



MERALCO

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May 2, 2019

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Gentlemen:

We reply to your letter dated May 2, 2019 (received thru EDGE Submission System at 10:13 a.m. today) requiring us to clarify and/or confirm the information contained in the news article entitled “Rule on MERALCO bill deposits, court urged” posted in Manila Times (Online Edition) on May 1, 2019. The article reported in part that:

“Party-list lawmakers have assailed before the Supreme Court (SC) the legality of the bill deposits amounting to about P29 billion collected by the Manila Electric Company (Meralco) from its consumers.

In a petition for certiorari filed before the court, the petitioners coming from Makabayan bloc asked the high tribunal to rule for the voidance of the Energy Regulatory Board (ERC) ruling that allowed Meralco to collect the bill deposits and also co-mingle the funds with its general funds for capital and operations-related purposes.

They also asked the high court to order the ERC to implement a refund of the bill deposits to Meralco’s 6.5 million consumers.

The petitioners argued that a refundable fund meant to guarantee payment of bills by consumers should be considered as violative and illegal since it was prohibited under the Electric Power Industry Reform Act (Epira).

'It does not fall under distribution wheeling charges, connection fees or retail rates allowed by Epira to be collected from consumers. Such guarantee for payment of bills on its captive market has no basis or justification and is actually illegal since payment of bills is already certain under ERC and Meralco's policy and protocols on nonpayment of monthly bills,' their petition read.

....

The petitioners also argued that Meralco uses the funds from the bill deposits 'for other purposes, including investments in financial instruments and operations-related expenses.'

'Co-mingling of bill deposits with the Meralco funds threatens the integrity of the bill deposits and endangers the right to refund of the consumers,' it was pointed out.

Further, the petitioners said Meralco failed to give back to the consumers the interest rates actually earned by the bill deposits.

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With reference to the said news article, while the Company is yet to receive a copy of the said petition, we would like to categorically deny the statements made against the Company in the said news article, given that the same have no basis in fact and in law. We will apprise the Exchange of any developments on this matter.

We trust that you will find the foregoing clarification in order.

Very truly yours,



WILLIAM S. PAMINTUAN
First Vice President
Assistant Corporate Secretary &
Information Disclosure Officer