

KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM

Present : **Shri. Preman Dinaraj, Chairman**
Shri. S. Venugopal, Member
Shri. K. Vikraman Nair, Member

Petition No. OP 44/2019

In the matter of : Petition seeking additional time/installments for complying with the one-time settlement (OTS) scheme approved by the Commission vide order dated 31.01.2019 bearing No.2094/DD(T)/KSEBL-OTS /2017/KSERC

Petitioner : A.P Steel Re-Rolling Mill Ltd.
VII/635 Phase, NIDA
Kanjikode PO, Palakkad – 21
Represented by the A Gulam Muhamed
Managing Director
AGM House, Bank Road, Alathur, Palakkad – 678
541

Petitioner represented by : Shri. Benny Job

Respondent : M/s Kerala State Electricity Board Limited

Respondent represented
by : Shri. K.G.P Nampoothiri, EE, TRAC, KSEB Ltd.
Shri. Manoj. G., AEE, TRAC, KSEB Ltd.

Order dated 27.06.2019

1. M/s. AP Steel Re-Rolling Mills Ltd, filed a petition before the Commission on 08.05.2019 seeking additional installments for complying with the onetime settlement (OTS) approved by the Commission vide order dated 31.01.2019, with the following prayers.
 - a. *Grant the Petitioner an additional 12 installments to comply with the OTS scheme approved by the Hon'ble Commission vide order dated 31.01.2019 bearing no. 2094/DD(T)/KSEBL-OTS/2017/KSERC.*
 - b. *Permit the Petitioner to pay installments at **Rs. 30 Lakhs per month.***

c. *To grant such other reliefs as the Hon'ble Commission may deem fit and proper to grant on the facts and in the circumstances of the case.*

2. The petitioner, in the petition submitted the following for the consideration of the Commission.

- (i) The Commission vide the letter dated 31.01.2019, granted permission to KSEB Ltd, to allow down payment of Rs. 3.29 crore and to allow 12 installments to clear the balance arrears, out of the total outstanding principal of Rs. 9.2657 crore to the consumer, M/s. AP Steel Re-Rolling Mills Ltd with applicable interest rate as per the OTS provisions.
- (ii) In compliance of the directions of the Commission, KSEB Ltd communicated the installment plan vide its letter dated 11.03.2019.

As per the installment plan of KSEB Ltd, the petitioner has to remit Rs 65 lakh per month towards arrears after remitting the down payment of Rs 3,94,96,095/- to KSEB Ltd towards arrears.

- (iii) The normal electricity bill of the petitioner is about Rs 60 lakh per month. Thus, the petitioner has to remit about Rs 1.25 crore per month to KSEB Ltd towards electricity charges. Quite apart from these expenses, the petitioner is also incurring monthly administrative expenses and production costs as well as cost for raw materials, consumable costs and marketing expenses.

The petitioner has also invested a huge amount in automation process and in shifting from the old manual production to semi automated process.

As a result of culmination of the above factors, the petitioner is finding it difficult to pay the installment of Rs 65.00 lakh per month.

- (iv) The petitioner requested the respondent KSEB Ltd to increase the installments from 12 to 24 months, so that the monthly installment of the past arrears can be reduced to Rs 30.00 lakh per month.

The petitioner also submitted that, they are willing to pay interest to the respondent for the extended period. However KSEB Ltd rejected the request and threatened it with coercive proceedings.

- (v) The petitioner further submits that, the request of the petitioner for additional time was not considered, it will be put them to irreparable loss and damage.
 - (vi) Since this Commission had already approved the OTS scheme for the petitioner, it was advised to approach the Commission to grant additional time for remitting the arrears.
3. The Commission admitted the petition as OP. No 44/19 and conducted hearing on 17.06.2019.
 4. Shri. Benny Job on behalf of M/s AP Steel Re-Rolling Mill Ltd submitted the difficulties they are facing in remitting the arrear along with the monthly bills. They already remitted the down payment of Rs 3.29 crore and also remitted Rs 2.94 crore under OTS scheme. The installment facility is not granted, it may be difficult for the company to survive.
 5. Sri. K.G.P Nampoothiri, Executive Engineer, KSEB Ltd requested for two weeks time to file the counter affidavit.

Analysis and Decision of the Commission

6. The Commission has examined the petition filed by M/s A.P Steel Re-Rolling Mill Ltd, for seeking additional time/ installments for complying with the one time settlement scheme as per the provisions of the Electricity Act, 2003 and also the Kerala Electricity Supply Code, 2014 and other Regulations notified by the Commission.
7. KSEB Ltd has been following the accrual system of accounting and accordingly, as soon as the licensee **raise** invoice to the consumers for the electricity charges payable, the amount due from the consumer is accounted as **revenue of** the licensee, irrespective of whether the consumer remit the electricity charges or not as per the invoice in time. Accordingly, it is the responsibility of the KSEB Ltd to collect the arrears from the consumers, which is already accounted as its **revenue.**
8. The Regulation 136 of the Kerala Electricity Supply Code, 2014 deals with 'recovery of arrears and limitations. The relevant Regulation is extracted below for ready reference.

"136. Recovery of arrears and its limitation.-

(1) The licensee shall be entitled to recover arrears of charges or any other amount due from the consumer along with interest at the rates applicable for belated payments from the date on which such payments became due.

(2) The licensee may prefer a claim for such arrears by issuance of a demand notice and the consumer shall remit the arrear amount within the due date indicated in the demand notice.

(3) No such sum due from any consumer, on account of default in payment shall be recoverable after a period of two years from the date when such sum became first due unless such sum has been shown continuously as recoverable arrear of charges for electricity supplied.

(4) If the consumer fails to remit the amount of arrears with interest on or before the due date indicated in the bill or in the demand notice, the licensee may disconnect the supply of electricity after giving notice and initiate proceedings for the recovery of the arrears in accordance with the relevant legal provisions.

(5) The licensee may formulate a scheme for one-time settlement of long pending arrears and implement the scheme with prior approval of the Commission:

Provided that such one-time settlement schemes shall be open only for short duration.”

As extracted above, as per the Regulation 136(5) of the Supply Code, 2014, KSEB Ltd as the distribution licensee has to formulate and suggest suitable scheme for settlement of the long pending arrears due from the consumers..

9. As requested by the KSEB Ltd, the Commission vide the letter dated 31.01.2019, granted permission to KSEB Ltd, to allow down payment of Rs. 3.29 crore and to allow 12 installments to clear the balance arrears of Rs. 9.2657 crore due from the petitioner with applicable interest rate as per the OTS provisions.

In compliance of the permission granted by the Commission for collection of the arrears, KSEB Ltd granted 12 installment facility to the petitioner to remit the balance arrears @ Rs 65 lakh per month. The petitioner also reported that, they had remitted the down payment of Rs 3.29 crore and also remitted Rs 2.94 crore under OTS to the respondent KSEB Ltd.

10. In the petition dated 7th May 2019, the petitioner explained the financial difficulties faced by them for remitting the installment amount of Rs 65 lakh per month along with the monthly normal electricity charge of Rs 60.00 lakh. Hence the petitioner requested to enhance the number of installments from 12 months to 24 months so that, the monthly installment of past arrears can be limited to Rs 30.00 lakhs. The petitioner also submitted that, they shall pay interest during the additional time/ installment facility, if any, granted to it.
11. The Commission noted the submission of the petitioner. The petitioner is a high value consumer of KSEB Ltd, paying electricity charges of about Rs 60.00 lakh per month. The petitioner committed to remit the past arrears in installments with interest @Rs 30.00 lakh per month, if additional installment facility is granted to them.

12. Considering these facts and the importance of collecting the long pending arrears from the consumers, and also as per the Regulation 136(5) of the Kerala Electricity Supply Code, 2014, KSEB Ltd can submit suitable proposal before the Commission to grant additional installment facility to the petitioner M/s AP Steel Re-Rolling Mills Ltd for remitting its past arrears.

Hence the petitioner may approach the management of KSEB Ltd for getting additional installment facilities for remitting the past arrears **due to KSEB** Ltd. Based on such request of the petitioner, KSEB Ltd may finalise a scheme for granting additional installment facility to the petitioner for remitting the past arrears and approach this Commission for its approval. The Commission may, grant approval for such scheme as per the Regulation 136(5) of the Kerala Electricity Supply Code, 2014.

With above observation, the **petition is** disposed off.

Sd/-

**K. Vikraman Nair
Member**

Sd/-

**S. Venugopal
Member**

Sd/-

**Preman Dinaraj
Chairman**

Approved for issue

Secretary

G. Jyothichudan