



National Electric Power Regulatory Authority
Islamic Republic of Pakistan

Registrar

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No. NEPRA/R/TCD-04(CAD)/ 2553-55


February 16, 2018

Chief Executive Officer
Faisalabad Electric Supply Company Limited (FESCO)
Abdullah Pur, Canal Bank Road
Faisalabad.

Subject: **ORDER IN THE MATTER OF COMPLAINT FILED BY KLASH (PRIVATE) LIMITED THROUGH ITS DIRECTOR, MR. FARRUKH ZAMAN UNDER SECTION 39 OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 AGAINST FESCO REGARDING DELAY IN EXTENSION OF LOAD**

Enclosed find herewith the Order of Member (Consumer Affairs) regarding the subject matter for necessary action and compliance within thirty (30) days, please.

Encl: As above


16/2/18
(Iftikhar Ali Khan)
Director
Registrar Office

Copy to:-

1. C.E./Customer Services Director
Faisalabad Electric Supply Company Limited (FESCO)
Abdullah Pur, Canal Bank Road Faisalabad.
2. Mr. Farrukh Zaman
Director, KLASH (Pvt.) Limited,
117/J.B, 2 KM Paharang Drainage,
Millat Road, Millat Town, Faisalabad.



BEFORE THE
NATIONAL ELECTRIC POWER REGULATORY AUTHORITY
(NEPRA)

Complaint No. FESCO-14/02/2017

Klash (Private) Limited **Complainant**

Through its Director, Mr. Farrukh Zaman,
117/J.B, 2 KM Paharang Drainage,
Millat Road, Millat Town, Faisalabad.

Versus

Faisalabad Electric Supply Company Limited (FESCO) **Respondent**

Abdullah Pur, Canal Bank Road, Faisalabad.

Date of Hearings: 3rd April, 2017
15th May 2017
8th June 2017
20th December 2017

Date of Decision: February 15, 2018

On behalf of

Complainant: 1). Mr. Izhar Dogar, GM (Admin.)
2). Mr. Muhammad Adil, Manager (Electrical)

Respondent: 1). Mr. Ali Raza, Superintending Engineer
2). Rana Muhammad Afzal, XEN (Civil Line)

Subject: ORDER IN THE MATTER OF COMPLAINT FILED BY KLASH (PRIVATE) LIMITED THROUGH ITS DIRECTOR, MR. FARRUKH ZAMAN UNDER SECTION 39 OF THE REGULATION OF GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC POWER ACT, 1997 AGAINST FESCO REGARDING DELAY IN EXTENSION OF LOAD

ORDER

1. This Order shall dispose of the complaint dated 18th January 2017 filed by Klash (Pvt.) Limited, Faisalabad through its Director, Mr. Farrukh Zaman (hereinafter referred to as the "Complainant") against Faisalabad Electric Supply Company Limited (hereinafter referred to as the "Respondent" or "FESCO") under Section 39 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (hereinafter referred to as the "NEPRA Act").

2. Brief facts of the case are that the Complainant, in its complaint, stated that an application dated 19th February 2015 was filed with FESCO regarding extension of load, i.e. from 2407 kW to 2880 kW. Accordingly, a demand notice dated 27th August 2015 was issued amounting to Rs. 2,025,052/- (including capital cost amounting to Rs. 608,821/-, consultancy charges amounting to Rs. 6,691/- and security deposit amounting to Rs. 1,409,540/-). The payment was made on 9th September 2015, however, the load has not been extended by FESCO despite lapse of considerable time period. Further, FESCO debited an amount of Rs. 764,736/- in the bill for the month of December 2016, for which no prior notice was served. The Complainant requested for NEPRA's intervention for resolution of the issue.

3. The matter was taken-up with FESCO for submission of parawise comments/report. In response, FESCO vide its letter dated 24th February 2017 submitted its report, wherein it was submitted (inter alia) that the case for extension of load is under process in the office of Chief Engineer (P&D), FESCO. Further, the amount of Rs. 764,736/- was debited in the Complainant's bill on account technical losses due to illegal extension of load by the Complainant.

4. In order to probe further into the matter, a hearing was held on 3rd April 2017 at NEPRA Regional Office, Lahore which was attended by representatives of both the parties. The said hearing was adjourned on request of FESCO. Accordingly, hearings were held on 15th May 2017 and 8th June 2017 at the same venue, wherein the parties advanced their arguments on the basis of their earlier versions. FESCO was provided with ample opportunities to justify charging in this regard, however the FESCO officials failed to submit any convincing response. FESCO vide its letter dated 12th May 2017 submitted its written arguments, wherein it was submitted that although B-3 connections are to be installed within 76 days after payment of demand notice, but due to some unavoidable circumstances, the connection of the Complainant could not be energized within the prescribed time frame; however, the delay does not allow the consumer for illegal extension of load.

5. In light of the discussion during the hearings, FESCO was directed vide letter dated 23rd August 2017 to submit additional information, i.e. month-wise reading of both meters (installed at grid and consumer-end) from January 2014 to June 2017, difference

of units between the meters, losses recorded between the meters from January 2014 to June 2017, reasons for charging the impugned amount on account of technical losses, etc. In response, FESCO vide its letter dated 15th September 2017 submitted incomplete/partial information. FESCO was provided another opportunity of hearing on 20th December 2017 for provision of the requisite information i.e. date of execution of extension of load, MDI, readings of the meters installed at grid station and at consumer end, break up of units charged as line losses etc, however again FESCO representatives could not submit the complete record. In order to provide final opportunity, FESCO was directed vide letter dated 4th January 2018 to provide line losses as per meter readings installed at consumer premises and grid station, permissible limit of line losses for B-3 tariff category etc. In response thereto, FESCO vide its letter dated 8th January 2018 provided the same.

6. The case has been examined in detail in light of the documents provided by both the parties, arguments advanced during the hearing and applicable law. Following has been observed:

- i. The Complainant is a consumer of FESCO under B-3 tariff category. The Complainant applied for extension of load (i.e. from 2407 kW to 2880 kW) vide application dated 19th February 2015. Accordingly, demand notices dated 27th August 2015 amounting to Rs. 2,025,052/- (including capital cost amounting to Rs. 608,821/, consultancy charges amounting to Rs. 6,691/- and security deposit amounting to Rs. 1,409,540/-) were issued by FESCO and the same were paid in full by the Complainant on 9th September 2015.
- ii. The Complainant is fed through an independent 11 kV feeder. The extension of load was to be made by re-conductoring of the 11 kV line from ACSR Rabbit to ACSR Dog.
- iii. Rule 4(c) of NEPRA Performance Standards (Distribution) Rules, 2005 stipulates that for load above 500 kW but not exceeding 5000 kW, time-limit for provision of connection after payment of demand notice is seventy six (76) days. However, in the instant case, FESCO has violated the law by not providing the required load within the prescribed time period. The required extension was executed on 12th May 2017 after lapse of more than one and a

half years. Moreover, FESCO could not submit any evidence for such an abnormal delay as required under the provisions of the aforesaid rules.

- iv. As per the provisions of Distribution Code and Consumer Service Manual, the metering equipment is required to be installed at the consumer's premises, meaning thereby that the consumers are required to be billed on the basis of the consumption recorded on the metering equipment installed at the premises. However, in the instant case FESCO has charged amount of Rs. 764,836/- to the complainant on account of technical line losses occurred due to extension of load during April 2016 to December 2016.
- v. FESCO was provided with an opportunity to justify charging of the amount of Rs. 764,836/-, on account of the line losses however, FESCO did not submit any convincing response/evidence despite repeated directions and finally FESCO vide letter dated January 08, 2018 submitted detail of line losses taking into account the accuracy class of the meters installed at the grid station and at consumer premises from which it is clear that the technical losses (unit loss) never occurred beyond the permissible limit.
- vi. FESCO was informed that during the period when the case for extension of load was under process with FESCO and if the consumer used extended load, it paid fixed charges based on the actual MDI. Further, if the line losses were beyond the permissible limit then it could have been argued that FESCO had the right to charge the difference over and above the permissible limits. However, as per the record provided by FESCO, the line losses on the complainant's feeder have never crossed the permissible limit of 3 % during that period. As such, charging of extra line losses is not justified.

7. Foregoing in view, FESCO is directed to withdraw the amount of Rs. 764,836/- charged against the Complainant on account of technical losses, being void, unjustified and unlawful. Compliance report be submitted within thirty (30) days.

Islamabad. February 15 , 2018

Member (Consumer Affairs) 15/2/18

