



**National Association of Electricity Consumers for Reforms**  
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12 May 2010

**ZENAIDA G. CRUZ-DUCUT**

*Chairperson*

Energy Regulatory Commission

Pacific Center Building

San Miguel Avenue

Ortigas Center, Pasig City

Dear Chairperson Ducut,

Greetings!

On 15 February 2010, ERC issued an Order directing all Intervenors, NASECORE included, to submit their comment on the Commission On Audit (COA) Report No. 2009-01, within fifteen (15) days from receipt thereof. NASECORE filed its Comment on April 5, 2010.

It is worth noting that the COA Audit Report was completed and signed on 8 September 2008.

Yesterday (11 May 2010), NASECORE received a copy of MERALCO's *Reply* dated 10 May 2010 to the comments of Intervenors Genaro Lualhati and NASECORE, allegedly in compliance with ERC's Order dated 20 April 2010. NASECORE did not receive a copy of the Order subject of said compliance.

Apparently, ERC furnished MERALCO copies of our Comment and that of Mr. Lualhati on the COA Audit Report to give MERALCO the opportunity to give its side.

The COA Audit Report, however, indicates that the COA Team furnished MERALCO its Draft Audit Report on 17 April 2009 for comments and discussed with management in conferences held in May 2009. Likewise, the report says ERC was also furnished copy of the Draft Audit Report on 4 August 2009 for comment. While ERC requested to be allowed to submit its comment until 30 August 2009, in its letter of 28 August 2009, it decided to withhold its comment

in order not to pre-empt whatever action it will take upon the release of the report. On 12 November 2009, COA transmitted its Audit Report to ERC.

It is therefore surprising why ERC still had to direct MERALCO to reply to Interveners' respective Comment on the COA Audit Report when the COA Audit Team already afforded MERALCO sufficient time to study and give its comment on the COA findings itself.

We believe that MERALCO's comments that were incorporated in the COA Audit Report, the Comment of the Intervenor, and ERC's own comments that it decided to withhold them are sufficient for the ERC to immediately come up with its ruling on **whether the Unbundled Rate it granted MERALCO May 2003 was reasonable or not**. We believe the core issue is the COA Audit Report, which we believe is more independent and objective. The Public Consultation should revolve around the discussion on the COA Audit Report and NOT on the *Reply* of MERALCO. We believe the decision of ERC should revolve around the COA Audit Report.

In this regard, we urge ERC to recall its directive to MERALCO and ignore the latter's *Reply* dated 10 May 2010.

Thank you and God bless.

Very truly yours,

**PETE L. ILAGAN**  
President

Cc:

Hon. Juan Ponce Enrile, Senate President  
Hon. Prospero Nograles, Speaker- House of Representatives  
Hon. Leandro R. Mendoza, Executive Secretary  
Hon. Gregorio B. Honasan, Chair, Senate Committee on Energy  
Hon. Mikey M. Arroyo, Chair House Committee on Energy  
Hon. Jose C. Ibazeta, Acting DOE Secretary  
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