ON UNDULY HIGH PRICES OF BASIC NECESSITIES AND PREVENTABLE BUT NOT PREVENTED GOVERNMENT CORRUPTION:

IN THE PAST, WE HAD THE SOLUTIONS, BUT PUBLIC OFFICIALS WHO SHOULD HAVE IMPLEMENTED THEM DID NOT—DESPITE REPEATED REQUESTS TO THEM

APPENDIX

SELECT PRIOR YEARS' LETTERS AND POSITION PAPERS ON IMPERATIVE REFORMS TOWARD REDUCED PRICES OF BASIC NECESSITIES, PROGRESSIVE TAXATION, AND REINED IN CORRUPTION IN GOVERNMENT TRANSACTIONS—WITHOUT PROPER ACTION

For: President RODRIGO DUTERTE

Subject: Recommended solutions to economic inequality presented in the book *Inequality: Economic Tyranny*

Under Section 1, Article II of our Constitution, sovereignty resides in the people and all government authority emanates from them. As part of the sovereign people, I hereby endorse to your Office, for appropriate action, the enclosed book *Inequality: Economic Tyranny* that presents the elusive solutions to economic inequality. The coming out of this book was announced through newspapers and social media.

Economic inequality is caused by major problems treated in the book. As the government is not properly addressing those problems, I tried to help by doing the difficult and tedious task of presenting in the book the triggers and solutions to economic inequality.

With the difficult task already done for the government, I respectfully request the Office of the President to have government technical experts serve the people and earn their keep by doing the easy work of going over each chapter of the book and listing down the solutions to problems found in the entire book—then have the implementation of solutions assigned to the respective government agencies having jurisdiction over them. These efforts have to be exerted, otherwise, the inequality problem will persist. Among the crucial solutions are the Anti-Corruption Czar against rampant corruption and the enforcement of the Supreme Court-ruled 12% reasonable return limit on public utilities.

If the technical experts or other government officials think that I am wrong on some of my suggestions, I request that I be informed of their reasons so I can present the necessary clarifications or elaboration.

Kindly have your Office advise me through email of the action taken on my request. I trust that when I write the Epilogue of the book for its reprint early next year, I can write the fruitful results of your action.

MARCELO L. TECSON
A CPA and Concerned Citizen

Email: martecson@yahoo.com
San Miguel, Bulacan
March 1, 2021

Cc: Select executive and legislative government officials
Select members of media, civil society groups, etc.

For: Senate President VICENTE SOTTO III

Subject: Recommended solutions to economic inequality presented in the book *Inequality: Economic Tyranny*

Under Section 1, Article II of our Constitution, sovereignty resides in the people and all government authority emanates from them. As part of the sovereign people, I hereby endorse to your Office, for appropriate action, the enclosed book *Inequality: Economic Tyranny* that presents the elusive solutions to economic inequality. The coming out of this book was announced through newspapers and social media.

Economic inequality is caused by major problems treated in the book. As the government is not properly addressing those problems, I tried to help by doing the difficult and tedious task of presenting in the book the triggers and solutions to economic inequality.

With the difficult task already done for the government, I respectfully request your Office to have the Senate technical experts serve the people and earn their keep by doing the relatively easy work of going over each chapter of the book and listing down the solutions to problems found in the entire book that need legislation—then have each needed legislation referred for appropriate action to the Senate Committee that has jurisdiction over it. These efforts have to be exerted, otherwise, the inequality problem will persist. Among the needed legislations are the overhaul of EPIRA (RA 9136) and use of ROE for profit-rate limit instead of erroneous RORB under RA 6234.

If the technical experts or other government officials think that I am wrong on some of my suggestions, I request that I be informed of their reasons so I can present the necessary clarifications or elaboration.

Kindly have your Office advise me through email of the action taken on my request. I trust that when I write the Epilogue of the book for its reprint early next year, I can write the fruitful results of your action.

MARCELO L. TECSON
A CPA and Concerned Citizen
Email: martecson@yahoo.com
San Miguel, Bulacan
March 1, 2021

Cc: Select executive and legislative government officials
Select members of media, civil society groups, etc.

For: Senator SHERWIN GATCHALIAN
Chairman, Senate Committee on energy

Subject: Recommended solutions to energy-sector problems presented in the book *Inequality: Economic Tyranny*

Under Section 1, Article II of our Constitution, sovereignty resides in the people and all government authority emanates from them. As part of the sovereign people, I hereby endorse to your Office, for proper action, the enclosed book *Inequality: Economic Tyranny* that presents solutions to some major problems in the energy sector. The coming out of this book was announced through newspapers and social media.

As the government has failed to solve our problems of recurring power supply disruptions, second highest power rates in the region, huge oil smuggling losses, and oil industry deregulation that produced higher—not lower—oil prices, I tried to help by doing the difficult and tedious task of presenting in the book the key problems and solutions in the energy sector that hurt the poor. The problems and solutions are shown in Chapters 5 to 13, 15, and 17 of the book.

With key energy-sector problems and solutions already identified in the book, I respectfully request your Office to have your technical experts serve the people and earn their keep by doing the relatively easy work of going over each of the foregoing chapters of the book and listing down the solutions to problems found in them—for your initiation of legislation and system reforms where needed. These efforts have to be exerted, otherwise, existing problems will persist. Among the needed legislations are the overhaul of EPIRA (RA 9136) and use of ROE for Meralco profit-rate limit instead of erroneous RORB under RA 6234. If technical experts or other government officials would think that I am wrong on some of my suggestions, I request that I be informed of their reasons so I can present the necessary clarifications or elaboration.

Kindly have your Office advise me through email of the action taken on my request. I trust that when I write the Epilogue of the book for its reprint early next year, I can write the fruitful results of your action.

MARCELO L. TECSON
A CPA and Concerned Citizen

Email: martecson@yahoo.com
San Miguel, Bulacan
March 1, 2021[3]

Cc: Select executive and legislative government officials
Select members of media, civil society groups, etc.

For: House Speaker LORD ALLAN VELASCO

Subject: Recommended solutions to economic inequality presented in the book *Inequality: Economic Tyranny*

Under Section 1, Article II of our Constitution, sovereignty resides in the people and all government authority emanates from them. As part of the sovereign people, I hereby endorse to your Office, for appropriate action, the enclosed book *Inequality: Economic Tyranny* that presents the elusive solutions to economic inequality. The coming out of this book was announced through newspapers and social media.

Economic inequality is caused by major problems treated in the book. As the government is not properly addressing those problems, I tried to help by doing the difficult and tedious task of presenting in the book the triggers and solutions to economic inequality.

With the difficult task already done for the government, I respectfully request your Office to have the House technical experts serve the people and earn their keep by doing the relatively easy work of going over each chapter of the book and listing down the solutions to problems found in the entire book that need legislation—then have each needed legislation referred for appropriate action to the House Committee that has jurisdiction over it. These efforts have to be exerted, otherwise, the inequality problem will persist. Among the needed legislations are the overhaul of EPIRA (RA 9136) and use of ROE for profit-rate limit instead of erroneous RORB under RA 6234.

If the technical experts or other government officials think that I am wrong on some of my suggestions, I request that I be informed of their reasons so I can present the necessary clarifications or elaboration.

Kindly have your Office advise me through email of the action taken on my request. I trust that when I write the Epilogue of the book for its reprint early next year, I can write the fruitful results of your action.

MARCELO L. TECSON
A CPA and Concerned Citizen
Email: martecson@yahoo.com
San Miguel, Bulacan
March 1, 2021

Cc: Select executive and legislative government officials
Select members of media, civil society groups, etc.

For: Justice Secretary MENARDO GUEVARRA

Subject: Requested action on irregularities presented in the book *Inequality: Economic Tyranny*

Under Section 1, Article II of our Constitution, sovereignty resides in the people and all government authority emanates from them. As part of the sovereign people, I hereby endorse to your Office, for appropriate action, the enclosed book *Inequality: Economic Tyranny* that presents some apparent irregularities in governance. The coming out of this book was announced through newspapers and social media.

The propounded irregularities in governance—in the form of unlawful acts of omission and commission that produced inequality and injustice to many Filipinos—include (but are not limited to) those treated in the following chapters of the book:

1. **Chapters 10 to 13 on the power industry.**
2. **Chapter 14 on the water industry.**
3. **Chapter 18 on the tollway industry.**
4. **Chapters 21 to 23 on martial law corruption, PCGG, and Supreme Court decisions that coddle corrupt government officials.**

The apparent irregular acts of omission and commission in the foregoing chapters consist, among other things, of breaches of the Supreme Court-ruled 12% reasonable return limit on public utilities like Meralco and water monopolies, lack of proper bidding in the privatization of government assets/operations, double billing and overpricing, major defects or illegalities in the provisions and implementation of the MWSS water concession contracts, and PCGG's stubborn refusal to follow the expeditious tax-evasion method in recovering martial law ill-gotten or untaxed wealth without giving justifiable reasons for such refusal. These apparent irregularities fall under the jurisdiction of your Office, hence I earnestly request your prompt and appropriate action on them.

Kindly have your Office advise me through email of the action taken on my request. I trust that when I write the Epilogue of the book for its reprint early next year, I can write the fruitful results of your action.

MARCELO L. TECSON
A CPA and Concerned Citizen
Email: martecson@yahoo.com
San Miguel, Bulacan
March 1, 2021

Cc: Select executive and legislative government officials
Select members of media, civil society groups, etc.

Issued to President RODRIGO DUTERTE and
COA Chairman MICHAEL AGUINALDO in 2018:

HOW TO PREVENT CORRUPTION IN GOVERNMENT

PROBLEM: INACTION OF HIGHEST OFFICIALS AS ROOT OF CORRUPTION

1. Former Presidents or Heads of State, despite repeated recommendation to them, did not wage half of the needed anti-corruption war, they did PUNITIVE—no PREVENTIVE—actions; neither did they have an ANTI-CORRUPTION CZAR.

2. Past Chairpersons of the Commission on Audit (COA), despite our warnings against total lack of COA PRE-AUDIT, totally abolished the one and only one kind of COA audit that can detect and prevent corruption before consummation: selective COA PRE-AUDIT. They maintained 100% COA POST AUDIT, which cannot prevent corruption for the simply ridiculous reason that, under it, COA auditors have to do nothing while corruption is being committed. They have to WAIT first for PAYMENT or CONSUMMATION of anomalous transactions before conducting their COA POST AUDIT!

THE SOLUTION THEN TO CORRUPTION RESTS ON

Present President RODRIGO DUTERTE and COA Chairman MICHAEL AGUINALDO—because they are the indispensable anti-corruption CHAMPIONS who have the power to institute corruption PREVENTION measures that can lick corruption.

MARCELO L. TECSON
A CPA and Concerned Citizen
Former Controller, Petron Corporation
Former Head of Internal Audit Dept.
Ex Chief Accountant audited by COA
Former External Auditor
Email: martecson@yahoo.com

RODOLFO JAVELLANA, JR.
President
United Filipino Consumers
and Commuters (UFCC)
32 Valiant St., Fairview, QC
Email: saveearth_20@yahoo.com
Mobile: 0928 657 5329

For: COA Chairman MICHAEL AGUINALDO

Subject: Recommended waging of all-out anti-corruption war presented in the book *Inequality: Economic Tyranny*

Under Section 1, Article II of our Constitution, sovereignty resides in the people and all government authority emanates from them. As part of the sovereign people, I endorse to your Office, for appropriate action, the enclosed book *Inequality: Economic Tyranny* that presents the elusive solutions to economic inequality. The solutions include waging of an all-out anti-corruption war for the preservation and judicious use of public funds in addressing inequality. The coming out of the book was announced in newspapers and social media.

In the entire Philippines, there are two persons who can minimize corruption: first, the COA Chairman, and, second, the country's President. If these two officials would not do their anti-corruption functions as defined in the book, no amount of effort by other Filipinos would succeed against corruption in government.

If the COA Chairman will properly do his job, COA alone can minimize government corruption. On the other hand, if the COA Chairman would not do his job, the President can still minimize corruption by asking Congress to shift part of COA's budget to a new Executive Branch office that will do the corruption-prevention function—selective pre-audit of corruption-prone big-time transactions—that COA has refused to do despite my repeated letters to the COA Chairman, as exemplified by EXHIBIT A (with June 1, 2018 transmittal letter and attachments) stamped RECEIVED on September 25, 2018 by the Offices of the COA Chairman and COA Commissioners.

I respectfully request COA to restore selective COA pre-audit and perform its other suggested roles under Chapter 20 of the book, as well as conduct follow-through management (or performance or operational) audit of problems and solutions in Chapters 8 to 22.

Kindly advise me through email of the action taken on my request.

MARCELO L. TECSON
A CPA and Concerned Citizen
Email: martecson@yahoo.com
Bonifacio Global City and
San Miguel, Bulacan
March 9, 2021

Cc: Select executive and legislative government officials
Select members of media, civil society groups, etc.

For: COA Commissioner ROLAND PONDOC

Subject: Recommended waging of all-out anti-corruption war presented in the book *Inequality: Economic Tyranny*

Under Section 1, Article II of our Constitution, sovereignty resides in the people and all government authority emanates from them. As part of the sovereign people, I endorse to your Office, for appropriate action, the enclosed book *Inequality: Economic Tyranny* that presents the elusive solutions to economic inequality. The solutions include waging of an all-out anti-corruption war for the preservation and judicious use of public funds in addressing inequality. The coming out of the book was announced in newspapers and social media.

In the entire Philippines, the Commission on Audit and the Office of the President are the two offices that can minimize corruption. If these two offices would not do their anti-corruption functions as defined in the book, no amount of effort by other Filipinos would succeed against corruption in government.

If COA will properly do its job, it alone can minimize government corruption. On the other hand, if COA would not do its job, the Office of the President can still minimize corruption by asking Congress to shift part of COA's budget to a new Executive Branch office that will do the corruption-prevention function—selective pre-audit of corruption-prone big-time transactions—that COA has refused to do despite my repeated letters to the COA Chairman, as exemplified by EXHIBIT A (with June 1, 2018 transmittal letter and attachments) stamped RECEIVED on September 25, 2018 by the Offices of the COA Chairman and COA Commissioners.

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Email: martecson@yahoo.com
Bonifacio Global City and
San Miguel, Bulacan
March 9, 2021

Cc: Select executive and legislative government officials
Select members of media, civil society groups, etc.

TRANSMITTAL LETTER

For: President RODRIGO DUTERTE **Date: June 1, 2018**
COA Chairman MICHAEL AGUINALDO

Subject: Recommended doable solutions to corruption that make minimizing it a matter of wanting to do it—therefore there is no excuse for not doing it

We respectfully write to you in your capacity as the highest government officials in your respective offices, who are in the two and only two unique positions that can serve as indispensable ANTI-CORRUPTION CHAMPIONS, who have the power to make things happen in the needed all-out anti-corruption war. As such, you can be the unwitting root of corruption through inaction, or the solution to it through action.

Enclosed for your appropriate action is our position paper on the subject

How to Prevent Big-time Corruption in Government.

It treats at length of doable solutions that makes minimizing usual big-time corruption in government a matter of wanting to do it—so I implore you to do it for the sake of the masses long suffering from the evil impact of corruption. This paper presents to you the needed opportunity to translate your fighting words against corruption into concrete action.

EXECUTIVE SUMMARY:
HOW TO PREVENT BIG-TIME CORRUPTION IN GOVERNMENT

1. **Magnitude of Corruption** **(Reference: page 4 of cited paper)**

Over the years, we suffered shocking corruption after corruption, losses from which could have been used instead in vital public services, economic development, and poverty alleviation.

a. **According to World Bank in 1999, we lost $48 BILLION to corruption over the last 20 years;**

b. **According to Ombudsman Merceditas Gutierrez in 2005, we lost at least P1.3 TRILLION from fraudulent practices in government from 2001-2005;**

c. **According to the Commission on Audit (COA) in 2012, we lost P101.82 BILLION through misuse of state funds and assets during the later years, mostly in 2007-2009, of President Gloria Arroyo's term.**

d. **We suffered huge loss in public funds from the notorious P10-BILLION pork barrel scam, started before President Benigno Aquino's time and continued during his watch. It is alleged that this is just a small part of the much bigger scam in Priority Assistance Development Fund (PDAF).**

2. Why the Government Cannot Lick Corruption (Ref: p. 5)

The government cannot lick corruption because, owing to lack of internal-control-specialist Anti-Corruption Czar, who should ensure that what it takes to stop corruption is being done, half of the imperative anti-corruption war has not been waged at all.

- **One of two types of corruption is overlooked: focus was on graft in revenue collections, none on fraud in disbursements of national and local government units' multi-trillion-peso annual budget, the funding source of big-time corruption in government procurement of goods, services, and infrastructure projects.**
- **One of two modes of fighting corruption is not employed: thrust is on punitive system, no real effort on preventive aspect.**
- **One of two anti-corruption weapons is intentionally held back: the Commission on Audit does 100% post audit, it cast aside selective pre-audit.**

3. The Root of Corruption (Ref: pp. 14-16)

To lick corruption, we have to address not just the problem but also its root, because the problem is just a symptom of its root. Unless the root is uprooted, the symptom will recur.

If we are after failure of system or WHAT is the major defect in existing anti-corruption system that serves as proximate cause of corruption in government, lack of adequate internal control is the root of corruption.

However, if we are after failure of men or WHO were responsible for failure to prevent media-reported past rampant corruption in government, I refer to our past PRESIDENTS and COA CHAIRMEN as the responsible highest government officials, whose lack of proper action on the corruption problem served as the root—or first and foremost origin—of past staggering corruption in government.

The Capsulized Root of Corruption

The combined causes as root of corruption:

The root of corruption is failure in leadership to address lack of effective internal control that creates irresistibly tempting opportunity for corruption.

4. Why Selective COA PRE-AUDIT has to be Restored as a Solution to Corruption: Despite Known Audit Procedures Against Usual Modes of Corruption, Anomalies in Big-Ticket Procurement Contracts were Not Prevented Due to COA's Pursuit of 100% Post Audit and Total Abolition of Selective Pre-Audit (Ref: pp. 25-40)

The orchestrators of the notorious P728-million fertilizer scam during President Gloria Arroyo's time did not resort to any ingenious or sophisticated corruption scheme, therefore the scam was readily detectable and preventable prior to execution. Selective COA PRE-AUDIT can detect and prevent impending cases of big-time corruption, through ready-made preventive audit procedures against the modes of corruption employed by grafters. These audit procedures were studied in college by CPAs as audit professional.

a. DIVERSION OF FUNDS, which could have been easily discovered in pre-audit through COA's checking—before fund disbursement—if the intended fund utilization was in line with the legal purpose of the funding source. For instance, cities that allegedly received fertilizer assistance did not legally deserve to receive it—because they do not have any agricultural land. Use of fertilizer-assistance budget for other purposes is similarly not allowed.

b. GROSS OVERPRICING, which could have been avoided in pre-audit through COA's strict enforcement of compliance to required public bidding before purchase of fertilizer, as well as through COA's own price canvassing or checking in the open market before payment.

c. GHOST DELIVERIES, which could have been detected in pre-audit, with the scam prevented, through COA's physical inspection of supposedly delivered fertilizer prior to payment.

d. ADULTERATION OF LIQUID FERTILIZER, reportedly mixed with as much as 90% water, which could have been discovered through the long required test or analysis of purchased articles properly subject to such quality control—because their quality could not be determined through the naked eye—as in the case of these high-amount purchases.

Resident COA auditors were there in the Department of Agriculture during the unhampered execution of the fertilizer scam. Likewise, there were off-the-shelf or ready-made preventive AUDIT PROCEDURES or SOLUTIONS for the easy detection and prevention of the unsophisticated modes of corruption employed.

However, through their mandated 100% COA post audit, past COA commissioners foolishly postponed and held back COA audit while corruption was still in progress, and ridiculously had COA auditors wait first until payment of transactions before allowing COA audit—a pure and simple case of audit malpractice and waste of unused human resource in COA.

Comparison of 100% COA post audit and selective COA pre-audit is presented in PART II of this paper. It shows the compelling need for selective COA pre-audit for large-amount transactions most susceptible to corruption and post audit for other transactions.

5. **Why an Anti-Corruption Czar, as the President's Implementing Arm Against Corruption, has to Serve as a Solution to Corruption: he has to do Preventive Anti-Corruption Functions that Should be Done But are Currently Not Being Done—Because a Competent Internal-Control Professional Who Knows What Should be Done is Heretofore Not Tapped by the President** (Ref: pp. 50-54)

As COA is an independent constitutional body, the President has to designate a separate anti-corruption czar for fraud prevention who will coordinate with executive and legislative officials, COA, and Office of the Ombudsman on the needed waging of an all-out anti-corruption war, which has not been done at this late date. As guide, the Czar has to prepare a comprehensive and coherent anti-corruption roadmap.

At the start, based essentially on past COA audit reports, the Czar should conduct a review of vulnerabilities to corruption in the biggest-spender Executive Branch, determine the modes of big-time corruption reported by COA over the years, ascertain why these were not prevented by responsible executive officials, and what remedial measures were taken and not taken. He should determine all probable modes of corruption, formulate corresponding preventive solutions, and ensure that the solutions are in place. These are indispensable anti-corruption measures under the President's responsibility.

The cost of having an Anti-Corruption Czar as the President's anti-corruption arm will be recovered many times over from prevented multi-billion-peso corruption losses from his work.

6. **Why the Similarly Important COA MANAGEMENT AUDIT Should be a Concern of Both Executive Branch and COA Officials** (Ref: pp. 42-44, 64)

COA should conduct comprehensive, timely, and sustained management audit (also called operational or performance audit) as complement to other forms of COA audit. It will not only prevent the repetition of corruption not promptly detected in COA pre-audit or post audit, it will also determine compliance or non-compliance by audited government agencies and corporations to the all-important best management practices as performance standards of good governance (EXHIBIT A).

* * *

As the highest government officials who are in the unique and only positions to serve as indispensable ANTI-CORRUPTION CHAMPIONS, who have the power to initiate reforms for the recommended all-out anti-corruption war, you are respectfully urged to address the root of corruption through the following first and foremost measures:

- **For President RODRIGO DUTERTE:**
  Appoint an internal-control-expert Anti-Corruption Czar who, as the President's anti-corruption arm, will handle the preventive aspect of fighting corruption before it is committed. He will be the counterpart of the Presidential Anti-Corruption Commission, which is responsible for the punitive aspect or action after corruption is committed.

- **For COA Chairman MICHAEL AGUINALDO:**
  Restore selective COA pre-audit of high-amount government transactions most susceptible to corruption, as well as have COA undertake comprehensive, timely, and sustained management audit.

For your consideration.

MARCELO L. TECSON
A CPA and Concerned Citizen

Email: martecson@yahoo.com
San Miguel, Bulacan
June 1, 2018

WARNING AGAINST
INESCAPABLE CORRUPTION UNDER
ABOLITION OF COA PRE-AUDIT
AND COROLLARY REINSTITUTION OF
100% COA POST AUDIT

ALL EXECUTIVE, LEGISLATIVE, AND COA OFFICIALS SWEARING THAT 100% COA POST AUDIT IS RIGHT WILL NOT MAKE IT RIGHT;

ONLY ACTUAL RESULT—
PREVENTED BIG-TIME CORRUPTION
UNDER 100% COA POST AUDIT—
WILL PROVE IT RIGHT,

BUT THAT IS WISHFUL THINKING BECAUSE

100% COA POST AUDIT CANNOT PREVENT CORRUPTION,

FOR THE SIMPLY RIDICULOUS REASON THAT UNDER IT, COA AUDITORS HAVE TO WAIT FIRST FOR PAYMENT OR CONSUMMATION OF ANOMALOUS TRANSACTIONS BEFORE CONDUCTING THEIR AUDIT !!!

By

MARCELO L. TECSON
A CPA and Concerned Citizen

martecson@yahoo.com
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San Miguel, Bulacan
October 20, 2011

CA Body Recommends Confirmation of COA Chief

Kimberly Jane Tan/MRT/RSJ, GMA News
GMA NEWS Online
October 5, 2011 11:26 am

A Commission on Appointments (CA) panel on Wednesday recommended the confirmation of **Grace Pulido-Tan** as chairman of the Commission on Audit (COA). The CA committee on constitutional commissions... made the recommendation even after a certain **Marcelo Tecson** opposed the nomination of Tan.

Tecson, speaking during the CA hearing, said the COA can choose what kind of audit it will conduct but that it chose wrong when it decided to stop its pre-audit activities.

"As a CPA professional, I believe that pre-audit is a must," he said. "I have been writing (to) COA and (they) never responded to me. In fact — the present COA chairman — in July I personally transmitted to her the communication and I never received a reply," he added.

However, several CA members objected to hearing Tecson's opposition because it was not related to the fitness and qualifications of Tan as COA chair. "I think the complaint is absolutely without basis," said Camarines Sur Rep. Luis Villafuerte during the hearing. "It is very clear that this is a **policy issue**... the regular function of COA is post-audit," added Nueva Ecija Representative Rodolfo Antonino.

Senator Francis Escudero, for his part, suggested that COA just consider Tecson's sentiments as a recommendation to the agency.

EPILOGUE

TO THE CA CONFIRMATION HEARING:

From the COA Chairperson's WRONG Audit POLICY Stemmed WRONG COA Audit PRACTICES—That Failed to Prevent Even Easily Preventable Disgraceful-to-COA Continuing BIG-TIME CORRUPTION IN GOVERNEMNT

COA Chairperson Grace Pulido-Tan never answered my follow-up emails/letters on the restoration of selective COA pre-audit. COA maintained its 100% post-audit of government transactions. COA post-audit remains to this day.

RESULTS

Among other corruption cases, the notorious ₱10-BILLION pork barrel scam, repetitively committed over the years and exposed not by COA but by a whistleblower, with primitives modes of corruption easily preventable through simple COA price canvassing and physical inspection of ghost purchases in COA pre-audit, but not prevented under its 100% post-audit—becaue it was being ridiculously done too late after payment of anomalous transactions or after consummation of big-time corruption.

As expected, even easily preventable big-time corruption cases were not prevented. In COA Chair Pulido-Tan's time, the **₱10-BILLION** pork barrel scam flourished for years, exposed not by COA auditors but by whistle blower Benhur Luy. No COA auditors were implicated because they conducted post audit only after Benhur Luy's exposé, or years after the scam started—a case of COA's seeming criminal negligence.

Of course, if COA would say that it conducted post-audit earlier, then why did it keep quiet about the pork barrel scam? Certainly, it could have discovered it. Only the most incompetent auditors would not discover it. If it did discover it, was it induced to keep quiet, which is quite easy and convenient under the COA post-audit system? All COA had to do was profess that it did not conduct the post-audit, or pretend that it did not discover the scam in the post-audit conducted.

Thus, no COA auditors were convicted under the ₱10-BILLION pork barrel scam. This susceptibility to successful corruption under COA post-audit was what the laymen on auditing in the Commission on Appointments failed to consider in their confirmation of the COA Chairperson, who promptly abolished the existing selective COA pre-audit when she assumed the highest post in COA, my reason for opposing her confirmation.

Today, under 100% COA post-audit, the total government corruption loss is at the staggering rate of ₱700 BILLION per year, certainly not a badge of honor for the unsatisfactorily performing Commission on Audit.

WHY COA FAILED TO DISCOVER EARLY ENOUGH UNDER ITS 100% POST-AUDIT THE STAGGERING ₱10-BILLION PORK BARREL SCAM

Unlike in COA pre-audit where the audited government agencies are waiting for the prompt completion of COA pre-audit so that they could pay their contractors, under 100% COA post-audit, COA auditors can take their own sweet time in conducting the audit and no government agencies would complain

Why did COA reported the ₱10-BILLION pork barrel scam in SPECIAL POST AUDIT—after exposure by whistle blowers at that—why not in REGULAR POST AUDIT by its 7,000 resident COA auditors holding offices in various government offices nationwide during the years 2007, 2008, 2009, 2010, 2011, and 2012?

ANSWER: Unlike in COA pre-audit where audited government agencies would complain for any COA delays in pre-audit because of the consequent delays in consummation of transactions, under 100% COA post-audit, government agencies would not complain even if no audit was done because COA approval is not needed in the payment of transactions. With nobody complaining even if COA post-audit is quite delayed, and with COA Head Office without any SPECIAL MOBILE AUDIT GROUP (page 375 of my book) that monitors or reviews the performance of COA field auditors nationwide, COA post-audit could be delayed for years and COA would not be taken to task for it.

MARCELO L. TECSON

9-2-13, 11-30-13, 11-15-22, 11-30-22

For: President RODRIGO DUTERTE

MAJOR DEFECT OF TAX REFORM

WHAT ITS PROPONENTS CANNOT SEE

The major defect of the government's tax reform is not just in what is IN it—it will OVERTAX 'til it hurts the POOR — but more so in what is NOT in it: it will NOT similarly OVERTAX 'til it hurts the RICH, therefore it is PRO-RICH and discriminatory to the POOR!

IT IS A CLASSIC BUT SUBTLE PROMOTER AND PERPETUATOR OF GLOBALLY LAMENTED GROSS WEALTH AND INCOME INEQUALITY:

IT INCREASES THE WEALTH OF THE RICH AND WORSENS THE POVERTY OF THE POOR!

While it will reduce the income tax of the 30% income-taxpaying population, it will saturate the remaining 70% without jobs or enough income—who will not benefit from income tax reduction—with increased consumption taxes, which in effect "confiscate" their meager assets as tax component of resulting increased prices, or make them forego the now unaffordable consumption items, hence making their lives POORER and more miserable.

In stark contrast, it will not reduce at all the existing surplus wealth of the ultra RICH. They will be left a hefty 65% taxed income out of their huge annual earnings, after paying relatively low 35% top individual income tax rate, thereby perpetuating their annual increase in wealth that makes them RICHER with sustained luxurious lifestyle.

MARCELO L. TECSON
A CPA and Concerned Citizen

RODOLFO JAVELLANA, JR.
President, UFCC

JUST WHY ARE WE HELPLESS IN MINIMIZING THE GLOBALLY LAMENTED PROBLEM OF LACK OF INCLUSIVE GROWTH, GROSS WEALTH AND INCOME INEQUALITY, OR THE RICH GETTING RICHER AND THE POOR POORER?

IF THERE IS A PROBLEM, IT IS MAN-MADE— IT IS THE LACK OF POLITICAL WILL OF GOVERNMENTS IN INSTITUTING THE LEGAL, MORAL, EQUITABLE, AND EXPEDITIOUS WAY OF DOING IT:

PROGRESSIVE TAXATION

WHICH CHARGES THE RICH HIGHER TAX OR PREMIUM AS PRICE FOR THEIR GREATER WEALTH AND COMFORT UNDER GOVERNMENT PROTECTION—A CLASSIC CASE OF THE GREATER THE BENEFIT THE GREATER THE PAYMENT

We can wait 'til kingdom come but the RICH will not share their surplus wealth (some probably derived from their overpriced goods and services) to the POOR on a sustained basis. Thus, there is no alternative to having the RICH compulsorily do it through PROGRESSIVE TAXATION, which entails taking some more taxes from the abundant annual income of the RICH (but not from their existing wealth) and spending the increase in taxes for economic development and poverty reduction.

If the nation can sacrifice the one and only one priceless and irreplaceable LIFE of every Filipino SOLDIER for national interest, why can't it similarly sacrifice a dispensable part of the abundant, surplus, and replaceable multi-million-peso—or billion-peso—MONEY of the ultra RICH, through increased income taxation for the same national interest?

MARCELO L. TECSON
A CPA and Concerned Citizen

For: President RODRIGO DUTERTE

HOW TO REDUCE INFLATION:
CONTROL ITS CONTROLLABLE CAUSES

PRESENT RISING INFLATION IS NOT A PROBLEM OF TOTAL LACK OF SOLUTIONS, BUT A PROBLEM OF LACK OF GOVERNMENT OFFICIALS WHO WANT TO IMPLEMENT RECOMMENDED SOLUTIONS TO HIGH RATES OF POWER, WATER, AND OTHER VITAL PUBLIC SERVICES SUPPLIED BY RICH OLIGARCHS

IN ENCLOSED COMPENDIUM OF RECOMMENDED CONTROL OF CONTROLLABLE CAUSES OF INFLATION:

1. **HOW TO REDUCE INFLATIONARY CONSUMPTION TAXES** IMPOSED BY ENACTED TAX-REFORM LAW **TRAIN 1**

2. **HOW TO REDUCE CORPORATE INCOME TAX LOSS** UNDER PROPOSED **TRAIN 2** AND THEREBY AVOID MORE INFLATIONARY CONSUMPTION TAXES

3. **HOW TO REDUCE OIL PRICES:** PARTLY REPEAT OLD PRICING SYSTEM BY RESTORING PRO-CONSUMER FEATURES OF PAST OIL INDUSTRY REGULATION

IN SEPARATE COMPILATION OF POSITION PAPERS

HOW TO REDUCE HIGH POWER RATES

REDUCE UNDULY HIGH POWER RATES BY ENFORCING THE SUPREME-COURT RULED **12%** RATE-OF-RETURN LIMIT BREACHED BY MERALCO

REVERSE UNLAWFUL INCREASE IN MT. APO GEOTHERMAL POWER RATE IN **MINDANAO**, ROOTED FROM PRIVATIZATION WITH PUBLIC BIDDING RULES IN VIOLATION OF PROCUREMENT LAW (RA 9184)

HOW TO REDUCE HIGH WATER RATES

REDUCE UNCONSCIONABLY HIGH WATER RATES BY ENFORCING THE **12%** RATE-OF-RETURN CEILING MANDATED BY LAW, JURISPRUDENCE, AND MWSS CONCESSION CONTRACTS, VIOLATED BY WATER CONCESSIONAIRES

HOW TO REDUCE HIGH RICE PRICES

HOW TO REDUCE HIGH PPP PROJECT SERVICE RATES

MARCELO L. TECSON
A CPA and Concerned Citizen

RODOLFO JAVELLANA, JR.
President, UFCC

From: Marcelo Tecson <martecson@yahoo.com>
To: Pres. Rodrigo Duterte c/o PACE <pace_op@malacanang.gov.ph>;
Vice Pres. Rep. Leni Robredo <lenirobredo@gmail.com>;
Senate President Vicente Sotto III <os_sotto@yahoo.com>;
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Senator Win Gatchalian <email@wingatchalian.com>;
Senator Sonny Angara <sensonnyangara@yahoo.com>;
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Senator Joseph Victor Ejercito <jvejercito@me.com>;
Senator Loren Legarda <loren@lorenlegarda.com.ph>;
Senator Antonio Trillanes IV <senate.office.trillanes@gmail.com>; etc.
Sent: Monday, September 17, 2018, 4:32:00 PM GMT+8
Subject: 8th Email: HOW TO REDUCE OIL PRICES THROUGH RESTORING PRO-CONSUMER FEATURES OF PAST OIL INDUSTRY REGULATION (ABRIDGED)

HOW TO REDUCE OIL PRICES THROUGH RESTORING PRO-CONSUMER FEATURES OF PAST OIL INDUSTRY REGULATION

STATEMENT OF THE PROBLEM: THERE IS NO ALTERNATIVE TO GOVERNMENT INTERVENTION IN THE MODERATION OF BUSINESS GREED— THE PROBLEM IS LACK OF GOVERNMENT OFFICIALS WHO KNOW WHEN AND HOW TO REGULATE CRUCIAL MARKETS

As part of human nature and rapacious greed, despite presence of numerous suppliers, free market can yield HIGH PRICES to the extent the MARKET CAN BEAR—without regard to actual low cost of goods sold by the competing market players, an advantage that they keep to themselves and do not share as price reduction to consumers—for as long as there is opportunity for "every participant in the market place... to rig the system in his or her own favor." This is a truism I learned first-hand as former employee of big business, then modest entrepreneur for many years who had to buy materials unjustly priced at what the market could bear.

The Stark Contrast Between
Free Market and Regulated Market

FREE MARKET yields HIGHEST selling prices which BUYERS will still pay, while REGULATED MARKET mandates LOWEST selling prices at which SELLERS will still stay.

Economic and finance experts who are good at staff and advisory work, and who were never educated on proper REGULATION by free-market-apostle economics professors in top local and foreign universities, may not like REGULATION even for captive markets clothed with public interest—because they may not know how to do it. However, just because they cannot do it does not mean that others cannot do it either.

Competent non-economist managers or administrators will want to do REGULATION because it will do *directly* what FREE MARKET will never do *indirectly:* setting the optimum price that will yield reasonable return to investors, the automatic equivalent of reasonable price to consumers.

OIL DEREGULATION

ABDICATED MANAGEMENT OF THE OIL INDUSTRY FROM GOVERNMENT OFFICIALS SWORN TO SERVE THE PEOPLE TO OIL INDUSTRY EXECUTIVES PAID TO SERVE PRIVATE STOCKHOLDERS—RESULTING IN PREMATURE AND UNWARRANTED PRICE INCREASES NEVER ALLOWED IN THE PAST OIL INDUSTRY REGULATION

Because oil companies would not voluntarily lower their prices, in the past, the government had to regulate the oil industry and set oil prices at the lowest possible level—but still enough for the foreign oil companies to stay in the regulated Philippine oil market. The oil industry regulation scheme was conceptualized by Petron Corporation Vice President **ORLANDO L. GALANG,** when he was seconded as Director of the then Bureau of Energy Utilization in what is now the Department of Energy. ***He blazed the trail and showed the way on how to conduct sound oil industry regulation.*** He was able to capably do it probably because he is not an economist with pro-free-market bias. As technocrat, he is a chemical engineer, an alumnus of Texas A & M University who handled operations research in the US oil-company Exxon's local subsidiary, and later economic planning in the Philippine National Oil Company (PNOC). ***His brand of regulation involves limiting the peso margin per liter of products sold, not selling prices per se.***

Pro-Consumer Features of Past Oil Industry Regulation, Lost under Present Pro-Business Deregulation, that Must be Restored if Present Government Officials Really Want To Reduce Oil Prices and are Capable Enough to Do it

1. The most basic feature of past regulation was to limit not the selling prices but the profit margin on sales. The oil industry was allowed the barest minimum peso margin per liter of oil products sold. This way, there was no problem in the recovery of actual cost increases. Prices will be adjusted to fully recover whatever were valid cost increases. However, the peso margin per liter on sales remained the same to prevent any undue price increases. Increase in net income of each oil company came from increase in sales volume, so fierce competition was on how to increase market share.

2. To minimize frequent oil price changes and institute a more precise mode of providing relief to oil companies with varying effectivity dates and amounts of crude oil cost increases—without overpricing or any cost over-recovery from consumers, and without underpricing or cost under-recovery either by any oil company, the regulation scheme used Oil Price Stabilization Fund (OPSF) in minimizing oil price fluctuations.

The OPSF was operated for years *without any subsidy* from the national government, and *without any Commission on Audit (COA) disallowances* on the more than ₱11-BILLION OPSF utilization, processed by the Financial and Management Service Grroup I headed as on-loan Petron Corporation officer.

3. The basis of regulated price increase was the cheapest price at which similar type of crude oil can be purchased from the international oil market. This crucial feature is lost in deregulation.

4. Unlike today's deregulation where oil price increase is immediately effected once oil posted prices rose abroad even if not yet actually incurred by local oil companies, under the regulated regime, the oil industry could raise its prices only after exhaustion of its 45-day low-cost crude oil and product inventories.

5. Under regulation, crude oil refining (manufacturing) is competitive to finished product importations. Under deregulation, the advantage of oil refining is lost, resulting in significant resort to finished product importation. Our imported oil products include the labor, taxes, and other refining costs incurred abroad. CALTEX had to close its oil refinery in Batangas, and with it our economy lost business, real estate, and income taxes; employment of refinery personnel; maintenance contracts of refinery contractors; insurance of refinery assets and employees; sales of equipment, materials and supplies, etc. Under present deregulation, the indicator of profitable high oil prices are the numerous service stations that sprouted everywhere. Each has reduced market due to new competitor stations nearby, but they survive and prosper because their limited sales volume is more than made up for by apparently high oil prices.

In the end, there are ways of reducing oil prices but it seems we do not have government energy officials who can do what was already done years ago….

MARCELO L. TECSON
A CPA and Concerned Citizen
Bonifacio Global City and San Miguel, Bulacan
August 27, 2018

Issued to Pres. RODRIGO DUTERTE, DOE Sec. ALFONSO CUSI, Energy Regulatory Commission (ERC), et al

HOW TO REDUCE HIGH POWER RATES

VOLUME I

DOABLE SOLUTIONS THAT DO NOT NEED NEW LEGISLATION AND SCARCE PUBLIC FUNDS

RECOMMENDED INVESTIGATION OF

KEY INDICATORS OF CORRUPTION

IN THE ENERGY REGULATORY COMMISSION (ERC),

AS WELL AS IMPLEMENTATION OF

SURE-FIRE SOLUTIONS

TO UNDULY HIGH POWER RATES,

FOREMOST OF WHICH ARE THE FOLLOWING:

1 ENFORCEMENT OF SUPREME-COURT RULED 12% REASONABLE RETURN LIMIT TO MERALCO, WHICH HAD RETURN ON EQUITY (ROE) OF 28% IN 2018 !

2 DELIVERANCE OF MINDANAO POWER CONSUMERS FROM UNLAWFUL INCREASE IN PRIVATIZED GEOTHERMAL POWER RATE FROM P3.00 TO P5.1827 PER KWH

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HOW TO REDUCE HIGH POWER RATES

VOLUME II

DOABLE IMPERATIVE SOLUTIONS THAT NEED LEGISLATED EPIRA OVERHAUL

IT IS TIME ECONOMISTS IN AND OUT OF GOVERNMENT AND ACADEME—ESPECIALLY THE PROPONENTS OF EPIRA (RA 9136, ENACTED IN 2001)—ARE ASKED TO DO WHAT THE GOVERNMENT HAS FAILED TO DO DURING THE LAST 16 YEARS: PRESENT TO THE NATION HOW EPIRA CAN FULFILL ITS LONG UNFULFILLED PROMISE OF ENOUGH POWER SUPPLY AT LOWER RATES WITHOUT AMENDING IT; FOR AS LONG AS THERE ARE NO PROVEN BETTER ALTERNATIVES TO OUR HEREIN

RECOMMENDED EPIRA OVERHAUL

AND RELATED MEASURES, WE URGE THE GOVERNMENT TO TRANSLATE INTO ACTION THE RECOMMENDATIONS, CONCEIVED BASED ON INSIGHTS OF A PAST INSIDER IN THE ENERGY INDUSTRY, WHO WORKED FOR MORE THAN TWO DECADES IN THE PNOC ENERGY COMPANIES AND IN WHAT IS NOW DEPARTMENT OF ENERGY (DOE).

RODOLFO B. JAVELLANA, JR.
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MARCELO L. TECSON
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For: ERC Chairperson and CEO AGNES VST DEVANADERA

Subject: Follow-up on needed remedial reforms on double billing under PBR and use of RORB in rate-of-return limit for regulated power companies

As a professional whose line of work is related to the above subject, I respectfully propound that the ERC-implemented performance-based regulation (PBR) on Meralco, as well as other power distributors, has resulted in unwarrantedly high power rates, which can be traced to double billing and other implementation errors in PBR.

Please note that PBR is merely a rate-setting method. It does not—and cannot—override the Supreme-Court ruled 12% reasonable return limit on Meralco and other public utilities (Energy Regulatory Board vs. Meralco, G.R. No. 141314 dated November 15, 2002, affirmed on April 2003), issued *after* the enactment of EPIRA (RA 9136) in June 2001. Consequently, I urge ERC to perform its duty by enforcing the 12% rate-of-return limit on Meralco and similarly situated power distributors.

In this regard, I recommend the use of return on equity or ROE (capital invested by stockholders) instead of return on rate base (RORB), because as has been interpreted, RORB is calculated as return on assets financed by both creditors and stockholders—not by stockholders alone—therefore, it is utterly illogical and erroneous.

Actually, the need to scrap PBR and to replace RORB with ROE were included in the two-volume position paper our group, which included Mr. RJ Javellana, Jr. of UFCC and others, personally transmitted to you during our meeting at ERC office on January 19, 2018. To date, we have not received your feedback on our position paper.

I take special interest on the above subject because it involves the most basic and far-reaching issues on unduly high power rates. For your ready reference, I reissue herewith my papers on PBR and ROE in lieu of RORB.

For your consideration and appropriate action.

MARCELO L. TECSON
A CPA and Concerned Citizen
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32 Valiant st., Samaka Village (UFCC Office)
Greater Fairview, Quezon city
September 5, 2019

Cc: Other ERC Commissioners
Select executive and legislative government officials, etc.

June 30, 2018

President RODRIGO DUTERTE
Malacañang Palace
J. P. Laurel St., Manila

Dear Sir:

Subject: Recommended investigation of INDICATORS of ERC Commissioners' REGULATORY CAPTURE tantamount to CORRUPTION, taking of punitive action if warranted, and implementation of SOLUTIONS to HIGH POWER RATES

The Duterte administration has created a pro-people and action-oriented image, the opposite of the past administration. If so, please promptly act on our herein request for investigation of ERC Commissioners and take punitive action against them if warranted.

***It is obvious that if the Duterte administration would properly act against the herein INDICATORS OF ERC COMMISSIONERS' REGULATORY CAPTURE, it would bring down high electricity rates. It would thereby set a record as THE ADMINISTRATION THAT FREED POOR POWER CONSUMERS FROM THE BONDAGE OF HIGH POWER RATES, especially those from the unlawfully privatized Mt. Apo geothermal power in MINDANAO* (ANNEX 2).**

BACKGROUNDER OF REQUEST FOR INVESTIGATION

Our abnormally high power rates compared to those of other countries in the region have served as back-breaking burden to our generally poor households and struggling businesses, as well as obstacle to our fast industrialization and economic growth. The root of this PROBLEM is not the lack of solutions—because there are some key SOLUTIONS that are highly doable as their implementation does not need scarce public funds. *All that is needed is proper use of GOVERNMENT AUTHORITY.*

The PROBLEM in our high power rates is not the profit-maximizing private power companies either, which apparently overprice the power consuming public—including the government as a major power consumer—through unreasonable rates that yield annual returns way above the Supreme-Court ruled 12 percent reasonable limit for public utilities (ERB vs. Meralco, G.R. No. 141314, November 15, 2002). *Profit-hungry power companies cannot do overpricing if the government will not allow it.*

The REAL PROBLEM in our high power rates has been our clearly *non-performing high government regulatory officials.* They ignored our repeatedly communicated short-term and long-term measures aimed at bringing down our second highest power rates in the region—as exemplified by our May 26, 2015 letter and other communication to Energy Regulatory Commission (ERC) commissioners without replies to date, shown as ANNEX B in last part of ANNEX 1 of enclosed paper.

If the PROBLEM is in our regulatory officials, the SOLUTION is also in them. **Their proper implementation of doable solutions to the problem is the key to solving it. Unfortunately, ERC commissioners have failed during their term to perform their crucial role of addressing our high-power-rate problem despite our repeated recommendation to them. Consequently, *we request the Office of the President to investigate them and take appropriate sanctions against them if warranted.*** **Generally poor household consumers, struggling businesses, as well as the government in its capacity as power consumer, do not deserve to be charged unduly high power rates due merely to the intentional fault of ERC commissioners.**

In sum, ERC commissioners have failed to reform ERC's policies, practices, orders, and decisions which clearly suggest regulatory capture or manifest partiality in favor of giant power companies, like Meralco. Their failure resulted in undue rate increases that translated to unduly high power rates. ERC's bias is quite evident from its utter lack of proper action on repeatedly recommended reforms from concerned advocacy groups and citizens, such as Rodolfo Javellana, Jr.—president of United Filipino Consumers and Commuters (UFCC)— Marcelo Tecson, Romeo Junia, Uriel Borja, and others.

ERC commissioners' continuing failure to act on repeatedly recommended doable solutions to unduly high power rates serves to avoid the solutions and thereby perpetuate the high rates, at the expense of power CONSUMERS (including the government as large power consumer), to the benefit of OLIGARCHS. Thus, past prolonged inaction by ERC officials suggests REGULATORY CAPTURE equated to CORRUPTION!

KEY INDICATORS
OF ERC REGULATORY CAPTURE—
SYMPTOM OF CORRUPTION

The KEY INDICATORS of ERC commissioners' REGULATORY CAPTURE include our repeatedly recommended but long evaded DOABLE SOLUTIONS to unduly HIGH POWER RATES, to the advantage of RICH power companies and great disadvantage of generally POOR power consumers, including the GOVERNMENT itself in its capacity as large power consumer nationwide. Obviously, implementation of the doable solutions will help bring down our high power rates.

Following are the inexcusable KEY INDICATORS of ERC's REGULATORY CAPTURE:

1. **The first and foremost indicator of regulatory capture: failure to enforce the Supreme Court's decision and ruling on 12% rate-of-return limit for Meralco and other public utilities—aimed at attaining the equitable public-service objective of reasonable return to investors at reasonable rates to consumers—thereby condoning the long existing Meralco's breaching and violation of the mandated profit-rate limit.**

ERC commissioners failed to keep Meralco's return on investment within the Supreme-Court ruled 12% reasonable return limit, with the rate of return reckoned before deducting corporate income tax (Energy Regulatory Board vs. Meralco, G.R. No. 141314, November 15, 2002, affirmed on April 9, 2003). Meralco's own submission to the Securities and Exchange Commission (SEC) showed that its return on equity (ROE) was 25% after income tax way back in 2012 (ANNEX A of ANNEX 1). Its ROE in 2016 was 35% before income tax and 26% after income tax (ANNEX A-2 of ANNEX 1). A careful reading of the cited court ruling will disclose that only the Supreme Court can authorize breaching of the 12% reasonable return limit, and the Supreme Court has not made any such authorization, therefore ERC commissioners are in blatant violation of existing jurisprudence to the benefit of Meralco at the expense of consumers. (ANNEX 1)

2. The second most telling indicator: failure to promptly approve and implement the competitive selection process or public bidding in Meralco's contracting of bilateral supply agreements with power generators.

ERC commissioners committed undue delay, more than two years as reported by media (Riza T. Olchondra, "Bidding ordered for power utilities' supply deals," *Philippine Daily Inquirer,* November 7, 2015, page B3)—in deciding on the badly needed ERC order to have Meralco conduct competitive bidding in the awarding of bilateral supply contracts to power generators on more than 90% of Meralco's supply requirements, instead of awarding contracts through negotiation with its affiliated or related companies at rates—to be passed on "as is" to Meralco and then to consumers—quite favorable to Meralco affiliates and other coddled power generators.

Matuwid na Singil sa Kuryente Consumer Alliance (MSK) and other concerned groups petitioned ERC on December 16, 2014 to require competitive bidding in Meralco's contracting of power supply with power generators. Not aware of the MSK petition, a new member of United Filipino Consumers and Commuters (UFCC)—Marcelo Tecson—recommended it to DOE Secretary Carlos Jericho Petilla on February 9, 2015, followed up on May 26, 2015. It was only after Energy Secretary Petilla jumped the gun on ERC—through issuing DOE Circular No. DC 2015-06-0008 dated June 11, 2015 which prescribed the competitive bidding—when ERC affirmed it through issuance of its own implementing rules. Why ERC took its own sweet time in deciding on something so basic, crucial, and clear cut indicates regulatory capture.

Worse, thereafter, in the implementation of the mandated competitive selection process or bidding, ERC apparently delayed the actual effectivity date to enable Meralco to enter into midnight negotiated supply contracts with some favored power generators. This provoked protests from UFCC and other concerned groups, ultimately resulting in the Ombudsman's suspension of ERC commissioners.

----------SNIPPED----------

The continuation of this email is treated on pages 173-179 of the book.

* * *

In closing, we respectfully reiterate our following recommendations:

1. **Investigation of the foregoing ERC Commissioners' improper acts of omission and commission that have resulted in unduly high power rates, with consequent continuing financial losses not only to struggling businesses and generally poor household consumers but also to the government as large power consumer.**

2. **Taking of prompt and appropriate punitive action against ERC commissioners and others involved if warranted by evidences.**

3. **Implementation of the foregoing doable solutions to unlawfully high power rates—treated at length in the annexes—which ERC commissioners failed to institute despite our repeated recommendation to them.**

Kindly inform us of your action taken on our request.

Respectfully yours,

RODOLFO JAVELLANA, JR.
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For: GOVERNMENT OFFICIALS FROM MINDANAO

With Imperial Manila conquered by you and the nation "liberated" from the past supposedly non-performing Administration, and with you and your allies at the reins of Malacanang, Senate, and the House of Representatives, I respectfully urge you to institute the following totally justified and doable remedial measure against the injustice to generally poor consumers in your home base Mindanao:

FREE VICTIMIZED MINDANAO CONSUMERS FROM UNJUST INCREASE IN ELECTRICITY RATE

FROM P3.00 TO P5.1827 PER KWH—

CAUSED BY UNLAWFUL PRIVATIZATION IN 2014 OF MT. APO GEOTHERMAL POWER DISTRIBUTION IN MINDANAO

While he did not hail from Mindanao, the alter ego of President Rodrigo Duterte, and the most concerned and responsible Duterte Administration official by virtue of his jurisdiction and functions, Energy Secretary ALFONSO CUSI, has been sent emails/letters since 2016 on How to Reduce High Power Rates, including the needed REVERSAL of the unlawful PRIVATIZATION of MT. APO GEOTHERMAL POWER DISTRIBUTION IN MINDANAO, but he has not acted on solutions to high power rates (ANNEXES 1, 2, and 3).

Continuing failure to act on repeatedly recommended doable solutions to unduly high power rates serves to avoid the solutions and thereby perpetuate the high rates, at the expense of power CONSUMERS (including the government as large power consumer), to the benefit of OLIGARCHS. Thus, past prolonged inaction by energy officials suggests REGULATORY CAPTURE—that may equate to CORRUPTION!

MARCELO L. TECSON

A CPA and Concerned Citizen

ANNEX 1

URGENTLY NEEDED:
SAFETY NET AGAINST
OVERPRICING
IN PUBLIC SERVICE RATES

THE PHILIPPINES HAS NOTICEABLY VERY HIGH POWER, WATER, TELECOM, AND TOLL-ROAD RATES— ALL ROOTED FROM A COMMON DENOMINATOR:

LACK OF SAFETY NET VS. OVERPRICING:

RATE-OF-RETURN LIMIT

THE SOLUTION THEN TO OUR UNDULY HIGH PUBLIC SERVICE RATES IS STRICT ENFORCEMENT OF

CAP IN PROFIT RATE,

ALREADY MANDATED IN OUR LEGAL SYSTEM:

- **Section 12 of MWSS CHARTER (RA 6234);**
- **Section 2 (o) of BOT LAW (RA 6957 as amended by RA 7718);**
- **THE SUPREME-COURT RULED 12 PERCENT RATE-OF-RETURN CEILING FOR PUBLIC UTILITIES (ERB VS. MERALCO, G.R. NO. 141314, NOV. 15, 2002, AFFIRMED ON APRIL 9, 2003), WHICH MERALCO HAS BREACHED AND VIOLATED THROUGH ITS VERY HIGH RETURN ON EQUITY (ROE): 35% BEFORE INCOME TAX AND 26% AFTER TAX IN 2016 (ROE AFTER TAX ROSE TO 28% IN 2017 AND 2018)**

ANNEX 2

WHY THE DUTERTE ADMINISTRATION HAS TO REVERSE THE PRIVATIZATION OF MT. APO GEOTHERMAL POWER DISTRIBUTION IN MINDANAO: IT IS AN ILLEGAL CHANGE FOR THE WORSE, NOT FOR THE BETTER

The Aquino administration's privatization of the 108-MW Mt. Apo geothermal power distribution in Mindanao, done in 2014, is an incontrovertible proof of how EPIRA-mandated PRIVATIZATION of government assets or operation in the power industry serves to raise—not bring down—electricity rates. This abomination in our economy has to stop.

BEFORE PRIVATIZATION

Energy charge when the power complex was still with the National Power Corporation (Kristianne Fusilero, "Hike in Mt. Apo power rates a result of privatization: exec," *Mindanao Times* Online, April 24, 2015) …….. P 3.00 per kWh

AFTER PRIVATIZATION

Energy charge ……..…….. P 3.034 per kWh

Add: New charges under privatization scheme:

Winning bidder's administration fee: P105.17 million per year ……..……..... P 0.1377 per kWh

Winning bidder's illegal recovery of highest premium bid: P128-million monthly or P1.5-billion annual payment to the government, passed on 100% to consumers; thus, nothing comes from bidder ……... P2.011 per kWh

TOTAL POWER GENERATION CHARGE TO POWER-RETAILER COOPERATIVES AS INCREASED BY EVIL PRIVATIZATION
[as authorized by the Energy Regulatory Commission (ERC) under its order dated May 11, 2015 on ERC Case No. 2015-035 RC, posted to ERC's website] ..... P 5.1827 per kWh

RESULT: Further destruction of Mindanao's competitiveness as investment destination and more difficulties to its generally poor households and struggling businesses.

ANNEX 3

THE DISGRACE TO LAWYERS AND ECONOMISTS IF ALLOWED TO CONTINUE: FREE-MARKET-COMPETITION

HOAX IN WESM

THE SMOKING GUN
OF LACK OF COMPETITION
IN THE EPIRA-DEREGULATED
POWER GENERATION OLIGOPOLY:

WESM BIDDING SYSTEM

THAT IS SIMPLY RIDICULOUS AND
DEVOID OF COMPETITION—IT IS A

GAME OF CHANCE!

THERE IS SIMPLY NO PRICE-LOWERING
FREE-MARKET COMPETITION IN THE TOUTED
WESM BIDDING SCHEME,

WHICH DECLARES AS **WINNER** THE RECEIVED

HIGHEST BID PRICE

AND IGNORES THE RECEIVED MOST ADVANTAGEOUS

LOWEST BID PRICE!

IF TRUE, ALL THESE YEARS, POWER CONSUMERS
(INCLUDING THE GOVERNMENT AS POWER CONSUMER)
HAVE BEEN VICTIMIZED AND MADE TO SHOULDER
FRAUDULENTLY HIGH POWER RATES FROM WESM—
AND OUR **DOE** AND **ERC** OFFICIALS DID NOTHING
ON THIS ANOMALY DESPITE MY LETTERS TO THEM.

ANNEX 4

EXPOSING THE MODUS OPERANDI IN UNLAWFULLY RAISING POWER RATES, EUPHEMISTICALLY CALLED PERFORMANCE-BASED REGULATION (PBR): INCLUSION OF DREAMS OF UNSPENT FUTURE CAPITAL EXPENDITURES IN PRESENT POWER RATES

EVIL IMPACT OF ERC-APPROVED PERFORMANCE-BASED REGULATION (PBR) UNDER EPIRA (RA 9136): DOUBLE BILLING TO CONSUMERS, UNWARRANTED HIGH POWER RATES, AND MERALCO RATE OF RETURN IN BREACH OF SUPREME-COURT RULED 12% LIMIT

The ERC-approved performance-based regulation implemented by Meralco and some other power distributors, is fatally flawed by a monumental defect: fallacious inclusion of FUTURE INVESTMENTS (or unsent future capital expenditures) and high asset REPLACEMENT VALUE in present power rates—but with easy-to-attain conditions as basis for reward (like non-inclusion of firm schedule of annual system loss reduction), with consequent unduly high power rates and annual rate of return in violation of the Supreme-Court ruled 12% reasonable-return limit for Meralco and other public utilities (ERB vs. Meralco, G.R. No. 141314 dated November 15, 2002, affirmed on April 9, 2003) In effect, the ERC-approved PBR unlawfully discarded the Supreme Court ruling on Meralco's profit-rate limit.

The 12% rate-of-return ceiling for public utilities is the indispensable safety net of regulation that could have helped limit Meralco's profits to reasonable level, mandated by its franchise and the cited Supreme Court decision. Meralco's operations with 12% reasonable return will automatically translate to desired reasonable rate to consumers. If properly crafted—that is, without future investments and asset replacement value as component of present electricity rates—PBR can co-exist with 12% profit-rate limit because they are not mutually exclusive. Unfortunately, as actually implemented, PBR has been the subterfuge for Meralco's ever rising power rates, with rate of return way above—or more than double—the Supreme-Court ruled 12% profit-rate limit.

PART I
THE MONUMENTAL ERROR IN RAISING RATES FOR THE PAYMENT OF POWER DISTRIBUTOR'S DREAMS OF FUTURE CAPITAL EXPENDITURES

Meralco Can Dream to its Heart's Content, But it is Absurd to Have Captive Consumers Pay for its Dreams

The corresponding increase in power rates for unspent future capital expenditures as well as unrealized increase in asset replacement cost, justified through ERC-approved PBR, is unlawful and unsound economics, for the following reasons:

1. **The rate increase for future capital expenditures has no legal basis; in fact, it is contrary to existing laws and jurisprudence on allowable return to power distributors.**

    a. **The legal anchor of regulation with 12% reasonable-return ceiling to Meralco and other public utilities is presented in herein ANNEX 1, pages 1-7, on the subject THE FIRST AND FOREMOST DOABLE SOLUTION TO ULTRA HIGH POWER RATES: ENFORCEMENT OF 12% REASONABLE-RETURN LIMIT TO PUBLIC UTILITES.**

The ERC-approved PBR is not right because it has simply served as subterfuge for Meralco's violation of the Supreme-Court ruled 12% profit-rate limit, with drastic rise in its net income at the sacrifice of poor consumers. (Please see ANNEX 1.)

    b. **Hereunder are further comments against ERC-approved PBR as implemented in Meralco.**

"The ERC approval of the performance-based rate making (PBR) is one reason for the soaring rates on the distribution side.... The opening for an **"alternative methodology"** provided by **Section 43(f) of the Epira** led to the **junking** of the more transparent **return on rate base (RORB)** and the **adoption by the ERC of PBR.** Under PBR, a distribution utility is **allowed a return on investment** on installed facilities and on **future investments.** The future investments are not mandatory as long as the utility achieves a level of "performance." It will be penalized if it doesn't achieve this level of performance (thus the nice name "performance-based"). When Meralco announces a multibillion-peso capital investment, the consumers are hit twice—they pay for it

and give the utility a return on investment that was already part of the rate base or historical costs. In the first year of PBR, Meralco gained an additional revenue of P6 billion although it "suffered" a P300-million penalty for nonperformance…. PBR, which allows recovery on investments not yet made by Meralco, is contradictory to Section 25 of the Epira which says that "retail rates shall be based on the principle of full recovery of prudent and reasonable costs incurred." If the regulators' hearts were in the right place, the operative word should be "incurred" costs. Projected investments are not costs incurred but allowed by PBR, resulting in undeserved profits for the distribution utility and an unfair burden on the consumers. Although the Section 25 also provided an opening for 'such other principles that will promote efficiency as may be determined by the ERC,' it behooves the regulatory agency to construe this strictly to the best interest of the electricity end-users. As it is, PBR promotes efficiency only in overcharging the consumer." (David Celestra Tan, "Epira an imperfect law imperfectly implemented." *Philippine Daily Inquirer*, February 18, 2014, pp. A1 and A7)

The Later Special Law, Meralco's Own Franchise, RA 9209 Enacted on June 9, 2003, Which Provides the Rules on Meralco's Rate-Setting Process, Should Prevail Over the Cited Vague Provision of Section 43 (f) of EPIRA, Enacted on June 8, 2001

According to CPA David Celestra Tan, "(t)he opening for an 'alternative methodology' provided by Section 43(f) of the Epira led to the junking of the more transparent return on rate base (RORB) and the adoption by the ERC of PBR." This cited legal basis of the ERC-approved PBR is vague and general in nature. It should not prevail over the specific provisions of the later special law, Meralco's franchise, which mandated its responsibility to give its captive market what can be summed up as lowest rates possible.

Moreover, under Section 4 of RA 9209, Meralco's franchise, provides as follows: "Responsibility to the Public. - The grantee shall supply electricity to its captive market in the least cost manner…. The grantee shall charge reasonable, just and competitive power rates for its services to all types of consumers within its franchised area in order that business and industries shall be able to compete…. Certainly, Meralco's unwarranted and avoidable rate increase under PBR does not comply to the least-cost requirement in its own franchise.

----------SNIPPED----------

The Unimplemented Proper PBR

In sum, inclusion of unspent FUTURE INVESTMENTS and higher ASSET REPLACEMENT COST in present power rates under PBR is simply WRONG and therefore unwarranted. It is an out-and-out taking advantage of lack of adequate information and technical expertise by generally poor power consumers, who are too busy eking out a living under our adverse economic conditions. They do not have the time and expertise needed in looking at the validity and accuracy of recurring power rate increases.

Sadly, both ERC and the Department of Energy have failed to provide the needed protection to mass consumers as required under our political ideology of *DEMOCRACY, a populist system of majority rule or working for the greatest good for the greatest number*. By their sins of omission and commission, the main role of our ERC and DOE officials has been merely to validate improper rate increases by power monopolies and oligopolies. PROOF: they have stubbornly ignored the need to limit Meralco's return on equity to the legally mandated 12% ceiling, despite my repeated emails/letters to them that Meralco's rate of return has been more than double what is allowable, such as 26% of stockholders' equity or invested capital as of 2016. They did not even bother to reply and explain their refusal to act against Meralco's flagrant violation of the 12% profit-rate limit.

*The Supreme-Court ruled **12% reasonable return** to regulated public utility monopolies is the **ceiling** or maximum allowable **return on invested capital,** but it is **not a guaranteed profit rate.** To attain it, **regulated companies have to perform well and attain targeted annual work program and operations**—such as prescribed annual reduction in system losses—and this is the real challenge and correct **PBR** to them, **not** the absurd and fallacious allowing of **rate increase for future capital investments,** for which **the public utilities HAVE NOT PERFORMED anything or spent a single centavo to warrant a present rate increase.** This blatant scamming of consumers—including the government as power consumer—by big business has to stop!*

MARCELO L. TECSON

2-28-17, 5-7-17, 9-27-17, 7-25-18

ANNEX 5

APPEAL TO RESPONSIBLE GOVERNMENT OFFICIALS TO REVISIT THE GOVERNMENT'S UNWISE POLICY OF 100% PRIVATIZATION OF INDUSTRIES SERVING CAPTIVE MARKETS FOR BASIC NECESSITIES CLOTHED WITH PUBLIC INTEREST, LIKE THE POWER INDUSTRY

PRIVATIZATION

- **As a government-intended CHANGE FOR THE BETTER, PRIVATIZATION is supposed to reduce service rates; on the contrary, it has raised power rates and has become a CHANGE FOR THE WORSE—is this not absurd?**

- **PRIVATIZATION of power plants owned by government corporations, which in substance are COOPERATIVES owned by the Filipino people, has taken away from generally POOR 100-MILLION Filipinos the power generation profit—and has gifted it to select few THOUSAND RICH stockholders of DEREGULATED private power companies, which jack up power rates at the sacrifice of industries and consumers**.

- **The ideal PRIVATIZATION scheme is one with the following varied ownerships of power generation plants:**

  a. **100% owned by the government, to provide reserve capacity for the industry and serve as catalyst of private sector's investments in new power plants;**

  b. **100% owned by private investors, to minimize government funding in the power industry;**

  c. **In more profitable hydro and geothermal power plants, at least 51% owned by private sector and at most 49% owned by the government, to enable the more than 100-million Filipinos to share more in the profits from the use of our natural resources.**

HOW TO REDUCE HIGH WATER RATES

APPEAL FOR INVESTIGATION OF MWSS, PROMPT GOVERNMENT LEGAL ACTION AGAINST MAYNILAD'S FLAWED AND UNLAWFUL P3.4-BILLION CLAIM, AND RATIONALIZATION OF WATER RATES

THE ARBITRAL AND COURT DECISIONS AGAINST GOVERNMENT-OWNED MWSS STEMMED FROM MWSS OFFICIALS' SEEMING INTENTION TO LOSE IN THE CASE— AS SUGGESTED BY THEIR FAILURE TO PRESENT THE PROPER DEFENSE AGAINST MAYNILAD DESPITE OUR REPEATED LETTERS TO THEM.

THE MONUMENTAL FLAW IN ARBITRAL DECISION IS READILY UNDERSTANDABLE ARITHMETICAL ERROR NOT EXPECTED EVEN FROM A HIGH SCHOOL GRADUATE— WHICH IS WHY IT SEEMS

INTENTIONAL!

IT IS ANCHORED SOLELY ON THE ARBITRATION RULING THAT CORPORATE INCOME TAX IS DEDUCTIBLE EXPENSE BY MAYNILAD AND INCLUDIBLE IN ITS WATER RATE— BUT IT HAS BEEN ADDED TO THE RATE SINCE INCEPTION, AND ADDING IT AGAIN TO THE RATE AS NEW INCREASE WILL RESULT IN ERRONEOUS DOUBLE BILLING TO CONSUMERS.

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ON CORRUPTION INDICATOR IN MWSS

From: Marcelo Tecson <martecson@yahoo.com>
To: Pres. Rodrigo Duterte c/o PACE <pace_op@malacanang.gov.ph>;
DOJ Sec Menardo Guevarra <osecmig@gmail.com>;
DOF Sec Carlos Dominguez <cdominguez@dof.gov.ph>
Sent: Wednesday, December 4, 2019 at 05:24:35 PM GMT+8
Subject: 2nd Follow Up: Fw: 13th Email: CORRUPTION INDICATOR IN MWSS: INACTION ON AVAILABLE SOLUTIONS TO HIGH WATER RATES

This is to follow up for the second time the herein self-explanatory email on corruption indicator in MWSS, which included our recommendations against high water rates and unlawful claims against the government by water concessionaires.

Please note that in your capacity as the nation's highest government officials who have responsibility on the matter, which requires legal and financial expertise, I believe you may address the long persisting problem of high water rates as well as unlawful gargantuan monetary claims against the government by Maynilad and Manila Water—the two water firms are similarly situated—based on the grounds presented in the herein reissued email.

I respectfully request your feedback on my herein followed-up emailed recommendations….

MARCELO L. TECSON
A CPA and Concerned Citizen
December 4, 2019

From: Marcelo Tecson <martecson@yahoo.com>
To: Pres. Rodrigo Duterte c/o PACE <pace_op@malacanang.gov.ph>;
DOF Sec Carlos Dominguez <cdominguez@dof.gov.ph>;
EcoPlanning Sec Ernesto Pernia <EMPernia@neda.gov.ph>;
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DTI Secretary <Secretary@dti.gov.ph>; DA Sec Emmanuel Pinol <osec.da@gmail.com>; DOT Sec Bernadette Romulo-Puyat c/o <eamacayayong@tourism.gov.ph>
Sent: Monday, November 5, 2018, 2:34:10 PM GMT+8
(1st Follow Up) Subject: Fw: 13th Email: CORRUPTION INDICATOR IN MWSS: INACTION ON AVAILABLE SOLUTIONS TO HIGH WATER RATES

NOTE: The subject of above follow-up, the original email dated September 17, 2018, is presented on pages 247-250 of the book.

For: MWSS Chief Regulator PATRICK TY Date: August 1, 2018

Herewith for your appropriate action is our SUMMARY of RECOMMENDATIONS to MWSS toward water concessionaires' refund and rate reduction, treated at length in our herein compilation of papers on the subject PETITION FOR INVESTIGATION OF MWSS, PROMPT GOVERNMENT LEGAL ACTION AGAINST MAYNILAD'S FLAWED AND UNLAWFUL P3.4-BILLION CLAIM, AND RATIONALIZATION OF WATER RATES.

Our papers generally treat of Maynilad because it is the one pushing for implementation of its questionable victory in arbitration against MWSS. Our comments and recommendations equally apply to Manila Water wherever it is similarly situated with Maynilad, such as on how MWSS should conduct its 2018 rate-rebasing evaluation.

Please note that among our most urgent and crucial recommendations are the following:

1. **Take prompt and appropriate legal action on the patently unlawful P3.4 billion claim of Maynilad against MWSS, before the appellate court's decision in favor of Maynilad becomes final and executory.**

2. **Zero-based evaluation, rationalization, and adjustments as warranted, of present Maynilad and Manila Water rates, as well as implementation in them on a retroactive and prospective basis of the 12% rate-of-return limit under a 2002 Supreme-Court ruling, Section 12 of RA 6234, and Article 9 of MWSS concession contracts.**

   The gross technical error in past 5-year rate rebasings was limiting the review to the evaluation of the water concessionaires' rate increase petitions, that is, whether to approve the requested rate increase partially or totally. Whatever was the approved rate increase was added to the then existing average rate per cubic meter to arrive at the new cumulative average rate.

   The past evaluation erroneously took for granted the validity of the old cumulative average rate, which was the product of past total lack of transparency on the part of MWSS. It approved past rate increases without conducting any public consultation on rate-increase petitions. When MWSS conducted for the very first time a public consultation in 2013, that was also the very first time we discovered the fatal defect in the 5-year rate rebasing system, as well as the questionable nature of the then existing very high average water rate.

In the present 2018 rate rebasing, Maynilad is pushing its luck too far by petitioning for P11 per cubic meter further rate increment. This time, as its name implies, the subject of RATE-rebasing should be water RATE, not just the petitioned rate INCREASE.

Today, to correct past overpricing authorized by former MWSS officials, present MWSS officials should follow a ground-zero or zero-based approach in their analysis and evaluation of Maynilad's rate-increase petition. Present MWSS officials should have Maynilad rationalize and justify not only its present proposed rate increase but also its existing ultra high water rates. They should not merely take for granted the validity of prevailing astronomical rates then add on a new rate increase, as was improperly done in the past without the knowledge of victimized consumers.

Clearly, Maynilad needs refund and rate reduction, not rate increase, as shown by the drastic rise in its winning bid of P4.96 per cubic meter in 1997 to P37.82 per cubic meter as of 2012, *without any new dams constructed or old dams rehabilitated to this day.*

3. **Have the water concessionaires account for all advanced collections for future capital expenditures—together with interest income—effected through fallacious MWSS-approved rate increases, set up trust or escrow account for the total amount, then refund to consumers.**

Pursuant to Section 5 (a) of RA 6713, please inform us of your action taken—or to be taken—on each of our recommendations presented in the herein compilation of papers.

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MLT/August 1, 2018

Cc: President Rodrigo Duterte

For: President RODRIGO DUTERTE

IMPERATIVE REFORMS IN THE RICE INDUSTRY

The Worst in the Rice Industry is Upon Us Today?

At present, we may have enough commercial rice supply in private traders but not cheap rice in NFA. Rice prices may have stabilized, all right, but at the highest levels so far, and cheap NFA rice is not available for poor consumers in NFA sales outlets for the first time in decades!

If the public lamented in the past the long queues of poor consumers in NFA sales outlets selling relatively cheap NFA rice on a limited quantity per person—a familiar scene during the previous Arroyo and Aquino administrations, *in the present Duterte administration, the situation is probably the WORST. Even if poor consumers are very much willing to fall in line, patiently wait, and buy limited-quantity cheap rice in NFA sales outlets, today there are no such pro-poor outlets selling cheap NFA rice!* Certainly, this untenable condition, bred by lack of appropriate government intervention in the rice industry, needs prompt and decisive action by the Duterte administration and its allies in Congress.

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For: President RODRIGO DUTERTE

HOW TO REDUCE HIGH PPP INFRASTRUCTURE PROJECT SERVICE RATES

APPEAL FOR REMEDIAL ACTION ON UNLAWFUL PUBLIC BIDDING AND AWARD OF CAVITE-LAGUNA EXPRESSWAY (CALAX)

AND OTHER PUBLIC-PRIVATE PARTNERSHIP (PPP) PROJECTS—BECAUSE THE PPP PROJECT PUBLIC BIDDING SYSTEM WHICH VIOLATED THE PROCUREMENT LAW (RA 9184) WILL PRODUCE FUTURE UNLAWFULLY HIGHEST PROJECT SERVICE RATES!

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