



# Madhya Pradesh Electricity Regulatory Commission

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## Petition No. 55/2005

**SUB: IN THE MATTER OF RECONNECTION OF SUPPLY TO ALL THE DISCONNECTED WATER SUPPLY SCHEMES WITHOUT PAYMENT OF ARREARS OF ELECTRICITY AS PER GOVERNMENT OF MP ORDER NO. 3280/30/05 DATED 13.05.05.**

M.P. State Electricity Board - Petitioner  
V/s  
Energy Deptt., GoMP - Respondent

### ORDER (Passed on this day 7<sup>th</sup> September, 2005)

Shri M.L. Jaiswal, Senior Advocate appears for the petitioner

Shri Rajesh Chaurasia, Addl. S.E., Energy Department appears for the Respondent.

1. Petition is in the matter of reconnection of supply to all the disconnected water supply schemes without payment of arrears of electricity as per Government of MP Order No. 3280/30/05 dated 13.05.05.

2. During the course of last hearing Commission was not satisfied with the clarifications given in the reply by the representative of the Energy Deptt and wanted to know the view point of the Govt. on the issue of dues on Government department /under takings/local bodies for water supply schemes and why these dues be not settled against the amount of duty and Cess collected by the Board on behalf of the State Government. Alternatively, the Board/distribution licensees may be absolved from repayment of Loans given by the State Government in terms of settlement of arrears of water supply scheme and directed that the Commission would like to hear the views of the Respondent on these points and also on the question of exact timetable for settlement of arrears.

3. During the course of hearing today the petitioner submits that it approached the Commission in pursuance to the order of the State Government dated 13/05/2005 to reconnect the supply to all the disconnected water schemes without payment of arrears of electricity. In response to the same the Commission in its order dated 27/07/2005 noted that the Energy Department has no intention to direct withholding payment of dues of MPSEB and Board is entitled to recover the dues with surcharge after summer. In its additional submission the Petitioner submits the statement of dues outstanding, which have mounted to several hundred crores, toward water supply scheme. Board is facing loss every month due to non payment of dues but the local bodies are getting grants from the State Government. Therefore the Petitioner prays to the Commission to direct the State Government to make necessary deduction from the grants and remit the payment to the Board to save it from financial constraint.

4. Today the Respondent, Energy Deptt., submits that the petitioner is entitled to recover its dues with applicable surcharge after summer and the State Government has no intention not to pay dues of MPSEB. The directions given by the State Government to reconnect supply to all disconnected water supply schemes without payment of arrears was issued in public interest under extra-ordinary conditions of water scarcity and thus have no intention to stop recovery of arrears. The respondent also submits that the Board has been directed to submit detailed list of water supply schemes of Nagar Palika, Panchayats with arrears against each for arranging payments towards outstanding dues that according to the recent reply (as on 31/07/2005) is indicated as Rs. 204.02 Crore against all water supply schemes. It is further submitted that various Municipal Corporations have submitted their claims before MPSEB towards property tax etc. and therefore settlement of dues between Municipal Corporations and MPSEB is required to be done before any payment by either side for which a meeting between Municipal Corporations, MPSEB and Urban Local Bodies will be held. Therefore the respondent prays the Commission that neither any adjustment/settlement of dues is required to be done against Cess nor against repayment of loans given by the State Government.

5. Commission heard both the parties. Commission has noted the views of the petitioner and the respondent. Commission is aware of the fact that Board/ Companies is facing financial problems and also that ownership of the Board/Companies lies with the State Government at present. Therefore, the State Government has to take care of the interest of the Board/Companies and its stakeholders. Commission observes that though there is a provision of law to allow surcharge or disconnect supply in case of default of payment but there is no provision to issue direction to the GoMP in this regard. However, Commission observes that Standards of Performance are fixed by the Commission from time to time and if the licensee fails to achieve the targets, then the Commission may consider allowing return on equity at reduced rates and the State Government being the owners of the Board/Companies would suffer. In fact some of the standards of performance and the proposed reduction in return on equity have been indicated in the draft "Terms and Conditions Determination of Tariff" issued by the Commission recently. Commission further directs both the parties to have a meeting and make a

settlement between them in this regard. With the directions mentioned above, the Commission considers to close the case.

Ordered accordingly.

Sd/-  
**(R.Natarajan)**  
Member (Econ.)

Sd/-  
**(D.Roybardhan)**  
Member (Engg.)

Sd/-  
**(P.K.Mehrotra)**  
Chairman

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