



ORTIGAS AVENUE, PASIG CITY
0300 PHILIPPINES

March 21, 2019

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Gentlemen:

We reply to your letter dated March 21, 2019 (received thru EDGE Submission System at 9:12 a.m. today) requiring us to clarify and/or confirm the information contained in the news article entitled “Meralco still battling for P49-B capex approval” posted in Manila Bulletin (Internet Edition) on March 20, 2019. The article reported in part that:

“With its rolling capital expenditures (capex) just securing partial regulatory approval for P24.2 billion, power utility giant Manila Electric Company (Meralco) said it will continually hope for go-signal on the P48.4 billion balance of the capital spending it applied for.

Meralco said it sought total capex of P73 billion on its regulatory period which will wind up June this year – yet only P24.2 billion had been approved so far.

....

Further, the utility firm manifested its need for emergency capex of P10 billion ‘for projects that need immediate implementation’ – that as an interim arrangement while awaiting the approval of the Energy Regulatory Commission.



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The company similarly sought capex requirements for its Clark Electric Distribution Corporation (CEDC) in the amount of P1.7 billion – capital spending that is still part of that utility firm's third regulatory reset under performance based-rate setting of the deregulated power sector. . . .

For CEDC, it also pleaded to the ERC for its emergency capex requirement of P198.5 million – of which P164.7 million of that programmed spending had already been completed.

Meralco explained its need for increased capex was driven by continuing expansion on customer count and load growth – a hike in demand propelled also by the 'Build, Build, Build' development platform of the Duterte administration.

. . . ."

With reference to the said news article, we would like to confirm the statements contained therein with the clarification that the enumerated balance of the CAPEX amount is still pending for approval of the Energy Regulatory Commission.

We trust that you will find the foregoing clarification in order.

Very truly yours,

WILLIAM S. PAMINTUAN
First Vice President
Assistant Corporate Secretary &
Information Disclosure Officer