

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

IN THE MATTER OF THE PETITION
FOR THE ISSUANCE OF
"GUIDELINES TO GOVERN THE
SUBMISSION, EVALUATION AND
APPROVAL OF LEASE OF PROPERTY
BY DISTRIBUTION UTILITIES",

ERC CASE NO. _____

PRIVATE ELECTRIC POWER
OPERATORS ASSOCIATION INC.,
(PEPOA) AND MANILA ELECTRIC
COMPANY (MERALCO),

Petitioners.

x-----x

PETITION TO INITIATE RULE-MAKING

Petitioners PRIVATE ELECTRIC POWER OPERATORS
ASSOCIATION INC. (PEPOA) and MANILA ELECTRIC COMPANY
(MERALCO), by counsel, respectfully state:

1. Petitioner PEPOA is an association duly organized and existing under Philippine laws with principal office address at the 8th Floor STRATA 100, F. Ortigas Jr. Road, Ortigas Center, Pasig City. PEPOA is an association of privately-owned electric utilities franchised to operate an electric light and power distribution service in the urban areas outside of Metro Manila. Its member-utilities are authorized to charge their respective customers for their electric consumption at the rates approved by the Energy Regulatory Commission (ERC). It may be served with notices and other processes of this Honorable Court at its principal office address or thru its counsel at the address indicated herein.

2. Petitioner **MERALCO** is a private corporation existing under the laws of the Republic of the Philippines, with principal office located at Lopez Building, Meralco Center, Ortigas Avenue, Pasig City. It has a legislative franchise to operate and maintain a distribution system in the cities/municipalities of Metro Manila, Bulacan, Cavite, and Rizal and certain cities/municipalities/barangays in Batangas, Laguna, Quezon and Pampanga, pursuant to Republic Act No. 9209, and is authorized to charge all its customers for their electric consumption at the rates approved by the Honorable Commission. It may be served with notices and other processes of this Honorable Commission through its counsel at the address indicated herein.

3. This Petition to Initiate Rule-Making ("Petition") is filed pursuant to Rule 21, Sections 1 and 2 of the ERC Rules of Practice and Procedure which provides:

"Section 1. Initiation of Rule-making. – The process of adopting a new rule or amending or repealing an existing rule may be initiated by the Commission or by interested persons upon a petition for the issuance, amendment or repeal of any rule.

Section 2. Petition to Initiate Rule-making. – Interested persons may petition the Commission to adopt, amend, or repeal a rule by filing a petition to initiate rule-making. xxx"

4. For the following purposes, Petitioners seek the approval of the attached *"Guidelines to Govern the Submission, Evaluation and Approval of Lease of Property by Distribution Utilities"* ("Proposed Guidelines", for brevity; attached as **Annex A**):

To ensure that the lease of equipment, materials and properties of DUs are transparent and compliant with applicable laws and accepted industry practices and standards

5. Section 20 (g) of the Public Service Act¹ provides that "it shall be unlawful for any public service for the owner, lessee or operator thereof, without the approval and authorization of the Commission previously had xxx to sell, alienate, mortgage, encumber or lease its property, franchises, certificates, privileges, or rights, or any party thereof; or merge or consolidate its property, franchises, privileges or rights, or any part thereof, with those of any other public service. xxx"

6. No less than the EPIRA Law recognizes that enabling DUs to maximize the utilization of assets which form part of their rate base by allowing them to lease available spaces/properties eventually redounds to the benefit of customers. This way, a portion of the income derived from such related business undertakings are used to reduce the DU's distribution wheeling charges, resulting in a corresponding reduction in the rate/s paid by its customers. In particular, Section 26 of the EPIRA Law provides thus:

*"SEC. 26. Distribution Related Businesses. - Distribution utilities may, directly or indirectly, engage in any related business undertaking which maximizes the utilization of their assets: Provided, That a portion of the net income derived from such undertaking utilizing assets which form part of the rate base shall be used to reduce its distribution wheeling charges as determined by the ERC. Provided, further, That such portion of net income used to reduce their distribution wheeling charges shall not exceed fifty percent (50%) of the net income derived from such undertaking: Provided, finally, That separate accounts are maintained for each business undertaking to ensure that the distribution business shall neither subsidize in any way such business undertaking nor encumber its distribution assets in any way to support such business."*²

¹ Commonwealth Act No. 146, dated 7 November 1936.

² See also: Rule 7, Section 5 (c) of the EPIRA-IRR

7. To encourage DUs to maximize utilization of their assets through lease of their available properties while ensuring compliance with the pertinent provision of the Public Service Act specified above which requires approval of lease, the Proposed Guidelines provides a uniform system of filing applications for approval of lease of DU properties.

To protect public interest as it is affected by rates and services of DUs and other providers of electric power

8. While the Proposed Guidelines is designed to facilitate DUs' engagement in the lease of their available properties, it also duly accounts for protection of the public interest as regards regulation of the rates and services offered by DUs as affected by the lease. The Proposed Guidelines was crafted in such a way as to monitor and guarantee compliance with, among other things, the following requirements of law and applicable rules and regulations:

- (i) That a portion of the net income derived from lease which utilizes assets that form part of the rate base is used to reduce the DU's distribution wheeling charges;³
- (ii) That such portion of net income used to reduce a DU's distribution wheeling charges does not exceed fifty percent (50%) of the net income derived from said lease;⁴ and
- (iii) That the quality of a DU's service does not deteriorate pursuant to the standards provided in the Grid Code, Distribution Code and Rule 10 of the EPIRA-IRR.⁵

³ Section 26 of EPIRA and Rule 7, Section 5 (c) (i) of EPIRA-IRR. Cf: Section 2.3 of the Proposed Guidelines

⁴ *Ibid.*

⁵ Rule 7, Section 5 (c) of EPIRA-IRR. Cf: Section 2.1 of the Proposed Guidelines

9. Since Petitioners are privately-owned electric utilities, their engagement in lease of their properties is governed by the Public Service Act which requires approval by this Honorable Commission. Consequently, the issuance of the proposed Guidelines will fundamentally affect the manner by which they engage in the lease of their properties.

10. In view of the above, Petitioners respectfully submit that there is a need for the Honorable Commission to issue the Proposed Guidelines.

PRAYER

WHEREFORE, premises considered, it is respectfully prayed to this Honorable Commission that an Order be issued adopting the *“Guidelines to Govern the Submission, Evaluation and Approval of Lease of Property by Distribution Utilities”*.

Other reliefs just and equitable under the premises are likewise prayed for.

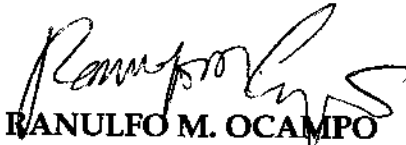
Pasig City, 17 July 2009.

PRIVATE ELECTRIC POWER OPERATORS ASSOCIATION INC.

Petitioner

**8th Floor STRATA 100, F. Ortigas Jr. Road
Ortigas Center, Pasig City**

By:



RANULFO M. OCAMPO

Counsel for Petitioner PEPOA

PTR No. 2758146 / 1-27-09 / Marikina City

IBP No. 776976 / 1-20-09 / Rizal Chapter

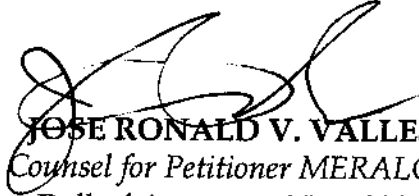
IBP Roll No. 33872 / MCLE Compliance No. II-0004193

8/F STRATA 100, F. Ortigas Jr. Road

Ortigas Center, 1605 Pasig City

MANILA ELECTRIC COMPANY
Petitioner
MERALCO Compound, Lopez Building
Ortigas Avenue, Pasig City

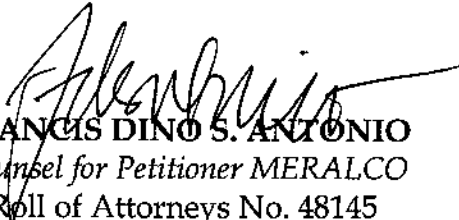
By:



JOSE RONALD V. VALLES
Counsel for Petitioner MERALCO
Roll of Attorneys No. 42281
PTR No. 5100033; 01/05/09; Pasig
IBP No. 768572; 01/05/09; RSM
MCLE Compliance No. II-0001104
28 April 2008



ROMMEL L. YAP
Counsel for Petitioner MERALCO
Roll of Attorneys No. 43007
PTR No. 5100034; 01/05/09; Pasig
IBP No. 768573; 01/05/09; RSM
MCLE Compliance No. II-0001134
28 April 2008



FRANCIS DINO S. ANTONIO
Counsel for Petitioner MERALCO
Roll of Attorneys No. 48145
PTR No. 5100035; 01/05/09; Pasig
IBP No. 768574; 01/05/09; RSM
MCLE Compliance No. II-0001109
28 April 2008



CARMEN GRACE S. RAMOS
Counsel for Petitioner MERALCO
Roll of Attorneys No. 55945
PTR No. 5100039; 01/05/09; Pasig
IBP No. 768578; 01/05/09; RSM
MCLE Compliance No. II - not required; *Admitted in April 2008*

7th Floor, Lopez Building
Ortigas Avenue, Pasig City

VERIFICATION AND CERTIFICATION AGAINST FORUM-SHOPPING

I, **IVANNA G. DELA PENA**, Filipino, of legal age and with office address at 12th Floor, Lopez Building, MERALCO Center, Ortigas Avenue, Pasig City, after being sworn to in accordance with law, hereby depose and say, THAT-

1. I am the Vice-President & Head, Regulatory Management Office of Petitioner Manila Electric Company (MERALCO);

2. I caused the preparation of this "Petition to Initiate Rule-Making" and I have read and understood the allegations contained therein insofar as MERALCO is concerned and that all the facts stated therein are true and correct based on authentic records made available to me in the ordinary course of business of the Petitioner;

3. I certify that Petitioner has not heretofore commenced any other action or proceeding involving the same issues in the Supreme Court, the Court of Appeals, or any other tribunal or agency;

4. To the best of my knowledge no similar action or proceeding is pending before the Supreme Court, the Court of Appeals, the lower courts or administrative bodies; and


5. If I should hereafter learn that a similar action has been filed before the Supreme Court, the Court of Appeals, the lower courts or administrative bodies, I undertake to report such fact to this Honorable Commission within five (5) days from notice of such fact. A copy of the Secretary's Certificate authorizing me to sign this Verification and Certification on Non Forum-Shopping is attached hereto as ANNEX "B".

IN WITNESS WHEREOF, I have hereunto affixed my signature this JUL 30 2009 day of July at Pasig City, Philippines.


IVANNA G. DELA PEÑA
Affiant

SUBSCRIBED and SWORN to before me this JUL 30 2009 day of July 2009, affiant exhibited to me her Social Security System ID bearing the number 03-5122810-4.

Doc. No. 9
Page No. 3
Book No. I
Series of 2009.


NOTARY PUBLIC
ATTY. CARMEN GRACE S. RAMOS
NOTARY PUBLIC
Pasig, Pateros, Taguig & San Juan
Issued on June 8, 2009 at Pasig City
until December 31, 2010
Roll No. 55945 / IBP No. 768578; 01/05/2009/RSM Chapter
PTR No. 5100039; 01/05/2009 / Pasig City
7th Floor, Lopez Bldg., Ortigas Ave., Pasig City

REPUBLIC OF THE PHILIPPINES)

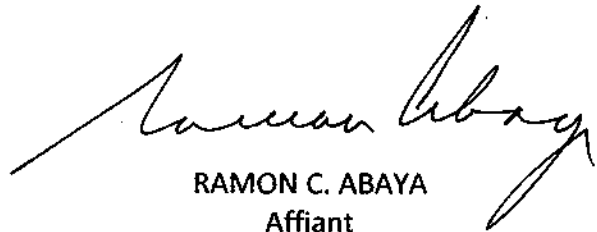
JANILE S.S.

VERIFICATION AND CERTIFICATION OF NON-FORUM SHOPPING

I, RAMON C. ABAYA, of legal age, and with office address at 8/F STRATA 100, F. Ortigas Jr. Road, Ortigas Center, Pasig City, after being sworn in accordance with law, depose and state that:


1. I am a director of the Private Electric Power Operators Association Inc. (PEPOA).
2. In behalf of PEPOA, I caused the preparation of the foregoing Petition to initiate Rule-Making; and that I have read and verified said petition and attest that all the allegations therein are true and correct of my own knowledge and the authentic records of PEPOA.
3. PEPOA has not commenced any other action or proceeding involving the same issues in the Supreme Court, the Court of Appeals, or any other tribunal or agency; to the best of my knowledge, no such action or proceeding is pending in the Supreme Court, the Court of Appeals, or different Divisions thereof, or any other tribunal or agency which involves issues that may somehow be related to this petition; and that, if I should learn that a similar action or proceeding has been filed or is pending before the Supreme Court, the Court of Appeals, or different Divisions thereof, or any other tribunal or agency, I undertake to promptly inform this Honorable Commission within five (5) days from receipt of such knowledge of such fact.

IN WITNESS WHEREOF, I have hereunto affixed my signature this JUL 23 2009 at **JANILE**, Philippines.


RAMON C. ABAYA
Affiant

SUBSCRIBED AND SWORN to before me this JUL 23 2009, affiant exhibited to me his Social Security Service ID No. 03-1828232 and TIN 110-510-430.

Doc. No. 92 ;
Page No. 19 ;
Book No. CXXIII ;
Series of 2009 .


ATTY. BELINDA ABACALIA
NOTARY PUBLIC
ROLL NO. 24755
TIN NO. 124-018-056
LTS NO. 173049-B-01-07-09
ESP NO. 254439-01-06-09
MCLE NO. 1-0013473
COM. EXP. 06/06/09

REPUBLIC OF THE PHILIPPINES)

~~MANILA~~

) s.s.

SECRETARY'S CERTIFICATE

I, CARMELITA O. DATIN, of legal age, and with office address at 8/F STRATA 100, F. Ortigas Jr. Road, Ortigas Center, Pasig City, after being sworn in accordance with law, depose and state:

1. That I am the Assistant Corporate Secretar of the Private Electric Power Operators Association Inc. (PEPOA) with principal office address at 8/F STRATA 100, F. Ortigas Jr. Road, Ortigas Center, Pasig City.
2. On 24 June 2009, the Board of Directors of PEPOA by a majority vote of directors in a meeting wherein there was a quorum adopted the following resolution:

RESOLUTION NO. 09-05

"RESOLVED, as it is hereby resolved, that PEPOA be authorized to file jointly with MERALCO a petition to initiate rule-making before the Energy Regulatory Commission for the adoption of the Guidelines to Govern the Submission, Evaluation and Approval of Lease of Property by Distribution Utilities;

RESOLVED FURTHER, that director Ramon C. Abaya be authorized to verify and certify under oath said joint petition to initiate rule-making in behalf of PEPOA; and that Atty. Ranulfo M. Ocampo be designated as the legal counsel of PEPOA in this joint petition to initiate rule-making."

3. I hereby attest to the correctness of the foregoing Resolution and certify that the same has not been modified, amended or revoked, and is in full force and effect.


IN WITNESS WHEREOF, I have hereunto set my hand this JUL 20 2009 at

~~MANILA~~


CARMELITA O. DATIN
Affiant

SUBSCRIBED AND SWORN to before me this JUL 20 2009, affiant exhibited to me her Social Security Service ID No. 0368232280.

Doc. No. 85 ;
Page No. 17 ;
Book No. CXXI ;
Series of 2009 .


ATTY. DELFIN R. ESCALANTE
NOTARY PUBLIC
ROLL NO. 24855
TIN NO. 144-519-066
PTR NO. 1174849-B-01-6-09
IBP NO. 754829-01-6-09
MCLE NO. 11-0015473
COM. EXPIRED ON DEC'09

**GUIDELINES TO GOVERN THE SUBMISSION, EVALUATION
AND APPROVAL OF LEASE OF PROPERTY BY DISTRIBUTION UTILITIES**

Pursuant to Sections 26 and 43 of Republic Act No. 9136 otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA), Rules 3 and 7 of its Implementing Rules and Regulations, and Section 20 (g) of Commonwealth Act No. 146, as amended, the Energy Regulatory Commission (ERC) hereby promulgates and adopts the following guidelines to govern the submission, evaluation and approval of lease of property by a distribution utility (DU).

**ARTICLE I
GENERAL PROVISIONS**

1.1 Objectives

- 1.1.1 To provide the Distribution Utilities (DUs) with a uniform system of filing application for approval of lease of its properties;
- 1.1.2 To enable DUs to maximize the utilization of their assets by allowing them to lease available spaces/ properties;
- 1.1.3 To protect public interest as it is affected by rates and services of DUs and other providers of electric power.
- 1.1.4 To ensure the economic, orderly and efficient development of DUs' resources that concern public interest.
- 1.1.5 To ensure that the lease of equipment, materials and properties of DUs are transparent and compliant with applicable laws and accepted industry practices and standards.

1.2 Guiding Principles

Section 26 of the EPIRA and Rule 7, Section 5(c) of its IRR provide that a DU may, directly or indirectly, engage in any related business undertaking which maximizes the utilization of its assets: *Provided*, That a portion of the net income derived from such undertaking utilizing assets which form part of the rate base shall be used to reduce its distribution wheeling charges as determined by the ERC, and that quality of service shall not deteriorate pursuant to the standards provided in the Distribution Code and Rule 10 on Structural and Functional Unbundling of Electric Power Industry Participants.

To this end, the DU shall submit to the ERC the appropriate documents to effect the following: (i) A portion of the net annual income derived from such undertaking utilizing assets which form part of the rate base shall be used to reduce its Distribution Wheeling Charges: *Provided*, That, such portion shall not exceed fifty percent (50%) of the net income derived from such undertaking. (ii) Separate accounts shall be maintained for each business undertaking to ensure that the distribution business shall neither subsidize in any way such business undertaking nor encumber its distribution assets in any way to support such

business. The Business Separation Guidelines (BSG) provides the framework and rules for the implementation of the requirements of these sections of the EPIRA and its IRR.

Furthermore, Section 20 (g) of Commonwealth Act No. 146 provides that it shall be unlawful for any public service or for the owner, lessee or operator thereof, without the approval and authorization of the Commission previously had to, among other things, sell, alienate, mortgage, encumber or lease its property, franchises, certificates, privileges, or rights, or any party thereof; or merge or consolidate its property, franchises, privileges or rights, or any part thereof, with those of any other public service.

1.3 Scope of Application

This Guidelines apply to the following:

- 1.3.1 Electric Cooperatives;
- 1.3.2 Privately-Owned Distribution Utilities;
- 1.3.3 Local Government Unit (LGU) Owned-and-Operated Distribution Systems; and
- 1.3.4 Qualified Third Parties (QTPs) operating in waived areas of franchised DU.

1.4 Definition of Terms

Act	Republic Act No. 9136, otherwise known as "Electric Power Industry Reform Act of 2001 or EPIRA."
Business Separation Guidelines	The rules and principles for the clear separation of accounts between regulated and non-regulated business activities; and, the structural and functional unbundling requirements that must be implemented and observed by electric power industry participants.
Distribution Related Business	A business undertaking by a DU utilizing its system and non-system assets/ facilities/ staff/ lots for non-electricity related business.
Distribution System	The system of wires and associated facilities belonging to a franchised distribution utility, extending between the delivery points on the transmission, subtransmission system, or generating plant connection and the point of connection to the premises of the end-user.
Distribution System Assets	Those assets which form part of the DU's Regulatory Asset Base (RAB) and are part of its electric distribution system.
Distribution Utility	Any electric cooperative, private corporation, government-owned utility, or existing local government unit that has an exclusive franchise to operate a distribution system in

	accordance with the Act.
Distribution Wheeling Charge	Cost or charge regulated by the ERC for the use of a distribution system and/or availment of related services.
Energy Regulatory Commission (ERC)	The regulatory agency created under the Act.
Non-Regulatory Asset Base (Non-RAB) Property	Assets owned by the DU but not included in the DU's RAB and not used to provide Distribution Services.
Non-System Assets	The DU's RAB Assets or properties which do not form part of its distribution system, but are essential in the conduct and operation of electric service business.
Philippine Distribution Code (PDC) /Distribution Code	The set of basic rules, requirements, procedures, and standards to ensure the safe, reliable, secured and efficient operation, maintenance, and development of the distribution systems in the Philippines. It also defines and establishes the technical aspects of the working relationship of the Distribution Utilities and all users of the Distribution System.
Pole Space Rental	An undertaking by a DU to allow the use of free spaces in its distribution and sub-transmission poles for information and communications technology infrastructure, upon reasonable compensation.
Regulatory Asset Base (RAB) Property	Those assets employed by a Regulated Entity to provide efficient Regulated Distribution Services. It covers the Regulated Distribution System assets as well as the Non-System Assets required to support the delivery of Regulated distribution Services.

1.5 Classification of Property/ Asset for Lease

1.5.1 Regulatory Asset Base Property

DUs shall file with the ERC applications for authority to lease its RAB properties, classified according to the following:

- (1) Pole space rental/ pole attachment;
- (2) Lease of lots/space; and/or
- (3) Lease of other facilities/ equipment/ materials.

1.5.2 Non- Regulatory Asset Base Property

Since this pertains to assets which are not included in the DU's RAB, then its lease does not have any significant impact or effect on the operations of the

Distribution Utilities (DU) in providing efficient Regulated Distribution Services. For this reason, the lease of non-RAB property is deemed approved by the ERC upon implementation or execution of the lease contract.

ARTICLE II APPLICATIONS AND REQUIREMENTS

2.1 Application

DUs shall file applications with the ERC for authority to lease RAB properties. Such application shall be verified by an authorized representative of the DU and shall be filed with the ERC together with properly labeled three (3) hard copies and three (3) electronic copies of the following requirements:

- 2.1.1 Standard Lease Contract that will govern the transactions between the DU, as lessor, and the prospective lessee, specifying the standards of the DU, which the lessee must comply with;
- 2.1.2 Description of the properties to be leased; and
- 2.1.3 Secretary's Certificate approving the lease and the filing of the Application.

2.2 Evaluation and Approval

Within fifteen (15) days from the receipt of the verified application, the ERC shall determine the completeness of the documents submitted, and notify the concerned applicant of the results of its findings in writing. In so doing, the ERC shall undertake either of the following:

- i. Notify the concerned DU to submit additional documents necessary for the complete evaluation of the application; or
- ii. Notify the concerned DU to pay the required filing/ docketing fee, if all the submitted requirements were found in order.

Upon filing of the application, the Commission may, on its own or upon motion, grant the issuance of a Provisional Authority (PA), based on the allegations of the application and on such other documents attached thereto or submitted by the parties. The Commission, if necessary, may schedule a hearing for the issuance of a PA not later than thirty (30) days from the filing of the application. Thereafter, the Commission shall issue a ruling either granting or denying the PA stating clearly the reasons thereof, within seventy-five (75) days from the filing of the application.

During the ERC review, its staff may request additional documents from the DU on issues that the ERC believes need more clarification.

Any petition, application or action to be filed herein shall be governed by the existing Rules of Practice and Procedure governing hearings before the ERC, the pertinent provisions of the EPIRA or its IRR and other related laws.

Any application for authority to lease RAB property shall be decided by the ERC within ninety (90) days from the time the applicant formally offers its evidence; otherwise, it is deemed that the application shall have been approved.

2.3 Reportorial Requirements

In addition to the requirements in Article II, Section 2.1 hereof, a DU that engages in the lease of its RAB property shall every year from the execution or renewal of the lease contract, submit to the ERC its written compliance with Section 26 of the Act and Rule 7, Section 5 of its Implementing Rules and Regulations, requiring that not more than 50% of its net annual income derived from distribution related business undertakings shall be used to reduce its Distribution Wheeling Charges.

For DUs that are governed by the Performance Based Regulation, the annual verification report that it submits to the ERC pursuant to the Rules for Distribution Wheeling Rates Guidelines (RDWR) and the annual submission of accounting separation statements as required by the BSG shall be sufficient compliance for purposes of this section.

Moreover, DUs granted authority to lease RAB property shall submit the signed and notarized copy of every lease contract, within 30 days from its execution. In the same vein, DUs should notify the ERC of the lease of non-RAB property within 30 days from the implementation or execution of the lease contract through the submission of its signed and notarized copy.

ARTICLE III TRANSITORY PROVISIONS

Any approval by the Commission of the application filed under Article II, Section 2.1 hereof shall cover all contracts of lease of RAB properties executed prior to the effectivity of this Guidelines, subject to compliance by the DU with the reportorial requirements laid down in Article II, Section 2.3, within forty-five (45) days from the effectivity of this Guidelines.

Existing contracts of lease of non-RAB properties shall be deemed approved upon effectivity of this Guidelines.

ARTICLE IV SEPARABILITY CLAUSE

If for any reason, any provision of this Guidelines is declared unconstitutional or invalid by final judgment of a competent court, the other parts or provisions hereof which were not affected thereby shall continue to be in full force and effect.

ARTICLE V REPEALING CLAUSE

Any rule or regulation inconsistent with the provisions of this Guidelines is hereby repealed and modified accordingly.

ARTICLE VI EFFECTIVITY

This Guidelines shall take effect fifteen (15) days upon its publication in a newspaper of nationwide circulation.

Pasig City, _____, 2009.

ZENaida G. CRUZ-DUCUT
Chairman

RAUF A. TAN
Commissioner

ALEJANDRO Z. BARIN
Commissioner

MARIA TERESA R. CASTAÑEDA
Commissioner

JOSE C. REYES
Commissioner

SECRETARY'S CERTIFICATE

I, **ANTHONY V. ROSETE**, a duly elected, qualified and incumbent Assistant Corporate Secretary of the Manila Electric Company (MERALCO), a corporation duly organized and existing under and by virtue of the laws of the Philippines, do hereby certify that:

At the regular meeting of the Board of Directors of the Company duly convened and held on March 24, 2009, at which meeting a quorum was present, acted throughout and voted, the following resolutions were approved and that said resolutions are in full force and effect on the date hereof:

"RESOLVED, that the Board of Directors of the Manila Electric Company (MERALCO) authorize, as it hereby authorizes Messrs. **MANUEL M. LOPEZ**, Chairman & Chief Executive Officer, **JOSE P. DE JESUS**, President & Chief Operating Officer, **EMMANUEL R. SISON**, Corporate Secretary, **RICARDO V. BUENCAMINO**, Executive Vice President & Head, Networks, **ROBERTO R. ALMAZORA**, Senior Vice President & Head, Customer Retail Services, **LEONISA C. DE LA LLANA**, Senior Vice President & Head, Human Resources & Corporate Services, **RAFAEL L. ANDRADA**, First Vice President & Treasurer, **RUBEN B. BENOSA**, Vice President & Head, Corporate Logistics Office, **IVANNA G. DELA PEÑA**, Vice President & Head, Utility Economics, **ANTHONY V. ROSETE**, Vice President, Assistant Corporate Secretary & Head, Legal, **MARTIN L. LOPEZ**, Vice President and Chief Information Officer, **MIGUEL L. LOPEZ**, Vice President & Head, Corporate Marketing, **HORATIO ENRICO M. BONA**, Assistant Vice President & Head, Civil Law, **TERESITA M. MAGPAYO**, Assistant Vice President and Head, Paralegal Services, **GERMAN F. MARTINEZ, JR.** Assistant Vice President & Head, Taxation, **MARIA ZARAH R. VILLANUEVA-CASTRO**, Senior Manager & Head, Corporate Law, **DENNIS E. ALABANZA**, Manager & Head, Labor Law, and any lawyer or employee of MERALCO that any of them may designate, name, or appoint:

- (1) to represent the Company in the institution, prosecution, and defense of any claim, complaint, action, proceeding, petition, application, protest, suit, or case, for or against the Company, before any court, prosecutor's office, regulatory, quasi-judicial, or administrative body, agency, or office of the national or any local government;

- (2) to sign, execute, and deliver in connection therewith the necessary or appropriate complaint, petition, application, position paper, memorandum, all types of pleadings and motions, verifications, affidavit-complaint, counter-affidavit, affidavit of merit, affidavit of desistance, affidavit of witness, and all other affidavits of whatever nature, certificate of non-forum shopping, powers of attorney, certifications, and all other instruments as may be necessary or proper;
- (3) to represent the Company or to designate, name, and appoint a representative or an attorney-in-fact in behalf of the Company during the investigation, inquest, preliminary investigation, preliminary conference, pre-trial, mediation, conciliation, arbitration, trial, execution, and all other stages of or incidents related to the case, proceeding or action; to negotiate, enter into, and agree to an amicable settlement, compromise agreement, plea bargaining, admissions or waiver of claim or action; and to perform and execute any and all actions or deeds as may aid in the prompt disposition of such cases, proceedings, or actions filed in behalf of or against the Company;

"RESOLVED, FURTHER, that any previous resolution of the Board of Directors on the same subject matter that is inconsistent herewith shall be deemed terminated, superseded and revoked."

Pursuant to the above resolutions, Ms. IVANNA G. DELA PEÑA, Vice President and Head, Regulatory Management Office & Utility Economics, is an authorized representative and signatory of the Company with respect to the filing of the "PETITION FOR THE ISSUANCE OF GUIDELINES TO GOVERN THE SUBMISSION, EVALUATION AND APPROVAL OF LEASE OF PROPERTY BY DISTRIBUTION UTILITIES" with the Energy Regulatory Commission (ERC).

WITNESS THE SIGNATURE of the undersigned as such officer of the Company and its corporate seal hereunto affixed on this 20th day of July 2009.


ANTHONY V. ROSETE
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me this 16th day of July 2009, affiant exhibiting to me his Driver's License No. N16-77-00607 with expiry date on December 1, 2009 issued by the Land Transportation Office (LTO) as his competent evidence of identity.

Doc. No. 5 ;
Page No. 2 ;
Book No. I ;
Series of 2009.


ATTY. CARMEN GRACE S. RAMOS
NOTARY PUBLIC

Pasig, Pateros, Taguig & San Juan
Issued on June 8, 2009 at Pasig City
until December 31, 2010
Roll No. 58946 / IBP No. 768578; 01/05/2009/RSM Chapter
PTR No. 5100039; 01/05/2009 / Pasig City
7th Floor, Lopez Bldg., Ortigas Ave., Pasig City