



National Association of Electricity Consumers for Reforms

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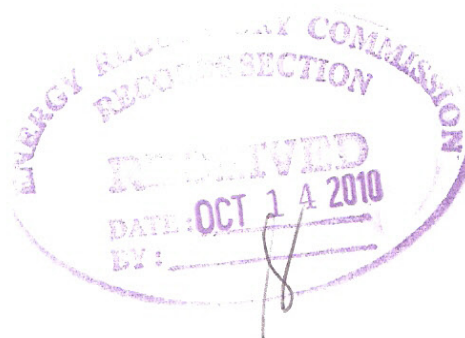
THE HONORABLE COMMISSIONERS

Energy Regulatory Commission

Pacific Center Building, San Miguel Ave.

Ortigas Center, Pasig City

Attention: **Hon. ZENAIDA C. DUCUT**
ERC Chairperson



Dear Commissioners,

This refers to the Commission's reinstatement in July 2007 of the Automatic Generation Rate Adjustment (AGRA), which directed distribution utilities to calculate their monthly generation rates and *automatically implement the corresponding adjustment in generation charges*, subject to a post verification audit.

Article V of the AGRA provided for the verification process:

Section 1. Monthly Reporting Requirements - On or before the twentieth (20th) of each month, the Distribution Utilities shall provide the ERC with all calculations related to Article III and IV along with supporting documentations, which shall include, but not limited to, the following:

- Invoices from power suppliers;
- Sample bills to end-users;
- Official receipts of payment of power supplier invoices;
- ERC Forms M-001 & M-002; and
- Other documents deemed relevant by the ERC.

It will be recalled that as a result of the Supreme Court's *Decision* dated 02 February 2006, reiterated in its *Resolution* dated 16 August 2006,¹ Meralco started filing its monthly application with the Commission for the "*Authority to Recover Adjustment in the Generation Charge and System Loss Charge including the Value Added Tax with prayer for Provisional Authority.*"

The provisional increase granted by the Commission on the said monthly application was shown as a separate line in the Meralco monthly billing to distinguish it from the ERC-approved basic generation charge.

In this regard, consistent with the requirement for verification under AGRA, may we request for a table of Meralco's monthly generation rate adjustment in its generation charge, separate from its ERC-approved basic generation charge from July 2007 to June 2009? Further, consistent with AGRA, may we be furnished copies of (a) invoices from power suppliers and (b) official receipts of payment of power supplier invoices, including Meralco's official transmittal stamped "received" by the ERC for the period beginning July 2007 up to June 2009?

On 13 July 2009, the ERC issued the New AGRA² "to establish a procedure for the automatic recovery or refund of pass through costs and the confirmation process that would govern the automatic cost adjustment and true-up mechanisms approved by the ERC."

Similarly, may we be furnished a table of Meralco's monthly generation rate adjustment in its generation charge, separate from its ERC-approved basic generation charge from July 2009 to September 2010? Further, may we be furnished copies of (a) invoices from the power suppliers and (b) official receipts of payment of power supplier invoices, including Meralco's official transmittal stamped "received" by the ERC for the period beginning July 2009 up to September 2010.

These documents (i.e., invoices and official receipts) are the best evidence that Meralco has already paid these costs to its power suppliers and is using the same as its bases for recovering such costs. These will also help us understand that the Commission is diligently doing its obligation of regulating the rates affecting electricity consumers, in accordance with its regulatory and prosecutorial powers and the requirement under its own rules.

These requests are anchored on our desire to be assured that consumers are paying just and reasonable costs based on documents that can be scrutinized to help determine reasonableness.

¹ *National Association of Electricity Consumers for Reform et al. vs. Energy Regulatory Commission and Meralco*, G.R. No. 163935.

² *Rules Governing the Automatic Cost Adjustment and True-Up Mechanisms and Corresponding Confirmation Process for Distribution Utilities* adopted by ERC through Resolution No. 16, Series of 2009 dated 13 July 2009.

Should the Commission fail to furnish us these requests, we can only take it to mean that the Commission gave Meralco the undue advantage of recovering unsupported costs purported to have been incurred.

We hope the Commission has these documents in its possession and look forward to its favorable response.

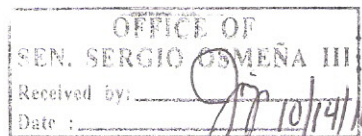
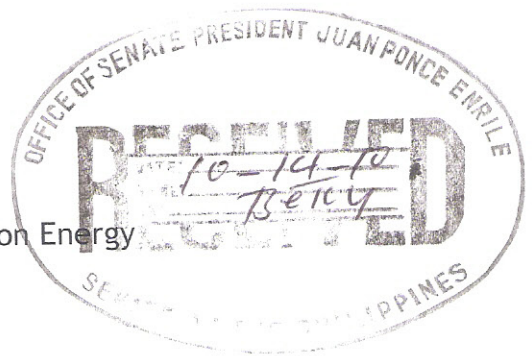
Thank you.

Very truly yours,



PETE L. ILAGAN
President

Cc: Hon. Juan Ponce Enrile, Senate President
Hon. Sergio Osmena, Senate Chair, Committee on Energy
Hon. Jose Rene D. Almendras, DOE Secretary



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