

Maynilad calls on gov't guarantee

Seeks compensation for P208M in monthly losses

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Maynilad Water Services Inc. on Friday said the government should compensate it for at least P208 million in monthly opportunity losses that it is incurring because of regulators' inaction on its rate hike petition.

The concessionaire said it has invoked a Philippine government undertaking to pay for such losses caused by the Metropolitan Waterworks and Sewerage System's "refusal to implement rate adjustments, notwithstanding Maynilad's having won in the arbitration with MWSS almost two months ago."

In early January, Maynilad's major stockholders announced that an appeals panel with the International Chamber of Commerce had decided in the company's favor, awarding an average increase of P3.06 a cubic meter—on top of the current basic rate of P31.28 cubic meters—for the five-year rate rebasing period 2013-2017.

In early 2013, the water service firm submitted to the MWSS a five-year business plan that required an increase in the company's basic charges by P8.58 a cubic meter. In September that year, the MWSS issued a memorandum ordering Maynilad to cut rates by P1.46 a cubic meters for the five years until 2017 or 49 centavos a year.

Similarly, Manila Water proposed to raise rates by P5.83 a cubic meter, but the MWSS ordered a reduction of P1.48 a cubic meter per year.

Last Monday, MWSS chief regulator Joel C. Yu said the government agency would not act on Maynilad's petition for implementation of the tariff hike as it preferred to wait for the decision on Manila Water's case.

On Friday, Maynilad said it had asked the Department of Finance for compensation, a "difficult step" that it was constrained to take after its pleas for the rate hike implementation "were repeatedly rebuffed by the current MWSS administration."

“MWSS and the Regulatory Office never once told us that they would refuse to honor and implement the arbitral award unless it is consistent with the outcome of another arbitration where we are neither a party, nor have we played any part whatsoever,” Maynilad chief financial officer Randy Estrellado said.

“If Manila Water loses, will MWSS continue not to implement our rate adjustment?” Estrellado asked. “It is also chilling in the sense that MWSS positions itself above the law all for a populist stance.”

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