

Republic of the Philippines  
**ENERGY REGULATORY COMMISSION**  
San Miguel Avenue, Pasig City

Resolution No. \_\_\_\_, Series of 2017

**RULES TO GOVERN THE MONITORING AND REPORTING  
PROCESS OF BILL DEPOSITS**

**WHEREAS**, pursuant to the provisions of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 or EPIRA, the Energy Regulatory Commission (ERC) promulgated the Magna Carta for Residential Electricity Consumers (MREC) and the Distribution Services and Open Access Rules (DSOAR) on June 17, 2004 and January 18, 2006, respectively;

**WHEREAS**, on October 27, 2004, the ERC issued the "Guidelines to Implement Articles 7, 8, 14 and 28 of Chapter III of the Magna Carta" which govern, among others, the guidelines and procedures to implement the bill deposits collected from residential and non-residential consumers;

**WHEREAS**, on November 15, 2010, the ERC promulgated Resolution No. 2, Series of 2010, entitled "A Resolution Adopting the Amendments to the Magna Carta for Residential Electricity Consumers". The said Resolution established, among others, the rules governing the implementation of the bill deposit collected from residential and non-residential consumers;

**WHEREAS**, the bill deposits collected from residential and non-residential consumers are intended to guarantee the payment of electricity bills for new and/or additional service and from disconnected consumers who were previously not subject to bill deposit<sup>1</sup>;

**WHEREAS**, the collection of bill deposit from consumers has been authorized by the Board of Power and Waterworks (BPW) and the then Energy Regulatory Board (ERB) pursuant to Revised Order No. 1 and ERB Resolution No. 95-21 (Standard Rules and Regulations Governing the Operation of Electrical Power Services), respectively;

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<sup>1</sup> Article 28 of Resolution No. 28, 2010

**WHEREAS**, the bill deposit shall be equivalent to the estimated billing for one month based on the load schedule submitted by the consumer to guarantee payment of his bills<sup>2</sup>;

**WHEREAS**, after one year and every year thereafter whenever the actual average monthly bills are more or less than ten percent (10%) of the initial bill deposit, such deposit shall be correspondingly increased or decreased to approximate said billing;

**WHEREAS**, the distribution utilities shall pay interest on cash bill deposits equivalent to the peso savings account interest rate of the Landbank of the Philippines on the first working day of the year, or other government banks subject to the approval of ERC;

**WHEREAS**, the bill deposit shall be refunded to the consumers within one month from the termination of service provided all bills have been paid<sup>3</sup>;

**WHEREAS**, a customer who has paid his electric bills on or before its due date for three (3) consecutive years may, however, demand for the full refund of the deposit even prior to the termination of his service. An application for this purpose shall be filed with the concerned distribution utility which must refund the deposit within one month from receipt of such application;<sup>4</sup>

**NOW THEREFORE**, after thorough and due deliberation, the Commission **RESOLVES**, as it hereby **RESOLVED**, to **APPROVE** and **ADOPT** the "Rules to Govern the Monitoring and Reporting Process of Bill Deposits":

**Section 1. Guiding Principles.** It is hereby declared the policy of the State to protect the public interest as it is affected by the rates and services of electric utilities and other providers of electric power.<sup>5</sup> Pursuant to Section 41 of the Electric Power Industry Reform Act of 2001 (EPIRA), the Commission is mandated to ensure the adequate promotion of consumer interests.

**Section 2. Coverage.** These rules shall apply to the provisions of Articles 7 and 28 of the Magna Carta for Residential Electricity

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<sup>2</sup> Ibid

<sup>3</sup> Article 7 of MREC

<sup>4</sup> Ibid

<sup>5</sup> Section 2 (f) of R.A. 9136

Consumers, the Guidelines to Implement Articles 7 and 28 of the Magna Carta and the relevant provisions of Distribution Service and Open Access Rules (DSOAR).

**Section 3. Reportorial Requirements.** For monitoring and audit purposes, all distribution utilities (DUs) shall submit the following documents, under oath, within sixty (60) days from the effectivity of this Resolution:

1. The total amount of bill deposits collected from the effectivity of ERB Resolution No. 95-21 up to the present;
2. The total amount of interest earned on bill deposits from the effectivity of ERB Resolution No. 95-21 up to the present;
3. The total amount of bill deposits and interest already refunded; and
4. Sample electricity bills of residential and non-residential consumers showing the refund of bill deposit and/or the amount of interest credited to their monthly bills.

**Section 4. Periodic Review of Bill Deposits.** The distribution utility shall prepare and submit a periodic report, under oath, on or before December 31 of every year, regarding the details of the total amount of bill deposit collected including interest earned and the amount credited or refunded to its consumers.

**Section 5.** In order to effectively implement the above-mentioned policy and for purposes of transparency, the distribution utility shall maintain and develop in its official website a consumer information disclosing all important terms and conditions, systems and procedures on bill deposits in clear and simple language comprehensible to the consumers, to wit:

- a. The nature of bill deposit;
- b. The rules and regulations governing bill deposit;
- c. The obligation of consumers to pay bill deposit;
- d. The requirements to pay a bill deposit;
- e. The computation of bill deposit including interest;
- f. The procedures on bill deposit refund;
- g. Annual updates on the total amount of bill deposit collected and refunded;

- h. Prompt response to refund applications, inquiries and complaints; and
- i. Other relevant information.

Immediately upon the effectivity of these Rules, the distribution utility shall inform its consumers within its franchise area, by any other means available and appropriate, of the issuance of these Rules and the rules and regulations governing the imposition and refund of bill deposit.

**Section 6.** Pursuant to Article 28 of the MREC, as amended, the interests on bill deposit shall be credited yearly to the bills of the registered customers. Thus, within six (6) months from the effectivity of these Rules, all DUs shall issue a statement of account to their consumers showing the total amount of bill deposit and the accrued interest.

After six (6) months from the effectivity of these Rules, all DUs should reflect the bill deposit and the corresponding interests as a separate line item on the electricity bills using the phrase "Bill Deposit".

**Section 7. Imposition of Interest.** If the DU failed to credit the interest to the electricity bills of the registered customers, the accrued interest shall be added to the principal amount of bill deposit and the same shall earn interest, compounded on the basis of the prevailing interest rate for savings account of the Land Bank of the Philippines on the first working day of the year or other government banks subject to the approval of ERC.

**Section 8. Imposition of Fines and Penalties.** Violation of any of these Rules shall be subject to the imposition of fines and penalties in accordance to the "Rules to Govern the Imposition of Administrative Sanctions in the Form of Fines and Penalties Pursuant to Section 46 of Republic Act No. 9136, As Amended."

**Section 9. Exception Clause.** Where good reason appears, the ERC may allow an exception from any provision of these Rules, if such exception is found to be in the public interest and is not contrary to law or any other pertinent rules and regulations.

**Section 10. Separability Clause.** If any of the foregoing amendments is declared unconstitutional or invalid, the other provisions which are not affected thereby shall remain in force and effect, unless such declaration would render the whole rules unenforceable or non-implementable.

**Section 11. Repealing Clause.** All Rules and Guidelines, or portion thereof, issued by the ERC, which are inconsistent with these Rules are hereby repealed or modified accordingly.

**Section 12. Effectivity.** These Rules shall take effect fifteen (15) days after its publication in a newspaper of generation circulation in the country.

Let copies of these Rules be furnished the University of the Philippines Law Center-Office of the National Administrative Register (UPLC-ONAR), Philippine Electric Power Operators Association, Inc. (PEPOA), the Philippine Electric Cooperatives Association, Inc. (PHILRECA) and all distribution utilities (DUs).

Pasig City, \_\_\_\_\_.

**JOSE VICENTE B. SALAZAR\***  
Chairman

**GLORIA VICTORIA C. YAP-TARUC**  
Commissioner

**ALFREDO J. NON**  
Commissioner

**JOSEFINA PATRICIA A. MAGPALE-ASIRIT**  
Commissioner

**GERONIMO D. STA. ANA**  
Commissioner

*glo/mccg/bill deposit monitoring guidelines final*

\* On preventive suspension as per Order of the Office of the President (OP-DC Case No. 17-D-094) dated May 2, 2017