

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

IN THE MATTER OF THE APPLICATION
FOR APPROVAL OF THE ANNUAL
REVENUE REQUIREMENT AND
PERFORMANCE INCENTIVE SCHEME
FOR THE THIRD REGULATORY PERIOD
(2011 TO 2015) IN ACCORDANCE WITH
THE PROVISIONS OF THE RULES FOR
SETTING DISTRIBUTION WHEELING
RATES (RDWR), AS AMENDED,



ERC CASE NO. 2010-069RC

MANILA ELECTRIC COMPANY, INC.
(MERALCO)

Applicant.

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**SUPPLEMENTAL MANIFESTATION
WITH MOTION**

Intervenor NATIONAL ASSOCIATION OF ELECTRICITY CONSUMERS FOR REFORMS, INC. ("NASECORE"), through its President and to this Honorable Commission, most respectfully states that:

1. On 03 November 2010, NASECORE filed its *Manifestation with Motion*, requesting for information and/or data from this Honorable Commission consistent with Section 4, Rule 15 of the ERC Rules of Practice and Procedure (the "ERC Rules"), which provides that "[i]n any proceeding pending before the Commission, the Commission and any party may request such data, studies, works, papers, reports, and information as are reasonably relevant to the proceedings and are permitted by these rules or by law."

2. Consistent with NASECORE's earlier declaration that the "failure of regulators to address... oppressive rates is... illegal, unethical, and immoral," NASECORE provides this Honorable Commission information gathered from MERALCO's Annual Reports required to be submitted to this Honorable Commission. NASECORE's finding of billions of over recoveries by MERALCO all the more boosts its contention that the information and/or data it requests are necessary in the proper evaluation of the instant application.

3. The table below shows the MERALCO's over recoveries in the previous years based on data culled from its Annual Reports:

Year of operation (A)	MERALCO Actual Revenue ** (B)	Unbundling Decision Dated 30 May 2003 (C)	Over/(under) recoveries (D=B-C)
2008	26,270,000,000.00	22,969,542,000.00	3,300,458,000.00
2007	26,036,000,000.00	22,969,542,000.00	3,066,458,000.00
2006	25,619,000,000.00	22,969,542,000.00	2,649,458,000.00
2005	25,017,000,000.00	22,969,542,000.00	2,047,458,000.00
2004	24,510,000,000.00	22,969,542,000.00	1,540,458,000.00
June-Dec 2003	14,997,000,000.00	13,398,899,500.00***	1,598,100,500.00
TOTAL OVER RECOVERIES			₱14,202,390,500.00
*net of purchased cost			
** Distribution, Supply and Metering Revenue only			
*** Equivalent to proportionate of 7 months only (June to December 2003)			
Sources: MERALCO 2003-2008 Audited Financial Statement submitted to ERC MERALCO Unbundling Decision and Order under ERC Case No. 2001-646/900			

4. The table above was also the subject of Intervenor's letter dated 13 September 2010 to the Honorable Commission. The Commission in its letter/reply dated 27 September 2010 stated that it will respond at a later date because the concern which NASECORE's raised intertwines with the issues in the COA Audit Report and assured that its concern will be addressed.

5. To date, said concern of NASECORE has not been addressed thus, this concern is raise in the instant application.

6. The operation of applicant MERALCO is imbued with public interest and as such it should not be allowed to enjoy excessive profits out of rates that are also excessive. This translates to unimaginable over recoveries as shown in the table above.

7. As the agency mandated by law to ensure that rates are just and reasonable, this Honorable Commission should immediately act on the information provided by NASECORE so that it may rectify MERALCO's rates that are unjust and unreasonable, resulting in overcharges to consumers. Rectification requires that this Honorable Commission immediately issue an Order directing MERALCO to refund in cash its over collections for the past years.

8. Additionally, NASECORE requests this Honorable Commission to furnish it with information on how MERALCO's revenues in 2003-2008 were applied and/or disbursed by MERALCO as to the following:

- Detailed list and cost of expenses incurred;
- Detailed cost of investments with affiliate subsidiaries and other ventures; and,
- Detailed cost of acquisition and purchases of assets, supplies, hardwares, equipments and the like.

7. Should the Commission ignore NASECORE's request, NASECORE can only interpret it as this Honorable Commission's way of giving undue advantage to MERALCO to the clear disadvantage of consumers.

PRAYER

Wherefore, in view of the foregoing, Intervenor NASECORE prays that this Honorable Commission issue an Order directing MERALCO to refund its over collections in the total amount of **₱14,202,390,500.00**, specifically:

- ₱1,598,100,500.00 for 2003 (June 2003 to December 2003);
- ₱1,540,458,000.00 for 2004;
- ₱2,047,458,000.00 for 2005;
- ₱2,649,458,000.00 for 2006;
- ₱3,066,458,000.00 for 2007; and
- ₱3,300,458,000.00 for 2008.

Additionally, NASECORE requests this Honorable Commission to furnish it with information on how MERALCO's revenues in 2003-2008 were applied or utilized. Specifically, NASECORE requests for:

- Detailed list of expenses and the cost of each expense;
- Detailed cost of investments in affiliate subsidiaries and other ventures; and
- Detailed cost of acquisition of all assets, date of acquisition and expected life of each asset, and all those data that MERALCO is required to include in its Asset Register/s.

Other reliefs just and equitable are likewise prayed.

Parañaque City for Pasig City, 11 November 2010.


PETEL L. ILAGAN
President, NASECORE

EXPLANATION ON SERVICE BY REGISTERED MAIL

The foregoing pleading is being served upon the other parties by registered mail, personal service not being practicable due to time constraints and lack of office personnel to effect the same.

Copy furnished:

ATTY JOSE RONALD V. VALLES
Counsel for MERALCO
7th Floor, Lopez Building, MERALCO Compound
Ortigas Avenue, Pasig City

Registry Receipt No. 1394
Domestic Airport Post office
Nov 11, 2010

ENGR. SIEGFRIEDO A. VELOSO
Federation of Village Association
Don Jesus Blvd., Alabang Hills Village
Muntinlupa City

Registry Receipt No. 1393
Domestic Airport Post office
Nov 11, 2010

MR. GENARO C. LUALHATI
183 Tanguile St., Marikina Heights
Marikina City

Registry Receipt No. 1396
Domestic Airport Post office
Nov 11, 2010

National Transmission Corporation
Quezon Avenue, cor BIR Road
Diliman, Quezon City

Registry Receipt No. 1397
Domestic Airport Post office
Nov 11, 2010

National Grid Corporation of the Philippines
Quezon Avenue, cor BIR Road
Diliman, Quezon City

Registry Receipt No. 1395
Domestic Airport Post office
Nov 11, 2010


PETE L. ILAGAN
President, NASECORE