

National Electric Power Regulatory Authority
Islamic Republic of Pakistan

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Registrar

20-12-2012

No. NEPRA/TCD 04/10/23-85

1. Chief Executive Officer
Faisalabad Electric Supply Company (FESCO)
Abdullah Pur, Canal Bank Road
Faisalabad
2. Rana Zahid Mehmood,
Chief Executive, Kohinoor One Plaza,
Jaranwala Road,
Faisalabad
3. Mr. Shahid Rahim
Representative All Shop Owners & Tenants Kohinoor One Plaza
C/O House # 115, Usman Street 2, Raza Town,
East Canal Road,
Faisalabad

SA (CAD)
Ask SA (CAD)
to discuss
PS
27/12/2012

Subject: COMPLAINT FILED BY MR. SHAHID RAHIM, REPRESENTATIVE ALL SHOP OWNERS & TENANTS, KOHINOOR ONE PLAZA, JARANWALA ROAD, FAISALABAD UNDER SECTION 39 OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 REGARDING OVER-CHARGING OF ELECTRICITY BILLS AND DISCONNECTION OF ELECTRICITY SUPPLY OF SHOP NO. 87
Complaint # FESCO-38-2012

Please find enclosed herewith the Decision of Member (Consumer Affairs) in the subject matter for compliance within 30 days of the receipt of this decision.

Encl: As above

SA CAD

*Received by FESCO met by KPC
from the 84 sub meters
firm in plaza*

Sd/-

(Syed Safer Hussain)

No. NEPRA/TCD 04/10/26

20-12-2012

Forwarded for information, please

Senior Advisor (CAD)

Master File [w.r.t CAD Dy. # 1366 dated 19.12.2012]

CC:

1. Chairman
2. Member (Licensing)
3. Member (Tariff)

*Discussion Meeting
be arranged
with Authority in presence
of (ALUP), LALIC etc*
27/12/2012

Registrar



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**BEFORE THE
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
(NEPRA)**

Complaint No: FESCO-38-2012

Shahid Rahim-Representative-All Shop Owners Complainant
& tenants, Kohinoor One Plaza, Faisalabad

Versus

Kohinoor One Plaza, Kohinoor City, Jaranwala Respondent
Road, Faisalabad.

Date of Decision: December 17, 2012

Date of Hearings: July 30, 2012
August 13, 2012
September 11, 2012

On behalf of:

Complainant: 1. Mr. Shahid Rahim
2. Mr. Malik Akbar
3. Mr. Khalid Mahmood

Respondent: 1. Mr. Zaid Riaz

FESCO: 1. Mr. Ghulam Rasul, Manager FESCO
2. Mr. Rana Muhammad Saleem, Deputy Manager

KPCL: 1. Mr M. Naeem Akhtar, General Manager
2. Mr Asif Ali Mughal, Manager Accounts

Subject: **DECISION IN THE MATTER OF COMPLAINT FILED BY MR SHAHID RAHIM-REPRESENTATIVE, ALL SHOP OWNERS & TENANTS, KOHINOOR ONE PLAZA, JARANWALA ROAD UNDER SECTION 39 OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRICITY ACT, 1997 REGARDING OVER-CHARGING OF ELECTRICITY BILLS AND DISCONNECTION OF ELECTRICITY SUPPLY OF SHOP NO.87**

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DECISION

1. This decision shall dispose of the complaint received by NEPRA on June 13, 2012 from Mr. Shahid Rahim on behalf of all shop owners and tenants of Kohinoor One Plaza Faisalabad (hereinafter referred to as "the Complainants") against Kohinoor One Plaza, Faisalabad (hereinafter referred to as "the Plaza").

2. Main contents of complaint are as under:

- i) The Complainants are the registered owners of almost 400 shops/offices in Kohinoor One Plaza Jaranwala road Faisalabad. These shops and offices have been purchased from the developer Mr. Zaid Mehmood (herein after referred as "the Developer"). The supply of electricity to this plaza is being provided by Kohinoor Energy Faisalabad but bills are prepared, distributed and received by the Developer without any legal and lawful authority.
- ii) By taking the advantage of this situation the Developer with the connivance of Kohinoor Energy Faisalabad is charging Rs. 19.50 per unit from the Complainant whereas Kohinoor Energy the rate is Rs. 18.34 per unit. Besides this the Developer is charging Rs 3000 to 5000 per month without maintaining any record/justification in the name of common use from each shop/office, which is a clear violation of NEPRA Rules and Regulations. As per existing practice they have to pay Rs. 50 to Rs. 100 per unit to the developer with the connivance of Kohinoor Energy Faisalabad.
- iii) As meter room is under control of the Developer and he is misusing his authority/power and disconnects the supply of any shop/office without any reason and justification. Recently, he misused his power against Owner of Pak Marks Security (Pvt) Ltd Major (R) Shahid Rahim.
- iv) The Complainants have approached all forums but were directed to approach NEPRA for solution in order to avert the blackmailing of the Developer.

3. The Complainant in his complaint prayed that:

- i) Kohinoor Energy Faisalabad should be instructed to prepare/distribute and receive the electricity bills as per NEPRA rates directly from the shops/offices owners as per their consumption so that middle man role of the Developer is eliminated and it should also take over the meter room under their control.
- ii) Middle man role should be abolished immediately so as to avoid unfair collection of money and avert the threat of disconnection of power supply of the shops and offices by the developer.
- iii) Kohinoor Energy Faisalabad should be instructed to protect the consumer's rights, save them from blackmailing of the developer and follow the NEPRA rules and regulations.
- iv) The Developer of Kohinoor One Plaza be directed to restore the supply of shop No. 87.

4. As per the procedure the case was taken up with Faisalabad Electric Supply Company (hereinafter referred to as FESCO) vide letter dated June 13, 2012 for submission of report. In response FESCO vide its letter dated July 05, 2012 submitted that Kohinoor Power Company Ltd (hereinafter referred to as KPCL) was granted Generation License No. SGC/017/2004 dated 27-01-2004 by NEPRA. The NEPRA authorized KPCL, inter alia, to engage in the "Second Tier" supply business with Kohinoor Industries Mills Ltd Faisalabad. The location of the Bulk Power Consumers (hereinafter referred to as BPC) and the generation facilities were specified in Generation License (refer SPP Licenses - Performa Scheduled-1 under Part-A & Part-B). BPC of KPCL i.e M/s Kohinoor Textile Mills Faisalabad, constructed houses &

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plazas on the land when industry was demolished. BPC of KPCL is still in the locality of Kohinoor Industry Mill Ltd but the BPC had changed the use of electricity being purchased from KPCL. It is therefore, not true that Kohinoor One Plaza is located in the service territory of FESCO. Unless NEPRA de-notifies the BPC of KPCL and its designated territory, the FESCO does not have authority to intervene in the distribution matters of KPCL in their specified area. So far as tariff charged by KPCL to its BPCs or group of consumers in its territory is concerned it is the responsibility of KPCL, to follow the tariff allowed by NEPRA at the time KPCL was allowed to engage in second tier supply business with the BPCs. Reasons for disconnecting the supply of shop No. 87 are best known to owner of Kohinoor One Plaza Jaranwala Road, Faisalabad.

5. To further investigate the matter, a hearing in the matter was convened on July 25, 2012 at Consumer Affairs Division Islamabad in which all the parties were invited to attend but the meeting was re-scheduled for July 30, 2012 on the request of FESCO. In the hearing the representatives of FESCO and the Complainant participated but there was no participation from of Kohinoor One Plaza Faisalabad. During the hearing representatives of FESCO could not provide detail of the case, therefore the hearing was re-scheduled for August 13, 2012. In the hearing dated August 13, 2012 representatives of FESCO, the Complainant and KPCL participated. During the hearing the representatives of the Complainants reiterated the same arguments as earlier submitted in their complaint. Further, they stated that at present Kohinoor One Plaza Faisalabad is getting power supply from FESCO and the Builder reselling to its shop owners and tenants at higher rates. FESCO officials informed that they provided temporary connection to the Plaza on request of the owner of the Plaza and resale of electricity was not in their knowledge. The representatives of KPCL informed that the Plaza was no more their BPC and at present they were supplying Power to FESCO only. It was further informed by the KPCL that they had stopped supplying Power to their BPCs since August 2008. They also provided a copy of the statement dated June 23, 2012 addressed to Registrar NEPRA in support of their statement.

6. As the matter needed further clarification another hearing was held on September 11, 2012 in which Mr Zahid Riaz representative of the Builder participated and subsequently explained their point of view. A written statement was filed by the Builder vide letter dated September 11, 2012. The contents of this statement are as under:

- i) Previously the Plaza was being supplied electricity by KPCL, but at present they are getting electricity from FESCO.
- ii) FESCO has provided a temporary connection to the Plaza as the building is under construction and still incomplete.
- iii) Mr. Shahid Rahim has no concern with the shop No. 87 upper ground floor, as he was neither the owner nor tenant of the shop. He is a self declared representative of all shop owners and tenants, whereas the shop owners and tenants directly dealt with the management of the Plaza. A copy of statement signed by shop owners and tenants was supplied to substantiate their claim.
- iv) The electricity of the shop No. 87 upper ground floor was discontinued on the request of shop owner. Authority letter from the shop owner authorizing the management to act on his behalf was also attached.
- v) With regard to issue of resale of electricity it was clarified by the Builder that it was not in their knowledge that it is a licensed activity. Therefore they have decided to apply for a distribution license to NEPRA, as per the law because it is not possible for management of the Plaza to hand over its distribution system to FESCO for operation and maintenance. Further they requested for guidance and procedure for obtaining distribution license from NEPRA.
- vi) It was also clarified that the Builder was charging the same tariff from the shop owners as that of FESCO.

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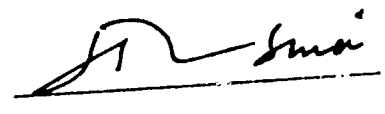
- vii) It was also assured by the Builder that they would charge the tariff of FESCO till distribution license was granted for distribution of electricity to Kohinoor One Plaza Faisalabad.
- viii) Common Use Charges being an issue had already been settled between the management of the plaza and shop keepers by the Court. (copy of Court Decision was provided).

7. The case has been considered in detail in the light of the written /verbal arguments of all the parties i.e FESCO, KPCL, Kohinoor One Plaza and the Complainant and it is revealed as under:

- i) KPCL was generating electricity pursuant to the Generation License No. SGC/017/2004 dated 27-01-2004 granted by NEPRA, wherein KPCL was authorized, interalia, to engage in second tier supply with Kohinoor Industry Ltd. Faisalabad. Later on the said industry was demolished and houses/plazas were constructed on the plot of Kohinoor Industry Ltd Faisalabad. According to KPCL they had stopped supplying electricity to their Bulk Power Consumers since August 2008 and were selling power to FESCO only.
- ii) At present Kohinoor One Plaza Faisalabad is getting power supply from FESCO through a temporary connection. FESCO officials during the hearing admitted that they had no knowledge of resale of electricity to tenants by the Kohinoor One Plaza Faisalabad.

8. After detailed examination of documents and due consideration of arguments of all the parties, it is decided as under:-

- (i) The Builder of Kohinoor One Plaza Faisalabad is directed to charge the bill from the tenants of the Plaza as per tariff charged by FESCO and no tariff other than that would be permissible.
- (ii) The Builder of the Plaza is directed not to disconnect the supply of any of its tenant/shops due to any other reason, so long as they are making electricity bill payment regularly.
- (iii) FESCO is directed to ensure that the Builder of the Plaza does not harass the tenants by using electric supply as a tool.
- (iv) The issue of common service charges between the Builder and the Complainants does not fall under the purview of NEPRA therefore, the Complainants may raise the same with the appropriate forum.



Member (Consumer Affairs)