

### ***On Purchased Power Adjustments***

This refers to the 3 December 2002 letter of the Catholic Bishops' Conference of the Philippines (CBCP), the National Secretariat for Social Action-Justice and peace (NASSA) and the Caritas-Philippines for "*x x x a human rights advisory on the ground that the PPA ( **Purchased Power Adjustments** ) arise from onerous contracts.*" It is their contention " x x x that the PPA violates human rights enshrined in the following national and international laws, among others:

*Section 9, Article II of the 1987 Philippine Constitution, mandating the State to "promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate services. . . rising standard of living, and an improved quality of life for all."*

*Article 25(1) of the United Nations Universal Declaration of Human Rights that stresses every individual's right "to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social service.,,"*

According to MERALCO, "Purchased Power Adjustment or PPA represents increases in the cost of power purchased from the National Power Corporation (NPC) and other suppliers called independent power producers or IPPs. The PPA is a cost adjustment mechanism approved by the then Energy Regulatory Board (ERB) to reflect changes in the cost of power bought from the NPC and private producers."

It is a matter of public knowledge that the Supreme Court of the Philippines ruled to compel MERALCO to refund its costumers some billions of Pesos perceived to be PPA payments of its consumers and to abide by the Court's decision with respect to payment of taxes which formed part of MERALCO's operating expenses. This is now the subject of a motion for reconsideration. Thus, the Commission on Human Rights in this document will not deal with the issue for being *sub judice*.

The issue submitted before the Commission, however, is whether the imposition of the purchased power adjustment is a violation of human rights. This is the core of the request of the CBCP, the NASSA and Caritas. In looking into the matter, the Commission finds it proper to look into the social effects of the said imposition on the lives of all the Filipinos.

The PPA is an additional monthly cost being shouldered over and above the daily consumption of electricity and expenses to meet the needs of every member of the family such as food and clothing, education, health and transportation expenses, water and shelter. For an ordinary Filipino, the PPA is an unnecessary burden on account of the increase in the cost of power, just so to enjoy some convenience brought about by electricity. It cannot be denied that the amount of PPA paid for by consumers may be utilized to augment daily expenses or other costs to uplift the welfare of every Filipino.

The imposition of the PPA has its far-reaching effect, not only to the ordinary consumer dependent on electricity.

Agencies of government also bear the burden of paying the PPA as an additional cost. Like the ordinary Juan de la Cruz, agencies of government shell out some amount from their coffers representing a bigger chunk from their budget in payment of PPA. This imposition to agencies of government means a reduction of allowable expenses to upgrade their respective direct programs and services for the benefit of the Filipinos.

The private sector is also affected by the imposition of the PPA. This sector, because of the PPA, may be prevented from improving its products and services because its budget is reduced to cover its payment. The amount in payment for PPA may also have other uses to ameliorate

employee's benefits and privileges. However, the imposition of the PPA can be the cause to sacrifice the quality of products and services and welfare of the employees and, further, the reason for their retrenchment and/or the close down of business establishment/entities.

Simply put, the PPA has its negative effects. Its imposition is the source of deprivation of what is due the Filipinos. Now, the question is: What is being deprived?

Under the Constitution, Filipinos are entitled "*x x x to adequate social services . . . rising standard of living, and improved quality of life.*" The United Nations Declaration of Human Rights is clear to state the right of individuals "*x x x to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services . . .*"

Arguments have been submitted to favor the sustained imposition of the PPA, but ultimately for the efficient delivery of the electric public utility.

The query posed, however, is whether the public at large should suffer by this imposition.

Several circumstances prevailing in the Philippines were the reasons for the imposition of the PPA, among them are:

1. The economic slump in this part of the Asian region affecting the purchasing power of the Philippine Peso.
2. The high interest rates imposed on loans, guaranteed by government to assist the state of economy.
3. The serious power outages.

Thus, to support the industry providing and distributing the electric power, the PPA was imposed to the consumers.

To an already suffering Filipino citizenry, it bears the burden of ensuring that the delivery of electric services are carried out efficiently by paying an additional sum to cover the PPA. Nobody shares with that single Filipino family the task of paying the PPA of every kilowatt-hour of power consumed, so that he may enjoy the efficient delivery of electricity. The Filipino is the recipient of the imposition and he alone bears the burden of paying the PPA.

When this was imposed on him was he consulted to make him agree to pay an additional cost when he subscribed for electric consumption? This question needs to be answered by government policy-makers as the Filipinos have the right to information relating to matters directly affecting them.

For the past seven (7) or eight (8) years of its imposition, the PPA has been the cause of deprivation to Filipinos, not only because they were not consulted in its ordination in the statements of accounts of electric consumption, but more so because the rights enshrined in the Constitution and Universal Declaration of Human Rights have been curtailed when the amount paid for the PPA may have been the same amount that may be utilized to alleviate the lot of the Filipinos for the period past.

These are pressing issues that need to be responded to and revisited by the Government and the entities charged with the distribution of power supply, since it is a State obligation to regulate non-state actors in their impositions that affect the lives of the ordinary people.

In the meantime, more deprivation may occur and the long years of PPA imposition may reach to a decade prolonging the Filipino's sufferance. This should somehow be tempered by the suspension of the PPA imposition in the meantime that other measures are being resorted to ensure sustained and efficient delivery of the electricity.

*Quezon City, 10 December 2002*