

## CONSUMER GROUP PRESSES---MALAYA

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Consumer group presses

P12.9B Meralco refund

BY JOHN POQUIZ

A consumer watchdog yesterday asked the Energy Regulatory Commission to order Manila Electric Co. (Meralco) to refund P12.98 billion in alleged excess profits.

National Association of Consumers for Electric Reforms (Nasecore), citing a Commission on Audit report, said the overcharges amounted to P8.552 billion in 2004 and P4.375 billion in 2007.

The call for a refund is contained in the comments submitted by Nasecore on Meralco's pending petition to increase rates.

The COA report said "certain operating expenses amounting to P3.479 billion and P2.916 billion for CYs 2004 and 2007, respectively, were not considered recoverable from the consumers as these were not reasonable and necessary in the delivery of the distribution services."

The items, the report said, include "employee pension and other benefits."

Nasecore also cited an item in the report identifying property and equipment amounting to P3.701 billion and P3.586 billion which were included in computing Meralco's base assets but which turned out to be unnecessary for power distribution.

Nasecore added that ERC has allowed Meralco to increase rates by 15.5 percent, which is 3.5 percent higher than the "reasonable" 12 percent rate established by the courts.

The group labeled the increase as "unjust, oppressive, illegal, and unacceptable."

Nasecore also requested the COA to perform another audit on the financial records of Meralco for the years 1987 to 2003, 2005, 2006, 2008, and 2009.

In its report submitted to the ERC last February, COA said properties and equipments not directly used in power distribution should not be considered recoverable from consumers.

COA said these items should also not be included when computing Meralco's allowable return on base rate (RORB).

Among the items were a 11,707-sq.m. creek in the Meralco compound worth valued at P526.2 million and a 3,477-sq.m. parking lot valued at P156 million.

The RORB has since been replaced by the Performance Based Regulation (PBR) scheme, which allows Meralco to charge rates based on projected investments and operating expenses related to the distribution of electricity.

Francis Saturnino Juan, ERC executive director, earlier said if the ERC finds that these amounts were indeed non-recoverable, then the utility would have to return them to customers in the form of a refund.

The COA audit was done in response to Nasecore's allegations that Meralco overcharged.

The COA, in its report, stated that its findings were "recommendatory" to the ERC.

The ERC remains as the sole arbiter on the issue.

It will be recalled that the competence of the ERC to rule on technical matters has been upheld by the Supreme Court.