



KERALA STATE ELECTRICITY BOARD LIMITED

(Incorporated under Companies Act, 1956) CIN: U40100KL2011SGC027424 Website: www.kseb.in
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One Time Settlement Scheme (OTS-2022) – implementation of KSERC order – sanctioned - Orders issued.

CORPORATE OFFICE (COMMERCIAL & TARIFF)

BO(FTD) No. 225/2022(TRAC/GL/OTS-2022/21-22)dated,Thiruvananthapuram 25.03.2022

Read:- 1. Petition No. OP 70/2021 filed by KSEBL in the matter of One Time Settlement of Arrears
2. KSERC Order dated 18.03.2022 in Petition OP No.70/2021
3. Note No. TRAC/GL/OTS-2022/21-22 dated 21.03.2022 of the Chief Engineer (C&T)
{Agenda No. 105/3/22}

ORDER

The Hon'ble KSERC as per the order read as 2nd above has given approval for implementing the One Time Settlement (OTS-2022) scheme from 21.03.2022 to 20.05.2022 with certain modifications in the proposal submitted by KSEBL. Further, it was directed that the consumer wise details of the arrears settled under OTS-2022 with all particulars including the tariff category, principal amount, age of arrears, amount settled under OTS, interest due, interest settled, instalment facilities availed by the consumer etc. have to be submitted within one month after the closure of OTS -2022 scheme.

Considering the fact that, an effective implementation of another OTS scheme can restrict the accumulation of arrears to a great extent, the Chief Engineer (Commercial & Tariff) as per the note read as 3rd above has recommended for implementing the OTS-2022 scheme, as approved by the Hon'ble Commission. The matter was placed before the Full Time Directors as per the note read as 3rd above. Having considered the matter in detail, the Full Time Directors in its meeting held on 22.03.2022 had resolved to;

- (i) Implement the OTS-2022 scheme from 21.03.2022 to 20.05.2022.
- (ii) Approve the terms & conditions and the Guidelines for settling cases under litigation for OTS-2022 scheme prepared as per the approval given by KSERC attached as Annexure.
- (iii) Authorise the Accounts Officer, Arrear Clearance Cell, O/o the Chief Internal Auditor to collect the consumer wise details of the arrears settled under OTS-2022 scheme with all particulars specified by the Hon'ble Commission within one month after the closure of OTS-2022.
- (iv) Authorise Public Relation Officer to give wide publicity in media and in website.
- (v) Authorise the Chief Engineer (IT) to develop a suitable web platform to defray the arrears immediately.

Orders are issued accordingly

By Order of Full Time Directors

Sd/-
Lekha G
Company Secretary I/c

To

The Chief Engineer (Commercial & Tariff)
The Chief Engineer, Distribution (South/Central/North/ North Malabar)
The Chief Engineer (IT) / The Public Relations Officer
The Special Officer (Revenue) /The Accounts Officer, Arrear Clearance Cell

Copy to:

The Financial Advisor/ Deputy Chief Engineer (TRAC)
The All Deputy Chief Engineers, Electrical Circles
The Chief Internal Auditor
T.A to (CMD)/ PA to Director (Finance)/T.A to Director (D&IT)
T.A to Director (GC) / T.A to Director (T&SO)
T.A to Director (GE)/ T.A to Director (P,S,SCM)
TA to Director (REES,S,S & W)/ CA to Company Secretary/
CA to CVO, KSEB)/
Fair Copy Superintendent / Library.

Forwarded by order


Assistant Executive Engineer

One Time Settlement Scheme (OTS-2022)

A. Terms & Conditions

1. Eligibility

Consumers with arrears for more than two years will be eligible to apply for One-time-settlement scheme-2022. ie; arrear resulted from demand raised prior 01.01.2020. 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 21.03.2022 to 20.05.2022.

3. Time schedule of the scheme

21.03.2022 -	Intimating consumer about the scheme.
21.03.2022 -	Acceptance of application.
30.03.2022 -	Commencement of issue of demand notice
16.05.2022 -	Last date of accepting application form
20.05.2022 -	Last date to issue of demand notice and remittance of first installment by the consumer

4. The Scheme:

The Consumer will be eligible to get reduced rate in interest as mentioned 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 :

- (1) Age of arrears above 15 years- 4%
- (2) Age of arrears between 5 years to 15 years- 6%
- (3) Age of arrears above 2 years and below 5 years- 6.65%

For arrears of continuous nature, the entire arrear will be split age wise and the applicable rate of interest will be applied. ie; 4% rate for arrears above 15 years, 6% interest on arrears between 5 to 15 years, and 6.65% for arrears between 2 to 5 years.

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 interest at the rate specified in Clause 5 above in one lump sum. In such cases, a rebate of 2% on interest amount (total reduced interest amount) would be granted.

7. Installment for principal amount:

Installment will not be allowed for the principal amount.

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. **Arrears 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 2022. 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 :**

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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 2022.

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 -2022. 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 -2021.

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-2022 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-2022 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-2022 scheme and suitable installments can be considered in genuine cases.