback that had already been reaching the Commission from consumers and other stakeholders. The Commission took cognizance of non-compliance of these directions which have strong bearing on licensee's quality of service and consumers' satisfaction. A notice was, accordingly, issued to the licensee on 30.05.2005 to show cause within 30 days as to why appropriate penal action should not be taken against the company and its officers under section 142 and 146 of the Electricity Act, 2003 for violation and non-compliance of Commission's directions listed above. After seeking number of extensions in time, the licensee has finally filed its reply to the show cause notice on 30.07.2005. In its reply the licensee has failed to give any explanation for its failure to comply with these directions nor has he given any reasons, whatsoever, why the proposed penalty should not be imposed. The perfunctory reply to even the show cause notice reflects licensee's causal and non-serious approach towards even its statutory obligations

5. Licensee's above non serious approach is extremely disturbing and should not be overlooked. In the first place, if the licensee had been discharging its statutory obligations satisfactorily, there would have been no need for the Commission to go into this aspect and issue the above specific directions. The licensee having failed to do so, the Commission issued these directions. The licensee instead of responding to these directions and taking any meaningful steps for improving its existing outdated arrangements for billing and collection continues to be complacent and totally insensitive to these issues.

6. The Commission is, therefore, left with no option other than taking legal cognizance of licensee's failure and impose penalty as per provisions of Electricity Act, 2003. Notwithstanding any other action that may be taken against the licensee company under section 146 and 149 of the Electricity Act, 2003, the Commission in exercise of its powers under section 142 of the Electricity Act, 2003 imposes following penalty on Uttaranchal Power Corporation Ltd. for its failure to comply

with time bound specific directions given by the Commission in the order dated 09.07.2004 :

- i) UPCL, the licensee company shall pay a penalty of Rs. 1 lac for contravention of Commission's directions pertaining to billing and collection contained in Commission's order dated 09.07.2004 and listed in para (1) of this order.
- ii) Till such time that each of the above directions has been fully complied with to the satisfaction of the Commission, UPCL, the licensee company shall pay a continuing token daily penalty of Rs. 2500 with effect from the date of this order.
- iii) While the one time penalty of Rs. 1 lac will be paid within 30 days of issue of this order, the continuing penalty of Rs. 2500 per day will be paid within 30 days of close of each calendar month.
- iv) Expenditure incurred on this account will not be passed on to consumers in tariffs. Whether this expenditure should be borne by the delinquent company or the same should be recovered from the concerned employees is a matter which the company's Board of Directors may decide.

7. Since the above penalties are being imposed without prejudice to any other legal action that may be taken against the Company under the Act, a copy of this order may be sent to all Directors of the petitioner company's Board. A copy may also be sent to each member of the advisory committee for their information and for information of their constituents.

(Divakar Dev)
Chairman