

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

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

**EXPLANATORY NOTES**

Prior to November 2004, distribution utilities (DUs) were allowed to collect meter deposits from their customers. These were equivalent to one-half of the cost of the meter and other facilities used to register the consumption of the customer. Other DUs, especially electric cooperatives (ECs) required their customers to buy their own meters to be installed in their premises as the ECs were not financially capable of providing individual meters. Meter deposits were entitled to interest at the same rate as that of bill deposits.

When the policies for consumers were being reviewed, it was noted that the cost of the meter was already folded in the rates, thus, the Commission ordered the distribution utilities to discontinue requiring the posting of meter deposits by their customers prior to energization of their premises.

The foregoing directive was contained in the **Magna Carta for Residential Electricity Consumers and its Guidelines** promulgated by the Commission. The Magna Carta and the Guidelines respectively took effect in July 2004 and November 2004. These rules exempted residential consumers from paying meter deposits. With the discontinuance of the posting of the meter deposits, the DUs were required to refund the meter deposits and costs of meters purchased by customers plus interest. In April 2006, the Commission accorded the same treatment for the non-residential customers with the effectivity of the **Distribution Services and Open Access Rules (DSOAR)**. Thus, the DUs were accordingly required to refund the meter deposits plus interest to their non-residential customers.

The Magna Carta Guidelines of 2004 provided for general guidelines and procedures as well as the phases which the meter deposits shall be refunded. It included the directive to place, in escrow all unclaimed meter deposits and accrued interest, after two years from the completion of the refund for each phase. Had the Guidelines been followed faithfully, the last Phase of the refund would have been completed on December 31, 2010. Consistent with the resolution, by December 31, 2012, all unclaimed meter deposits would have been placed in escrow for ten (10) years and the Office of the Solicitor General (OSG) would have been notified that all unclaimed amounts will eventually be escheated in favor of the government.

As there were questions on the refund relating to the computation and methodology raised by the distribution utilities, the Commission, in June 2008, promulgated the **Rules to Govern the Refund of Meter Deposits to Residential**

---

**and Non-residential Customers.** The new rules effectively set aside the phases for which refund shall be implemented and in lieu thereof, set the deadline for the completion of the refund until December 31, 2013. Likewise, it directed DUs to place all unclaimed meter deposits and accrued interest, in escrow for ten (10) years. Thereafter, all unclaimed amounts will be eventually escheated in favor of the government.

Sometime in the second half of 2014, the Commission required DUs to update the Commission on their implementation of the refund of the meter deposits. Based on their submissions, it yielded that almost all DUs have not fully implemented the refund due to the following reasons:

- DUs did not have all the necessary records to determine the amount of the meter deposit posted and who posted the same;
- There were unclaimed meter deposits;
- There were terminated contracts but still with meter deposits;
- Registered customers have died leaving numerous heirs, so there are issues on entitlement to the refund.

Notably, DUs employed different methodologies to refund the meter deposits and accrued interest and the DUs have not placed in escrow the unclaimed meter deposits. Some of the DUs sought clarification on the placement of the unclaimed meter deposits in escrow.

In view thereof, the Commission revisited the Meter Deposit Refund (MDR) Rules to determine the feasibility of continuing with the directive to proceed with the placement of the unclaimed meter deposits in escrow for ten (10) years before it can be the subject of an Escheat Proceedings. The Commission notes that the refund process should have been completed by December 2013, which is almost ten (10) years from the promulgation of the DSOAR in 2006. Thus, consistent with its mandate to ensure consumer protection under Section 41 of the EPIRA, the Commission proposes to amend the existing rules, by placing the unclaimed meter deposits in a single account in the name of the distribution utility in trust for the claimants for two (2) years and thereafter any unclaimed meter deposits shall be the subject of an Escheat proceeding.