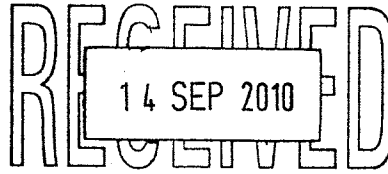


LANAO POWER CONSUMERS FEDERATION (LAPOCOF)

GAD Center, Barangay Hall, Bagong Silang, Iligan City, Philippines

Tel nos: (063) 221-5252; Mobile: 0922-817-6218

ASIAN DEVELOPMENT BANK



OFFICE OF THE
SPECIAL PROJECT FACILITATOR

August 22, 2010

MR. ROBERT C. MAY

Office of the Special Project Facilitator
Asian Development Bank (ADB)
ADB Avenue, Mandaluyong City, Metro Manila

Dear Mr. May,

We, the Lanao Power Consumers Federation (LAPOCOF), a multi-sectoral alliance of various civil society organizations and individuals organized for the protection of consumers mainly on basic services such as water and power, submit this complaint to the Special Project Facilitator on behalf of the inhabitants of Iligan City and Lanao del Norte whose names, addresses and signatures appear below. An authorization letter is attached.

I. We file this complaint on the basis of our present and future situation of being directly affected materially and adversely by the ADB-funded Power Sector Restructuring Program (PSRP) in the Philippines with Project No. PHI-31216-01 Loan No. 1662-PHI amounting to US\$300 million payable in 15 years. The project pushed for the restructuring of our electricity sector that resulted to the passage of the Electric Power Industry Reform Act (EPIRA) in 2001 and the privatization of the Transmission Corporation in 2006, now named as National Grid Corporation of the Philippines (NGCP), through the \$450M Power Sector Development Program or PDSP Loan No. 37732-01.

To us, ordinary people living in poverty, **EPIRA's vision of providing affordable electricity rates and adequate power supply** was indeed an inspiring promise to our developing country. But in more than nine years of radical restructuring with EPIRA, we are agonizing from the drastic steep rounds of increases in our country's electricity rates. As inhabitants of Iligan City, and Lanao del Norte we are burdened with a 140% increase in our electricity rates. From 3.2057/kWh in 2001 to 7.6000/kWh in June 2010. Power outages have also worsened in recent years which did not exempt us in spite of our communities being host to the source of the Agus hydro-electric plants.

At present, 25% and even more of our income goes to paying electric bills which exacerbated our poverty. Aside from the drastic rate increases, businesses in our locality is suffering from the great impact of the power outages with huge losses forcing these establishments to downsize business operations with reduced work hours and or retrenchment. Some of us have to make do with reduced income but worse, some of us have lost our jobs which further aggravated our destitute situation. Also, prices of basic goods and commodities have shoot up adding to the dire strait we are in. For instance before EPIRA, we can buy sardines at 6 to 8 pesos a small can. Now the same can is 17 to 20 pesos each which the canning factories say is because their production cost went up mainly because of high electricity rate.

We believe that our suffering will be compounded by additional rounds of power rate increases with PSDP 37732 – 02, the 2nd Phase for release by 2011 and PSDP 37732 – 03 the 3rd phase for release by 2012 as these phases will mean further rounds of privatization by PSALM.

II. We heard from the radio and TV and seen posters that there is this United Nations Millennium Development Goals (MDG). We understand that this MDG is supposed to reduce poverty by one half and a lot of other rosy scenario to improve our lot by 2015. But the sudden high electricity rates resulting from the ADB loan for power reform in our country increased poverty in our midst and the projected targets in the UN MDG posters are rosy pictures which cannot possibly be attained.

It was explained to us that the UN Millennium Project's Energy Services for MDG study states that ***“While there is no MDG on energy, access to energy services, especially by poor people and communities, is essential to reaching all of the MDGs. More and better energy services are needed to end poverty, hunger, educational disparity between boys and girls, the marginalization of women, major disease and health service deficits, as well as environmental degradation.”***

Instead of ending poverty, we here in Iligan and Lanao del Norte lament on how increasing electricity rates worsened our poor living conditions as follows;

- a. Pawning jewelry and personal items to pay for electric bill and increasing cost of commodities,
- b. Resorting to loan sharks to make ends meet because electricity bill has to be prioritized and to be able to cover increase of prices of goods and services,
- c. Worse is the need to reduce the quantity and quality of food on the table which is said to lead to malnutrition,
- d. Selling appliances to avoid high electricity rate and use proceeds to pay for electric bill and increasing cost of living.

In terms of education, with our income not improving hand in hand with the rising electricity cost;

- a. Some of us are compelled to have our children stop from schooling to reduce expense for fare, school lunch food and school supplies and needs,
- b. Sending children to college is out of the question,
- c. Our children having to go to school with little food in their stomach resulting to low performance from poor *retention, comprehension and achievement*,
- d. Some of us have to transfer our children from private schools to public schools.

We women folk are marginalized with this high electricity rates such as;

- a. Mothers are forced to leave their children in search of odd jobs in other places to augment income,
- b. Women have to engage in other activities to support their families, spending lesser quality time with their children,
- c. More and more women are reported to have engaged in cyber sex activities just to earn additional income,
- d. The sale of household appliances or avoidance using these to lessen power need, such as washing machine, flat iron, water pump, rice cooker increased the burden of housework.

The ADB power reform is not also helping in health care and prevention of diseases;

- a. Cutting-down on maintenance of medicine for hypertension, diabetes etc. to pay for the electricity bill,
- b. Medical supplements and vitamins for children and the elderly were stopped,
- c. Children deprived of milk as young as less than a year old to give priority to the electric bill,
- d. Delay in seeking medical attention resulting in exacerbation of medical condition since the electric bill has to be paid first.

Our environment is also absorbing the impact of the increasing power rates. More and more of us are using wood and charcoal fuel for cooking that resulted to widespread cutting of trees and charcoal making.

The Millennium Development Goals are consistent in its target on energy such as:

- Ensure reliable access to electricity to all in the urban and peri-urban areas.

With the consistently increasing rates of power and electricity, our local government units, especially at the barangay levels have difficulty in supporting the cost of maintaining street lighting making many of our streets dark and unsafe especially for the youth, children and

women. Crimes have been reported to happen in these dark places both in urban and rural areas.

- Provide access to modern energy services (in form of mechanical power using electricity) for rural communities.

Some of us farmers sustained losses in our farm produce especially now that it is rainy season since mechanization of farm operation is made difficult with the high cost of power and electricity for our mechanical dryer services which is rendered expensive. With the extreme weather condition due to climate change, more heavy rains are expected. Without mechanical dryer more losses are expected.

Social enterprise initiative of some of us copra dependent farmers to augment our income is the processing of coconut husk to coir. But due to high electricity rate, our production is on and off depending upon our ability to save money to pay for the electric bill.

III. We seek the following outcome and remedies through the help of the Special Project Facilitator;

a) Review of the Power Sector Restructuring Program and Power Sector Development Program Phase 1 (37732-01). The lessons learnt be used in the planning and rationale of proceeding with the upcoming Phases 2 (37732-02) and 3 (37732-03) which we believe are for the privatization of the Agus Pulangui Hydroelectric Complexes and other generating assets of NPC, which we vehemently opposed,

b) We consumers would want to participate in ADB's comprehensive review of the Philippines' power restructuring program. It is heartening to note that ADB is taking stock of its progress and lessons learnt in the power reforms in the Philippines with, **note**, an objective review of the impact of reforms on us consumers.

But how can the review for consumer welfare and protection be objective if surveys and consultations are not conducted for a fact based reporting with emphasis on the impact of increasing price of power on;

- (i.) cost of basic goods and commodities which add to people having less or no food on the table leading to malnutrition for the children,
- (ii). education which has to be sacrificed to give priority to electricity need,
- (iii) adverse effects on health with medical attention and need relegated to the background,
- (iv) marginalization of women,
- (v) unsafe communities especially at night due to poor lighting,
- (vi) reduction of farm produce for the market,

c) The review should also establish the effect on businesses with downsizing resulting to reduced income and loss of jobs of the workforce. Also the effect on investment profitability which discourages investors to set up plants that would generate jobs,

d) Based on the review of b) and c) we ask ADB for technical assistance in the form of grants to amend the EPIRA with the aim of reducing the cost of electricity,

f) Education of the community with regards to the The Magna Carta for Electricity Consumers which will empower consumers. Only a negligible portion of the community knows about this. For the few who have knowledge about this, the far distant ERC is difficult to access and reach since ERC is understaffed and underfunded.

e) Technical assistance and financial support of local communities in the establishments of renewable energy generating plants such as Mini Hydros that will harness our rich water system here in Mindanao.

The advocacy of the Nobel Prize winner for economics for 2009, Ostrom, was discussed to us. She said that common resources can be managed successfully by the people who use them, rather than by governments or private companies. Institutions have ignored what citizens can do and the importance of real involvement of the people concerned versus just having somebody make a rule for them. Ostroms work challenged conventional wisdom, showing that common resources can be successfully managed without privatization or government regulation.

IV. We have previously made a good faith effort to address our problems with the ADB operations department concerned in the following manner;

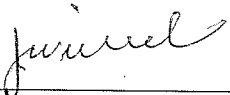
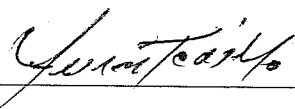
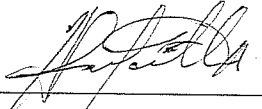

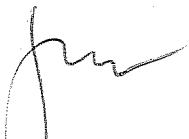
1. LAPOCOF sent a letter to ADB on April 8, 2010 addressed to Mr. Kunio Senga with Copies furnished to Mr. Yongping Zhai, Mr. Neeraj Jain and Mr Robert May
2. Response from Mr. Kunio Senga on April 15, 2010
3. LAPOCOF responded on June 8, 2010
4. Mr. Yongping Zhai sent an e'mail dated June 21, 2010
5. Another letter from LAPOCOF dated August 22, 2010 addressed to Mr. Kunio Senga, Mr. Anthony Jude, Mr. Neeraj Jain, Mr. Yongping Zhai and Mr. Robert May.


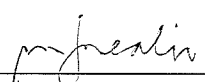
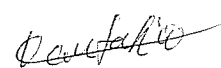
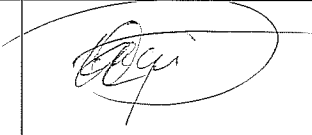
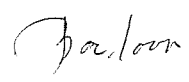
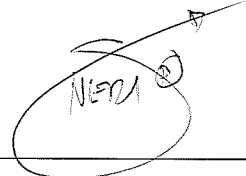
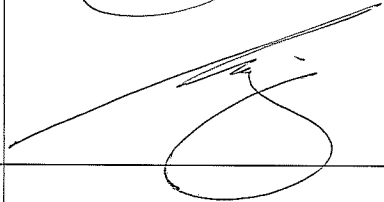
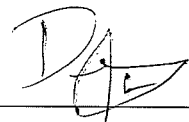
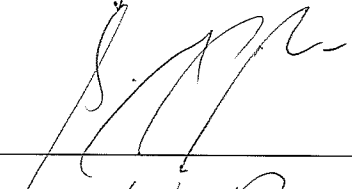
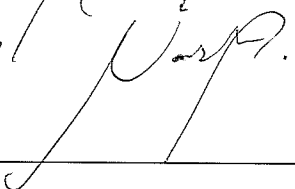

V. We submit the following supporting documents;


1. Authorization Letter from the complainants
2. Copy of LAPOCOF registration with the Securities and Exchange Commission Dated October 18, 2001 and accreditation from the Iligan City Sangguniang Panlungsud dated September 5, 2003.
3. Communications to and from ADB
4. Electric Bills of a consumer of Iligan Light and Power, Inc

VI. We authorize the Special Project Facilitator to publicly release the information in this complaint.

VII. We do not request that our identities be kept confidential.

NAMES	ADDRESSES	SIGNATURES
JOSE L. VILLAREAL	LINAMON, LANAO NORTE	
JOSE T. FUENTE VILLA	UNANON, LANAO NORTE	
ALBERTO T. FUENTE VILLA	UNANON, LANAO NORTE	
RENATO F. ABREU	PALA-O, ILIGAN CITY	
Juanito C. Enriquez, Jr.	CSO-FP, Iligan City	

NAMES	ADDRESSES	SIGNATURES
MERCEDES M. FLORES	P-7 PALAO ILIGAN CITY	
Marilon M. Realis	P-7 Palao I.C.	
Carmelita H. Antafico	P-7 Palao I.C.	
Exposito Dagpin	P-7 Palao I.C.	
Netzi D. Bae-loan	P-7 Palao I.C.	
NERI DAGPIN	P# 7 PALAO I.C.	
MARLITO C. MBRUNGUZ	P# 7 PALAO, I.C.	
LEON ORONG	Palipuga I.C.	
ALIKAMAN R. WAA	Del Carmín ILIGAN CITY	
NASSER DUMAGAY	ERLINDAVILL, ILIGAN CITY	
Angelita P. Estrella	Poblacion, Kanemogan lanas del Norte	

NAMES	ADDRESSES	SIGNATURES
REGINA S. ANTEQUISA	#00 B19 C34 STEEL TOWN, ILIGAN CITY	
Alia E. Casas	Punk Mababag Tubod, Iligan City	
JOCELYN A. DACALDO	DPR Subdivision Dalipuga Iligan City	
Vicente C. Desisto Jr.	Tubod, Kauswagan Lanao del Norte	
Jordyn Rautrant	Mohan. Kauswagan Lanao del Norte	
GEL MICHAEL MALACASTE	Pob. KAUSWAGAN, LDN	
Myrna Campanon	Kauswagan L.D.N	
Mauricio Meyrate	Kauswagan L.D.N	
Hon. Seman Tecson Brgy. Kagawad	Brgy. Probocan Cinarom L.D.N	
Kerrie Joy Ozarraga	Kauswagan Lanao del Norte	
Jasie Attardo	Tubod, Kauswagan L.D.N	

NAMES	ADDRESSES	SIGNATURES
Loida L. Aquino	Tamb K-L-D-N	
Jean B. Leffe	Tamb K-L-D-N	
Nancy L. Libran	Kawong	
Philippa Malasala	Kawong L-D-N	Philippa
Claudia Masley	Kawong L-D-N	
Jewel Mendez	Kawong L-D-N	
Lolita Sorzano	Tamb K-L-D-N	Lolita
Antonietta Padilla	Tamb K-L-D-N	
ELISA LONOL	Tamb K-L-D-N	El. Conal.
Linda Larina	Jacob Kawong	