



CIRCULAR FOR BROKERS NO. 4016-2004

The Philippine Stock Exchange, Inc.

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Date : **September 9, 2004**
 Company : **MANILA ELECTRIC COMPANY**

Manila Electric Company ("MER"), in the attached letter, provided the Exchange a list of rate-related cases pending with the Energy Regulatory Commission (ERC), the Court of Appeals (CA), and the Supreme Court (SC) as of August 31, 2004.

For your information.

(Original Signed)
JURISITA M. QUINTOS
Senior Vice President – Operations Group

Finance / Admin / Membership	Compliance & Surveillance Grp.	Listing & Disclosures Grp.	COO / Automated Trading Grp.	Business Dev't & Info. Group	CEO / Legal
Tel. No.688-7560/7440/7460	Tel. No. 688-7559	Tel. No. 688-7501/7510	Tel. No. 688-7405/819-4400	Tel. No. 688-7590	Tel. No. 688-7400/819-4408

September 6, 2004

Atty. Justina F. Callangan
Director, Corporation Finance Department
Securities and Exchange Commission
SEC Building, EDSA, Greenhills
Mandaluyong City

Dear Ms. Callangan:

Hereunder is a list of rate-related cases pending with the Energy Regulatory Commission (ERC), the Court of Appeals (CA), and the Supreme Court (SC) as of August 31, 2004:

A. Energy Regulatory Commission

<u>Case No. & Title</u>	<u>Nature</u>	<u>Status</u>
1. ERC Case No. 2000-168		
In the Matter of the Application for Special Discount to qualified Industrial Customers (IS Riders).	Meralco seeks approval to implement discount to qualified Industrial Consumers.	ERC issued a provisional authority to implement discount. Meralco has presented evidence. Application is for final approval.
2. ERC Case No. 2003-359		
In the Matter of the Application for Approval of Special Program to Enhance Electricity Demand (SPEED).	Meralco seeks approval of SPEED rates.	ERC issued a provisional authority to implement SPEED rates. Meralco has presented evidence. Application is for final approval.
3. ERC Case No. 2004-109		
In the Matter of the Joint Application for the Approval of the Settlement Agreement between Manila Electric Company and National Power Corporation, with Prayer for Provisional Authority.	MERALCO and NPC seek the approval of their settlement agreement involving NPC generation cost in the amount of ₱20.05 billion.	Pre-hearing held. For hearing proper.

<u>Case No. & Title</u>	<u>Nature</u>	<u>Status</u>
4. ERC Case No. 2004-74 In the Matter of the Application for Approval of the Amendments of the Power Purchase Agreements between (a) First Gas Power Corporation (Sta. Rita) and Manila Electric Company, and (b) FGP Corporation (San Lorenzo) and Manila Electric Company, with prayer for provisional authority.	Meralco seeks approval of the Amendments to its Power Purchase Agreements with First Gas Power Corporation and FGP Corporation, which will result in a reduction of rates.	Hearings are going on for presentation of evidence.
5. ERC Case NO. 2003-434 In the Matter of the Application for Approval of the Amendment of the Power Supply Agreement, as Amended, for the Purchase of Electric Power and Energy by Applicant from DURACOM MOBILE POWER CORPORATION with Prayer for Urgent Issuance of Ex-Parte Provisional Authority	Meralco seeks approval of the Amendment/Supplement to Power Supply Agreement.	ERC granted provisional authority to implement amendment. For final approval.
6. ERC Case No. 2001-383 In the Matter of the Application for Approval of Rate Schedule to Implement the NPC Rate Reduction under ERB Case No. 97-02.	Meralco seeks approval of Transmission Line Cost of Quezon Power Phils. Ltd. (QPPL).	Meralco has submitted all documents required by ERC for evaluation of the transmission line costs being charged by QPPL. ERC is awaiting the submission of certain documents by QPPL, after which the case will be submitted for decision.

B. Court of Appeals

<u>Case No. & Title</u>	<u>Nature</u>	<u>Status</u>
CA-G.R. SP No. 77559 Lualhati, et al. Vs. Meralco	Petition for Review questioning ERC's approval of Meralco's unbundling of rates in the consolidated ERC Case 2001-646 and ERC	In a decision dated 22 July 2004, the CA set aside ERC's decision approving the unbundled rate schedule, and remanded the case to ERC

Case 2001-900.

for further hearing and for COA to conduct audit. ERC and Meralco filed their respective motions for reconsideration.

2. CA Case No. SP-74290

Sen. Juan Ponce Enrile, et al. vs. Hon. Alfredo C. Flores and Meralco

Petition for Certiorari to annul RTC Orders dated August 8 and October 3, 2002 in SCA No. 2298 which denied the application for preliminary injunction to stop collection of Purchased Power Adjustment (PPA) and Fuel and Purchased Power Cost Adjustment (FPCA), and to declare null and void Sec. 34 of EPIRA (RA 9136) for being unconstitutional.

All pleadings filed. Case for decision.

C. Supreme Court

<u>Case No. & Title</u>	<u>Nature</u>	<u>Status</u>
1. G.R. No. 161113 Freedom from Debt Coalition (FDC), et al. Vs. Energy Regulatory Commission (ERC) and Meralco	Petition for Certiorari questioning the provisional authority (PA) granted by the ERC to Meralco to collect 12 centavos per kWh in ERC Case No. 2003-480 wherein Meralco seeks a rate increase of 13.58 centavos per kWh.	The Supreme Court declared void and set aside the provisional authority granted by ERC to Meralco to collect 12 centavos per kWh. Meralco and ERC filed their respective motions for reconsideration which are still pending resolution by the Supreme Court.
2. G.R. No. 163935 National Association of Electricity Consumers for Reforms, Inc. (NASECORE) vs. Meralco	Petition for Certiorari questioning the ERC's approval of revised generation charge of 3.3213 centavos per kWh under the GRAM in ERC Case No. 2004-112. The revised generation charge represents actual generation cost for the period November 2003 to January 2004.	Meralco has filed its Comment on the petition. Pending further action or resolution by the Supreme Court.

We are furnishing this information to keep the Securities and Exchange Commission (SEC), Philippine Stock Exchange (PSE), investors, and other stakeholders abreast with the status of such cases which may have significant impact on the Company's finances.

Very truly yours,


G. S. SAN DIEGO
Vice President &
Assistant Corporate Secretary

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