



**TELANGANA STATE ELECTRICITY REGULATORY COMMISSION**  
5<sup>th</sup> Floor, Singareni Bhavan, Red Hills, Lakdi-ka-pul, Hyderabad 500 004

**O. P. No. 28 of 2023**  
**(Suo Motu)**

**Dated 24.01.2024**

**Present**

Sri. T. Sriranga Rao, Chairman  
Sri. M. D. Manohar Raju, Member (Technical)  
Sri. Bandaru Krishnaiah, Member (Finance)

*Suo Motu* proceedings in the matter of action against Sri S.Ramakrishna the then Managing Director, Co-operative Electric Supply Society (CESS), Sircilla for non-compliance of directions issued by the Commission in furnishing a detailed report in response to the letters of the Commission dated 08.02.2020, 09.09.2020 and 08.10.2020 under Section 142 and 146 of the Electricity Act, 2003.

**BACKGROUND**

1. The Commission had received a complaint from Sri Chimmany Prakash, President, Sircilla Division Electricity Consumers Welfare Society, Sircilla vide letter dated 28.01.2020 raising certain points about alleged misuse of 50% subsidy to power loom units in CESS, Sircilla area and on releasing of services for power supply to Small Scale Industries (SSI) Units under LT-IV category instead of LT-III category, thereby causing revenue loss to CESS, Sircilla. Further, enclosed the details of addresses and SSI Registration numbers of 69 Nos power loom SSI units alleging that these alleged industries instead of paying Rs.7.40 per unit are paying tariff at Rs.4.00 per unit and getting Rs.2.00 as power loom subsidy illegally from the Government of Telangana (GoTS).

2. The Commission had addressed a letter dated 08.02.2020 to Managing Director (MD), CESS, Sircilla for furnishing a detailed report on the received complaint, and sought the following information.

*“With reference to above cited, the Managing Director, CESS, Sircilla is requested to submit a detailed report on the points raised by Sri Chimmany*

*Prakash, President, Siricilla Division Electricity Consumers Welfare Society to this office on or before 20.02.2020.”*

3. Since the MD, CESS, Sircilla did not respond to the letter of the Commission, no information has been made available to the complainant. The Complainant along with Sri Kodam Venkatesham, President & General Secretary, Siricilla Division Electricity Consumers Welfare Society, Siricilla, has made further representation to the Commission vide letter dated 19.08.2020 (received by the Commission on 21.08.2020) that no action has been taken against the consumers, i.e., Small Scale Industries (SSI) Units who have taken services under LT-IV (Cottage Industries) category instead of LT-III (Industrial) category as they are not eligible to get the services under category of Cottage Industries. It is also stated that though they submitted similar representation to both Chairman, CESS, Sircilla and MD, CESS, Sircilla but no action has come forth and finally requested the Commission to issue necessary directions to the MD, CESS, Sircilla to bill the above services under LT-III category.

4. Upon receiving said representation, the Commission has sent another letter on 09.09.2020, to the MD, CESS, Sircilla, mandating the submission of a detailed report. The contents of the letter are as follows:

*“With reference to above cited, I am directed by the Commission to invite the attention of Managing Director, CESS, Sircilla, wherein it was requested to submit a detailed report on the points raised by Sri Chimmany Prakash, President, Siricilla Division Electricity Consumers Welfare Society to this office on or before 20.02.2020, but till date the same is not received and the society again submitted a complaint vide reference 3<sup>rd</sup> cited. The complaint is here with enclosed and the Managing Director CESS Sircilla is requested to submit detailed report to this office on or before 22.09.2020.”*

5. A further letter dated 08.10.2020 had been addressed to the MD, CESS, Sircilla stating as follows:

*“With reference to above cited, I am directed by the Commission to invite the personal attention of Managing Director CESS Sircilla, wherein it was requested to submit a detailed report on the points raised by Sri Chimmany Prakash, President, Siricilla Division Electricity Consumers Welfare Society to this office on or before 22.09.2020 but till date the same is not received. In view of the above, the Managing Director CESS Sircilla is once again directed to submit detailed report to this office on or before 19.10.2020.”*

6. Subsequently, the Commission having waited for considerable time, had issued a letter on 27.01.2022 and observed as below:

*“With reference to above cited, I am directed by the Commission to seek the Compliance Report from CESS Limited Sircilla on the complaint given by Sri Chimmani Prakash, President, Sircilla Division Electricity Consumers Welfare Society seeking action against Sri S.Ramakrishna, MD, CESS for not issuing notices to power loom consumers.*

*The report should reach this office by 14.02.2022.”*

7. In reply to the above letter, the MD, CESS, Sircilla vide letter dated 12.02.2022 (received by the Commission on 18.02.2022) had replied as follows:

*“Adverting to the subject cited, it is to submit that notices are issued to the consumers of Power loom (SSI units) for clubbing which are multiple LT Category IV-A services available in same premises into single service connections with change of category to III for a connected load more than 10 HP as per the list of members given in the complaint by Sri Chimmani Prakash, President, Sircilla Division Electricity Consumers Welfare Society by registered post with acknowledgement on 11.02.2022.”*

#### **ISSUE FOR CONSIDERATION**

8. The Commission, upon receipt of a grievance-cum-complaint, had required the MD, CESS, Sircilla to submit a detailed report on the points raised about alleged misuse of 50% subsidy to power loom units in CESS, Sircilla area and releasing of services for power supply under LT-IV category instead of LT-III category, thereby causing revenue loss to CESS, Sircilla.

9. The Commission addressed letters dated 08.02.2020 and 09.09.2020 giving time upto 22.09.2020. Even then, the MD, CESS, Sircilla did not respond to the above said correspondence, a further letters dated 08.10.2020 had been addressed to the MD, CESS, Sircilla giving time upto 06.09.2021.

10. Thereafter, the Commission, having noticed that no report had been received from the MD, CESS, Sircilla, had addressed a letter dated 27.01.2022 requiring him to submit a report by 14.02.2022. The Commission, having not received any report from MD, CESS, Sircilla, having not been satisfied with the action of the MD, CESS, Sircilla, decided to take action against him under Section 142 of the Electricity Act, 2003 (Act, 2003).

#### **ISSUE OF NOTICE**

11. The Commission had issued notice initially on 23.09.2023 under Section 142 of the Act, 2003 to the Managing Director, CESS, Sircilla. The incumbent Managing

Director Sri S.Suryachandra Rao, MD, CESS, Sircilla appeared before the Commission on 16.10.2023 along with officials and submitted the status of action taken by the CESS, Sircilla. However, as the Commission intended to ascertain and punish the persons responsible for non-compliance of the directions of the Commission and having noticed that the incumbent MD is not the person responsible for inaction of the CESS, Sircilla, issued a specific notice on 19.10.2023 to the then incumbent Sri S.Ramakrishna, who was holding the post Managing Director, CESS, Sircilla at the relevant time and required him to appear before the Commission on 09.11.2023.

12. The said MD, CESS, Sircilla who is now presently working as Member (Technical) of CGRF-II, Nizamabad, has appeared before the Commission on the said date and submitted his case along with explanation in writing, which is extracted below:

*“In response to show cause notice received vide reference 1<sup>st</sup> cited above, we are hereby submitting a detailed report on sequence of action taken regarding SSI units (127 No.s) in CESS Ltd., Sircilla jurisdiction for your consideration.*

*A detailed report on the points raised in complaint of Sri Chimmany Prakash, President, Sircilla Division Electricity Consumers Welfare Society, regarding SSI Units billing in CESS Ltd., Sircilla had been noticed vide reference 2<sup>nd</sup> cited above.*

*In response to the letter of the Commission, we have addressed a letter to the Assistant Director, Handlooms & Textiles, Sircilla to furnish details of SSI power loom units vide reference 3<sup>rd</sup> cited above.*

*The Assistant Director, Handlooms & Textiles, Sircilla had reported that, there are 127 Small Scale Industries are running under the control of Handlooms & Textiles, Sircilla jurisdiction vide reference 4<sup>th</sup> cited above.*

*In this regard, it is to submit that, due to pandemic CORONA period for two years it was difficult to conduct field inspection of all the above 127 SSI units and further, it is requested to the kind authority to consider this period as pandemic situation of CORONA season as null and void.*

*Vide references 5<sup>th</sup> to 6<sup>th</sup> cited, we have received two letters from the Secretary, TSERC, Hyd. For submission of detailed report regarding SSI units.*

*In the year 2022 on receipt of letter from the Commission vide reference 7<sup>th</sup> cited above, the CESS Ltd., Sircilla had issued notices for clubbing of all the services in single premises for reclassification of category from LT-IV(A) to LT-III category vide reference 8<sup>th</sup> cited above.*

*Vide in the reference 9<sup>th</sup> cited, a Writ Petition No.33733/2022 was filed on 22.08.2022 by Sri Chimmany Prakash, R/o Sircilla before the Hon'ble High Court, Hyderabad, Telangana.*

*In the above circumstances, CESS Ltd., Sircilla enable to take any further action, due to such case was before the Hon'ble High Court, Telangana.*

*On 03.02.2023 the Hon'ble High Court of Telangana disposed the Writ Petition 33733 / 2022 with the directions that, "CESS Ltd., Sircilla should initiate action for conversion of consumer connections into LT-III category and also do back billing the same and recover arrears payable by the said connections".*

*On receipt of Hon'ble High Court judgment, the CESS Ltd., Sircilla had issued orders to all the section AAEs/Op. to submit detailed field reports regarding 127 SSI power loom units having with multiple connections in a single premises vide reference 10<sup>th</sup> cited above.*

*All AAEs/Op. have submitted field report vide reference 11<sup>th</sup> cited above. As per the above field report all the multiple services in a single premises were clubbed into a single service, converted category of service from LT-IV(A) to LT-III and issued regular bills from the month of May-2023.*

*On 12.07.2023 back billing notices were issued to all the 127 Nos SSI power loom units from the date of registration as SSI units.*

*In this connection, after issuing the back billing notices the SSI units proprietors had approached to the Hon'ble High Court of Telangana and filed a Writ Appeal No.767/2023 vide reference 12<sup>th</sup> cited above.*

*The same Writ Appeal came for hearing on 08.08.2023 and directed that, "The Management of the CESS Ltd., Sircilla to wait till the next date of hearing, no coercive action shall be taken against the appellants in pursuance of the aforesaid demand notices dated 12.07.2023".*

*In view of the above I therefore request, that the Secretary, TSERC, Hyderabad kindly consider the reply of detailed show cause notice in connection with SSI units of the CESS Ltd., Sircilla and delay in submission of detailed report may please be condoned and also request, the Electricity Regulatory Commission, Hyderabad may be dropped the above show cause notice."*

13. Having not been satisfied with the submissions on 09.11.2023 by the then incumbent Sri S.Ramakrishna, the Commission posted the matter to 15.11.2023 requiring Sri S.Ramakrishna to come with further details. On the said date of hearing, Sri Ramakrishna merely reiterated the explanation given by him earlier and stated that efforts were made to implement the directions given by the Hon'ble High

Court.

14. Sri. S. Ramakrishna made strenuous efforts to substantiate his case that he had been taken all action that is necessary in terms of the directions of the Commission as also to rectify the mistake as pointed out by the welfare association. At this stage, the Commission pointed out that the audit conducted by the Commission through the auditors appointed by it had reported several lapses including the aspect on which the present proceedings is being conducted. The Commission also reminded the individual that it has authority to initiate action against him for non-compliance of orders or direction under Section 146 of the Act, 2003.

15. The Commission pointed out that there was inordinate delay in taking action by the CESS, Sircilla and as head of the CESS, Sircilla at that time Sri Ramakrishna also was part of such inaction. It is constrained to observe that even after repeated reminders the action required was not forth coming. The action with regard to issuing notices to the consumers and converting the same to LT-III category was taken up with little of interest. This caused grave loss to the CESS, Sircilla.

16. Sri. S. Ramakrishna stated that action was initiated insofar as the consumers who had more 10 HP and notices were also issued in this regard. Sri S.Ramakrishna was at pains to explain that the matter was under consideration by the CESS, Sircilla and action could not be initiated due to various reasons some of which cannot be placed on record due to the same being not officially recorded. Though, the society had taken upon itself the action that has been directed earlier it could not proceed with the matter due to several constraints including the absence of complete information as regards the SSI units. However, efforts are made to collect the data and thereafter notices have been issued for change of category since February 2022 onwards. While things stood thus, the litigation arising from the welfare association also interfered with the process though it was aiding the CESS, Sircilla. Options were asked from the consumers and HT billing has been imposed from December 2022 onwards. Further, the recovery of arrears payable by the said connections towards back billing as directed by the Hon'ble High Court in W.P.No.33733/2022, could not be collected in view of the pendency of Writ Appeal No.767/2023 before the Hon'ble High Court.

17. Sri. S. Ramakrishna has stated that he has been transferred and relieved from the post of Managing Director, CESS, Sircilla on 01.09.2023 and is now posted and discharging the functions as Member Technical in the CGRF-II at Nizamabad. The Commission pointed out that upon relieve whether he has performed the task of handing over the charge to the new MD and if so, whether the details of the pending issues had been brought to the notice of his successor.

18. The Commission notices that though information was sought for has not been provided and placed before it. That leaves no option for the Commission except to take action under Section 142 of the Act, 2003. Accordingly, the Commission deems it appropriate to impose a penalty of Rs.25,000/- (Rupees Twenty Five Thousand only) towards untimely and incomplete compliance of the directions of the Commission.

19. The imposition of the above penalty is with due reference to the material available on record and submissions made by Sri S.Ramakrishna, the erstwhile Managing Director of CESS, Sircilla. The said amount has to be borne by the individual only and cannot be either reimbursed from CESS, Sircilla or from TSNPDCL by virtue of his present posting as Member Technical of CGRF-II at Nizamabad. Subject to these observations, the *Suo Motu* proceedings is concluded.

20. The penalty imposed above shall be deposited with the Commission within a period of One (1) week from the date of receipt of the order failing which it will attract interest at the prime lending rate of State Bank of India. Also, in the event of the amount has not been deposited by the said individual, then the Commission will be at liberty to initiate such action as may be necessary in accordance with law.

**This Order is corrected and signed on this the 24<sup>th</sup> day of January 2024.**

<b>Sd/-</b>	<b>Sd/-</b>	<b>Sd/-</b>
(BANDARU KRISHNAIAH)	(M. D. MANOHAR RAJU)	(T. SRIRANGA RAO)
MEMBER	MEMBER	CHAIRMAN

**//CERTIFIED COPY//**