

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**EIGHTEENTH CONGRESS**  
First Regular Session

**HOUSE BILL NO. 2416**



---

**Introduced by Rep. Precious Hipolito Castelo**

---

#### **EXPLANATORY NOTE**

About 4.5 million Meralco customers, captive at that, must have been systematically robbed but cannot do anything about it.

Note that as a result of a COA Audit Report, findings show overcharges of Meralco of P8 billion in 2004 and P4 billion in 2007 which are enough to establish that the rates granted by the Energy Regulatory Commission (ERC) to Meralco in May 2003 was indisputably unjust and unreasonable.

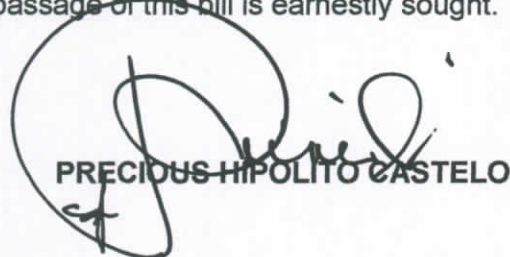
In this light, this bill calls for a regular regulatory audit of Meralco to be undertaken by COA and for that matter, similar power utilities or distributors such as the Visayan Electric Co. or Veco in Cebu.

Truly, there is a need to review the reach of Republic Act No. 3019, otherwise known as the Anti-Graft and Corrupt Practices Act in so far as action or inaction by officials of the ERC might have given Meralco 'unwarranted benefits, advantage or preference' by wanton approval of every request of increase of power rates.

This bill seeks to protect end-users, consumers and customer solely and largely dependent on Meralco for their power requirements which already had a long history of having raked so much profit way above what should have been set as 'just and reasonable rates' to allow return-on-rate base for it to operate viably.

In fact, under these conditions, Meralco shall be compelled to refund to the consuming public all overcharges that are deemed unreasonable or unjustly imposed.

This bill strikes a balance between the profit motive of the private companies and the benefits of the consuming public, hence the urgent passage of this bill is earnestly sought.

  
**PRECIOUS HIPOLITO CASTELO**

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**EIGHTEENTH CONGRESS**  
First Regular Session

**HOUSE BILL NO. 2416**

---

**Introduced by Rep. Precious Hipolito Castelo**

---

**AN ACT**  
**MANDATING REGULAR REGULATORY AUDIT OF MERALCO BY THE COMMISSION**  
**ON AUDIT AS PRINCIPAL BASIS FOR VALIDATION OF RATES AS MAY BE GRANTED**  
**BY THE ENERGY REGULATORY COMMISSION ON SUCH POWER UTILITIES AND**  
**DISTRIBUTORS AND FOR OTHER PURPOSES**

*Be it enacted by the Senate and House of Representatives of the Republic of the Philippines in Congress assembled:*

SECTION 1. This Act shall be known as the "Power Rate Validation Act."

SEC. 2. Under this Act, the Commission on Audit is mandated to conduct regular regulatory audit of Meralco and such other utilities and distributors as principal basis for validation of rates as may be granted by the Energy Regulatory Commission on requests for power rate increases.

It shall serve as a check-and-balance mechanism against otherwise unreasonable rates that could inflict social and economic costs to various end-users, customers and the consuming public in general.

SEC. 3. It shall be prohibited for Meralco or similar power utilities and distributors to fail to comply with the provision of this Act and violation hereof shall compel such power utilities and distributors to refund overcharges beyond the prescribed reasonable rates.

SEC. 4. The Commission on Audit shall issue appropriate guidelines to effectively carry out the provisions of the Act.

SEC. 5. All laws, issuances, decrees, orders, rules and regulations or parts thereof not consistent with this Act are hereby repealed or modified accordingly.

SEC. 6. This Act shall take effect thirty (30) days after its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,