

[ERC RESOLUTION NO. 08, S. 2008, June 04, 2008]

A RESOLUTION ADOPTING THE RULES TO GOVERN THE REFUND OF METER DEPOSITS TO RESIDENTIAL AND NON-RESIDENTIAL CUSTOMERS

WHEREAS, the Commission promulgated the Magna Carta for Residential Electricity Consumers and the Distribution Services and Open Access Rules (DSOAR) on June 17, 2004 and January 18, 2006, respectively;

WHEREAS, Article 8 of the Magna Carta provides that "all consumers shall be exempt from payment of meter deposits x x x";

WHEREAS, Article 3.4.2 of DSOAR provides that "all customers shall be exempt from the payment of meter deposits x x x";

WHEREAS, Chapter III of the Guidelines to Implement Articles 7, 8, 14 and 28 of the Magna Carta for Residential Electricity Consumers adopted by the Commission on October 2004 outlines the guidelines and procedures to implement Article 8 on meter deposits;

WHEREAS, on March 26, 2008, the Commission conducted a public consultation for the adoption of the "Rules to Govern the Refund of Meter Deposits to Residential and Non-

Residential Customers" which was attended by several distribution utilities (DUs) and various consumer groups such as the National Association of Electricity Consumers Reforms, Inc. (NASECORE) and the Federation of Las Pinas Village Association (FOLPVA) among others;

WHEREAS, the draft Rules were revised to incorporate all the comments raised during the said public consultation;

WHEREAS, said revised draft Rules were posted in the Commission's website from May 7, 2008 to May 23, 2008 for second round of comment by the public;

WHEREAS, the Rules seek to establish the terms and conditions for the implementation of the refund of Meter Deposits of both residential and non-residential customers of DUs-

NOW THEREFORE, the Commission, after thorough and due deliberation, RESOLVED as it hereby RESOLVES, to APPROVE and ADOPT the "Rules to Govern the Refund of Meter Deposits to Residential and Non-Residential Customers" herein attached as "ANNEX A" and made an integral part of this Resolution.

All DUs are directed to submit within fifteen (15) days from the effectivity of these Rules the total principal amount of meter deposit for refund.

This Resolution shall take effect fifteen (15) days following its publication in a newspaper of general circulation in the Philippines.

Let copies of this Resolution be furnished the University of the Philippines Law Center-Office of the National Administrative Register (UPLC-ONAR) and all DUs.

Adopted; 04 June 2008

(SGD.) RODOLFO B. ALBANO, JR.
Chairman

(SGD.) RAUF A. TAN
Commissioner

(SGD.) ALEJANDRO Z. BARIN
Commissioner

(SGD.) MARIA TERESA A.R.
CASTANEDA
Commissioner

(SGD.) JOSE C. REYES
Commissioner

Rules to Govern the Refund of Meter Deposits to Residential and Non-Residential Customers

Pursuant to the provisions of Section 41 of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act, Article 8 of the Magna Carta for Residential Electricity Consumers and Article 3.4.2 of the Distribution Services and Open Access Rules (DSOAR), the Energy Regulatory Commission (ERC) hereby promulgate the following rules, terms and conditions for the implementation of the refund of Meter Deposits of customers of distribution utilities.

Article I General Provision

Section 1. Objectives. These Rules shall have the following objectives:

- a) To provide distribution utilities with parameters for refund of the Meter Deposits and interests thereon; and
- b) To provide the applicable interest rates on the Meter Deposits arising from the promulgation of various rules and regulations by the Energy Regulatory Commission and its predecessor agencies.

Section 2. Scope of Application. These Rules shall govern the refund of Meter deposits of all distribution utilities.

Section 3. Definition of Terms. As used in these Rules, the following terms shall have the following respective meanings:

- a) Act or R.A. No. 9136. Refers to Republic Act No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001".
- b) Consumer or Customer or End-User. Refers to any person/entity who is the registered customer of the DU and has paid the Meter Deposit as required by the DU. This also refers to registered customer's heirs, successors-in-interest or their duly authorized representative.
- c) Distribution Services and Open Access Rules or DSOAR Refers to the Rules promulgated by the ERC under ERC Case No. 2005-1ORM which became effective on February 2, 2006.
- d) Distribution Utility or DU. Refers to any electric cooperative, private corporation, government-owned utility or existing local government unit which has exclusive franchise to operate a distribution system in accordance with its franchise and Republic Act No. 9136.
- e) Electric Cooperative (EC). Refers to any distribution utility organized and incorporated pursuant to Presidential Decree No. 269, as amended by Presidential Decree No. 1645 and Republic Act No. 6938, otherwise known as the Cooperative Code of the Philippines.
- f) Energy Regulatory Commission (ERC). Refers to the regulatory agency created under Republic Act No. 9136. 9)
- g) Magna Carta for Residential Electricity Consumers or Magna Carta Refers to the Magna Carta adopted by the ERC on June 9, 2004.
- h) Meter Deposit. Refers to deposits made by customers to ensure the return of the DU's metering facilities.
- i) Privately Owned Distribution Utility (PU). Refers to any private distribution utility which has an exclusive franchise to operate a distribution system in accordance with lfs franchise and Republic Act No. 9136.

Capitalized terms not otherwise defined herein shall have the meaning ascribed to "under Republic Act No. 9136.

Article II

Meter Deposit Refund for Electric Cooperatives

SECTION 1. Start of the Period for Refund. The refund of Meter Deposits Shall commence not later than twenty-four (24) months from the effectivity of these Rules

SECTION 2. Mode of Refund. The mode of refund of the Meter Deposit shall either be a credit to customers' future monthly billings or as offset to other due and claims the ECs may have against the Customer.

If the refund is to be made in the form of credit to the customers' future monthi billings, the amount of monthly refund must be shown in the ECs' bill as a separate ite ^ However, if the meter deposit was applied as an offset to the due and demandable obligatio of the Customer to the ECs, an official receipt must be issued

in the name of the Custom

The ECs may convert the amount of Meter Deposit to be refunded as contribution from member-consumers with the consent of its member-consumers which shall be recorded in the books of the ECs accordingly.

SECTION 3. Amount of Refund. The amount of refund Shall be equivalent to the meter deposit received by the ECs from its residential and non-residential customers and the same shall not bear any interest.

For ECs who opt to refund the Meter Deposit as a credit to the customers' monthly billing, the amount of refund is computed as follows:

$$MR = MD/T$$

Where;	MR =	Monthly refund in Pesos
	MD =	Amount of Meter Deposit paid by the residential and non-residential customers of the ECs
	Tk=	Number of months to refund the Meter Deposit

Article III

Refund of Meter Deposit for Privately Owned Distribution Utilities

SECTION 1. Start of the Period for Refund. The refund of Meter Deposits and accrued interests shall commence not later than six (6) months from the effectivity of these Rules.

SECTION 2. Mode of Refund. At the option of the customers, the mode of refund of the Meter deposit and its applicable interests as computed under Section 3 of this Article shall either be in cash, check, credit to customers' future monthly billings, or as offset to other due and demandable claims the PUs may have against the Customer.

In the event a customer shall decide to such refund of the Meter deposit and is applicable accrued interest in cash or check, the same shall be made in a single payment

If the refund is to be made in the form of credit to the customers' future billings, the amount of monthly refund must be shown in the PUs' bill as a separate

If the meter deposit is applied as an offset to the due and demandable obligations of the customer to the PUs, an official receipt must be issued in the name of the custom

SECTION 3. Amount of Refund. The amount of refund shall be computed as follows:

3.1 For customers of PUs who opt to receive the refund in the form of cash, check or an offset to their obligations to the PUs, the amount of refund shall be computed as follows:

$$TR = MD + MDAI$$

3.2 For customers of PUs who opt to receive the refund in the form of credit to their future periodic billings, the amount of period refund shall be computed as follows:

$$PR = TR \times \{[I \times (1+I)] / [(1 + I)^n - 1]\}$$

Where:

TR = Total amount of Refund in Pesos or the Amount of Meter Deposit paid by the residential and non-residential customers of the PUs plus the total accrued interest earned on the meter deposit from the time the customers paid the meter deposit until the day prior to the start of the refund.

PR = Periodic refund in Pesos

I = For Residential Customers and Non-Residential Customers under category 3.3.1 and 3.3.3, the interest rate is 6% divided by the number of payments per year and for other residential customers and non-residential customers the interest rate is 10% divided by the number of payments per year.

n = Number of payments to refund the Meter Deposit and its corresponding interest equivalent

3.3 The MDAI shall vary depending on the type of Customer and on the time of the receipt of the meter deposits.

A sample computation of MDAI, particularly using the formula provided under Section 3.3.1 hereof is attached hereto as Annex A*.

3.3.1 For Residential Customers who paid the Meter Deposit prior to the effectivity of Resolution No. 95-21 on September 22, 1995.

$$MDAI = AI1i + AI2i + AI3i$$

Where:

AI1i = Accrued interest for the period starting from the day the customer paid the Meter Deposit until the day prior to the effectivity of Resolution No. 95-21, calculated as follows:

$$AI1i = MD \times i \times (T1 / 365)$$

AI2i = Accrued interest for the period starting from the effectivity of Resolution M 95-21 until the day prior to the effectivity of the Guidelines to Implement Articles 7, 8, 14 and 28 of the Magna