

Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City



QUINTIN CANAYA,
Complainant,

-versus-

**ERC CASE NO. 2005-380CC
and other high billing
complaints collectively known
as Pabahay 2000 cases**

**MANILA ELECTRIC COMPANY,
ET. AL.,**
Respondents.

X -----X

**QUINTIN CANAYA and JUSTINO
TAÑEDO,**
Complainants,

-versus-

**ERC CASE NO. 2005-381CC
and other high billing
complaints collectively known
as Pabahay 2000 cases**

**MANILA ELECTRIC COMPANY,
ET. AL.,**
Respondents.

X -----X

**CONSUMERS AFFAIR LEGAL, INC.,
QUINTIN CANAYA, ET. AL.,**
Complainants,

D O C K E T E D
Date: MAR 03 2006
By: [Signature]

-versus-

**ERC CASE NOS. 2006-575CC,
2006-579CC and other high
billing complaints collectively
known as Pabahay 2000 cases**

**MANILA ELECTRIC COMPANY,
ET. AL.,**
Respondents.

X -----X

D E C I S I O N

Before this Commission for resolution are verified complaints filed on various dates by the above-named complainants and all other complainants

[Five handwritten signatures]

similarly situated, collectively known as the Pabahay 2000, against Manila Electric Company (MERALCO) for the alleged wrongful relocation of their electric meters to a place not accessible for reading and testing thereby causing erroneous meter readings and incredibly high billings. They further assailed the imposition of the costs of the electrical wires and other necessary protective materials from the relocation point to their premises or connection points.

FACTS OF THE CASE

Sometime between October to December, 2005, MERALCO relocated the electric meters of complainants from their premises to Elevated Metering Cabinet (EMC) poles allegedly due to rampant electricity theft. All are residents of Pabahay 2000, a government relocation site, administered through the National Housing Authority (NHA), located at Barangay Muzon, San Jose Del Monte City, Bulacan.

Complainants alleged that their electric meters were relocated at a height not accessible for reading and testing, thereby preventing them from reviewing or checking the meter readings; that the relocation was done without consultation and consent; that it is only the respondent's personnel who conducted meter readings and as such, it is at liberty to indicate the electricity consumptions; that their electricity bills are now higher compared before or prior to the relocation of their meters wherein they only paid a minimal amount; that had respondent not relocated their electric meters, they would have continued paying their regular electric bills; that the disconnection of their electric services while their complaints were being heard violated the Distribution Services and Open Access



Rules (DSOAR) provisions; and that since it was the respondent who caused the relocation of their meters, they should be refunded of the costs they incurred in the purchase of electrical wires and other protective materials used in the said relocation.

On the other hand, respondent alleged that the rampant pilferages in the said site, resulting to high company system losses, caused the relocation of the said meters; that a total of seven thousand four hundred (7,400) housing units were built in the said site or subdivision but only two thousand one hundred ninety (2,190) households, including herein complainants, or only thirty percent (30%) of the total housing population of Pabahay 2000, applied for electric service; that as of 2005, it incurred twenty five point thirty six percent (25.36%) system loss in the said area due to rampant electricity theft; that it conducted routine inspections and "saturation drives" in the area; that in the same year, it conducted an extensive information campaign and series of consultation meetings, in coordination with the NHA and the Office of the City Mayor of San Jose Del Monte, Bulacan, to persuade the residents therein to apply for electric service; that after said series of consultations and after evaluating the propriety of relocating the electric meters in order to maintain the integrity of the metering facilities and to reduce its system losses in the Pabahay 2000 area, it implemented the EMC; that the EMC complies with technical and safety standards and adequate protection of consumers' interest; that as of February 23, 2009, the total unpaid electric bills of complainants (the names and their corresponding unpaid bills are shown in Annexes "A" to "A-2") amounted to Six Million Six Hundred Seventy Five Thousand Seven Hundred Eighty Five Pesos and 43/100 (PhP6,675,785.43); that it initially refrained from disconnecting complainants' electric services with the assumption that such complaints were

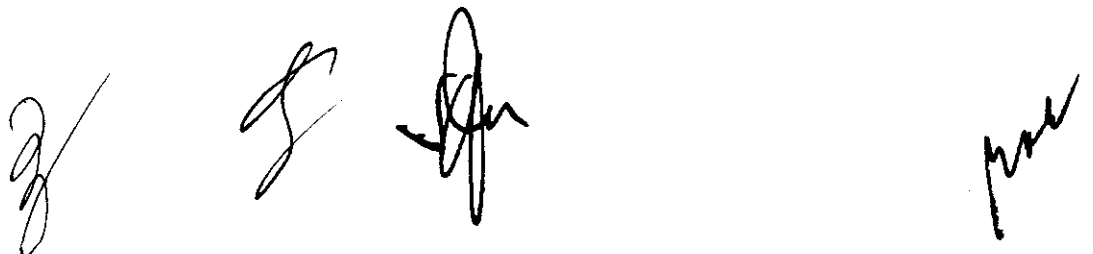


filed in good faith and not due to legal compulsion; that the practice of filing these "overbilling cases" was merely resorted to by the complainants as an excuse to avoid paying their monthly electric bills; that it is justified in requiring some of the complainants to pay for the costs of wires and installations because said wires fall on the "load side", hence, the same is for the account of the customers; and that the EMC is the off-shoot of the illegal activities of a significant segment of the Pabahay 2000 community.

Several pre-hearing conferences were conducted by the Commission to enable the parties to reach an amicable settlement. Given that no settlement has been reached, complainants pursued their formal complaints applying the Rules on Summary Procedure.

On various dates, complainants and respondent submitted their respective "Position Papers".

Meanwhile, on June 23, 2006, the Commission's personnel together with the representatives of both the respondent and of the complainants, conducted a site inspection on selective metering installations/facilities at the Pabahay 2000 as well as random load check analysis. The randomly tested EMC-installed meters were found to be accurate and no signs of wire tapping were found on the wires from the meters to the premises of the complainants. Actual meter readings were recorded. It was also observed that the relocated meters were clustered in a metallic frame attached to distribution posts measured at approximately eleven to twelve (11-12) meters. The estimated mounting height of the EMC frames is nine to nine point five (9-9.5) meters from the ground, while



the average distance between the EMC posts and that of complainants' houses is twenty five (25) meters.

ISSUES

1. Whether or not respondent has the right to relocate or install complainants' electric meters to EMCs;
2. Whether or not the alleged high billing or over billing resulted from the relocation or installation of the electric meters to the EMCs;
3. Whether or not respondent is justified in requiring some of the complainants to shoulder the costs of wires (from the meter to their premises) and costs of installations; and
4. Whether or not respondent is justified in disconnecting the electric service of complainants due to unpaid regular monthly bills.

DISCUSSION

Respondent has the right to relocate/install complainant's electric meters to EMCs

Article 11 of the Magna Carta for Residential Electricity Consumers provides:

"Article 11. Right to a Properly Installed Meter. - xxx



Meters may be located in other areas based on **justifiable reasons.**"(underscoring ours)

The first paragraph of Article 11 of the Magna Carta prescribes the most ideal location for the electric meters of the customers. However, the second paragraph thereof provides for an exception based on "justifiable reasons". Prior to the elevation of meters at Pabahay 2000, respondent had very high system loss due to illegal connections in the area. This was undisputed.

The Commission takes note that despite respondent's earnest efforts to provide legitimate electric service to all customers at Pabahay 2000, only thirty percent (30%) had valid and legal electric services. Respondent claimed that it had an incredibly high system loss which eventually dropped to almost nineteen percent (19%) in December, 2005 when eighty eight percent (88%) of the EMCs were completed.

The Magna Carta has authorized a distribution utility the right to place the meters of its customers to other areas for justifiable reasons. The high incidence of illegal service connections in Pabahay 2000 is a valid reason for elevating the meters of the complainants. The EMC scheme is founded on necessity to enable a distribution utility to render adequate, efficient and safe electric service as well as to reduce system losses.

The EMC is a solution for the continued viable operation of the respondent within the Pabahay 2000 area, otherwise, it may discontinue providing electric service therein. To compel the respondent to operate within the Pabahay 2000 without such scheme will result to huge losses to the detriment of all the other



honest paying customers. Thus, the relocation or installation by respondent of complainants' electric service meters to the EMCs is legitimate.

The high billings resulted from inaccurate meter reading by the respondent's meter readers

The on-site random tests conducted by the Commission's personnel on meters placed on different EMC frames on June 23, 2006 showed that the meters' percentage accuracies were within the tolerable limit. No signs of wire tapping were found on the wires from the meters to the connection points or to the premises of the complainants (tapping on the said wires, unauthorized or otherwise, definitely increases complainants' electric consumptions for the same wires are placed after the meter, thus, electricity passing or flowing through the meter are actually recorded therein). Thus, the over billings or high billings were not caused by defective meters nor by unauthorized wiring connections or tapping which, under the above conditions, may affect the registration of the meter if the meters or their wirings are moved away from the customer's premises.

However, based on all the actual kilowatthour readings on the same meters randomly tested by the Commission's personnel, it was found that there was a substantial difference between the respondent's average recorded meter readings on the same meters for the past three billing (3) months and the June 23, 2006 meter readings. The subject three (3) billing months covered February 22 to May 24, 2006 billing periods while the June 23, 2006 meter readings covered one (1) billing period for the billing cycle May 24 to June 23, 2006.



The table below shows the results of the June 23, 2006 meter tests and readings conducted by the Commission's personnel:

Customers	Percentage Meter Accuracy	On-site Reading May 24 - June 23, 2006 (in kWh)	Ave. 3-Month Recorded Meter Readings Feb. 22 - May 24, 2006 (in kWh)
Flaviano R. Ganal	-0.2099%	36	52.66
Ricardo Paras	-0.3941%	167	237
Gilbert Lazo	-1.47%	39	114
Casiano Tumala (reg. customer) Rosemarie Palomata (user)	-0.0102%	270	348
Ma. Lourdes Magrata	-0.479%	299	376

To reiterate, the subject meters were randomly selected from among the different EMC frames within the Pabahay 2000 area. The purpose of this was to get common results and impressions applicable to all the customers, particularly the complainants herein. However, it is not accurate to state that the high billings or over billings resulted from the relocation of the electric meters to the EMC. The measurement of kilowatthour is not dependent on gravity, altitude or location of the meter but on the flow of the electric current which passes through the meter.

It is possible, however, that the above discrepancies on the meter readings were due to the inaccurate readings made by the respondent's meter readers. During the on-site inspection, respondent claimed that its meter readers used binoculars in documenting the meter data due to the exceptional mounting height of the meter. Such device is not a guarantee, no matter how technologically advanced it is, that the readings it made were accurate for it was the meter reader and not the device used who has the control over the results of the readings. The same is true even if the electric meters were not relocated.



Hence, the contested high billings or over billings resulted from inaccurate meter reading by the respondent's meter readers and not due to the relocation or installation of the service meters to the EMC. However, the contested bills or the contested kilowatthour consumptions can well be adjusted by deducting from the present reading (presence of the complainants' or their representative/s will be necessary to avoid contest on the accuracy of the meter readings) the reading of the last uncontested electric bills or bills issued prior to the relocation of the service meters to the EMC and divided by the total number of contested billing months. For clarity, contested bills are bills issued when service meters were relocated to the EMC frames up to bills issued immediately prior to the present reading. The result of this is the average adjusted/corrected monthly kilowatthour consumptions for the contested monthly billing periods. The electricity rates to be applied thereon shall be the prevailing monthly rates corresponding the affected periods.

**Costs of wires and installations
are at respondent's expense**

Respondent's argument, that since said wires fall on the "load side", the same are for the account of the customers (the line-side connection wires including necessary conduits are for the account of the utility), is untenable. The place of service entrance, service drop and connection point (commonly referred to as distribution electrical services) as defined by the DSOAR is not altered or diminished due to meter relocation.

Service entrance is defined as that portion of the customer's wiring including all necessary conduits, cable and accessories which extends from the customer's main entrance switch and/or distribution utility's (DU) metering



equipment to and including the point of attachment to the DU's service drop on the outside of the building/property line visible and accessible to authorized personnel of the utility. Service drop refers to wires with the necessary supporting structure between the distribution lines of the DU and the service entrance. Further, Article 1.0.1 of the Philippine Electrical Code (part 1 2000 edition) defines service drop as the "overhead service conductors from the last pole or other aerial support including the splices, if any, connecting to the service entrance conductors **at the building or other structure.**" (Emphasis supplied) On the other hand, Article 1.6 of the Distribution Code defines connection point as "the point of connection of the user system or equipment to the distribution system..."

Thus, based on the above definition, the location of the said electrical services remains the same even if the kilowatt-hour meter is relocated somewhere else or irrespective of whether the contested connection wires now rest with the line side or with the load side as a result of such relocation.

Article 11 of the Magna Carta also provides, to wit:

"A customer shall bear the cost of relocation of his electric wathour meter under the following circumstances:

1. The customer requests for the relocation of his electric wathour meter, for reasons other than those provided for in the first paragraph; or
2. The meter installation fails to meet the conditions under the first paragraph resulting from improvements done on the customer's premises, thereby necessitating such relocation.

All other relocations of the meter shall be borne by the electric utility." (Emphasis supplied)



The foregoing provision is very explicit as to when a customer bears the cost of relocation of the electric meter. For all other relocations, they shall be at the sole expense of the respondent. Consequently, respondent should refund the expenses borne by some of the complainants for the service drop wires and installations, including all necessary protective accessories, upon presentation of a valid proof of purchase.

Non-payment of monthly electric bills is a ground for disconnection

In disputes involving the correctness of a monthly electric bill, Article 26 of the Magna Carta shall apply, to wit:

“In cases of regular electric bills or billing adjustments due to the stoppage or failure of the meter to register the full and correct amount of energy consumed, x x x the consumer shall have the right to pay under protest for purposes of continuous supply of electricity by the utility without prejudice to a complaint to be filed by such customer against the imposition of the bill or billing adjustment x x x.” (underscoring ours)

Further, Article 32 of the Magna Carta provides:

“Obligation to Pay Monthly Electric Bills. – Consumers must pay their bills not later than nine (9) days after receipt of the monthly bill.”

The respondent has the legal right to disconnect the electric services of complainants with unpaid regular monthly bills despite the filing of such complaints with the Commission, unless complainants “**pay under protest**” the subject monthly electric bills to avoid disconnection. Complainants cannot seek shelter under Article 1.10 of the DSOAR which provides that “a participant may file a petition for dispute resolution with the ERC and that while such case is

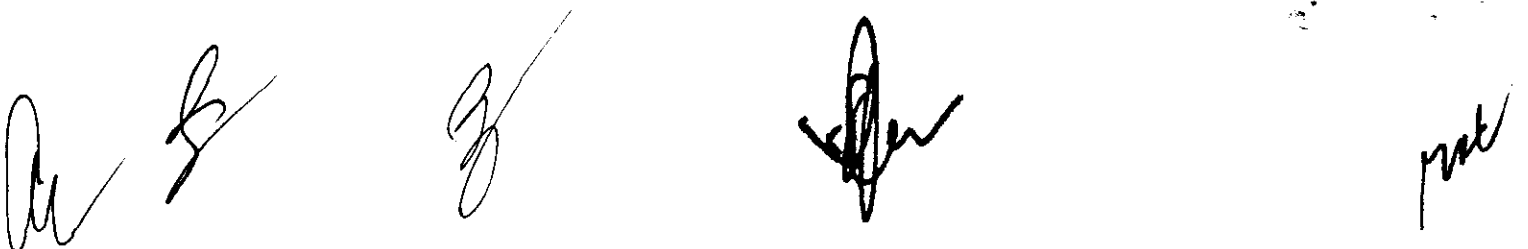


pending with the ERC, the status quo of cases involving violation of contract shall be maintained". The said provision is of general application on disputes between and among different industry participants and does not specifically pertain to disputes arising from regular electric bills. Furthermore, respondent is merely exercising its contractual right to discontinue the electric service of the complainants for their failure to pay their assessed monthly electric bills.

However, the Commission observed that the total accumulated unpaid monthly bills of complainants as of February, 2009 vary from seven (7) months to thirty nine (39) months with different amounts ranging from Seven Thousand Seven Hundred Forty Five Pesos and 45/100 (PhP7,745.45) to One Hundred Fifty Two Thousand Six Hundred Thirty One Pesos and 07/100 (PhP152,631.07). The Commission took notice that complainants are all residential consumers who are beneficiaries under the Pabahay Para Sa Mahirap Program of the government and that these cases were filed in good faith. Although the Commission acknowledges respondent's right to collect from the complainants the unpaid monthly electric bills, justice, fairness and equity dictate that the terms of payment of the total unpaid amounts be relaxed for reasons aforesaid.

WHEREFORE, the foregoing premises considered, the Commission hereby rules, as follows:

1. The relocation or installation by respondent Manila Electric Company (MERALCO) of complainants' electric service meters to the Elevated Metering Centers (EMCs) is legitimate;



2. The contested high billings or over billings resulted from inaccurate meter readings by the respondent's meter readers and not due to the relocation or installation of the service meters to the EMC.

3. Respondent is directed to immediately refund the expenses borne by some of the complainants for the service drop wires and installations, including all necessary protective accessories, upon presentation of a valid proof of purchase. The amount to be refunded shall be based on the actual amount reflected in the Official Receipt. In the absence of such receipt, complainants shall present a duly notarized certification from the store owner or his/her duly authorized representative, citing therein the date of purchase, the materials bought and its corresponding amount at the time of purchase; and

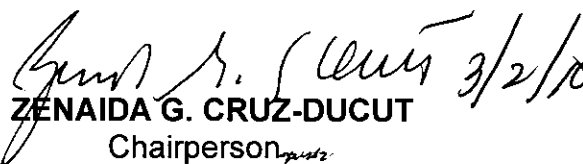
4. In order to facilitate the continued supply of electricity, complainants or all the Pabahay 2000 registered customers similarly situated as well as the respondent shall, upon determining the adjusted monthly electricity consumptions for the contested billing months, enter into an Installment Payment Agreement (IPA) upon terms mutually agreeable between the parties.



Complaints arising from the alleged illegal service connections (ISCs)
are excluded from the foregoing.

SO ORDERED.

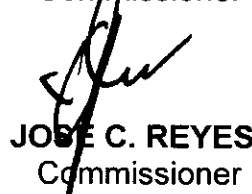
Pasig City, December 1, 2009.

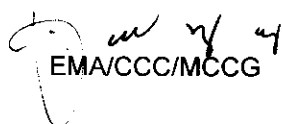

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