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HON. RODOLFO B. ALBANO, JR.
Chairman, Energy Regulatory Commission
Pacific Center Bldg. San Miguel Avenue
Pasig City

Dear Chairman Albano,

Greetings!

This pertains to the widely reported ERC issuance of the Guidelines for the Refund of the Meter Deposits for all customers which had been the subject of media reports since Thursday, 05 June 2008 but which we have not received as of today. In an interview last Monday of the Meralco spokesperson over DZBB in the morning program of Mr. Mike Enriquez, Meralco, though, admitted that they have already received copy of the said Guidelines last Friday afternoon.

While waiting for our copy which we hope to receive soonest, may we call the attention of the Honorable Commission to Article 7 and 8 of the Magna Carta for Residential Electricity Consumers (MCREC) and Section I, Chapter II and Section 2, Chapter III of the Guidelines to Implement Articles 7, 8, 14 and 28 of the Magna Carta for Residential Electricity Consumers? These two (2) sections in the said Guidelines which was issued on October 27, 2004 provide for the refund of both the Bill and Meter Deposits of residential customers. It is worth noting that Meralco and the other distribution utilities required their customers payment first of both the meter and bill deposits **at the same time** as a precondition to the installation of the electric meter and provision of electricity.

Nasecore had been waiting for these refunds so that residential customers may be able to use the amount for their more pressing needs especially at this time when the school year has just started. As Nasecore welcomes the refund of the residential customers' meter deposits, consumers are at a loss and can not understand why the Honorable Commission is very silent on the refund of the bill deposits which involves a much larger amount. This amount if refunded will provide bigger relief to the 4.4 million Meralco customers and to the customers of the other 139 distribution utilities.

And it may also interest the Commission to know that a customer's Meter and Bill deposits show a big difference from each other. One Meralco residential customer account shows an amount of P410.00 for his meter deposit and P3,000.00 for his bill

deposit made in April 1995. For this residential customer the ratio between his meter and bill deposits is 1:7.

Thus, the non-refund of the bill deposits, which is a much larger amount than the meter deposits, will constitute deprivation of use and enjoyment by the customers of this long-overdue refund and will clearly show the bias of the Commission towards Meralco and the other DUs to the prejudice of the utility customers.

If indeed, the Honorable Commission is sincere in its avowed mandate of ensuring adequate promotion of consumer interests, may we request the Honorable Commission to immediately order Meralco and other DUs to refund the bill deposits simultaneous with the refund of the meter deposits? Further, may we request the Commission to direct Meralco and the other DUs to declare and reflect in their monthly billings the separate ending balance of the total accumulated meter and bill deposits as of May 30, 2008? Moreover, may the Commission please direct Meralco and the other DUs to reflect in the billing the individual customer amount of refund with its annual compounded interest based on ERB Resolution 95-21, ERC Order under ERC Case Nos. 2003-18 & 2003-86, and ERC Decision under ERC Case Nos. 2001-900 & 2001-646 all of which validate and confirm that the annual interest on the meter and bill deposits is 10% for all customers?

This request is anchored on the fact that Meralco and the other DUs never gave the annual interest on deposits to its customers but kept it for its own operational use. Thus, this accumulated interest should logically be given the same annual interest as provided for by various ERB and ERC resolutions/decisions. Denial of this request will generate the unwanted suspicion that the refund of the meter deposits ahead of the bill deposits is a clever attempt to force upon the Meralco customers the simple interest method on the meter deposits which will yield lower income than the compounded interest. When the attempt proves successful, only then will the refund of the bill deposits under the simple interest method be implemented as this will guarantee Meralco and the other DUs a huge windfall but a great financial loss to their customers. We earnestly beg the Honorable Commission to grant our request.

Thank you and God bless.

Very truly yours,

PETE L. ILAGAN
President