

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

IN RE: APPLICATION FOR APPROVAL OF  
REVISION OF RATE SCHEDULES AND  
APPRAISAL OF PROPERTIES WITH  
PROVISIONAL AUTHORITY

ERC CASE NO. 2001-243  
(ERB Case No. 93-118)

MANILA ELECTRIC COMPANY, INC.  
(MERALCO),

Applicant:

X-----X

D O C K E T E D  
Date: JUL 11 2003  
By: [Signature]

**O R D E R**

The Commission takes note of the "Supplemental Submission" filed by applicant Manila Electric Company (MERALCO) on June 18, 2003 in compliance with the Commission's directive in its Order dated May 13, 2003, particularly with regard to the submission of a procedure or mechanism to implement the refund to its customers.

In the said submission, MERALCO proposed to implement the refund to its remaining customers (those consuming 101 kWh and above) in accordance with the following customer groupings:

- A. Phase II – Residential and General Service customers who consumed 101 to 300 kWh as of April 2003 or, for terminated accounts, in their last complete month's bill;
- B. Phase III - Residential and General Service customers who consumed 301 kWh and up as of April 2003 or, for terminated accounts, in their last complete month's bill; and
- C. Phase IV – Commercial, Industrial, Government Hospitals and Streetlights customers not covered by Phases I to III.

MERALCO further proposed that: a) Phase II of the refund shall begin immediately following the completion of Phase I while Phases III and IV will begin as soon as Phase II is completed; b) the detailed procedures for the implementation of the refund/credit for the aforesaid phases shall be developed in line with the timely realization of its cash flow projections; and c) violation of contract recoveries and collections on the One Day Power Sales (ODPS) program shall not be covered by the refund/credit implementation.

Finally, in addition to the general principles laid down in the Commission's Order dated May 13, 2003, MERALCO proposed to adopt the following principles in the implementation of the refund process:

- a.) For Phases I and II, in cases where the refund is implemented through a credit on billings for electric consumption, the application shall be made against the total bill;
- b.) For Phases III and IV, the credit shall be applied only against the portion of the unbundled electric bill that goes to MERALCO (i.e., Distribution, Supply, Metering and Currency Exchange Rate Adjustment [CERA]);
- c.) Refund due to a customer may be immediately applied to customer's arrears, even if the applicable Phase is not yet being implemented; and
- d.) Undaimed refunds pertaining to terminated customers' accounts shall be utilized by MERALCO to accelerate the implementation of the later Phases.

After a thorough evaluation of the aforesaid proposals in the light of the general guidelines laid down in the Commission's May 13, 2003 Order, the Commission hereby issues the following directives and dispositions:

A.) MERALCO is hereby directed to submit, within fifteen (15) days from receipt hereof, the actual amount involved in the entire refund implementation for the Commission's confirmation;

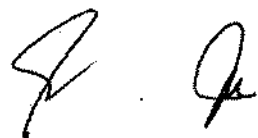
B.) MERALCO is hereby directed to completely accomplish the implementation of Phase I of the refund to its customers not later than August 31, 2003;

C.) For Phase II, MERALCO is hereby directed to implement the same starting September 1, 2003 and to completely accomplish the same not later than December 31, 2003;

D.) For Phases III and IV, MERALCO is hereby directed to submit to this Commission its proposed procedure to implement the same, together with the total amounts of refund involved in each phase, within thirty (30) days from receipt hereof;

E.) For refunds due to registered customers who are already deceased, if the refund claim is equal to or less than TWO THOUSAND PESOS (P2,000), the claimant should be required to present the following:

- 1.) death certificate of the registered customer;
- 2.) proofs of claimant's relationship with the deceased registered customer; and
- 3.) claimant's valid Identification Card (ID).



On the other hand, if the refund claim is MORE THAN TWO THOUSAND PESOS (P2,000+) the refundable amount should be credited to future bills. In the event that the claimant insists on getting a cash refund, said claimant may be required by MERALCO to submit documents other than those abovementioned for purposes of protecting MERALCO's interest against other future claimants;

E.) With regard to the residual unclaimed refunds pertaining to terminated and unidentified customers' accounts, MERALCO is hereby directed to submit, within thirty (30) days from receipt hereof, the total amount thereof together with the detailed procedure on how to dispose of the same for the Commission's approval;

F.) As for MERALCO's request to exclude the collections under the One Day Power Sales (ODPS) Program from the coverage of the refund/credit implementation, the Commission hereby denies the same and, accordingly, hereby directs MERALCO to refund to the concerned customers the amounts due them computed strictly in accordance with the Supreme Court ruling (16.7 centavos/kWh). The Commission, however, approves MERALCO's request to exclude violation of contract (VOC) recoveries from the coverage of the said refund/credit implementation.

G.) For identified terminated and soon-to-be terminated customer accounts, MERALCO is hereby directed to individually indicate the amount due as refund in the last bill of the concerned customer and pay the same as soon as the appropriate phase to which such customer belongs is implemented.

SO ORDERED.

Pasig City, July 9, 2003.

  
MANUEL R. SANCHEZ  
Chairman

  
MARY ANNE B. COLAYCO  
Commissioner

  
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