

# KERALA STATE ELECTRICITY BOARD

## ABSTRACT

Settlement of arrears in respect of M/s. Kerala Water Authority - Implementation of the Government Order dated 26.09.2008 - Sanctioned - Orders issued -

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### **CORPORATE OFFICE (COMMERCIAL CELL)**

B.O. (FB) (GNL) No. 2422/2009(Plg.Com 3842/07/KWA/Arrear/09-10) Dated, Thiruvananthapuram, 19.09.2009

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- Read:-
1. G.O. (MS) No: 45/08/WRD dated 26.09.2008.
  2. Note No. Plg.Com. 3842/07/KWA/Arrear/2008-09 dated 16.12.2008 of the Chief Engineer (Commercial & Tariff) submitted to Full Time Members.
  3. Letter No: Plg.Com 3842/07/KWA/Arrear/2009-10 dated 03.04.2009 of the Secretary, KSE Board to the Principal Secretary, Power Department, Government of Kerala.
  4. Note No: Plg.Com 3842/07/KWA/Arrear/2009-10 dated 21.08.2009 of Secretary, K.S.E.Board
  5. Proceedings of the Board Meeting dated 27.08.2009 vide Agenda Item No: 174/2009.

## ORDER

In the light of the unprecedented crisis owing to the accumulation of arrears of Kerala Water Authority, several rounds of discussion were held between the officials of Kerala Water Authority and KSE Board and the modalities for One Time Settlement of dues were mutually agreed upon and were submitted for Government approval. Government considered the proposal in detail and approved the One Time Settlement of arrears in respect of Kerala Water Authority vide G.O. read as paper (1) above, subject to the following conditions:-

- (i) *Kerala Water Authority will remit to Kerala State Electricity Board, Rs.250 Crores in lumpsum, as 'One Time Settlement' of arrears.*
- (ii) *Kerala State Electricity Board will freeze the arrears as on 31.03.2008. All fresh remittance made by Kerala Water Authority will be credited towards current dues (not towards arrears).*
- (iii) *Kerala Water Authority will take measures to pay the current charges regularly.*
- (iv) *Once the above arrangements are made, the liability of Kerala Water Authority to Kerala State Electricity Board for the arrears incurred on or before 31.03.2008 shall stand fully discharged.*
- (v) *Kerala State Electricity Board will examine the request for power tariff revision made by Kerala Water Authority and move Kerala State Electricity Regulatory Commission for approval.*
- (vi) *Kerala Water Authority has requested for dismantling the electric connection to the abandoned pump houses. The settlement of above*

*arrears will not stand in the way of honouring the request for dismantling of such connection.*

The matter regarding the implementation of G.O. dated 26.09.2008 was placed before the Board vide 4<sup>th</sup> paper above. The Board in its meeting held on 27.08.2009 discussed the matter elaborately and considered the following points.

1. *G.O. (MS) No: 45/08/WRD dated 26.09.2008 was issued by the Government in Water Resources Department in furtherance of the discussions held by the Cabinet Committee consisting of the Honourable Minister for Finance, Honourable Minister for Welfare of Scheduled and Backward Communities and Electricity and Honourable Minister for Water Resources.*
2. *Intervention of the Cabinet Subcommittee was necessitated based on the request of the Kerala Water Authority to sort out the impasse arising out of huge arrears outstanding from Kerala Water Authority towards current charges and the failure by Kerala Water Authority to remit the current dues.*
3. *Arrears amounting to Rs. 1,102.36 crores was outstanding against Kerala Water Authority (Rs. 707.29 crores Principal + Rs. 395.07 crores as interest @ 24%) as on 31.03.2008 and there was no remittance of current charges for a long period.*
4. *Rs. 250 crores was accepted considering the fact that there was not even a remote possibility of recovering the arrears from the Kerala Water Authority and also in view of the possibility of taking up the balance amount as subsidy claim from Government.*
5. *The amount of Rs. 250 crores remitted by the Kerala Water Authority enabled KSE Board to close the financial year 2008-09 with a cash deficit of less than Rs. 201 crores in spite this being one of the worst years in KSE Board's history in financial terms.*
6. *After the settlement, Kerala Water Authority promised to remit the current charges promptly. Due to the settlement, it has been possible to claim the current charges from Kerala Water Authority at least partially.*
7. *Over and above, Kerala Water Authority and KSE Board are two utilities under the State Government providing essential service of supplying drinking water and electricity.*

After detailed and meticulous deliberations, Board has decided

- I. *to ratify the action of the Chairman, KSE Board in having accepted the One Time Settlement of remitting Rs. 250/- crores by the Kerala Water Authority in the KSE Board and discharging the Kerala Water Authority from all other liabilities as on 31.03.2008 and in having acted upon the G.O. (Ms) No: 45/08/WRD dated 26.09.2008 issued by Government in Water Resources Department.*
- II. *to adopt G.O. (MS) No: 45/08/WRD dated 26.09.2008 in the Board.*

- III. *to work out the actual arrear amount due from the Kerala Water Authority under One Time Settlement Scheme after adjusting Rs. 250/- crores already remitted, as on 31.03.2008 and request the Government for reimbursement as subsidy as per Section 65 of the Electricity Act 2003.*

Orders are issued accordingly.

By Order of the Board  
Sd/-  
G. Sreekumaran  
Secretary

To

The Chief Engineer (Distribution - South), K.S.E.Board, Thiruvananthapuram.  
The Chief Engineer (Distribution - Central), K.S.E.Board, Ernakulam.  
The Chief Engineer (Distribution - North), K.S.E.Board, Kozhikode.  
The Chief Engineer (Transmission- South), K.S.E.Board, Thiruvananthapuram.  
The Chief Engineer (Transmission- North), K.S.E.Board, Kozhikode.  
The Chief Engineer (System Operations), K.S.E.Board, Kalamassery, Ernakulam.  
The Chief Engineer (Generation), K.S.E.Board, Moolamattom.  
The Chief Engineer (HRM), KSE Board, Thiruvananthapuram.  
The Chief Engineer (Corporate Planning), K.S.E.Board, Thiruvananthapuram.  
The Chief Engineer (Commercial & Tariff), K.S.E.Board, Thiruvananthapuram.  
The Special Officer (Revenue), K.S.E.Board.

Copy to:

The Chief Internal Auditor/ The Financial Adviser/ The CVO KSEB/ The LA & DEO, K.S.E.Board.  
The Deputy Chief Engineer, Electrical Circle, K.S.E.Board, Thiruvananthapuram/ Kattakkada/ Kollam/ Kottarakkara/ Pathanamthitta/ Alappuzha/ Kottayam/ Pala/ Thodupuzha/ Perumbavoor/ Ernakulam/ Irinjalakuda/ Thrissur/ Manjeri/ Tirur/ Palakkad/ Shoranur/ Kozhikode/ Vatakara/ Kalpetta/ Kannur/ Sreekantapuram/ Kasaragod  
The Deputy Chief Engineer, CGRF, K.S.E.Board, Vidyuthi Bhavanam, Kottarakkara/ Power House Road, Kochin -18/ Gandhi Road, Kozhikode  
The Deputy Chief Engineer, Generation Circle, Thrissur/Kothamangalam/Moozhiyar  
The Director (IT)/The Deputy Chief Engineer, APTS/TRAC/ The Joint Secretary (Law)/The Joint Director, MIS (Computerization Cell)/ The PRO, K.S.E.Board.  
T.A to Chairman/Member (Distribution)/ Member (Transmission)/ Member (Generation)/ PA to Member (Finance)/ Sr. CA to Secretary, K.S.E.Board  
The Regional Audit Officer, K.S.E.Board, Thiruvananthapuram/ Nedumangad/ Kollam/ Kottarakkara/ Adoor/ Alappuzha/ Kottayam/ Pala/ Thodupuzha/ Ernakulam/ Perumbavoor/ Thrissur/ Chalakkudy/ Manjeri/ Palakkad/ Kozhikode/ Kalpetta/ Kannur/ Vatakara/ Tirur/ Kasaragod/ Shoranur/ Sreekantapuram.  
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FORWARDED/BY ORDER  
Sd/-  
ASSISTANT EXECUTIVE ENGINEER