



PMAI Newsletter

Every generation has some fool who will speak the truth as he sees it! Boris Pasternak

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MISSION TO SOUTH KOREA. MERALCO ON THE SPOT

TIPS ON

THERMAL ENERGY

BOILERS-

- 5% reduction in excess air increases boiler efficiency by 1% (or 1% reduction of residual oxygen in stack gas increases boiler efficiency by 1%).
- 22°C reduction in flue gas temperature increases boiler efficiency by 1%.
- 6°C raise in feed-water temperature by economizer/condensate recovery corresponds to a 1% saving in fuel consumption in boiler.
- 20°C raise in preheated combustion air temperature by waste-heat recovery results in 1% fuel savings.
- a 3mm. diameter hole on a pipeline carrying 7kg/cm² steam would waste 32,650 liters of fuel oil per year.
- a 3mm thick soot deposit on the heat transfer surface can cause an increase in fuel consumption to the tune of 2.5%.
- A 1mm thick scale (deposit) on the water side could increase fuel consumption by 5-8%.

STEAM PIPING -

- A 100mm well lagged pipe of 30m length carrying steam at 7kg/cm² pressure can condense nearly 10kg of water in the pipe in one hour, unless it is removed from the pipe traps.
- The pipes should run with a fall (slope) of not less than 12.5mm in 3 meters in the direction of flow.
- Drain pockets should be provided at every 30-50m and at any low point in the pipe network.

Members of the PMAI went to South Korea on a Executive Training mission concerning the opening of possible trade relations between the two countries. The participants are:

1. **Tomas Merdegia, Jr.** of Pure Magic Enterprises
2. **Harvey Uy** of Malanday Machinery and Manufacturing Corp.
3. **Gavino Manalo** of Progressive Metal Resources
4. **Leon Ang** of SOH Technologies
5. **Daniel Najos** of Tiger Machinery and Industrial Corp.

The Mission is from May 13-25, 2008 and is sponsored by the Small Business Council of South Korea.

MERALCO PUT ON THE SPOT!

(This is a reprint of the interview by of Winston Garcia, Board Member of MERALCO by ANC of ABS-CBN.)

Winston Garcia, president of the Government Service Insurance System (GSIS), has been accused in the media of taking the lead in the government's alleged attempt to take over ownership of utility distributor Manila Electric Company (Meralco).

But Garcia denies this. Rather, he clarifies that he wants is management change to hopefully bring down the cost of electricity.

Garcia spoke to ANC's "News at 8" anchor Ricky Carandang on Wednesday. Below are the excerpts of the interview.

ANC: What can we expect to happen at the stockholder's meeting [on May 26]?

GARCIA: Nothing. There will be a vote. We'll vote in accordance to our shares. And I think it will be a very unexciting event.

ANC: Really? The build up to it is there might be some efforts to oust or remove the current management?

GARCIA: No. We are calling for a change for the management. However, we are not interested in taking control of management. That's a different thing.

Management does not own Meralco although they are acting as if they own Meralco. Its the shareholders that own Meralco. We are reaching out to the Lopez group ... telling them and trying to convince them of changing management

ANC: You want the management to be replaced by another managing team?

GARCIA: A more professional and more competent management team. I even said to the Lopez group that they can take the lead in recommending who they want to put in place. We can just have a secondment.

ANC: Do you feel that they have not been listening to you?

GARCIA: I believe as a major shareholder, they should not have monopoly on how things should be run in Meralco. They should listen to us considering that as a block we have 35% and they are 33.4%. As a block, they should listen to us.

ANC: These actions that you are taking are a reaction to what you say, they're not listening to you?

GARCIA: No. I blame management for the high cost electricity that we consumers in this franchise area is paying. My only example is that in Cebu I pay only P6.80 per kilowatt-hour. But in Meralco [franchise], I pay P10.30 per kwh. Why am I paying P3 less in Cebu than in this franchise area of Meralco when Meralco should charge cheaper than what is charged than by the distributor in Cebu simply because they have a higher consumer base. More people will undertake to pay for the cost of operation.

ANC: [And] You want to change the management?

GARCIA: I want to change the management. We are calling for a change in management. We are reaching out to the Lopez group to help us find new management — more professional, more competent than the present management that we have.

ANC: You are not interested in taking over? You want to be heard? You're tell-

ing the Lopez group "Let's get rid of this management let's find management we can agree on.

GARCIA: We are not even interested in involving ourselves in management. This is something that the shareholders that will agree upon so that this is for the good of everybody.

ANC: Part of the reason why people pay higher in Luzon is because of ...

GARCIA: ... because of mismanagement by the present management of Meralco

ANC: What kind?

GARCIA: Number 1 is the administrative bureaucracy of Meralco. It's too top heavy and something has to be done about it. There are reports that we have received that there are more supervisors and executives than rank-and-file [employees]. This is something that has to be addressed. Number 2, they are not doing something about these systems losses.

The fact that they are allowed by the law to charge these to consumers is no justification for them not to do something about these systems losses. For example, the pilferages — stolen electricity. The consuming public is being made to pay for it

When I ask them "What are you doing about this pilferages?" They can't answer. Where are these pilferages going? Who are doing these pilferages? And the most intriguing question that I ask them is how sure are you that these pilferages are not done by management? I'm not accusing anything but since that couldn't give me specifics of the pilferage how can we not tell the public that management is not part of these pilferages. What's why I'm calling for more transparency in Meralco.

ANC: What do you want to happen to the system lost?

GARCIA: I want an honest to goodness effort of the company to really go after the pilferages to those who are stealing the electricity. I believe there is no effort in that.

ANC: What's the systems loss?

GARCIA: Systems loss is more than 10%

ANC: At the stockholders meeting, there doesn't look like that nothing is going to happen, there's a voice there that's not going to be ignored?

GARCIA: Yes. I hope the controlling shareholders will have to listen to us. Otherwise, this is not a good corporate governance and a sign of arrogance if they will not listen to the voice of a major shareholder.

ANC: How confident are you that they might agree [to your call]?

GARCIA: I have no expectations that my call for change of management will be resolved.

ANC: What happens if nothing happens to change the management as what you have said?

GARCIA: Maybe we will have to make management more accountable now.

ANC: Is it possible that the Meralco management or shareholders are perceiving this as a squeeze by the government?

GARCIA: No. You and I know that we are very independent in running the affairs of GSIS. I have made a controversial decision. ... It resulted to the unpopularity of the president. But the president never interferes.

ANC: So you are acting independently?

GARCIA: Yes, for me I think this is the call of the time. Whether we like it not we have to address the rising cost of electricity and we have to find out whether this is reasonable. Whether we like it or not we are suffering because of the overcharge of Meralco. I, for one, see the gleaming difference in kilowatt-hour in Cebu and in Manila.

ANC: I don't see how this stockholders meeting will be very quiet.

GARCIA: The meeting will be very quiet ... contrary to what the present management is claiming in order to take sympathy. This is not a government takeover. GSIS is not interested in taking over. We have talked to the Lopez group to discuss whether they can change the management and how we can stop the ongoing mismanagement of Meralco by the current management.

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'No intention to take over Meralco, but we can' — Palace

*By Lira Dalangin-Fernandez
INQUIRER.net*

MANILA, Philippines -- Malacañang said Wednesday it can take over the Manila Electric Company (Meralco) but insisted that it has no intention of doing so.

Nevertheless, Executive Secretary Eduardo Ermita acknowledged that the government is trying to "influence the situation" and get

Meralco to open its books to public scrutiny as part of efforts to bring down electricity rates.

Also, in what could be a move to consolidate the government's stake in the Lopez family-led utility firm, Ermita said Government Service Insurance System (GSIS) chairman Winston Garcia will initiate a meeting with the other government stakeholders such as the Land Bank of the Philippines (Landbank) and Development Bank of the Philippines (DBP).

"The government has always the capability to run such a public utility. It's just like taking over the operation of an international airport, we always will be in a position to take over. Capability-wise, yes, we have, but there is no intention [or] nothing leading to it anyway," Ermita said in his weekly news conference.

"Ang pinag-uusapan lang dito [What we are talking about here] is how to influence the situation so that we can bring down electricity rates and from the point of view of GSIS, they'd rather sit down with [the] appropriate groups, probably with their stakeholders and probably with the management of Meralco," he explained.

Ermita noted that if the GSIS, Landbank, and DBP consolidate their shares, the government would control about 33 to 34 percent of Meralco.

"If they [government stakeholders] attempt...to buy out the other shareholders just to have the majority, then they will have a say in running Meralco. But I said that's a big if and I'm saying I think they're exhausting all efforts to come to an understanding so that Meralco would first agree to what the GSIS is asking for, to have access to the books," Ermita said.

"But let us disabuse the minds [of doubters] that just because GSIS, DBP and Landbank are in government, it would mean they are being directed to do what they are doing because of the intention to take over" Meralco, he added.

Ermita said Malacañang would always support moves that would benefit the public, which is why it has filed petitions before the Energy Regulatory Commission (ERC) to lower Meralco's rates.

Director Vic Dimagiba of the Bureau of Trade's Regulation and Consumer Protection said the ERC is committed to speed up proceedings on the government's petition.