

Posted on January 08, 2015 10:49:00 PM

By **Chrisee Jalyssa V. Dela Paz**, Reporter

## Maynilad seeks MWSS nod for staggered rate hike

0 0 Google +0 0

**MAYNILAD WATER Services, Inc. has officially sought regulatory permission to stagger the imposition of a P3.06-per-cubic-meter (/cu.m.) hike in basic water charge over the next three years, in a move it said would cushion the impact of higher tariffs on consumers.**

"We submitted our letter recommending our proposed implementation of the staggered rate increase to MWSS (Metropolitan Waterworks and Sewerage System) this afternoon," Randolph T. Estrellado, Maynilad's chief finance officer, said in a text message on Thursday.

Maynilad's parent companies DMCI Holdings, Inc. and Metro Pacific Investments Corp. (MPIC) on Monday announced that an arbitration panel upheld the alternative rebasing adjustment involving a 9.8% increase in the utility's 2013 basic water charge of P31.28/cu.m. The decision translates to an average increase of P3.06/cu.m.

The ruling settles a more than a year-long dispute between Maynilad and MWSS. The water regulator in 2013 rejected the utility's bid to raise water tariffs by as much as 28.3% -- equivalent to P8.58/cu.m. -- and instead ordered a P1.46/cu.m. cut, forcing Maynilad to seek arbitration.

Maynilad had sought the water rate hike under the rate rebasing process for 2013-2017 that is stipulated in its concession agreement with the MWSS.

Yesterday's filing formalizes an announcement made by Maynilad last Jan. 6 that it is willing to stagger the collection until the end of the rate rebasing period or over three years.

"Our offer is to equally divide the P3.06/cu.m. average increase over a three-year period," Mr. Estrellado had said on Jan. 6.

The timetable for implementation and simulated rates over a three-year collection period were not immediately available as the MWSS still has to review Maynilad's proposal.

MWSS Administrator Gerardo A.I. Esquivel said in a phone interview that his office "just received the proposal and hasn't reviewed it yet," adding that "MWSS will comment once it is studied."

The whole implementation is subject to the approval of the MWSS Board prior to publication of new rates, according to Mr. Estrellado.

The looming rate increase of Maynilad and the potential adjustment of Manila Water Company, Inc.'s

tariffs will come on top of another rate hike approved by the MWSS last month. Maynilad and Manila Water on Monday started implementing higher water rates to cover foreign currency differential adjustment (FCDA). The adjustments will be reflected on the customers' February bills.

Under the concession agreements of the utilities with MWSS, the FCDA is a tariff mechanism "to recover or compensate for fluctuations... in foreign exchange rates." Gains and losses can arise from payment of utilities' concession loans and foreign currency-denominated borrowings used to improve services. Maynilad is now charging a 1.12% FCDA on its basic charge or an increase of P0.38/cu.m., while Manila Water imposed 1.32% or a P0.36/cu.m. hike.

MPIC and DMCI hold 52.8% and 25.24% interests, respectively, in Maynilad. Marubeni Corp. holds 20%, while the balance is held by other shareholders. MPIC is one of three key Philippine units of Hong Kong-based First Pacific Co. Ltd., the others being Philex Mining Corp. and Philippine Long Distance Telephone Co. (PLDT). Hastings Holdings, Inc., a unit of PLDT Beneficial Trust Fund subsidiary MediaQuest Holdings, Inc., has a majority stake in *BusinessWorld*.

<http://www.bworldonline.com/content.php?section=Corporate&title=maynilad-seeks-mwss-nod-for-staggered-rate-hike&id=100557>