



**National Association of Electricity Consumers for Reforms**  
No. 10, Bayside Court Compound, 680 Quirino Avenue Tambo  
Parañaque City 1700 Philippines  
Phone No.: +63.2.8530731  
TeleFax No.: +63.2.8530732  
<http://www.nasecore.org>  
eMail: nasecore2003@yahoo.com

May 11, 2010

**ZENAIDA G. CRUZ-DUCUT**  
*Chairperson*  
Energy Regulatory Commission  
Pacific Center Building  
San Miguel Avenue  
Ortigas Center, Pasig City

Dear Chairperson Ducut,

This is a follow-up to our letter of April 26, 2010 where we requested for the recall of the increase in the generation charge of MERALCO for the months of March and April 2010 pending conclusion of the ERC's alleged investigation of the same and to peg the generation charge at P3.3243/kWh based on our computation of the least cost supply provision of the law.

From the generation charge of P3.91/kWh in January 2010, it rose to P4.93/kWh in February with an increase by P1.02/kWh. This went to P5.84/kWh in March with an increase of P0.91/kWh, and further rose to P6.77/kWh with an increase of P0.93/kWh. All in all, the increase from the January 2010 level was **P2.85/kWh**.

Please allow us to show the monthly additional collections of MERALCO from its generation charge from February to May 2010, as follows:

	Generation Charge Increase/kWh	Increase in Pesos
February 2010	$(P1.02 \times 2.25B \text{ kWh/mo. sales}) =$	P2.295 B
March	$(P0.91+1.02 = P1.93 \times 2.25B) =$	4.3425B
April	$(0.93 + P1.93 = P2.86 \times 2.25) =$	<u>6.435 B</u>
	<b>TOTAL</b>	<b>P13.0725B</b>
ADD: May	$(P2.86 - P1.26 = P1.60 \times 2.25) =$	<u>P3.6 B</u>
	<b>TOTAL Increase in the Generation Charge (Feb.-May2010)</b>	<b>P16.677Billion</b>

These increases are not simply outrageous but are also illegal. These increases have the effect of robbing Meralcos captive customers' of their hard earned money computed at P13 Billion for the period February to April 2010. If this is not robbery, could this be plunder?

Even the announcement of a MERALCO reduction of P1.26/kWh for the month of May is deceptive since Meralco will still unduly profit P3.6 Billion for the month of May, which is still undue and unreasonable.

The inaction of ERC on our request to recall the generation charge increases of MERALCO, pending results of its investigation, compels us to believe that ERC has practically surrendered its regulatory powers to MERALCO as it allows MERALCO to freely set its own generation charge, thus effectively giving undue advantage to MERALCO and depriving consumers of their right without due process.

The aforesaid announcement by MERALCO of a reduction of P1.26/kWh for the month of May 2010 does not release it the from its unreasonable increases from February to April 2010. Thus, we reiterate our request of April 26, 2010 to have the generation charge of MERALCO pegged at **P3.3243/kWh** or a **reduction by P3.4456** from its current rate, as this is the price that conforms to the least cost supply provision of the law, to provide consumers immediate relief from the illegal and unreasonable rate increases.

Should ERC continue to ignore our urgent request, we will be constrained to seek other remedies.

In closing, may we be furnished the complete monthly reportorial submissions of MERALCO to ERC from February to April 2010, please?

We look forward to the favorable and immediate response of the Commission.

Thank you and God bless.

Very truly yours,

**PETE L. ILAGAN**  
President

Cc: **Hon. Leandro R. Mendoza**, Executive Secretary  
**Hon. Juan Ponce Enrile**, Senate President

Hon. Prospero Nograles, Speaker- House of Representatives  
Hon. Gregorio B. Honasan, Chair, Senate Committee on Energy  
Hon. Ma.Merceditas N. Gutierrez, Ombudsman  
Hon. Jose C. Ibazeta, DOE Secretary  
Hon. Mikey M. Arroyo, Chair House Committee on Energy  
Ms. Elzadia Washington, Mission Director-USAID  
Mr. Bert Hofman, Country Director-World Bank  
Mr. Neeraj Jain, Country Director- Asian Development Bank  
Mr. Francis C. Chua, Philippine Chamber of Commerce  
Mr. Austen Chamberlain, American Chamber of Commerce  
Mr. Hubert D' Aboville, European Chamber of Commerce