



MERALCO EMPLOYEES & WORKERS ASSOCIATION

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Telephone No. 643-9075

February 19, 2003

CHAIRPERSON LETICIA V. IBAY

Energy Regulatory Commission
15th Floor Pacific Center Building
San Miguel Avenue, Ortigas Center
Pasig City

Madam:

We write regarding the draft Guidelines for Business Separation and Unbundling Plan (BSUP) as well as the BSUP to be submitted by Meralco management and for approval by your good office.

It is our understanding that Meralco as an electric power industry participant shall functionally and structurally unbundle its business activities and rates. The ERC is mandated to ensure full compliance with the law by electric power industry participants. (Section 36 EPIRA Law R.A. 9136).

In the same vein, we understand that Meralco must submit its BSUP subject to your approval. The Implementing Rules and Regulations (IRR) provide that "the ERC may adopt the Electric Power Industry Participant's BSUP, recommend modifications to the BSUP, or reject the BSUP for revision and direct the concerned Electric Power Industry Participant to file a new BSUP based on its comments" (Sec. 3 (d) Rule 10 IRR).

We, at the Meralco Employees and Workers Association (MEWA), union of the rank and file employees of Meralco, have been closely and constantly following and studying the developments and effects of the EPIRA Law and its IRR on Meralco employees. In our reading, we believe that the same shall have serious and far reaching effects and/or consequences on our MEWA members.

Thus, please allow us to express the views and sentiments of the rank and file employees of Meralco to your Honorable Office, viz:

1. MEWA members unanimously favor a structural unbundling where there is **"separation of different activities through the creation of separate divisions or departments within a single company with a clear separation of accounts between regulated and non-regulated business activities."** Meralco employees prefer the so-called **"divisionalized or departmentalized" set-up/system within our present company wherein Meralco will remain the same Meralco that we have worked for and continue to work for in the coming years.** Rank and file employees of Meralco have always strived to render "service with integrity to the Filipino nation."
 - 1-a. Despite criticisms hurled at Meralco, left and right, constructive and otherwise, employees endeavor to give best service to its customers. Our linemen put their lives on the line as they work on live wires and high voltage poles in order to provide the much needed electricity in every Filipino home within Meralco's franchise area.

2. MEWA members are of the firm belief that a departmentalized or divisionalized set-up is most practical and logical at the moment. We noted that under Rule 10 Section I of the IRR, Meralco is given the option to structurally unbundle by the creation of different juridical entities with a clear separation of accounts between regulated and non-regulated business activities. **To our mind, this set-up will create much confusion to the employees. In fact, it can even lead to unrest once different companies were created to perform the various activities which were previously under Meralco.**
 - 2-a. The Napocor experience, where employees staged protest and other mass action, is not unlikely to happen in Meralco. This would be alarming. We do not forget that the EPIRA Law aims to privatize the power industry but its effectiveness must still be tested. In the light of present economic conditions any stoppage of work by workers will definitely hurt the Philippine economy. Any concerted action by employees will have tremendous repercussions which could make foreign investors think twice. This we want to avoid as much as possible.

3. MEWA members maintain that our security of tenure as well as the benefits under the present MERALCO – MEWA CBA can best be protected through the divisionalized or departmentalized set-up. Our security of tenure is of vital concern to us. We fear that should Meralco opt to create different entities, the rank and file employees will be the very first casualties. This we feel will not be conducive to industrial stability and peace needed to boost Philippine economy.

3-a. MEWA will always stand for its members.

We are hopeful that you will find the concerns and sentiments of the rank and file employees of Meralco valid and legitimate. We trust that this will be given some weight and taken into serious consideration in the approval of Meralco's BSUP.

Thank you very much for your kind attention and favorable action.

Very truly yours,



ROY A. BAUTISTA
President, MEWA