



3 May 2017

Ms. Janna Sheng Olladas
Committee Secretary
Committee on Economic Affairs

Dear Ms. Olladas,

This responds to the Committee's invitation, dated 02 May 2017, to join the discussion on 10 May 2017 of the draft substitute bill to HBs 4389, 4468, 4501, 4787 and 4996 entitled "AN ACT PROVIDING FOR THE DEFINITION OF PUBLIC UTILITY, FURTHER AMENDING FOR THE PURPOSE COMMONWEALTH ACT NO. 146, OTHERWISE KNOWN AS THE "PUBLIC SERVICE ACT," AS AMENDED.

First, I would like to apologize for my absence during this discussion. I accepted last week (prior to receipt of the Committee's letter) an invitation to speak at the BSP-ADB Conference on Financing Agriculture Value Chain in the Philippines. My scheduled presentation is at 10 a.m. on 10 May 2017.

I am, however, submitting the following comments on the refined substitute bill ("in substitution of HB Nos. 4389, 4468, 4501, 4787 and 4996).

1. The addition of a new paragraph to be designated as Section 13 (d), which clarifies the definition of public utility (through a clear enumeration of services deemed to be public utility), is a distinct improvement over the previous version of that section.
2. There may be a need to clarify if all the criteria listed in Section 13 (d) II Amendment of public utility definition have to be met for a business or service to be classified as a 'public utility' by the Philippine Competition Commission. What is the rationale for including Section 13 (d) II. (4) "the business or service is necessary for the maintenance of life and occupation of residents," and (5) "the business or service is obligated to provide adequate service to the public on demand," in the set of criteria mentioned in that section?
3. I reiterate support for the proposed basis for the computation of the allowable rate of return (Section 16). As stated in my letter to the Committee dated 28 March 2017, the use of performance-based rate regulation, as the administrative agency may deem proper, is a good proposal.

Thank you for giving me an opportunity to comment.

Sincerely,

Gilberto M. Llanto
President, PIDS