




June 11, 2004

**MS. TRISHA M. ZAMESA**  
Head, Disclosure Department  
Disclosure Department,  
Philippine Stock Exchange, Inc  
4<sup>th</sup> Floor, Philippine Stock Exchange Centre  
Exchange Road, Ortigas Center  
Pasig City

	<b>CIRCULAR FOR BROKERS NO.</b> 2599 -2004
	Disclosure
	June 11, 2004
	DATE

Dear Ms. Zamesa

Please find attached submission to Securities and Exchange Commission regarding Meralco's comment on the said Energy Regulatory Commission order which is the subject of the BusinessWorld (Internet Edition) article entitled "Meralco ordered to refund Php13-B meter, service deposits" published today, June 11, 2004.

We hope this would satisfy your request for confirmation/clarification of the said news article.

Very truly yours,

  
**RAFAEL L. ANDRADA**  
Treasurer

CC. Ms. Raquel R. Angeles  
Ms. Janet A. Encarnacion

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# SECURITIES AND EXCHANGE COMMISSION

## SEC FORM 17-C

### CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report: June 11, 2004
2. SEC Identification Number: PW-102
3. BIR Tax Identification Code: 350-000-101-528
4. Name of Issuer as specified in its Charter: Manila Electric Company
5. Country of Incorporation: Philippines
6. Industry Classification: (SEC use only)
7. Address of principal office: Lopez Building, Ortigas Avenue, Pasig City
8. Issuer's telephone numbers: 16220 local 3186 Area Code: 0300
9. Former name or former address: Not Applicable
10. Securities registered pursuant to Sections 18 and 12 of the SRC or Sections 4 and 8 of the RSA:

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding</u>
Class "A"	604,443,401
Class "B"	402,991,906
Total	<u>1,007,435,307</u>

Amount of Debt Outstanding: P98.13 Billion (as of April 30, 2004)

**11. Item Number reported: Item 9**

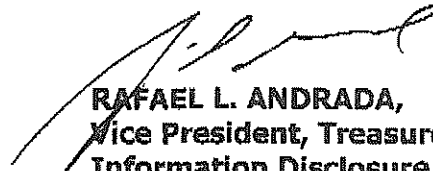
*Please see attached Press Release.*

**SIGNATURE**

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**MANILA ELECTRIC COMPANY**

**Issuer**



**RAFAEL L. ANDRADA,  
Vice President, Treasurer and OIC  
Information Disclosure Officer**

**Date: June 11, 2004**

**cc: Disclosure Department  
Listings and Disclosure Group  
Philippine Stock Exchange (PSE)**

## Meralco Statement

Meralco President Jesus P. Francisco said that the Company welcomes the promulgation of the Magna Carta in that it will state the rights and, hopefully, the obligations of residential electricity consumers. The Magna Carta will serve as a guide for both the distribution utility and the customer and will eliminate many causes of friction between the two.

Meralco, however, said that it has not yet received its official copy of the document. ERC's release issued yesterday, June 10, 2004, a copy of which is attached, announced the Magna Carta's approval and mentioned some of its important features. ERC's press release also stated that that **the refund of bill deposits and the exemption from the payment of meter deposits will be subject to guidelines still to be issued by the Commission.** It would be better to wait for the issuance of such guidelines rather than to speculate on its contents and its implications on the Company's finances.

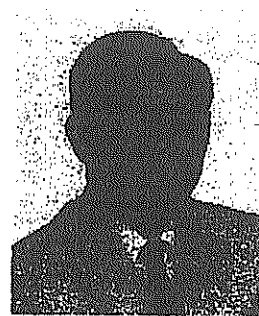
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RUSH

PRESS RELEASE

**ERC promulgates magna carta for  
residential electricity consumers  
- no more meter deposits**

The Energy Regulatory Commission (ERC) has finally approved the Magna Carta for Residential Electricity Consumers. The promulgation of the Magna Carta has long been awaited by consumers who will now be granted new rights. Existing consumer rights were also simplified.



Among these new rights of consumers are the exemption from payment of meter deposits and the refund of bill deposits as long as the said consumer pays his bill on or before its due date. These rights are, however, subject to certain Guidelines that the Commission will promulgate. At present, customers need to terminate their electric service first before they are able to recover their bill and meter deposits from their distribution utilities.

The Magna Carta also provides clear-cut policies on connection and disconnection of electric service, the sources of most complaints filed with the Commission.

Any customer who meets the requirements of the distribution utility (DU) shall have the right to electric service from the said DU. This is also available even if the previous occupant of the premises is in arrears with the DU as long as there is no collusion between the previous and present tenants.

The Magna Carta emphasizes that no disconnection shall be effected without prior notice. Despite due notice, the DU must still desist from disconnecting under any of the following circumstances:

- (a) Beyond 3 PM from Mondays to Fridays
- (b) Saturdays, Sundays & Holidays
- (c) A permanent resident is sick and dependent on a life support service
- (d) Funeral wake of a permanent resident
- (e) Non-receipt of statement of account or notice of disconnection
- (f) Single statement for several monthly bills
- (g) Customer is not around (only for illegal use of electricity)

Customers are also protected from the inconvenience of disconnection even if their meters are allegedly defective or tampered. Meters found in either condition must immediately be replaced with an accurate one. The DU cannot disconnect the said customer until the ERC testing shows that the meter is indeed tampered.

To further improve its service to its customers, a DU is now mandated to set up bulletin boards in its offices to post major announcements and documents affecting its consumers. Scheduled power interruptions must also be announced through print, mass or interactive media. If this is not available, bulletin boards must be set up in conspicuous places, preferably on roadsides or in front of the Provincial/Municipal/City Hall.

The Magna Carta also spells out the obligations of the residential electricity consumers. These include payment of its monthly bill within nine (9) days from receipt of said bill and allowing DUs access to its premises for purposes of inspection and maintenance of meter facilities, among others. Bill deposits will, likewise, be reimposed if the customers after receiving their refund, default in the payment of their regular monthly bills.

ERC assures that the Magna Carta fairly treats both the consumers and the DUs despite its pro-consumer orientation. ERC Chairman Rodolfo B. Albano, Jr. clarified that "The Commission is conscious of its duty to balance the interests of distribution utilities with that of the consumers. This was given paramount consideration when the different provisions of the Magna Carta was drafted," ERC chairman Rodolfo B. Albano, Jr.

## SALIENT FEATURES OF THE MAGNA CARTA

	SALIENT FEATURES	DETAILS
Art. 7	Refund of Bill Deposits	<ul style="list-style-type: none"> <li>- Payment of bills on or before due date</li> <li>- 3 consecutive years</li> <li>- Subject to Guidelines to be promulgated by the Commission</li> </ul>
Art. 8	Exemption from Payment of Meter Deposits	<ul style="list-style-type: none"> <li>- Cost of meter is included in rate base for private utilities</li> <li>- Cost of meter to be included in the Reinvestment Fund</li> <li>- Subject to Guidelines to be promulgated by the Commission</li> </ul>
Arts. 9, 11, 12	An accurate, ERC-tested and properly-installed meter	Meter is calibrated and sealed to as close as possible to the condition of zero error
Art. 13	Prompt investigation of complaints	<ul style="list-style-type: none"> <li>- DU to inform consumer of its action</li> <li>- within 15 days from receipt of complaint</li> </ul>
Art. 14	Refund of cash advances for extension of lines and additional facilities	<ul style="list-style-type: none"> <li>- Consumer advances cost of extension and/or installation</li> <li>- DU to refund the cash advances at the option of the consumer thru: <ul style="list-style-type: none"> <li>● Notes payable</li> <li>● Refund at the rate of 25% of gross revenues for the calendar year</li> <li>● Issuance of preferred shares, if available</li> </ul> </li> </ul>
Art. 15	Information on major announcements/documents and scheduled power interruptions	<ul style="list-style-type: none"> <li>- Provide Bulletin Boards inside DU offices</li> <li>- Establish communications facilities (customer hotline, text messaging)</li> <li>- Scheduled power interruptions to be announced thru :</li> </ul>

		<ul style="list-style-type: none"> <li>● Media or Bulletin Board in conspicuous places, preferably roadsides or in front of Provincial, City or Municipal Hall</li> </ul>
Arts. 17 & 2(h)	Monthly bill	<ul style="list-style-type: none"> <li>- Month is 28-31 days</li> <li>- Reading beyond the maximum period allowable if due to fortuitous event</li> <li>- Subsidy remains available to customer</li> </ul>
Art. 18	Due Process before Disconnection	<ul style="list-style-type: none"> <li>- Prior notice before disconnection</li> <li>- Grounds for disconnection:               <ul style="list-style-type: none"> <li>➤ Non-payment of electric bills</li> <li>➤ Illegal use of electricity</li> <li>➤ Lawful orders of government agencies and/or the courts</li> <li>➤ Public safety</li> <li>➤ Request of registered customers based on justifiable reasons</li> <li>➤ Allowing other end-users or persons to be connected to his electrical installation, whether for profit or not</li> </ul> </li> </ul>
Art. 19	Notice Prior to disconnection	48-hour notice for non-payment of regular bills
Art. 20	Suspension of Disconnection	<ul style="list-style-type: none"> <li>- Beyond 3 PM (Mon-Fri)</li> <li>- Saturdays, Sundays &amp; Holidays</li> <li>- Permanent resident is sick and dependent on a life support system (max of 2 months)</li> <li>- Funeral wake of a deceased permanent resident (max of 1 month or end of wake, whichever comes earlier)</li> <li>- Non-receipt of statement of</li> </ul>



		account or notice of disconnection - Single statement for several monthly bills - Customer is not around (only for illegal use of electricity)
Art. 21	Tender of Payment	- DU is not obligated to accept tender of payment - If tender of payment is refused by DU - Desistance from disconnection - Consumer is given 24 hours to pay bills
Art. 22	Continuous electric service or no disconnection despite arrearages of previous tenant	- Previous tenant is in arrears - Premises is occupied by new tenant - no collusion between present and previous tenant
Art. 23	Reconnection of electricity within 24 hours	
Art. 25	Immediate replacement of meter after removal	- Present meter is allegedly defective or tampered - Present meter is removed - No disconnection until ERC test result confirming tampering
Art. 32	Pay monthly bill	Within 9 days from receipt
	Computations for:	
Art. 10	Overbilling (arising from fast meter)	Consumer to recover a maximum period of 6 months
Art. 33	Billing Adjustment (arising from slow meter due to a defect but without any evidence of tampering)	Consumer to pay: ➤ Maximum period of 3 months for conspicuous defect ➤ Maximum period of 6 months for inconspicuous defect
Art. 35	Differential Billing (arising from pilferage)	In accordance with RA 7832 and its IRR (Anti-Electricity Pilferage Law)