

Rules Governing the Collection of the Universal Charge Summary of Comments

Participant	Issue	Comment	Recommendation
PSALM	Section 1 : Definition of Terms	The term “Franchise Area”	We suggest that the term “Franchise Area” under the Definition of Terms should be modified to “Franchise” considering that franchise area was never mentioned in any of the text of the proposed Rules Governing the Collection of the Universal Charge.
TRANSCO	Section 1: Definition of Self-Generating Facility	The Rules provide for the definition of Self-Generating Facility, however, it loosely uses the term Self-Generating Entity(ies) which is not defined anywhere in the Rules. Does Self-Generating Entity also refer to Self-Generation Facility? Or , Will the Rules provide for a different definition?	
PSALM	Section 2: Collecting	Section 2 (c) used the term “Self-	For consistency, all provisions under the

	<p>Entity</p> <p>The Universal Charge shall be collected by the following entities:</p> <p>(a) Distribution Utilities from End-Users in their captive markets;</p> <p>(b) Suppliers from End-Users in the contestable markets;</p> <p>(c) TRANSCO or its Concessionaire, as the case may be, from End-Users and Self-Generating Entities which are not connected to a distribution system and which are not served by a Supplier.</p>	<p>Generating Entities” although Section 1: Definition of Terms did not provide for its definition. The Definition of Terms supplied a definition for “Self-Generation Facility”.</p>	<p>proposed Rules Governing Collection of Universal Charge which refer to Self-Generating Entities should be modified to Self-Generation Facilities.</p>
<p>TRANSCO</p>	<p>Section 2 (c) TRANSCO or its Concessionaire, as</p>	<p>Delete ‘ which are ‘</p>	<p>We suggest that this be read as ‘TRANSCO or its Concessionaire, as the</p>

	the case maybe, from End-Users and Self-Generating Entities <u>which are</u> not connected to a distribution system and <u>which are</u> not served by a Supplier.		case may be, for End-Users and Self-Generating Entities not connected to a distribution system or not served by a Supplier’.
PSALM	Section 2.01: End- Users of Electricity	Self-Generation Facilities were not among the end-users of electricity enumerated, although Section 2 (c) made mention that “TRANSCO or its Concessionaire, as the case may be, shall collect Universal Charge from End-Users and Self-Generation Entities x x x.”	To be consistent with Section 2 (c), end-users of electricity should include Self-Generation Facilities.
PSALM	Section 3.01 (c): The Universal Charge	This provides that Universal Charge remittance shall be made to the STF	PSALM proposes to have the [Universal Charge collections remitted to the Main

	collected by each DU or Supplier shall be remitted to the STF Account established by PSALM for the purpose.	Account established by PSALM for this purpose.	Trust Account, instead of the STF account.] The rationale behind such is that the former entails <u>lower operating costs for collecting entities in terms of information System technology requirements, manpower costs, bank fees, and reconciliation</u> because the UC remittances are made solely to one (1) account. Moreover, this will <u>lessen misunderstanding particularly on the part of electric cooperatives.</u> Accordingly, the <u>Definition of Terms should provide for a definition of the Main Trust Account.</u>
CEPALCO	Section 3.01 (c): The Universal Charge collected by each DU or Supplier shall be remitted		We understand the need to be transparent to our customers on the non bypassable Universal Charge they have to pay. However, we seek consideration by ERC to

	to the STF Account established by PSALM for the purpose.		provide enough lead time for Distribution Utilities to comply with the required details to be reflected in the monthly bills because this will require a significant change in the billing system. If possible, the required details will be complied by DUs together with its compliance with the billing format that ERC may prescribe upon approval of the DUs unbundled rates so that changes in the billing system shall be done at the same time.
TRANSCO	Section 3.02 (a): Transco shall meter or otherwise prepare a reasonable estimate of the quantities of electricity in kilowatthours consumed by End-Users or self-generating entities, connected directly to its facilities, for each monthly billing period.	<p>Please be informed that it is TRANSCO's practice to make use of the best available data (average of the last 3 months reading) where meter readings are wanting.</p> <p>However, we believe that it will be very <u>difficult for TRANSCO to estimate the electricity (kWh) of subject entities without historical information or data. Simply estimating the kWh of the end-users opens TRANSCO to a great number of questionable bills and may even result to uncollectible UC.</u></p>	TRANSCO suggests for ERC to develop separate rules/guidelines in order for TRANSCO to determine the 'reasonable estimate' quantities of electricity in kWh consumed by end-users...
TRANSCO	Section 3.02 (c) Transco shall require the end-user or self-generating entity to present appropriate documentary evidence to prove that it is paying the Universal Charge to a	We understand that RA 9136 requires end-users or self-generating facilities (SGFs) to remit the UC to TRANSCO. We interpret this for TRANSCO to simply receive or accept the UC from subject entities without any additional work or act to be	TRANSCO shall exert reasonable effort to perform its obligations. Moreover, we would like to request the Commission to provide specific measures to safeguard TRANSCO from any lawsuit arising from its billing to and collection of UC from Self-Generating Entity.

	<p>Supplier or if it disputes the quantity of the kilowatthours determined by TRANSCO.</p>	<p>performed. Nonetheless, we also acknowledge the simple fact that (except for taxes covered by the National Internal Revenue Code & Local Tax Code) no one will make payment (remit) unless billed. With this provision, apparently, ERC is vesting TRANSCO the right or obligation to police end-user , e.g. SGF. At this point, we pose the question: Will TRANSCO be able to get all the required data or information on the SGF; from whom. Will TRANSCO get the data from ERC?</p> <p>We will appreciate if the Commission will [direct or order SGFs to submit the required information/data to TRANSCO.] [Separate rules/guidelines for this matter will efficiently implement the intentions of the law.]</p> <p>RA 9136 provides that SGFs are</p>	
--	--	---	--

		<p>exempted from remitting the UC to TRANSCO for a period of four years, provided that the SGFs register with both PSALM and ERC, we take this opportunity to <u>inquire if ERC has the list of said registered SGFs.</u></p>	
<p>TRANSCO</p>	<p>Section 3.02 (e) Any Self-Generating Entity to the facilities of TRANSCO shall be responsible for supplying the accurate computation and be held liable for understanding such computation in cases where TRANSCO cannot estimate its total quantity</p>	<p>TRANSCO truly highly appreciate this particular provision as there exist in reality a puzzle needing to be resolved. How will TRANSCO determine the kWh consumption of SGFs? Unless, TRANSCO is provided with data from the SGFs themselves or from other entity with the right to police such activity, TRANSCO will not be able to correctly</p>	<p>Again, we suggest that the Commission promulgate separate rules/guidelines for the implementation of UC to SGFs.</p>

	of electricity consumed in kilowatthours other than those from the transmission system.	bill SGF of the UC, no proper collection of UC.	
TRANSCO	Section 3.02 (g) The amount collected as Universal Charge shall not be included in the computation of the Prompt Payment Discount (PPD) of the End-user or Self-Generating Entity.	Please be informed that the PPD granted by NPC/TRANSCO to its customers is a management decision. At this juncture, TRANSCO is providing PPD in honor of the existing contracts that NPC has with its customers who are also TRANSCO customers.	We suggest that this provision be revised and read as follows: The amount billed as Universal Charge shall be paid in full by End-Users or Self-Generating Entity and the collection shall not be included in the computation of any discounts granted to End-Users or Self-Generating Entity.
PSALM	Section 3.03: Deferment of Universal Charge for Self-Generation Facilities Pursuant to Section 7, Rule 18 of the IRR, all Self-Generation Facilities whether, new, existing or under construction shall not be covered by the imposition of UC for a	As it is, the deferment of Universal Charge has attached conditions/requirements. Self-Generation Facilities can only avail of the deferment of Universal Charge provided that they register with the ERC and PSALM We believe that a provision should be inserted encouraging Self-Generation Facilities to register with the ERC and PSALM to fully implement the intent of the EPIRA. The need to monitor consumption of Self-Generation	To encourage registration of Self-Generation Facilities with ERC and PSALM, we suggest the following provision: “Self-Generation Facilities are encouraged to register with ERC and PSALM on or before _____ (timeline). Failure to register with ERC and PSALM on said period shall constitute a violation of provisions of the EPIRA, for which appropriate fines and penalties

	<p>period of four (4) years from its imposition; Provided, that, such self-generation facilities shall register with the ERC and PSALM</p>	<p>Facilities provides the rationale behind the conditions set in exchange for the deferment of imposition of the Universal Charge.</p>	<p>may be imposed by the ERC pursuant to Rule 35 of the IRR.”</p> <p>To fully implement the conditions of deferment, we suggest the following follow-up/additional provision:</p> <p>“To measure the consumption of Self-Generation Facilities which fail to register with the ERC and PSALM within the prescribed period, the collecting entity shall submit to the ERC for approval a proposal as to the methodology to determine the Self-Generating Facilities’ kWh consumption, which shall serve as the basis of Universal Charge.”</p>
<p>TRANSCO</p>	<p>Section 3.04 Late, Partial or Non-Payment of Universal Charge</p> <p>In the event of late, partial or non-payment of the UC by any End-User or Self-generating Entity, except as provided for in Section 3.03, the Collecting Entity concerned shall have the right to exercise all its powers and authority to enforce payment, including but not limited to the powers to disconnect</p>	<p>Again, TRANSCO is highly appreciative of this Commission’s statement. <u>The non-payment or even late or partial payment of UC is now a ground for disconnection.</u> Since TRANSCO implemented the UC on Missionary Electrification (TRANSCO February 2003 bills), the question of whether non-payment of UC is a ground for disconnection has been an issue in the development of TRANSCO’s Implementing Guidelines. The inclusion of this issue in the draft rules now clears the air.</p> <p>However, the disconnection is only</p>	<p>Again, TRANSCO requests for the separate rules/guidelines for Self-Generating Entity</p>

	<p>the electric service.</p>	<p>applicable to connected End-Users or connected Self-Generating Entity (if any) but not to an 'island' end-user with self-generating facility.</p>	
<p>MERALCO</p>	<p>Section 3.04 Late, Partial or Non-Payment of Universal Charge</p> <p>In the event of late, partial or non-payment of the UC by any End-User or Self-generating Entity, except as provided for in Section 3.03, the Collecting Entity concerned shall have the right to exercise all its powers and authority to enforce payment, including but not limited to the powers to disconnect the electric service.</p>	<p>The universal charge is only one component of an unbundled electric bill. Utilities, as a matter of course, exercise all reasonable efforts to collect the entire bill due from its customers. It appears from the section that the ERC is suggesting that the Universal Charge component may be treated differently and separately from the rest of the monthly bill. This would not only introduce unnecessary complexity to the process, but would bring out additional questions on how to prioritize among the various components of the electric bill.</p> <p>At the same time, there are already</p>	<p>We are recommending the deletion of the section of the draft rules.</p>

		<p>rules and orders from the regulator that govern the treatment of unpaid bills and delinquent accounts. The latter includes the possible imposition of late payment surcharges and the disconnection of electric service. It is not clear how the proposed Section would affect these existing rules.</p> <p>Furthermore, following our first comment above, the validity of the draft section may be challenged on the following grounds:</p> <ul style="list-style-type: none">• They are contrary to RA 9136, Section 34, 2nd paragraph, which makes distribution utilities mere collectors of the universal charge. Section 4.04 effectively make these collectors subsidiary liable for the same when their only responsibility to PSALM, under the law, is to remit the amount collected.• Any penalties are unreasonable because they effectively compel collecting entities to avail of the proper remedies just to be able	
--	--	---	--

		<p>to collect the universal charge thereby incurring additional costs. Availing of these remedies should be left to the discretion of the collecting entity such that if such availment will cost it more than what it stands to recover, it should not be penalized for its inability to enforce payment. The decision not to do so would be a reasonable exercise of management prerogative.</p> <p>The imposition of penalties is also contrary to the Rules Implementing the EPIRA, particularly Rule 18. There is nothing therein, which states that the collecting entity shall be penalized in case of late, partial or non-payment of the universal charge by any end-user. On the contrary, what Section 8 (a), Rule 18 contemplates, for penalties to be imposed, is when the collecting entity fails to remit its collection to PSALM. Thus, penalties can only be imposed upon a collecting entity, when, after collecting the universal charge, it failed to turn the same over to PSALM and is properly addressed in separate rules governing the remittances of universal charge collections.</p>	
--	--	--	--

<p>MERALCO</p>	<p>Section 3.05 Collection Shortfalls</p> <p>In the event that the actual collections of the concerned Collecting Entity for a specific month falls short of the actual billings served to its customers, the Collecting Entity shall determine the collection efficiency with respect to the monthly bill by dividing the amount of actual collections by the amount billed for the corresponding month. Said collection efficiency shall be applied to all components in the power bills, including the Universal Charge.</p>	<p>It goes beyond what is provided for by Section 5, Rule 18 of the Rules Implementing the EPIRA, which states that what shall be remitted to the PSALM are collections net of any amount due to the distribution utility. The proposed section would require collecting entities to remit a proportional amount for universal charge even if an end-user has not paid his entire electric bill. We are strongly recommending the deletion of the section.</p>	

TRANSCO	<p>Section 3.05 Collection Shortfalls</p> <p>In the event that the actual collections of the concerned Collecting Entity for a specific month falls short of the actual billings served to its customers, the Collecting Entity shall determine the collection efficiency with respect to the monthly bill by dividing the amount of actual collections by the amount billed for the corresponding month. Said collection efficiency shall be applied to all components in the power bills, including the Universal Charge.</p>	<p>Does this section merely intend to provide for the determination of the collecting entities collection efficiency? May we request the Commission to elucidate on this matter?</p>	
TRANSCO	Section 4.03 Reports by TRANSCO		TRANSCO suggests that this provision be revised and to read as follows:

			TRANSCO shall submit to <u>PSALM</u> the statements described in Section 4.02 in respect of its invoices to and collections from End-Users connected to the transmission system, <u>provided that these End-Users are not connected to a distribution system nor being served by a supplier in case of contestable market.</u>
TRANSCO	OTHERS: 1. Fourth (4 th) WHEREAS.	It is suggested that the phrase 'and remittance' be deleted as the Rules specifically provides for the rules on the collection of the UC. The 'remittance' matters are covered in the guidelines drafted by PSALM.	
CELCOR	ANNEX E	With regards to the suggested book entry for recording the UC component upon billing and upon remittance, we would like to recommend changing the account name "UC STF Liability – UC for SD and SCC of NPC" to "STF Payable – UC for SD and SCC of NPC" and vice versa. This will make the account name more "in keeping" with the usual account name used for short term liabilities and will keep us from repeating the same term (UC) within a single account name.	As for recording the UC components in the Collecting Entity's book upon collection and upon remittance, may we suggest that we use the usual "Cash on Hand or Cash in Bank" account for the appropriate cash transaction. Using the proposed "Cash-UC Restricted" will only result to additional work (account reconciliation, fund transfers) for the Collecting Entities involved. Besides, electric utilities are now using the banks as their collecting agents. What's the point in creating a restricted cash account when your actual daily collection is spread-out in so many bank accounts. We believe that maintaining a separate book for each Universal Charge component, the "check and balance" aspect in the UC Collection/Remittance. Form (Annex D1-

			D3), apart from the 5% per month late remittance interest charge and other forms of fines and penalties that may be imposed by PSALM/ERC are sufficient enough to deter would be violator/s of any section of this Rule.
MERALCO	General Comment	<p>We are suggesting the inclusion of a guiding principle that would state that the collection and remittance procedures for the universal charge should not impose an undue burden on collecting entities.</p> <p>Collecting entities do not earn any return from these activities and, in fact, incur substantial costs to implement and administer any rules or procedures governing such activities.</p>	
MERALCO	General Comment	<p>Under the Section on the Guiding Principle, it states that the ERC Rules are also intended for the “remittance of the universal charge by self-generating entities which are not connected to a distribution system other than self-generating entities which have registered with PSALM and the ERC as set out in these Rules”</p> <p>We suggest the deletion of the phrase beginning “other than self-generating entities xxx”, considering that the pertinent provisions (particularly those found in Section 4) do not make the</p>	

		same qualification.	
--	--	---------------------	--