

**BEFORE THE HON'BLE KERALA STATE ELECTRICITY
REGULATORY COMMISSION**

Petition No :

In the Matter of : Scheme for One Time Settlement of Arrears (OTS-2023)

Applicant : Kerala State Electricity Board Limited ,
Vydyuthi Bhavanam, Pattom,
Thiruvananthapuram

AFFIDAVIT VERIFYING THE APPLICATION

I, **Jayaraj V**, son of Sri N Vasudevan, aged 52 years, residing at Lakshmi Mandiram, Jagathy, Thycaud P O, Thiruvananthapuram do solemnly affirm and state as follows:

I am the **Chief Engineer (Commercial & Tariff)** of the Kerala State Electricity Board Limited, Vydyuthi Bhavanam, Pattom, Thiruvananthapuram, and representative of the **petitioner** in the above matter and I am duly authorized by KSEB Ltd to make this affidavit on its behalf. I solemnly affirm at Thiruvananthapuram on this the **May 2023** that

- (i) Contents of the above petition are true to my information, knowledge and belief. I believe that no part of it is false and no material has been concealed there from.
- (ii) That the statements made in paragraphs of the accompanying application now shown to me are true to my knowledge and are derived from the official records made available to me and are based on information and advice received which I believe to be true and correct.

Deponent

Chief Engineer (Commercial & Tariff)
Kerala State Electricity Board Limited,
Vydyuthi Bhavanam, Pattom
Thiruvananthapuram – 695 004

VERIFICATION

I, the above named deponent, solemnly affirm at Thiruvananthapuram on this the **May 2023** that the contents of the affidavit are true to my information, knowledge and belief, that no part of it is false and that no material has been concealed there from.

Deponent

Chief Engineer (Commercial & Tariff)
Kerala State Electricity Board Limited,
Vydyuthi Bhavanam, Pattom
Thiruvananthapuram – 695 004

BEFORE THE HON'BLE KERALA STATE ELECTRICITY REGULATORY COMMISSION
at its office, KPFC Bhavan, Vellayambalam, Thiruvananthapuram

In the Matter of : **Scheme for One Time Settlement of Arrears (OTS-2023)**
Applicant : **Kerala State Electricity Board Limited,**
Vidyuthi Bhavanam,
Pattom,Thiruvananthapuram

THE APPLICANT SUBMITS THE FOLLOWING THAT:

1. As per Section 136(5) of the Supply Code, 2014, the licensee may formulate a scheme for One Time Settlement of long pending arrears and implement the scheme with prior approval of the Commission.
2. Accordingly, Hon. Commission as per order dated 18.03.2022 has accorded sanction for the implementation of One Time Settlement scheme (OTS-2022) for the period from 21.03.2022 to 20.05.2022. In compliance to the above, KSEBL had implemented the above OTS-2022 scheme on the consumers of KSEBL.
3. As part of the implementation of OTS-2022 scheme in KSEBL, a total no of 334 applications, having an arrear amount of Rs 9.027Cr had been settled. The amount collected by KSEBL in this behalf was Rs 3.61Cr. The detail of the arrear amount settled and collected as per the above scheme is shown in **Exhibit P1**
4. However, after the completion of OTS-2022 scheme, several requests has been received from consumers that they could not avail the earlier OTS schemes within the time frame and had requested for considering their requests. Moreover, in the wake of the Covid-19 pandemic, the arrear outstanding had increased a lot and had become Rs 3260.09Cr as on 31.03.2023 (**Exhibit –P2**). An effective implementation of another OTS scheme can restrict the accumulation of arrears to a great extent.
5. In this regard, it may be noted that the previous OTS-2022 scheme failed to evoke the desired output. An amount of Rs 3.61Cr can only be collected as per the above scheme. It is observed, that the shorter period of implementation do had an effect in getting the desired output from the scheme. The Hon'ble Commission had given approval for the OTS-2022 scheme as per order dated 18.03.2022 to implement it from 21.03.2022 to 20.05.2022. Hence, an effective publicity of the scheme could not be done within the consumers prior to the implementation of the scheme. It is felt that the scheme shall be implemented after a month from the date of getting it approved from the Hon'ble Commission. Thus we will be getting enough time for reaching all the defaulted consumers for availing the above benefit.
6. The OTS-2023 scheme is proposed to be implemented to consumers with arrears for more than two year. Further, it is observed that for consumer who is having huge

arrears often requires time for taking the decision of settling the arrear amount. Hence, sanction is also requested from the Hon'ble Commission for extending the OTS scheme for 3 more months in the case of consumers having arrears above 50lakhs/closed down units and Government Departments.

7. The present OTS-2023 is also almost in line with the previous OTS schemes where by the consumers with arrears more than two years were eligible for availing the OTS scheme. However, theft cases booked under section 135 of Electricity Act, 2003 and bills issued as per section 127(6) of Electricity Act, 2003 cannot be considered under the OTS scheme. Further, the consumers previously availed any OTS schemes but could not avail the benefit were also exempted to be considered under the above OTS scheme.
8. The intention behind the new scheme is to encourage the defaulted consumers to settle the dues by availing reduced rate of interest. KSEBL expects that a number of long pending issues could be settled through another OTS scheme. Further, The Board also intends to reduce considerably the bad debts reflected in its Book of accounts.

9. **Prayer**

- (i) Hon. Commission may kindly approve the One Time Settlement Scheme (OTS-2023) attached as Annexure proposed by KSEBL to be implemented for a period from 15.06.2023 to 31.12.2023.

Chief Engineer (Commercial & Tariff)

Kerala State Electricity Board Ltd One Time Settlement Special Scheme (OTS-2023)

A. Terms & Conditions

1. Eligibility

Consumers with arrears for more than two years will be eligible to apply for One-time-settlement scheme-2023. ie; arrear resulted from demand raised prior 01.03.2021. The actual date in which the amount becomes originally due will be taken for assessing eligibility. The scheme will also be open to those cases where RR action has been initiated and those pending before courts. However the cases once settled under previous OTS, theft cases booked under section 135 of Electricity Act 2003 and demand issued invoking section 127(6) of the Electricity Act, 2003 will not be considered under this scheme. .

2. Period of the scheme:

The scheme shall be open from 15.06.2023 to 31.12.2023.

3. Time schedule of the scheme

01.06.2023 -	Intimating consumer about the scheme.
15.06.2023 -	Acceptance of application.
15.06.2023 -	Commencement of issue of demand notice
25.12.2023 -	Last date of accepting application form
31.12.2023 -	Last date to issue of demand notice and remittance of first installment by the consumer

4. The Scheme:

A) The Consumer will be eligible to get reduced rate in interest as mentioned in para 5 below. The Interest can be remitted in six months time with equal installments. However, the Principal portion of the arrear shall be remitted in lump sum along with first installment of interest.

5. Reduction in Interests :

A) For arrears of age below 5 years old and above 2 years, a reduced flat interest rate of 6% instead of 18% interest will be applicable for the entire arrear, for arrears more than 5 years old and below 15 years old, a reduction to flat 5% interest rate will be applicable for the entire arrears and for arrears more than 15 years old an interest rate of 4% will be applicable for the entire arrear. For arrears of continuous nature, the entire arrear will be split agewise and the applicable rate of interest will be applied. ie; 4% rate for arrears above 15 years, 5% interest on arrears between 5 to 15 years, 6% interest for arrears between 2 to 5 years and the ruling rate of 18% for arrears less than 2 years from the date of OTS. No further interest will be levied for payment of interest portion in installment upto six months.

6. Full settlement option:

Consumer may also remit the entire principal amount and total reduced interest in one lump sum. In such cases, a rebate of 2% on interest amount (total reduced interest amount) would be granted.

7. Extended provision for above 50 lakh/ closed down units:

The consumers with arrear amount more than 50 lakhs and those closed down units and Government Institutions are given an extension of 3 months time for settling their dues in tune to the relaxation provided in OTS-2023 scheme.

8. Dismantled connections :

The MD charges /fixed charges demanded will be limited to six months after disconnection. No charges will be levied after the date of dismantling or six months after disconnection whichever is earlier. Fresh application for new connection will have to be submitted for reconnection of services in dismantled cases.”

9. Industrial units/Plantations with different spells of closure (intermittent period of closure):

The MD charges /fixed charges will be limited to six months from the date of disconnection in each spell of closure.

10. Revenue Recovery action cases:

The surcharge and the Demand notice charges with respect to the revenue department will have to be remitted by the consumer additionally when RR action is initiated by KSEBL.

11. Arrear under Litigation

Arrears under litigation will be settled under OTS only after withdrawal of cases in courts. If requested by any consumer the concerned billing unit shall assess the amount payable that is principal amount and interest calculated under this scheme and formally communicate it to the consumer who wish to avail the scheme. This will ensure that there is equity between the licensee and the consumer, and the consumer has reliable assurance of settlement by paying the calculated amount subsequent to the withdrawal of the court cases. Cases where the party is not agreeing for withdrawal of cases before courts for settlement under OTS shall not be allowed to settle under OTS 2023. In all such cases the rate of interest shall be at the rate approved under Clause-5 above.

12. Receipt and processing of Application for settlement :

Application from LT consumers will be accepted in respective Electrical Section Office and forwarded to Deputy Chief Engineers of electrical circle for settlement. Deputy Chief Engineers of all Electrical Circles will be authorized to settle arrears of LT consumers without limit. Applications from HT & EHT consumers will be accepted by SOR. Those cases will be put up before FTD.

13. Publicity:

The Public Relations Officer, KSEBL and Deputy Chief Engineers of Electrical Circles shall give wide publicity about the scheme in local newspapers, cable TV, FM radios etc; periodically till end of the scheme. The Senior Superintendent at Electrical Section Office and Special Officer (Revenue) at Corporate Level will be responsible for informing consumers with arrears about the scheme. Intimation shall be given to all such consumers clearly indicating the savings the consumer would get by opting the scheme. The Accounts Officer (Arrear Clearance Cell), O/o CIA shall intimate the details of the scheme directly to heads of all Government departments, PSUs, Government institutions and local bodies.

B. Guidelines for settling arrears entangled in court cases as per OTS 2023.

General:

The alarming accumulation of pending arrears has been a constant cause of concern for KSEB Ltd. A substantial share of such arrears is being held up in litigation before various Courts. This in turn precipitates huge revenue arrears in Board's accounts, which includes amounts that may be practically unrecoverable by any lawful means. The OTS schemes implemented previously has been quiet effective as large no of arrears pending has been realized. In order to collect the maximum amount of arrears held up in litigation and other issues, the Board is introducing a new scheme named as OTS -2023. The present scheme covers all arrears which are more than two years but specifically **excludes theft cases booked under Section 135 of the Electricity Act 2003 and demand issued invoking section 127(6) of the Electricity Act, 2003.**

As the judicial processes involved in resolving disputes are time consuming affairs and as the parties are at liberty to go for appeals, such disputes would be shuttling back and forth by way of appeals, remissions, de-novo disposals etc., and the Board would remain deprived of a fair share of its revenue by way of the predicament. Taking a serious view of the matter, the Board has decided to issue the following guidelines which is almost in line with the earlier guideline issued for OTS -2022.

1. LITIGATIONS PERTAINING TO ASSESSMENTS MADE IN METER FAULTY CASES

Probable situations and positions : Back assessments for meter faulty cases are being effected in several cases, pursuant to RAO audit/AG audit. In a majority such cases assessments are issued for several months without any uniformity. In this context it is worth mentioning the fact that the licensee Board is bound to issue such assessments under Regulations 125 of the Kerala Electricity Supply Code, 2014 only. If the consumer was already issued with monthly/bi-monthly bills for average consumption, then the Board is not empowered to issue revised short assessments after taking into consideration the average consumption after the meter is replaced. This position has been clarified by the Kerala State Electricity Regulatory Commission vide clarification letter dated 30.05.2017 wherein it is clearly stated that *“there is no provision for re-assessment of current charges for the meter faulty period by taking an average of subsequent meter reading, after realizing the electricity charges on the basis of average consumption of the past three billing cycles”*. Moreover, as per Section 55(1) of the Electricity Act, 2003 *“ No licensee shall supply electricity, after the expiry of two years from the appointed date, except through installation of a correct meter in accordance with the regulations to be made in this behalf by the Authority”*.

General guide line for settlement : Back assessments for periods of meter fault, where regular bills were issued on average consumption is unlawful and is liable to be withdrawn. Hence litigations in such issues can be closed by withdrawing such demands.

2. **DISPUTES PERTAINING TO MINIMUM GUARANTEE**

Probable situations and positions: The concept of Minimum Guarantee is no longer in existence and there are certain isolated instances of disputes pertaining to the same subject matter which had its genesis based on the previous regulations. Many of such demands are presently tied up in litigations. Most of such installations might have already become self remunerative with a few exceptions.

General guide line for settlement: In cases where the installations have become self remunerative, demands already issued can be revoked. The benefit of reduced interest rate for age wise category as per the OTS-2023 scheme can invariably be extended to the consumers in such cases.

3. **DISPUTES REGARDING UNCONNECTED MINIMUM (UCM)**

Probable situations and positions: Unconnected Minimum is the offshoot of the erstwhile regulation and there are a few disputes/ litigations still pending on it. By placing reliance upon whether the infrastructure has become self remunerative bills already issued can be withdrawn, recording genuine and convincing reasons. Whereas, if the infrastructure is being erected for the sole purpose of the party in dispute and if the same is still remaining unutilised, the party is legally bound to remit the said amount.

General guide line for settlement: In cases where the installations have become self remunerative, demands already issued can be revoked. Reduction in interest shall be considered at the interest rates as per the OTS-2023 scheme.

4. **DISPUTES CONNECTED WITH WRONG APPLICATION OF MULTIPLICATION FACTOR**

Probable situations and positions: Instances of detection of wrong application of multiplication factor at a later date and its consequential back assessment has led to several legal wrangles. In such cases the licensee is well within the legal frame work to back assess the consumer notwithstanding the time span.

General guide line for settling: Reduction in interest rate based on age wise category as per the OTS-2023 scheme and suitable installments can be considered in genuine cases.

Exhibit P1

Details of arrears settled under OTS-2022

Particulars	Application Settled under OTS (Nos)	Actual arrear		Settlement made under OTS	
		Principal amount (Rs)	Interest amount (Rs)	Principal amount (Rs)	Interest amount (Rs)
LT Consumer	327	8244581	14087108	7458077	4173597
HT Consumer	7	15784322	52160512	15784322	8699605
Total	334	24028903	66247620	23242399	12873202
Grand Total		9,02,76,523		3,61,15,601	

