

**BEFORE THE TAMIL NADU ELECTRICITY REGULATORY COMMISSION
CHENNAI**

Order No T.O. 1 - 88 dated 04/07/2006

Present :	Hon'ble Thiru. A.Balraj,	Chairman
	Hon'ble Thiru S.Thangarathnam,	Member
	Hon'ble Thiru B.Jeyaraman,	Member

In the letter dated 30.3.2006, the Managing Director / Tamil Nadu State Transport Corporation (Coimbatore) Ltd. has represented the following:

- (i) HT supply to their Body Building Unit at Pollachi was effected at HT Tariff I (Industrial Tariff) on the basis of Industrial Licence produced by them. They have also clearly mentioned in their letter that Workshop at Pollachi was attending to the work of reconditioning of Engines, unit assemblies and fabrication of Body Building of Transport Corporation Buses.
- (ii) They had also informed that their industry was a scheduled industry registered under Industrial (Development and Regulations) Act 1951.
- (iii) The TNEB also informed that HT Tariff I in force from 09.10.74 would be applicable to the service. Accordingly HT service was billed under HT Tariff I.
- (iv) During 1999, the tariff to their industry at Pollachi and Mettupalayam was changed from HT Tariff I to HT Tariff III based on the objection of AG's Audit Party to the effect that as per the Memorandum of Association, M/s. Cheran Transport Corporation Ltd. engage in operation of road transport business and hence have to be classified under Tariff VII (now Tariff III) since no industrial activities was being carried out.
- (v) After protracted correspondence, the Board in Memo dt. 5.6.2002 instructed their SEs and CEs to change all HT services of State Transport Undertakings under Tariff I A prospectively, provided

they produce Registered Factory Licence or any Industrial Certificate to confirm that it is an Industrial Establishment.

- (vi) The instructions have been issued to the SEs/CEs and the State Transport Corporations which have requested for change of Tariff have not been informed of the Board's decision.
 - (vii) The fact of Board's instructions (to classify the State Transport Corporation under HT Tariff I A) was brought to their notice only by the AG and thereupon made representation on 3.4.2004 for change of tariff from 5.6.02 (date of Board's Memo)
 - (viii) The change of tariff has been allowed only from 3.4.04. The non-adoption of HT Tariff I A from 5.6.02 (date of TNEB's instructions) has been objected to by the Accountant General and the matter has been referred to the Committee on Public Undertakings.
 - (ix) In the Tariff Notification issued by the Government and the Board, Registered Factories and Industries have been classified under HT Tariff I (Industrial Tariff). When the HT supply was effected under HT Tariff I A on the basis of Factory Licence produced along with the requisition, change of tariff on the basis of AG's audit objection itself is against the Tariff Notification.
 - (x) The instructions issued by the Board in Memo dt.5.6.02 were issued to the Offices of TNEB and they should have acted on the instructions **by verifying the records already available with them** and adopted HT Tariff I A with effect from 5.6.02 or else asked the State Transport Undertakings to produce Factory Licence as per the memo.
 - (xi) In the absence of the above, the State Transport Undertaking which is a State owned Public Undertaking has incurred avoidable expenditure and this has been objected to by AG.
 - (xii) The tariff to the services may be changed from HT Tariff III to HT Tariff I A from 5.6.02.
- (2) The representation was forwarded to; the TNEB.
 - (3) The TNEB in their letter dated 9.6.2004 have stated the following

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- (i) In Memo dt.5.6.02 the Board has instructed to adopt the appropriate tariff for LT / HT services of the State Transport Corporation and to effect change of tariff to HT Tariff I A prospectively provided they produce registered factory licence or any industrial certificate to confirm that it is an industrial establishment as per the Tariff Notification in force.
 - (ii) The MD / TNSTC represented for change of tariff on 3.4.2004 producing Factory Licences and hence change of tariff from 5.6.02 is not feasible of compliance.
 - (iii) M/s. TNSTC cannot contend that they are not aware of the Memo dt.5.6.02 in as much as certain other service of TNSTC at Coimbatore is changed from 5.6.02 based on the Factory licence produced by them before 5.6.02.
- (4) In this context, the Commission considered the following:
- (i) The HT service in question i.e. HT Service No. 79 was originally extended under HT Tariff I in 1976 based on the following facts.
 - (a) It has been registered and licensed to work as Factory under Factories Act.
 - (b) The service connection is to the main workshop which attends to reconditioning of engines, unit assembling and fabrication of body building of buses, etc.
 - (c) The industry is a scheduled industry registered under the Industrial (Development and Regulation) Act, 1951.
 - (ii) The tariff to the services has been changed from HT Tariff I A (Industrial) to HT Tariff III (Commercial) during 1999 based on the observation of the AG's Audit party that, according to the Memorandum of Association of M/s. Cheran Transport Corporation LTd. (now TNSTC) they are engaged in the operation of Road Transport Business and hence were required to be classified under HT Tariff III (Commercial)
 - (iii) The general objective of the Corporation is to engage in Road Transport Business. However, they are also having a separate workshop which is a registered / licensed factory and is an industry engaged in body building. Considering these aspects only the

service connection to the Workshop had been originally extended under HT Tariff I A. Hence change of tariff from HT Tariff I to HT Tariff III based on the observation of the Audit is incorrect.

- (iv) The Board's instructions dt.5.6.02 was to change all the units of State Transport Corporation under HT Tariff I prospectively if they provide Factory licence or any industrial certificate.
- (v) As there was no change in use of electricity, inspection before tariff change is not required.

(5) As they had already produced Factory Licence even at the time of extension of service connection, the Commission orders that the TNEB shall change the tariff from HTSC 79 of Tamil Nadu State Transport Corporation from Tariff III to HT Tariff I from 5.6.02 as requested for by them.

(By Order of the Commission)

**R. Balasubramanian
Secretary**

To

The Chairman,
Tamil Nadu Electricity Board,
Chennai 600 002.