

BEFORE THE KERALA STATE ELECTRICITY REGULATORY COMMISSION

IN THE MATTER OF: Petition on 'Reviewing Hon'ble Commissions order dated 14-05-2010 on petition No. OP 15/2010 & order dated 17-05-2010 on Petition No. TP 70/2010 on disallowing Return on the Government's Capital of Rs 1553.00 crore in KSEB'.

And

IN THE MATTER OF: Kerala State Electricity Board
Vydyuthi Bhavanam, Pattom,
Thiruvananthapuram - 695 004

The petitioner named above respectfully submits as under:

1. As per the provisions of the Electricity Act, 2003 and Tariff policy notified by the Central Government all the power utilities are to function on commercial principles and entitled to earn reasonable return on its investments. At present the State Government has been not been extending any subsidy to the KSEB and has to find adequate internal resources to meet its capital investments. Accordingly, KSEB has been claiming return at the rates approved by CERC on the Government Capital of Rs 1553.00 crore as per the Government Order G.O (Ms) No. 27/98/PD dated 14-09-1998. Hon'ble Commission had allowed the RoE while approving all the orders on ARR&ERC for the years 2006-07 up to the year 2009-10.
2. Hon'ble Commission vide the order dated 14-05-2010 on Petition No. OP 15/2010 Truing Up of accounts of KSEB for the year 2006-07 and order dated 17-05-2010 on Petition No. TP 70/2010 on ARR&ERC of KSEB for the year 2010-11, had withheld the RoE in the light of the Government Order dated G.O (Ms) No. 25/02/PD dated 09-10-2002 on modifying the earlier order dated 14-09-1998 and converted the loan and interest as grants. However, Hon'ble Commission had asserted that actual return on equity will be allowed as and when a case is presented by the Board on real equity.
3. Government of Kerala vide the order G.O.(Ms) No. 35/10/PD dated 13.12.2010 has amended its order dated 09.10.2002 with retrospective effect and ordered that:

“Government have examined the matter in detail and are pleased to amend para (5) of the G.O (Ms) No. 25/02/PD dated 9-10-2002 with retrospective effect as follows:-

(5) Government have examined the matter in detail together with the package solution suggested by the Committee constituted for netting off dues and are pleased to issue the following orders.

- (i) Netting off the dues will be done after reconciling the final audited figures furnished by KSEB with Government account.*
- (ii) The equity of Rs. 1553 crores ordered in G.O.(Ms) No. 27/98/PD dated 14.09.1998 will continue to be treated as Government’s capital in KSEB.”*

A copy of the Government Order dated 13-12-2010 is enclosed as Annexure-1.

4. KSEB vide the letter No. KSEB/TRAC/ARR11-12/2010 dated 20-12-2010 had taken up the matter before the Hon’ble Commission for re-consideration of its earlier orders dated 14-05-2010 and 17-05-2010 on disallowing equity. Hon’ble Commission vide the letter dated 3-01-2011 had directed KSEB to submit a proper petition in this regard which may be considered after observing the due process.
5. In view of the Government Order No. G.O.(Ms) No. 35/10/PD dated 13.12.2010, KSEB kindly request before the Hon’ble Commission to review its earlier orders dated 14-05-2010 and 17-05-2010 and kindly allow the Return on Equity at the prevailing CERC rates on the Government Capital of Rs 1553.00 crore in KSEB.

Prayer

KSEB may humbly request before the Hon’ble Commission to review its order dated 14-05-2010 on petition No. OP 15/2010 on Truing Up of Accounts for the year 2006-07 and order dated 17-05-2010 on petition No. TP 70/2010 on ‘ARR&ERC of KSEB for 2010-11’ and allow Return on Equity on the Government Capital of Rs 1553.00 crore in KSEB at the prevailing CERC rates applicable from time to time.

Sd/

Chief Engineer (Commercial & Tariff)

Acc.

G.O. (Ms) No. 35/10/PD dated 13.12.2010

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**The Secretary to Government of India, Ministry of Power, Shram Shakti
Bhawan, Rafi Marg, New Delhi. (C/L)
The Chief Electrical Inspector, Thiruvananthapuram.**

Forwarded / By Order,

S. Mahalingam

Section Officer.