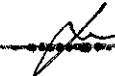


FOURTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)

8 MAY 15 P3:13

SENATE

S. No. 2289

RECEIVED BY: 

Introduced by Senator Loren Legarda

EXPLANATORY NOTE

The Philippines' total electric energy consumption in 1994 was estimated at 30.459 Billion kilowatt hours. In 2005, this figure has increased to 56.508 Billion, an increase of 54% since 1994. However, power losses in 1994 were recorded at 15.5% and for 2001, 12.5% of the total electric energy consumed, a decrease of only 3% despite a 54% increase in energy consumption. These facts are contributing factors to the Philippines having one of the highest power rates in Asia, which has a direct effect on this country's competitiveness.

Pilferage of electricity is condemnable as thievery, but it is doubly reprehensible because of the soaring power rates that continue to haunt us today and ordinary and honest customers are made to shoulder the burden of losses. It equates to millions of pesos of benefits to economic saboteurs, to higher cost of electric bills on the part of paying subscribers, and to a bigger investment for new power generating plants.

Before the passage of Republic Act 7832, otherwise known as "the Anti-Electricity and Electric Power Transmission Lines and Materials Pilferage Act of 1994", system loss due to pilferage was estimated at roughly P6.6 billion. However, even with the passage of the aforementioned law, systems losses due to electric pilferage still averages at an alarming rate of 14-20%.

Systems loss accounts for at least 8% of the bill of an average consumers or about 58 centavos per kWh. Consumers paid P84.6 billion for Meralco systems loss from 2003-2007, based on 70.55 centavos per kWh systems loss charge.

Systems losses include the technical and non-technical losses incurred by electric companies. As electricity flows through electric wires, part of it disappears in the form of heat called technical losses; some of it are consumed by illegal users called non-technical losses. Technical losses are part of the overhead in the distribution of electricity while non-technical losses indicate pilferage.

Under RA 7832, electric utilities was originally allowed 15% of the systems losses to be included in the calculation of their rate base. Over the years there was a progressive lowering of systems losses. Presently, the rate is 9.5%.

With the view of making the production and distribution of electric energy more efficient, this bill seeks to amend certain provisions in Republic Act 7832. The proposed amendment expands the coverage of the law to include not only illegal use

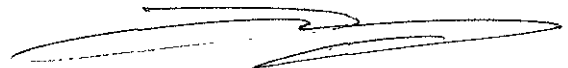
of electricity and theft of electric power transmission line/ materials but also theft of distribution line/ materials.

This amendatory bill seeks to protect consumers by preventing retailers of electricity from passing of the cost of pilferage and the cost of the inefficiencies of electric utilities to consumers. This will avoid the highly absurd scenario where innocent consumers will have to pay for the criminal activities of some consumers.

The losses should be shouldered by the retailer of the electric power because that is part of business risk and the one responsible for the pilferage. This will prevent electric companies from being complacent and not any more interested to reduce the incidence of pilferage. By not charging systems losses to innocent consumers, we are in effect, forcing the retailer of electricity to be more efficient, more vigilant, and more concerned in seeing to it that they can reduce and eliminate pilferage.

But to cushion the impact on retailers of electricity who will now be unable to pass on systems losses to consumers, the bill is increasing the fine for pilferage from Fifty thousand pesos to a range of One hundred fifty thousand to five hundred thousand pesos to deter the commission thereof and to prevent utility companies from preying on honest consumers.

In view of the foregoing, approval of this measure is earnestly sought.



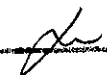
LOREN LEGARDA
Senator

FOURTEENTH CONGRESS OF THE REPUBLIC)
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AN ACT
AMENDING CERTAIN SECTIONS OF REPUBLIC ACT NUMBERED SEVENTY-
EIGHT THIRTY-TWO, AS AMENDED, OTHERWISE KNOWN AS THE "ANTI-
ELECTRICITY AND ELECTRIC TRANSMISSION LINES/ MATERIALS
PILFERAGE ACT OF 1994"

*Be it enacted by the Senate and the House of Representatives of the Republic of the Philippines
in Congress assembled:*

1 SECTION 1. Section 2 (c) of Republic Act No. 7832, as amended, is hereby
2 further amended to read as follows:

3 "SECTION 2. Illegal Use of Electricity. — x x x

4
5 (b) Tap, make or cause to be made any connection to the existing electric
6 service facilities of any duly registered consumer without the latter's [or]
7 AND the electric utility's consent or authority;

8 (c) Tamper, install or use a tampered electrical meter, jumper, current
9 reversing transformer, shorting or shunting wire, loop connection or any
10 other device OR METHOD, SUCH AS TILTING OF METER, which
11 interferes with the proper or accurate registry or metering of electric
12 current or otherwise results in its diversion in a manner whereby
13 electricity is stolen or wasted;"

14 SEC. 2. Section 3 of the same Act is hereby amended to read as follows:

1 "SECTION 3. Theft of Electric Power Transmission AND DISTRIBUTION

2 Lines and Materials. – (a) It is hereby declared unlawful for any person
3 to:

4 (1) Cut, saw, slice, separate, split, severe, smelt, or remove any electric
5 power transmission AND DISTRIBUTION line/material or meter from a
6 tower, pole, or any other installation or place of installation or any other
7 place or site where it may be rightfully or lawfully stored, deposited,
8 kept, stocked, inventoried, situated or located, without the consent of the
9 owner, whether or not the act is done for profit or gain;

10 (2) Take, carry away or remove or transfer, with or without the use of
11 a motor vehicle or other means of conveyance, any electric power
12 transmission AND DISTRIBUTION line/material or meter from a tower,
13 pole, any other installation or place of installation, or any place or site
14 where it may be rightfully or lawfully stored, deposited, kept, stocked,
15 inventoried, situated or located without the consent of the owner,
16 whether or not the act is done for profit or gain;

17 (3) Store, possess or otherwise keep in his premises, custody or
18 control, any electric power transmission AND DISTRIBUTION
19 line/material or meter without the consent of the owner, whether or not
20 the act is done for profit or gain; and

21 (4) Load, carry, ship or move from one place to another, whether by
22 land, air or sea, any electrical power transmission AND DISTRIBUTION
23 line/material, whether or not the act is done for profit or gain, without
24 first securing a clearance/permit for the said purpose from its owner or
25 the [National Power Corporation (NPC)] NATIONAL TRANSMISSION
26 CORPORATION (TRANSCO) [or], its regional office concerned, OR THE
27 DISTRIBUTION UTILITY, as the case may be.

1 (b) For purposes of this section, "electrical power transmission AND
2 DISTRIBUTION line/material" refers to electric power transmission
3 AND DISTRIBUTION steel towers, woodpoles, cables, wires, insulators,
4 line hardwares, electrical conductors and other related items [with a
5 minimum voltage of sixty-nine kilovolts (69 kV)], such as the following:

6 (1) Steel transmission AND DISTRIBUTION line towers made of
7 galvanized steel angular members and plates or creosoted and/or
8 lannelized woodpoles/ concrete poles and designed to carry and support
9 the conductors;

10 (2) [Aluminum conductor steel reinforced (ACSR) in excess of one
11 hundred (100) MCM;] ALL TYPES OF WIRES AND CABLES USED TO
12 TRANSMIT AND DISTRIBUTE ELECTRICITY;

13 (3) ALL [O]verhead ground wires made [of 7 strands] of galvanized
14 steel wires, [3.08 millimeters in diameter and] designed to protect the
15 electrical conductors from lightning strikes;

16 (4) Insulators made of porcelain, [or] glass shell and ANY OTHER
17 MATERIAL designed to insulate the electrical conductors from steel
18 towers or [wood]poles; and

19 (5) Various transmission AND DISTRIBUTION line hardwares and
20 materials made of aluminum alloy or malleable steel and designed to
21 interconnect the towers, conductors, ground wires, and insulators
22 mentioned in subparagraphs (1), (2), (3), and (4) above for the safe and
23 reliable operation of the transmission AND DISTRIBUTION lines."

24 SEC. 3. Section 4(b) of the same Act is hereby amended to read as
25 follows:

26 "SEC. 4. Prima Facie Evidence. x x x

1 (a) The presence of any of the following circumstances shall constitute
2 prima facie evidence of illegal use of electricity, as defined in this Act,
3 by the person benefitted thereby, and shall be the basis for: (1) the
4 [immediate] OUTRIGHT disconnection by the electric utility OF THE
5 ELECTRIC SERVICE to such person [after due notice]
6 IMMEDIATELY UPON DISCOVERY THEREOF TO PREVENT
7 FURTHER PILFERAGE OR LOSS;

8 (b) The possession or custody of electric power transmission AND
9 DISTRIBUTION line/material by any person, natural or juridical, not
10 engaged in the transformation, transmission or distribution of electric
11 power, or in the manufacture of such electric power transmission
12 AND DISTRIBUTION line/material shall be prima facie evidence that
13 such line/material is the fruit of the offense defined in Section 3
14 hereof and therefore such line/material may be confiscated from the
15 person in possession, control or custody thereof."

16 SEC. 4. Section 5 of the same Act is hereby amended to read as follows:

17 "SEC. 5. Incentives. — An incentive scheme by way of a monetary
18 reward in the [minimum] amount of [Five thousand pesos (P5,000)]
19 NOT LESS THAN FIVE THOUSAND PESOS (5,000.00) BUT NOT MORE
20 THAN FIFTY THOUSAND PESOS (50,000.00) shall be given to any
21 person who shall report to the [NPC] TRANSCO, PRIVATE ELECTRIC
22 UTILITY, RURAL ELECTRIC COOPERATIVE or police authorities any
23 act which may constitute a violation of Section 3 hereof. The Department
24 of Energy (DOE), in consultation with the [NPC] TRANSCO,
25 DISTRIBUTION UTILITIES, ELECTRIC COOPERATIVES AND END-
26 USERS shall issue the necessary guidelines for the proper

1 implementation of this incentive scheme within thirty (30) days from the
2 effectivity of this Act.”

3 SEC.5. A new section is hereby introduced after Section 5 to read as
4 follows:

5 “SEC. 6. INSPECTION OF ELECTRIC SERVICE. - AFTER
6 PRESENTMENT OF VALID IDENTIFICATION CARDS AND
7 INSPECTION REPORT FORMS, THE DULY AUTHORIZED
8 PERSONNEL OF PRIVATE ELECTRIC UTILITY OR RURAL ELECTRIC
9 COOPERATIVES SHALL BE ALLOWED ENTRY TO THE PREMISES OF
10 ANY DWELLING OR BUILDING INCLUDING COMMERCIAL AND
11 GOVERNMENT ESTABLISHMENTS TO CONDUCT INSPECTION OF
12 ELECTRIC SERVICE CONNECTIONS WITH THE PERMISSION OF
13 THE OWNER CONCERNED OR IN HIS ABSENCE TO BE WITNESSED
14 BY A PERSON IN AUTHORITY AND OF LEGAL AGE IN SAID PLACE
15 OR ESTABLISHMENT TO DETERMINE IF THE OWNER OR USER OF
16 SAID SERVICE CONNECTION IS LIABLE FOR VIOLATION OF THIS
17 ACT. THE INSPECTION SHALL BE CONDUCTED AT RANDOM BY
18 DULY AUTHORIZED REPRESENTATIVES OF PRIVATE ELECTRIC
19 UTILITY OR RURAL ELECTRIC COOPERATIVES AT REASONABLE
20 HOURS.”

21 SEC. 6. Section 6 of the same Act is hereby amended to read as follows:

22 “SEC. 6. Disconnection of Electric Service. – The private
23 electric utility or rural electric cooperative concerned shall have the right
24 and authority to disconnect [immediately] OUTRIGHTLY the electric
25 service [after serving a written notice or warning to that effect,] without
26 the need of a court or administrative order, and deny restoration of the
27 same, [when the owner of the house or establishment concerned]

1 WHEN THE CUSTOMER or someone acting in his behalf shall have been
2 caught *en flagrante delicto* [doing] COMMITTING any of the acts
3 enumerated in Section 4(a) hereof, or when [any of the circumstances so
4 enumerated shall have been discovered for the second time: Provided,
5 That in the second case, a written notice or warning shall have been
6 issued upon the first discovery] ANY PILFERING DEVICE OR SCHEME
7 IS FOUND OR ATTACHED TO THE ELECTRIC SERVICE
8 CONNECTION OR IS BEING USED BY THE CONSUMER AT THE
9 TIME WHEN THE ACTUAL INSPECTION WAS BEING CONDUCTED:
10 Provided, [further] HOWEVER, That the electric service shall [not] be
11 immediately disconnected [or] AND shall NOT be immediately
12 restored [upon] UNLESS the CUSTOMER deposit [of] the amount
13 representing the differential billing [by the person denied the service],
14 with the private electric utility or rural electric cooperative concerned or
15 with the competent court, as the case may be: Provided, further[more],
16 That if the court finds that illegal use of electricity has not been
17 committed by the same person, the amount deposited shall be credited
18 against future billings, with legal interest thereon chargeable against the
19 private utility or rural electric cooperative, and the utility or cooperative
20 shall be made to immediately pay such person double the value of the
21 payment or deposit with legal interest, which amount shall likewise be
22 creditable against immediate future billings, without prejudice to any
23 criminal, civil or administrative action that such person may be entitled
24 to file under existing laws, rules and regulations: Provided,
25 [finally]FURTHERMORE, That if the court finds the same person guilty
26 of such illegal use of electricity, he shall, upon final judgment, be made to
27 pay the electric utility or rural electric cooperative concerned double the

1 value of the estimated electricity illegally used which is referred to in this
2 section as differential billing.

3 For purposes of this Act, "differential billing" shall refer to the
4 amount to be charged to the person concerned for the unbilled electricity
5 illegally consumed by him as determined through the use of
6 methodologies which utilize, among others, as basis for determining the
7 amount of monthly electric consumption in kilowatt-hours to be billed,
8 either: (a) the highest recorded monthly consumption within the five-year
9 billing period preceding the time of the discovery, (b) the estimated
10 monthly consumption as per the report of load inspection conducted
11 during the time of discovery, (c) the higher consumption between the
12 average consumptions before or after the highest drastic drop in
13 consumption within the five-year billing period preceding the discovery,
14 (d) the highest recorded monthly consumption within four (4) months
15 after the time of discovery, or (e) the result of the ERB test during the
16 time of discovery and, as basis for determining the period to be recovered
17 by the differential billing either: (1) the time when the electric service of
18 the person concerned recorded an abrupt or abnormal drop in
19 consumption, or (2) when there was a change in his service connection
20 [such as a] OR change of meter, [change of seal or reconnection,] or in
21 the absence thereof, a maximum of sixty (60) billing months up to the
22 time of discovery: Provided, however, That such period shall, FOR
23 DETERRENCE PURPOSES, in no case, be less than one (1) year
24 preceding the date of discovery of the illegal use of electricity
25 REGARDLESS OF ANY PRIOR CHANGE OR SEAL, METER OR
26 SERVICE CONNECTION OR RECONNECTION OR INSPECTION

1 OCCURRING WITHIN ONE (1) YEAR BEFORE THE DATE OF
2 DISCOVERY OR APPREHENSION.”

3 SEC. 7. Section 7 (b) of the same Act is hereby amended to read as
4 follows:

5 “SEC. 7. Penalties. x x x

6 (b) Violation of Section 3. – The penalty of reclusion temporal or a
7 fine ranging from [Fifty thousand pesos (P50,000) to One hundred
8 thousand pesos (P100,000)] ONE HUNDRED FIFTY THOUSAND
9 PESOS (P150,000.00) TO FIVE HUNDRED THOUSAND PESOS
10 (P500,000) or both at the discretion of the court, shall be imposed on any
11 person found guilty of violating Section 3 hereof.”

12 SEC. 8. Sections 10 and 11 of the same Act are hereby repealed.

13 SEC. 9. The DOE and the TRANSCO shall formulate the rules and
14 regulations for the effective implementation of this Act.

15 SEC. 10. All laws, decrees, executive orders, rules and regulations, or
16 parts hereof inconsistent with the provision of this Act are hereby repealed,
17 amended or modified accordingly.

18 SEC. 11. This Act shall take effect fifteen (15) days after its publication in
19 the Official Gazette or in at least two (2) newspapers of general circulation
20 whichever comes earlier.

21 Approved,