

Republic of the Philippines  
**Energy Regulatory Commission**  
San Miguel Avenue, Pasig City

**RULES TO GOVERN THE REFUND OF METER DEPOSITS TO RESIDENTIAL  
AND NON-RESIDENTIAL CUSTOMERS**

Pursuant to the provisions of Section 41 of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA), Article 8 of the Magna Carta for Residential Electricity Consumers and Article 3.4.2 of the Distribution Services and Open Access Rules, the Energy Regulatory Commission (ERC) hereby promulgates the following rules, terms and conditions for the implementation of the refund of Meter Deposits of customers of distribution utilities.

**Article I  
GENERAL PROVISION**

**Section 1. Objectives.** These Rules shall have the following objectives:

- a) To provide distribution utilities with parameters for the refund of meter deposits; and
- b) To provide the applicable interest rates on the meter deposits arising from the promulgation of various rules and regulations by the ERC and its predecessor agencies.

**Section 2. Scope of Application.** These Rules shall govern the refund of meter deposits of all distribution utilities.

**Section 3. Definition of Terms.** As used in these Rules, the following terms shall have the following respective meanings:

- a) **Act or R.A. No. 9136.** Shall refer to Republic Act No. 9136, otherwise known as the “Electric Power Industry Reform Act of 2001”.
- b) **Consumer or Customer or End-user.** Shall refer to any person who (a) is the registered customer of the DU and (b) has paid the Meter Deposit as required by the DU.

- c) **Distribution Services and Open Access Rules or DSOAR.** Shall refer to the Rules promulgated by the ERC under ERC Case No. 2005-10RM.
- d) **Distribution Utility or DU.** Shall refer to any electric cooperative, private corporation, government-owned utility or existing local government unit which has an exclusive franchise to operate a distribution system in accordance with its franchise and the Act.
- e) **Electric Cooperatives.** Shall refer to a distribution utility organized and incorporated pursuant to Presidential Decree No. 269, as amended and Republic Act No. 6938, otherwise known as the Cooperative Code of the Philippines.
- f) **Energy Regulatory Commission or ERC.** Shall refer to the regulatory agency created under the Act.
- g) **Magna Carta for Residential Electricity Consumers or Magna Carta.** Shall refer to the resolution adopted by the ERC on June 9, 2004.
- h) **Meter Deposit.** Shall refer to deposits made by Customers to ensure the return of the DU's metering facilities.
- i) **Privately Owned Distribution Utilities.** Shall refer to any private distribution utility which has an exclusive franchise to operate a distribution system in accordance with the Act.

Capitalized terms not otherwise defined herein shall have the meaning ascribed to them under the Act.

## **Article II REFUND OF METER DEPOSIT**

**Section 1. Start of Period of Refund.** Distribution Utilities shall start refunding the Meter Deposits and all accrued interests of its Customers, computed under Section 5 hereof, on the third (3<sup>rd</sup>) billing month following the effectivity of these Rules.

**Section 2. Duration of Refund Period.** The DUs shall implement the refund for a period of five (5) years. However, DUs may shorten the period of refund,

Provided, That such intention is communicated in writing to the Commission at least one (1) month prior to the commencement of refund.

**Section 3. Applicable Interest Rates on Meter Deposits.** Meter Deposits with Electric Cooperatives shall not bear any interests.

Meter Deposits with Privately Owned Distribution Utilities (PUs) are entitled to earn interests to be determined as follows:

### **3.1 For Residential Customers**

**3.1.1** Prior to the effectivity of Resolution No. 95-21 on September 22, 1995, the interest rate of Meter Deposits shall be six percent (6%) per annum.

**3.1.2** Upon effectivity of Resolution No. 95-21 on September 22, 1995, the interest rate of Meter Deposits shall be ten percent (10%) per annum.

Further, upon effectivity of the ERB Order under ERB Case No. 95-368 on February 4, 2004, interests not credited to the Customers on their subsequent billing period shall likewise earn interests.

**3.1.3** Upon effectivity of the "Guidelines to Implement Articles 7,8,14 and 28 of the Magna Carta for Residential Electricity Consumers" on November 26, 2004, the interest rate of Meter Deposits shall either be six percent (6%) or ten percent (10%) per annum depending on the applicable rate at the time the Residential Customer applied for electric service.

### **3.2 For Non-Residential Customers**

**3.2.1** Prior to the effectivity of Resolution No. 95-21 on September 22, 1995, the interest rate of Meter Deposits shall be six percent (6%) per annum.

**3.2.2** Upon effectivity of Resolution No. 95-21 on September 22, 1995, the interest rate of Meter Deposits shall be ten percent (10%) per annum.

Further, upon effectivity of ERB order under ERB Case No. 95-368 on February 4, 2004, interests not credited to the

Customers on their subsequent billing period shall likewise earn interest.

**3.2.3** Upon effectivity of the DSOAR, the interest rate shall still be at ten percent (10%) per annum.

#### **Section 4. Computation of Accrued Interest for Residential Customers**

The accrued interest on the Meter Deposits prior to the start of the refund shall be computed as follows:

##### **4.A RESIDENTIAL CUSTOMERS**

**4.A.1** For those Residential Customers who paid the meter deposit prior to the effectivity of Resolution No. 95-21 on September 22, 1995.

$$\mathbf{MDAI = AI_{1i} + AI_{2i} + AI_{3i} + AI_{4i}}$$

Where :

**MDAI** = Total accrued interest on the Meter Deposit from the day the customer paid the meter deposit until the day prior to the start of the refund.

**AI<sub>1i</sub>** = Accrued interest for the period starting from the day the customer paid the meter deposit until the day prior to the effectivity of Resolution No. 95-21.

Where:

$$\mathbf{AI_{1i} = MD \times (I_{1i} / 12) \times (T_{1i} / 30)}$$

Where:

**MD** = amount of meter deposit received from the customer

**I<sub>1i</sub>** = interest rate equivalent to six percent (6%) per annum

**T<sub>1i</sub>** = total number of days from the time the

customer paid the meter deposit until the day prior to the effectivity Resolution No. 95-21.

**Al<sub>2i</sub>** = Accrued interest for the period starting from the effectivity of Resolution No. 95-21 until the day prior to the effectivity of ERB Case No. 95-368.

Where:

$$\mathbf{Al_{2i} = MD \times (I_{2i}/12) \times (T_{2i}/30)}$$

Where:

**I<sub>2i</sub>** = interest rate equivalent to ten percent (10%) per annum

**T<sub>2i</sub>** = total number of days from the effectivity of Resolution No. 95-21 until the day prior to the effectivity of ERB Case No. 95-368.

**Al<sub>3i</sub>** = Accrued interest for the period starting from the effectivity of ERB Case No. 95-368 until the day prior to the effectivity of Guidelines to Implement Articles 7,8,14 and 28 of the Magna Carta for Residential Electricity Consumers.

Where:

$$\mathbf{Al_{3i} = \{MD \times [(1 + (I_{3i}/12))^{(T_{3i}/30)} - 1]\} + [(Al_{1i} + Al_{2i}) \times (I_{3i}/12) \times (T_{3i}/30)]}$$

Where:

**I** = interest rate equivalent to ten percent (10%) per annum

**T<sub>3i</sub>** = total number of days from the effectivity of ERB Case No. 95-368 until the day prior to the effectivity of Guidelines to Implement Articles 7,8,14 and 28 of the Magna Carta for Residential Electricity Consumers.

**AI<sub>4i</sub>** = Accrued interest for the period starting from the effectivity of Guidelines to Implement Articles 7,8,14 and 28 of the Magna Carta for Residential Electricity Consumers until the day prior to the start of the refund.

Where:

$$AI_{4i} = \{MD \times [(1 + (I_{4i}/12))^{(T_{4i}/30)} - 1]\} + [(AI_{1i} + AI_{2i} + AI_{3i}) \times (I_{4i}/12) \times (T_{4i}/30)]$$

Where:

**I<sub>4i</sub>** = interest rate equivalent to six percent (6%) per annum

**T<sub>4i</sub>** = total number of days from the effectivity of ERB Case No. 95-368 until the day prior to the effectivity of Guidelines to Implement Articles 7,8,14 and 28 of the Magna Carta for Residential Electricity Consumers.

**4.A.2** For those Residential Customers who paid the meter deposit from the effectivity of Resolution No. 95-21 until the day prior to the effectivity of the Order in ERB Case No. 95-368.

$$MDAI = AI_{2\beta} + AI_{3\beta} + AI_{4\beta}$$

Where:

**MDAI** = Total calculated accrued interest on the Meter Deposit from the day the customer paid the meter deposit until the day prior to the start of the refund.

**AI<sub>2β</sub>** = Accrued interest for the period starting from the day the customer paid the meter deposit until the day prior to the effectivity of ERB Case No. 95-368.

Where:

$$\mathbf{AI_{2\beta} = MD \times (I_{2\beta}/12) \times (T_{2\beta}/30)}$$

Where:

$I_{2\beta}$  = interest rate equivalent to ten percent (10%) per annum

$T_{2\beta}$  = total number of days from the effectivity of Resolution No. 95-21 until the day prior to the effectivity of ERB Case No. 95-368.

$\mathbf{AI_{3\beta}}$  = Accrued interest for the period starting from the effectivity of ERB Case No. 95-368 until the day prior to the effectivity of Guidelines to Implement Articles 7,8,14 and 28 of the Magna Carta for Residential Electricity Consumers.

Where:

$$\mathbf{AI_{3\beta} = \{MD \times [(1 + (I_{3\beta}/12))^{(T_{3\beta}/30)} - 1]\} + [(AI_{2\beta}) \times (I_{3\beta}/12) \times (T_{3\beta}/30)]}$$

Where:

$I_{3\beta}$  = interest rate equivalent to ten percent (10%) per annum.

$T_{3\beta}$  = total number of days from the effectivity of ERB Case No. 95-368 until the day prior to the effectivity of Guidelines to Implement Articles 7,8,14 and 28 of the Magna Carta for Residential Electricity Consumers.

$\mathbf{AI_{4\beta}}$  = Accrued interest for the period starting from the effectivity of Guidelines to Implement Articles 7,8,14 and 28 of the Magna Carta for Residential Electricity Consumers” until the day prior to the start of the refund.

Where:

$$\mathbf{AI_{4\beta} = \{MD \times [(1 + (I_{4\beta}/12))^{(T_{4\beta}/30)} - 1]\} + [(AI_{2\beta} + AI_{3\beta}) \times (I_{4\beta}/12) \times (T_{4\beta}/30)]}$$

Where:

$I_{4\beta}$  = interest rate equivalent to ten percent (10%) per annum

$T_{4\beta}$  = total number of days from the effectivity of ERB Case No. 95-368 until the day prior to the effectivity of Guidelines to Implement Articles 7,8,14 and 28 of the Magna Carta for Residential Electricity Consumers.

**4.A.3** For those Residential Customers who paid the meter deposit from the effectivity of ERB Case No. 95-368 until the day prior to the effectivity of the Magna Carta on February 17, 2006.

$$\mathbf{MDAI = AI_{3\Omega} + AI_{4\Omega}}$$

Where:

**MDAI** = Total calculated accrued interest on the Meter Deposit from the day the customer paid the meter deposit until the day prior to the start of the refund.

**AI<sub>3Ω</sub>** = Accrued interest for the period starting from the day the customer paid the meter deposit until the day prior to the effectivity of Guidelines to Implement Articles 7,8,14 and 28 of the Magna Carta for Residential Electricity Consumers.

Where:

$$\mathbf{AI_{3\Omega} = \{MD \times [(1 + (I_{\Omega}/12))^{(T_{\Omega}/30)} - 1]\}}$$

Where:

$I_{\Omega}$  = interest rate equivalent to ten percent (10%) per annum.

$T_{\Omega}$  = total number of days from the day the customer paid the meter deposit until the day prior to the effectivity of Guidelines to Implement Articles 7,8,14

and 28 of the Magna Carta for Residential Electricity Consumers.

**AI<sub>4Ω</sub>** = Accrued interest for the period starting from the effectivity of Guidelines to Implement Articles 7,8,14 and 28 of the Magna Carta for Residential Electricity Consumers until the day prior to the start of the refund.

Where:

$$\mathbf{AI_{4\Omega} = \{MD \times [(1 + (I_{\Omega}/12))^{(T_{\Omega}/30)} - 1]\} + [(AI_{3\Omega}) \times (I_{\Omega}/12) \times (T_{\Omega}/30)]}$$

Where:

**I<sub>Ω</sub>** = interest rate equivalent to ten percent (10%) per annum

**T<sub>Ω</sub>** = total number of days from the effectivity of ERB Case No. 95-368 until the day prior to the effectivity of Guidelines to Implement Articles 7,8,14 and 28 of the Magna Carta for Residential Electricity Consumers.

## 4.B NON-RESIDENTIAL CUSTOMERS

**4.B.1** For those Non-Residential Customers who paid the meter deposit prior to the effectivity of Resolution No. 95-21 on September 22, 1995.

$$\mathbf{MDAI = AI_1 + AI_2 + AI_3}$$

Where:

**MDAI** = Total calculated accrued interest on the Meter Deposit from the time the customer paid the meter deposit until the day prior to the start of the refund.

**AI<sub>1</sub>** = Accrued interest for the period starting from the time the customer paid the meter deposit until the day prior to the effectivity of Resolution No. 95-21.

Where:

$$AI_1 = MD \times (I/12) \times (T/30)$$

Where:

**I** = interest rate equivalent to six percent (6%) per annum

**T** = total number of days from the time the customer paid the meter deposit until the day prior to the effectivity Resolution No. 95-21.

**AI<sub>2</sub>** = Accrued interest for the period starting from the effectivity of Resolution No. 95-21 until the day prior to the effectivity of ERB Case No. 95-368.

Where:

$$AI_2 = MD \times (I_2/12) \times (T_2/30)$$

Where:

**I<sub>2</sub>** = interest rate equivalent to ten percent (10%) per annum

**T<sub>2</sub>** = total number of days from the effectivity of Resolution No. 95-21 until the day prior to the effectivity of ERB Case No. 95-368.

**AI<sub>3</sub>** = Accrued interest for the period starting from the effectivity of ERB Case No. 95-368 until the day prior to the start of the refund.

Where:

$$AI_3 = \{MD \times [(1 + (I_3/12))^{(T_3/30)} - 1]\} + [(AI_1 + AI_2) \times (I_3/12) \times (T_3/30)]$$

Where:

- I<sub>3</sub>** = interest rate equivalent to ten percent (10%) per annum
- T<sub>3</sub>** = total number of days from the effectivity of ERB Case No. 95-368 until the day prior to the start of the refund.

**4.B.2** For those Non-Residential Customers who paid the meter deposit from the effectivity of Resolution No. 95-21 till the day prior to the effectivity of ERB Case No. 95-36.

$$\mathbf{MDAI = AI_{2\Delta} + AI_{3\Delta}}$$

Where:

- MDAI** = Total calculated accrued interest on the Meter Deposit from the time the customer paid the meter deposit until the day prior to the start of the refund.
- AI<sub>2Δ</sub>** = Accrued interest for the period starting from day the customer paid the Meter Deposit until the day prior to the effectivity of ERB Case No. 95-368.

Where:

$$\mathbf{AI_{2\Delta} = MD \times (I_{2\Delta}/12) \times (T_{2\Delta}/30)}$$

Where:

- I<sub>2Δ</sub>** = interest rate equivalent to ten percent (10%) per annum
- T<sub>2Δ</sub>** = total number of days from the day the customer paid the Meter Deposit until the day prior to the effectivity of ERB Case No. 95-368.

**AI<sub>3Δ</sub>** = Accrued interest for the period starting from the effectivity of ERB Case No. 95-368 until the day prior to the start of the refund.

Where:

$$AI_{3\Delta} = \{MD \times [(1 + (I_{3\Delta}/12))^{(T_{3\Delta}/30)} - 1]\} + [(AI_{2\Delta}) \times (I_{3\Delta}/12) \times (T_{3\Delta}/30)]$$

Where:

$I_{3\Delta}$  = interest rate equivalent to ten percent (10%) per annum

$T_{3\Delta}$  = total number of days from the effectivity of ERB Case No. 95-368 until the day prior to the start of the refund.

**4.B.3** For those Non-Residential Customers who paid the Meter Deposits after the effectivity of ERB Case No. 95-36.

$$MDAI = AI_{3\alpha}$$

Where:

**MDAI** = Total calculated accrued interest on the Meter Deposit from the time the customer paid the meter deposit until the day prior to the start of the refund.

**AI<sub>3α</sub>** = Accrued interest for the period starting from date customer paid the Meter Deposit until the day prior to the start of the refund.

Where:

$$AI_{3\alpha} = \{MD \times [(1 + (I_{3\alpha}/12))^{(T_{3\alpha}/30)} - 1]\}$$

Where:

$I_{3\alpha}$  = interest rate equivalent to ten percent (10%) per annum

$T_{3\alpha}$  = total number of days from day the Customer paid the Meter Deposit until the day prior to the start of refund.

**Section 5. Computation of the Monthly Refund.** The amount of monthly refund of Meter Deposit to residential and non-residential customers shall be determined using the following formulas:

**5.1 For Privately Owned Distribution Utilities**

$$MR = [MD + MDAI] \times \left\{ \frac{I_{\phi} \times (1 + I_{\phi})^n}{(1 + I_{\phi})^n - 1} \right\}$$

Where:

- MR** = Monthly refund in Pesos
- MDAI** = As computed in Sections 4.A or 4.B.
- $I_{\phi}$**  = For Residential Customers under category 4.A.1 the interest rate is 0.5% and for other Residential Customers and Non-Residential Customers the interest rate is 0.083%.
- n** = Number of months to refund the Meter Deposit and its corresponding interest equivalent to sixty (60) months unless the DU would like to shorten the period of refund as indicated under Article II Section 2 of these Rules.

**5.2 For Electric Cooperatives (ECs)**

$$MR = MD / T_{\kappa}$$

Where:

- $T_{\kappa}$**  = Number of months to refund the Meter Deposit and its corresponding interest equivalent to sixty (60) months unless the DU would like to shorten the period of refund as indicated under Article II Section 2 of these Rules.

**Section 6. Reportorial Requirements.** Distribution Utilities are required to submit a copy of its refund scheme as well as quarterly reports on the progress of its refund of the Meter Deposits to its Customers.

DUs are further required to give notice to the Commission of the start of the implementation of the refund not later than one (1) month after said implementation. DUs are likewise required to give the Commission a notice of termination of said implementation not later than one (1) month from said termination.

DUs shall make readily available to the ERC data or information that the ERC deems necessary to verify the correctness of the refund. Said data includes but is not limited to the following:

- (a) Total amount to be refunded by the DU, broken down between Meter Deposits and Interest; and
- (b) List of Customers entitled to refund, the running balance of the amount of refund the customer is entitled, date when the Meter Deposit was given to the DU.

**Section 7. Audit of Refund.** The refund of the meter deposit including its implementation shall be subject to audit by the ERC or such person or entity the ERC may authorize.

### **Article III** Mode of Refund

**Section 1. Mode.** The amount of monthly refund of the meter deposit as computed under Section 5 of Article II hereof shall be credited to the customers through their monthly bills.

**Section 2. Alternative Mode of Refund for Customers of Electric Cooperatives.** Customers of Electric Cooperative shall have the option of converting their refund into patronage capital of the ECs.

### **Article IV** Fines and Penalties

**Section 1. Administrative Sanctions.** Violation of any provisions of these Rules shall be subject to the imposition of fines and penalties in accordance with the Guidelines to Govern the Imposition of Administrative Sanctions in the Form of Fines and Penalties Pursuant to Section 46 of the Act promulgated by the ERC on May 17, 2002.

**Article V**  
Final Provisions

**Section 1. Exception Clause.** Where good reason appears, the ERC may allow an exception from any provision of these Rules, if such exception is found to be in the public interest and is not contrary to law or any other pertinent rules and regulations.

**Section 2. Separability Clause.** If for any reason, any part or section of these Rules is declared unconstitutional or invalid, the parts or section hereof which are not affected thereby shall continue to be in full force and effect, unless such declaration would render the entire Rules unenforceable or cannot be implemented.

**Section 3. Repealing Clause.** All Rules and Guidelines, or portions thereof, issued by the ERC, not consistent with these Rules are hereby repealed or modified accordingly.

**Section 4. Effectivity.** These Rules shall take effect fifteen (15) days following its publication in a newspaper of general circulation.

Pasig City. February \_\_\_\_ 2008

**Rodolfo B. Albano, Jr.**  
Chairman

**Rauf A. Tan**  
Commissioner

**Alejandro Z. Barin**  
Commissioner

**Maria Teresa A.R. Castañeda**  
Commissioner

**Jose C. Reyes**  
Commissioner