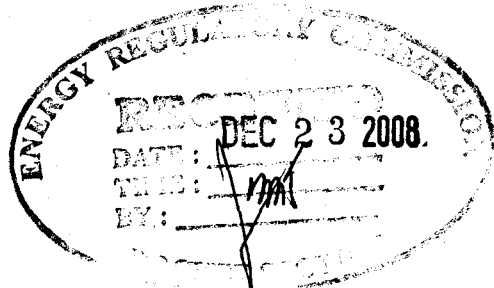


Republic of the Philippines  
**ENERGY REGULATORY COMMISSION**  
San Miguel Avenue, Pasig City

IN THE MATTER OF THE APPLICATION FOR THE APPROVAL OF CONNECTION CHARGES AND RESIDUAL SUBTRANSMISSION CHARGES FOR CALENDAR YEAR 2008 ON THE EXCLUDED SERVICES COVERING THE EXISTING SUBTRANSMISSION ASSETS OF THE NATIONAL TRANSMISSION CORPORATION (TransCo) AND ANY FUTURE CONCESSIONAIRE THEREOF, WITH PRAYER FOR PROVISIONAL AUTHORITY



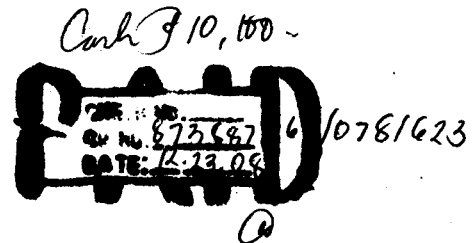
ERC CASE NO. 2008- 066 RC

NATIONAL TRANSMISSION CORPORATION  
(TransCo),

Applicant.

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**APPLICATION**



Applicant **NATIONAL TRANSMISSION CORPORATION** (TransCo), through counsel, to this Honorable Commission most respectfully states:

1. Applicant TransCo is a government-owned-and-controlled corporation created and existing by virtue of Republic Act (RA) 9136 or otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA) with principal office address at Power Center, Quezon Avenue corner BIR Road, Diliman, Quezon City.

2. By virtue of the EPIRA, TransCo assumed the electrical and transmission functions of the National Power Corporation. Thus, TransCo is responsible for the planning, construction and centralized operation and maintenance of high voltage transmission facilities nationwide, including those of grid interconnections, and ancillary services (Section 8).

3. Likewise, TransCo is mandated to provide open and non-discriminatory access to its transmission system to all electricity users and accordingly, assess and collect transmission charges subject to the approval of this Honorable Commission (Sections 9b, 19).

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4. TransCo, aside from the high voltage transmission facilities, also operates and maintains sub-transmission assets. These sub-transmission assets, by operations of the EPIRA, were also placed under the responsibility of TransCo from the National Power Corporation.

5. On October 17, 2003, the Energy Regulatory Commission (ERC) issued a Resolution entitled Guidelines to the Sale and Transfer of the TransCo's Subtransmission Assets and the Franchising of Qualified Consortiums ("Guidelines").

6. In Article III of the said Guidelines, criteria in distinguishing transmission assets from subtransmission assets were established. Thus, reference to specific voltage levels in classifying assets into subtransmission assets and transmission assets is no longer applicable. Classification of subtransmission assets is now based on technical and functional criteria as provided in Section 2 thereof which reads:

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**Section 2. Technical and Functional Criteria.** The assets shall be classified based on the technical and functional criteria enumerated in Sections 4 and 6, Rule 6, Part II of the IRR of the Act, including, but not necessarily limited to, the following:

a) Directly Connected Generators.

Lines and power transformers and other assets held by TransCo or Buyer or Concessionaire, which allow the transmission of electricity to a Grid from one or more Directly Connected Generators, shall be classified as Transmission Assets.

b) Directly Connected End-Users.

Radial, power transformers, related protection equipment, control system and other assets held by TransCo or its Buyer or Concessionaire which directly connect an End-User or group of End-User to a Grid and are exclusively dedicated to the service of that End-User or group of End-Users shall be classified as Subtransmissions Assets.

c) Directly Connected Load-End Substation.

Radial lines, power transformers, related protection equipment control systems and other assets held by TransCo or its Buyer or Concessionaire which directly connect a load-end substation of one or more Distribution Utilities to a Grid but no Directly Connected Generators shall be classified as Subtransmission Assets.

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7. Pursuant to section 43(f) of the EPIRA, the Honorable Commission promulgated the Guidelines on the Methodology for Setting of Transmission Wheeling Rates (TWRG); a new methodology for setting TransCo's transmission wheeling rates under the Maximum Annual Revenue cap.

8. Following the pertinent provisions of the TWRG, on August 30, 2005, TransCo filed its Application for the Second Regulatory Period docketed as ERC Case No. 2005-041RC entitled *"In the Matter of Undertaking A Revenue Reset for the National Transmission Corporation (TransCo) and Any Future Concessionaire Thereof For The Period 2006 to 2010 in Accordance With The Alternative Form of Rate Setting Methodology Under the Transmission Wheeling Rate Guidelines (TWRG)"*.

9. On June 13, 2006, the Honorable Commission resolved and issued its Decision and Final Determination on TransCo's Second Regulatory Period Application. Pertinent portion of which reads:

xxx

xxx

xxx

2. To divide the reasonable costs which TransCo is allowed to recover during the Second Regulatory Period into three (3) components, to wit:

- a. Those costs related to the activities of providing Regulated Transmission Services as defined in the TWRG which are effectively provided by Transmission Assets as defined in the document entitled *"Guidelines for the Sale and Transfer of the TransCo's Sub-transmission Assets and the Franchising of Qualified Consortiums"* promulgated by the Commission on October 17, 2003;
- b. Those costs related to the activities of providing Transmission Connection Services as defined in the TWRG where the Transmission Connection Services are provided using Transmission Connection Assets (TCA) which are further defined in the document entitled *"Definition and Boundaries of Transmission Connection Assets"* (the CAD) promulgated by the Commission on May 23, 2006 (amended in August 2006 per ERC Resolution No. 41 – Applicant's note);
- c. Those costs related to the activities of providing Residual Sub-transmission Services which are those services provided using Residual Sub-transmission Assets (RSTA) which are defined as the Sub-transmission Assets as defined in the document

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entitled “*Guidelines for the Sale and Transfer of the TransCo’s Subtransmission Assets and the Franchising of Qualified Consortiums*” less those Transmission Connection Assets defined in the document entitled “*Definition and Boundaries of Transmission Connection Assets*”.

3. To order TransCo to treat the Transmission Connection Service and the Residual Subtransmission Service as Excluded Services under the TWRG but not to treat them as contestable unless otherwise ordered by the Commission;

4. To order TransCo to recover the reasonable costs incurred in providing Transmission Connection Services and Residual Subtransmission Services under the document entitled “Rules, Terms and Conditions for the provision of Open Access Transmission Services”, otherwise known as the OATS Rules, dated August 2004, as amended or under another document as approved by the Commission specifically for this purpose.

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(pp. 37-38, Decision dated June 13, 2006)

10. Effective the commencement of the Second Regulatory Period, i.e January 2006, the Honorable Commission carved out TransCo’s Subtransmission Assets from the total regulatory asset base. Thus, TransCo has to recover the sub-transmission cost of service outside the Maximum Annual Revenue using the principle defined in Section 1.6.3 of the TWRG and in accordance with the ERC-approved OATS Rules.

11. On December 13, 2006, the ERC approved the Revised Rules, Terms and Conditions for the Provision of Open Access Transmission Service (Revised OATS Rules)<sup>1</sup> which embodies the charging policy or the methodology in determining for the applicable Connection Charges and Residual Subtransmission Charges.

12. Annex IV, Module F of the Revised OATS Rules deals with the excluded services provided by TransCo or the Connection Charges and Residual Subtransmission Charges to its connected customers.

13. Following the pertinent provisions of the Revised OATS Rules, TransCo computes and determines the customer Connection Charges and Residual

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<sup>1</sup> 2006 Revised OATS Rules took effect on December 25, 2006

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Subtransmission Charges (CC and RSTC) for the calendar year 2008 in accordance with the charging policy provided in Annex IV Module F thereof.

14. For CY 2008 CC and RSTC, TransCo computes for the CC and RSTC using formula under Clauses F(AIV)3.2 and F(AIV)7.2 of the Revised OATS Rules, to wit:

$$\text{Charges (CC or RSTC)} = \frac{[\text{ODRC}_i \times \text{WACC}] + \text{D}_i + \text{O}_i + \text{T}_i + \text{R}_i}{12}$$

**Where:**

- ODRC<sub>i</sub> = is the Optimised Depreciated Replacement Cost of the Connection Assets or Residual Subtransmission Assets as determined under F(AIV)4.1 and F(AIV)8.1 of the Revised OATS Rules, subject to Rule B 20 of the OATS Rules
- WACC = is the Weighted Average Cost of Capital as determined under F(AIV)4.2 and F(AIV)8.2 of the Revised OATS Rules
- D<sub>i</sub> = is the depreciation cost of the Connection Asset or Residual Subtransmission Assets for the current year, as determined under F(AIV)4.1(c) and F(AIV)8.1 (c) of the Revised OATS Rules
- O<sub>i</sub> = is the operational and maintenance cost attributable to the Connection Asset of Residual Subtransmission Assets for the current year, as determined under F(AIV)4.3 and F(AIV)8.3 of the Revised OATS Rules
- T<sub>i</sub> = is the corporate tax expense attributable to the Connection Asset or Residual Subtransmission Assets for the current year, as determined under F(AIV)4.5 and F(AIV)8.5 of the Revised OATS Rules
- R<sub>i</sub> = is the short-fall, or surplus, in the Connection Charge or Residual Subtransmission Charge collected for that Connection Asset or Residual Subtransmission Assets, respectively, in the previous year, increased by an amount to reflect the time value of money calculated using the Weighted Average Cost of Capital as determined under F(AIV)4.2 of the Revised OATS Rules. If R<sub>t</sub> is a surplus, it shall be expressed as a negative.

15. For purposes of allocating the cost of Subtransmission assets, identified as either Connection or Residual Subtransmission assets in the Final Determination, where these are being used by two or more Transmission Customers, the formula provided in Clause F(AIV)7.3 of the Revised OATS Rules is applied, i.e.

x-----x

$$\text{PRSC} = \frac{\text{BD}_i}{\sum \text{BD}_i}$$

**Where:**

PRSC = refers to proportion of the Residual Subtransmission Charge

BD<sub>i</sub> = the Generator Billing Determinant as determined under F(AI)2.2, F(AI)2.3 & F(AI)2.4 or the Load Billing Determinant as determined under F(AI)3.2, F(AI)3.3 & F(AI)3.4 as the case may be, for the Transmission Customer at the relevant Connection Point

∑BD<sub>i</sub> = the sum of the Billing Determinants of all Transmission Customers at the relevant Connection Point

16. The following values and parameters established in the Final Determination were used in this Application to compute for the 2007 Connection and Residual Subtransmission Charges:

<b>Particulars</b>	<b>Connection Charges</b>	<b>Residual Subtransmission Charges</b>
<b>Asset Classification</b>	As identified and classified by the ERC in the Final Determination	
<b>Asset Values</b>	2004 ODRC Asset values rolled-forward to 2008	
<b>Asset Composition</b>	Inclusion of new assets commissioned and in operation as of December 2007 and disposal of sub-transmission assets to qualified distribution utilities	
<b>WACC</b>	15.8739%	15.8739%
<b>OPEX<sup>2</sup></b>	P110.2Mn	P236.3Mn
<b>Corporate Income Tax<sup>3</sup></b>	P370.8Mn	P759.2Mn
<b>Other Taxes<sup>4</sup></b>	P23.3Mn	P48.5Mn
<b>Billing Determinant (kW)</b>	Actual recorded billing determinants (kW) of 2007 were used to allocate the cost of assets, particularly to those being shared.	

17. TransCo, for this 2008 CC and RSTC Application, used the 2007 latest data on customers billing determinants (kW) and also made use of the 2007 asset configurations. For this purpose, the allocation of cost of assets, OPEX and TAXES,

<sup>2</sup> 2008 Opex level in Tables 7.5 and 7.6 (pages 134 & 135) of the Final Determination

<sup>3</sup> 2008 Corporate Income Tax level in Tables 7.5 and 7.6 (pages 134 & 135 of the Final Determination)

<sup>4</sup> 2008 Other Tax levels in Table 7.5 and 7.6 (pages 134 & 135) of the Final Determination

x-----x

particularly to those who are sharing the same subtransmission assets and service, will at least reflect the most recent usage of the assets and services.

18. As a process, the rolled-forward Connection or Residual Subtransmission assets do not include the ERC-approved capital expenditure levels<sup>5</sup> and disposals in the Final Determination and shown in the Table below:

<b>ERC-APPROVED CAPITAL EXPENDITURES, Nominal (Php Mn)</b>				
<b>Asset type</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Connection	185.9	128.7	189.0	81.2
Residual Subtransmission	2.3	95.8	325.5	466.2
<b>ERC-APPROVED DISPOSAL, Nominal (Php Mn)</b>				
<b>Asset type</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Connection	485.1	0	0	0
Residual Subtransmission	1,040.4	0	0	0

19. Based on the ERC-approved Revised OATS Rules formula, only actual capital expenditures are considered in the computation of Connection and Residual Subtransmission charges.

20. By implementation, the costs of assets as rolled-forward in this Application already considered actual capital expenditures that have been recorded in accounting books as asset forming part of the subtransmission assets.

21. Similarly, only actual disposals of subtransmission assets are deducted from the list of subtransmission assets. For this purpose, the approved sales of subtransmission assets to the following qualified distribution utilities were no longer included in the computation of Connection and/or Residual Subtransmission Charges.

**Table A. List of Distribution Utilities with Duly Transferred Subtransmission Assets**

<b>Subtransmission Assets sold to Qualified Distribution Utility</b>	<b>ERC Approval</b>	<b>Remarks</b>
San Fernando Electric Light and Power (SFELAPCO)		No longer included in the 2007 rate computation
Cabanatuan Electric Corporation (CELCOR)		No longer included in the 2007 rate computation
Angeles Electric Corporation (AEC)	April 11, 2007	Deed of Absolute Sale signed last May 28, 2007. CC and RSTC were adjusted on

<sup>5</sup> Tables 5.18 and 5.19 (page 89) of the Final Determination

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<b>Subtransmission Assets sold to Qualified Distribution Utility</b>	<b>ERC Approval</b>	<b>Remarks</b>
		account of the sale.
<i>Tarlac Electric Inc. (TEI)</i>	July 25, 2007	Deed of Absolute Sale signed last October 19, 2007. CC and RSTC were adjusted on account of the sale.
<i>Bohol I Electric Cooperative (Boheco I)</i>	July 16, 2007	Deed of Absolute Sale signed last December 3, 2007. CC and RSTC were adjusted on account of the sale.

22. With the ERC approval of the 2007<sup>6</sup> charges, TransCo collected the said charges only in CY2008, which is a year delayed from the intended date of imposition/collection which should have been in CY2007. Otherwise stated, TransCo has recovered only in CY2008 the cost of its subtransmission assets and services for CY2007. Thus, any changes or modifications in the subtransmission services, including asset disposal, new connection to the subtransmission assets, increase or decrease in demand or energy consumption and others related factors in CY2008 will not affect the amount being billed to the connected customers in the year 2008.

23. Accordingly, the following sale of subtransmission assets, approved by the ERC and possession may have been transferred in 2008, are included in the design and computation of the 2008 CC and RSTC, to wit:

**Table B. List of Qualified Distribution Utilities with ERC – Approved/Disapproved Sales Contract**

<b>Subtransmission Assets sold to Qualified Distribution Utility</b>	<b>ERC Order</b>	<b>Remarks</b>
<i>Subic Enerzone Development Corporation (SBMA)</i>	April 30, 2008	Deed of Absolute Sale signed last September. 25, 2008
<i>Manila Electric Company (Meralco)</i>	June 30, 2008	Deed of Absolute Sale signed last September 25, 2008
<i>Visayan Electric Company (VECO)</i>	February 27, 2008	Deed of Absolute Sale signed last June 24, 2008
	June 25, 2008	Deed of Absolute Sale signed last September 12,2008
<i>Central Negros Electric Cooperative (CENECO)</i>	March 28, 2008	Deed of Transfer of Possession signed on October 20, 2008
<i>Negros Occidental Electric Cooperative (NOCECO)</i>	August 8, 2007	Deed of Transfer of Possession signed on May 2, 2008

<sup>6</sup> ERC Decision dated December 7, 2007in ERC Case No. 2007-07RC

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<b>Subtransmission Assets sold to Qualified Distribution Utility</b>	<b>ERC Order</b>	<b>Remarks</b>
<i>VMC Rural Electric Service (VRESCO)</i>	February 27, 2008	Deed of Transfer of Possession is yet to be finalized.
<i>Misamis Occidental II Electric Cooperative (MOELCI II)</i>	September 22, 2008	Deed of Transfer of Possession is yet to be finalized.
<i>Misamis Oriental I Electric Cooperative (MORESCO I)</i>	February 27, 2008	Deed of Transfer of Possession is yet to be finalized.
<i>Agusan Norte Electric Cooperative, Inc. (ANECO)</i>	August 11, 2008	Deed of Transfer of Possession is yet to be finalized.
<i>Misamis Oriental II Electric Cooperative (MORESCO II)</i>	February 27, 2008	Deed of Transfer of Possession signed last November 10, 2008
<i>Davao Light and Power Corporation (DLPC)</i>	July 11, 2007	Awaiting Resolution on some issues raised concerned party
<i>Cotabato Electric Cooperative, Inc. (COTELCO)</i>	February 27, 2008	Deed of Transfer of Possession is yet to be finalized.
<i>Cotabato Light and Power Company, Inc. (COLIGHT)</i>	DISAPPROVED February 27, 2008	Under Renegotiation
<i>South Cotabato I Electric Cooperative (SOCOTECO I)</i>	September 4, 2007	Deed of Transfer of Possession is yet to be finalized.
<i>South Cotabato II Electric Cooperative (SOCOTECO II)</i>	February 27, 2008	Deed of Transfer of Possession is yet to be finalized.
<i>Sultan Kudarat Electric Cooperative (SUKELCO)</i>	July 25, 2007	Deed of Transfer of Possession is yet to be finalized.
<i>Tarlac II Electric Cooperative (TARELCO II)</i>	February 27, 2008	Deed of Transfer of Possession is yet to be finalized.

24. Generally, TransCo shall bill customers of CC and RSTC until such time that the assets are sold and transferred to the qualified distribution utilities. However, with the delayed implementation of the 2007 CC and RSTC, TransCo shall only cease billing the corresponding CC and RSTC on the assets that are sold and are already transferred to qualified distribution utilities only after the revenue pertaining to the applicable year is recovered.

25. For this particular Application, TransCo would like to emphasize that the following factors are used in the computation:

- a. Depreciation for the years 2006, 2007 and 2008 were considered;
- b. 2005 values of Subtransmission assets were rolled-forward to closing values of 2006, 2007 and 2008 without considering any capital expenditures;
- c. 2005 values of Subtransmission assets were rolled-forward to closing values of CY 2006, CY 2007 and CY 2008 without considering the disposals covered by contracts submitted to the Honorable Commission for approval;

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- d. In the rolling forward of assets no IDC Adjustment factors<sup>7</sup> of 1.08% and 0.93% or any escalation factor were imputed in the calculation;
- e. ERC-approved OPEX and TAXES levels covered in the Final Determination were allocated based on particular customer assets over the total identified Connection or Residual Subtransmission Assets or the formula of:

$$\frac{\Sigma \text{Optimized Depreciated Replacement Cost}}{\text{Connection or Residual Subtransmission}} \times \text{OPEX or Taxes}$$

- f. Only qualified Connection and/or Residual Subtransmission assets are to be billed and used in the computation of the appropriate charges.

26. It is intended that the CC and RSTC of customers will be adjusted (on an annual basis) once assets are effectively disposed of and capital expenditures are incurred.

27. Consistent with the pertinent recovery formula in Annex IV, Module F of the Revised OATS Rules and the foregoing statements, the 2008 CC and RSTC per customer are provided in **the Table C below**, to wit:

NAME OF CUSTOMER		2007 ERC-APPROVED MONTHLY CC & RSTC, PHP	PROPOSED 2008 MONTHLY CC & RSTC, PHP
<b>TOTAL PHILIPPINES</b>		<b>235,393,676.23</b>	<b>328,400,259.83</b>
L	MANILA ELECT. CO. COMPANY (MERALCO)	15,260,962.41	20,618,292.64
L	ABRA ELECT. COOP., INC. (ABRECO)	1,249,314.99	1,563,455.41
L	HOLCIM PHILIPPINES, INC. (UCC-BACNOTAN)	323,481.67	476,385.39
L	ILOCOS NORTE ELECT. COOP., INC. (INEC)	3,203,880.12	4,569,902.10
L	ILOCOS SUR ELECT. COOP., INC. (ISECO)	1,834,328.16	2,650,897.87
L	LA UNION ELECT. CO., INC. (LUECO)	1,050,297.91	1,494,272.35
L	LA UNION ELECT. COOP. (LUELCO)	2,102,012.59	2,942,018.43
L	NORTHWIND POWER DEVELOPMENT CORP.	2,152.22	16,411.96
L	BENGUET ELECT. COOP., INC. (BENECO)	974,703.95	2,050,826.14
L	LEPANTO CONSOLIDATED MINING CO.	515,049.08	426,169.06
L	MT. PROVINCE ELECT. COOP. (MOPRECO)	763,985.66	913,457.90
L	PHILIPPINE MILITARY ACADEMY (PMA)	19,402.73	-
L	BAGUIO CITY ECOZONE (PEZA-Baguió)	438,013.37	10,618.31

<sup>7</sup> IDC adjustment Factor in Table 5.11 (page 84) of the Final Determination

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NAME OF CUSTOMER		2007 ERC-APPROVED MONTHLY CC & RSTC, PHP	PROPOSED 2008 MONTHLY CC & RSTC, PHP
L	BENGUET CORP., INC. (BALATOC MINES)	54,481.73	60,691.26
L	ITOGON-SUYOC RESOURCES, INC.	42,681.62	61,067.91
L	NIA-AMPUCAO (MRIIS)	503.21	413.41
L	PHILEX MINING CORP.	871,070.26	887,591.89
L	HYDRO ELECT. POWER DEVELOPMENT CORP.	25.01	158.55
L	AURORA ELECT. COOP. (AURELCO)	218,107.22	1,125,523.79
L	CABANATUAN ELECT. CORP. (CELCOR)	358,648.43	548,263.59
L	CENTRAL LUZON STATE UNIVERSITY (CLSU)	59,220.73	63,621.84
L	CENTRAL PANGASINAN ELECT. COOP. (GENPELCO)	1,947,368.97	3,211,990.56
L	DAGUPAN ELECT. CORP. (DECORP)	1,083,503.37	1,534,458.62
L	EDONG ICE PLANT & COLD STORAGE	14,862.07	278,573.42
L	GAPAN ICE PLANT & COLD STORAGE	45,691.50	141,979.46
L	LGU-PAMES, PANTABANGAN	285,364.14	106,860.26
L	NUEVA ECIJA II ELECT. COOP. (NEECO II) - AREA 2 (fmrlly. NEA MGMT. TEAM)	1,386,547.19	2,126,952.32
L	NIA-UPRIIS-PANTABANGAN	30,295.23	8,097.88
L	NORTHERN CEMENT CORP. (NCC)	818,532.67	1,181,472.80
L	NUEVA ECIJA I ELECT. COOP. (NEECO I)	1,443,695.24	1,393,951.40
L	NUEVA ECIJA II ELECT. COOP. (NEECO II) - AREA 1	2,327,338.82	3,345,128.60
L	PANGASINAN I ELECT. COOP. (PANELCO I)	712,660.41	641,179.44
L	PANGASINAN III ELECT. COOP. (PANELCO III)	1,669,125.32	2,226,033.33
L	SAN JOSE ELECT. COOP. (SAJELCO)	425,709.22	597,675.09
L	MASIWAY HYDROELECT. POWER PLANT	-	49,168.79
L	CAGAYAN I ELECT. COOP., INC. (CAGELCO I)	943,440.85	1,253,972.82
L	CAGAYAN II ELECT. COOP., INC. (CAGELCO II)	1,822,793.49	2,659,634.48
L	IFUGAO ELECT. COOP. (IFELCO)	1,243,878.06	1,742,329.37
L	ISABELA I ELECT. COOP., INC. (ISELCO I)	1,506,222.51	2,054,792.51
L	ISABELA II ELECT. COOP., INC. (ISELCO II)	3,304,285.69	4,937,246.44
L	IGUIG-ALCALA-AMULONG PUMP IRRIGATION SYSTEM (NIA-AMULONG)	32,962.42	22,793.33
L	KALINGA APAYAO ELECT. COOP., INC. (KAELCO)	698,869.68	1,082,545.15
L	MAGAPIT PUMP IRRIGATION SYSTEM	92,149.20	67,226.93
L	NATIONAL IRRIGATION ADMINISTRATION - BALIGATAN	110,868.11	146,718.37
L	NIA - MARIIS DISTRICT III (NIA-GAMU)	126,723.36	114,197.63
L	NIA - MARIIS DISTRICT IV (NIA-CAUAYAN)	47,026.78	52,219.57
L	NUEVA VIZCAYA ELECT. COOP. (NUVELCO)	573,313.93	720,055.97
L	QUIRINO ELECT. COOP. (QUIRELCO)	415,988.09	600,284.10

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NAME OF CUSTOMER		2007 ERC-APPROVED MONTHLY CC & RSTC, PHP	PROPOSED 2008 MONTHLY CC & RSTC, PHP
L	SOLANA PUMP IRRIGATION SYSTEM (NIA-ENRILE)	39,841.39	56,160.86
L	BATAAN 2020, INC. (fmrlly. BPPMI)	1,103,291.40	1,532,558.13
L	BATAAN ECO. ZONE (TRANSCO - BEZ) (fmrlly. EPZA-BATAAN)	558,334.29	842,564.19
L	BATAAN REFINING CORP. (fmrlly. PETRON CORP.)	593,373.93	1,101,625.54
L	BATAAN TECHNOLOGY PARK, INC. (BTPI)	56,219.00	194,174.85
L	CONSORT LAND, INC.	95,928.51	352,746.22
L	COTO MINES	54,074.71	81,035.07
L	DIVERSIFIED ECOZONE CORP.	271,657.44	143,559.45
L	GOVERNMENT ARSENAL & AMMUNITION PLANT	137,256.89	68,328.75
L	MIRANT-Bataan Polyethylene CORP. - T1	-	-
L	OLONGAPO CITY GOVERNMENT	120,378.68	169,783.10
L	ORICA PHILIPPINES, INC. (fmrlly. PHIL. EXPLOSIVES CORP.)	75,077.98	43,520.81
L	PENINSULA ELECT. COOP. (PENELCO)	4,532,198.04	6,162,491.65
L	PHOENIX POLYPROPYLENE CORP. (fmrlly. Petro Corp.)	164,655.27	178,699.38
L	GRAND PLANTERS INTERNATIONAL, INC. (fmrlly. PLANTERS PRODUCTS INC.)	140,398.55	130,551.43
L	PNPP - NPC HOUSING (BAGAC)	107,743.46	278,795.84
L	PNPP - NAPOT	14,280.68	437,290.85
L	PUYAT FLOORING PRODUCTS, INC.	43,026.21	65,837.39
L	RADIO VERITAS ASIA	44,268.21	62,399.91
L	RGS ICE PLANT & COLD STORAGE	206,366.62	133,861.06
L	SUBIC ENERZONE DEVELOPMENT CORP. (SBMA)	1,279,409.59	1,790,775.04
L	ZAMBALES I ELECT. COOP. (ZAMECO I)	532,538.11	925,865.56
L	ZAMBALES II ELECT. COOP. (ZAMECO II)	1,110,064.82	1,491,033.94
L	ANGELES ELECT. CORP. (AEC)	747,065.72	605,575.37
L	BASA AIR BASE(PAF)	55,437.92	104,681.35
L	BEVERAGE PACKAGING SPECIALIST, INC. (BPSI)	54,304.89	224,503.17
L	CENTRAL AZUCARRERA DE TARLAC (CAT)	353,881.33	278,754.24
L	CLARK AIR BASE COMMAND (CABCOM)	32,534.29	-
L	CLARK ELECT. DISTRIBUTION CORP. (CEDC)	823,812.58	1,482,309.63
L	CURRIMAO ALUMINUM CORP.	48,820.65	30,642.88
L	INDUSTRIAL GAS CO., INC. (INGASCO)	14,741.02	13,221.66
L	PAMPANGA I ELECT. COOP., INC. (PELCO I)	713,880.63	862,252.17
L	PAMPANGA II ELECT. COOP., INC. (PELCO II)	1,018,093.41	1,208,371.98
L	PAMPANGA III ELECT. COOP., INC. (PELCO III)	1,600,712.92	1,508,804.06
L	PAMPANGA RURAL ELECT. COOP. (PRESCO)	94,094.42	137,854.00

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NAME OF CUSTOMER		2007 ERC-APPROVED MONTHLY CC & RSTC, PHP	PROPOSED 2008 MONTHLY CC & RSTC, PHP
L	SAN FERNANDO ELECT. LIGHT & POWER CO., INC. (SFELAPCO)	2,012,762.21	3,326,827.87
L	SFELAPCO (fmrly. GS MANALAC//MANSON ENTERPRISES)	153,442.05	288,264.55
L	SKK STEEL CORP.	685,522.69	1,409,652.12
L	STRONGHOLD STEEL CORP. (fmrly. MILWAUKEE INDUSTRIES)	690,882.10	620,896.02
L	TARLAC ELECT., INC. (TEI)	804,053.97	494,344.63
L	TARLAC I ELECT. COOP., INC. (TARELCO I)	1,055,818.16	1,446,516.78
L	TARLAC II ELECT. COOP., INC. (TARELCO II)	446,472.40	478,114.97
L	UNITED PULP CO., INC. (UPPC)	111,252.18	63,420.10
L	ASIA PACIFIC ENERGY CORP. (APEC)	-	160,066.23
L	ANGAT MICRO STATION	-	-
L	SOLID NORTH MINERAL CORP. (fmrly. CENTRAL CEMENT CORP.//BACNOTAN CEMENT CORP.)	494,545.77	128.75
L	REPUBLIC CEMENT CORP. - NORZAGARAY PLANT (fmrly. FORTUNE CEMENT CORP.//COC)	-	-
L	REPUBLIC CEMENT CORP. - BULACAN PLANT (fmrly. TEAM ENERGY//MIRANT-REPUBLIC CEMENT)	-	-
L	TEAM ENERGY (fmrly. SOLID DEV'T. CORP.)	248,859.93	276,562.98
L	MUNICIPALITY OF NORZAGARAY	1,877.99	74,566.31
L	NATIONAL IRRIGATION ADMINISTRATION - AMRIS	31,511.93	12,316.31
L	ATLANTIC GULF & PACIFIC CO. (AG&P)	9,020.63	47,978.50
L	BABCOCK HITACHI, INC.	10,628.60	27,280.50
L	BACNOTAN STEEL INDUSTRIES, INC.	-	-
L	BATANGAS BAY TERMINAL, INC. (BBTI)	2,138.14	2,296.18
L	BATANGAS CITY WATER DISTRICT	42,289.71	137,098.58
L	BATANGAS I ELECT. COOP. (BATELEC I)	1,565,626.26	2,108,676.45
L	BATANGAS II ELECT. COOP. (BATELEC II)	3,362,954.80	4,277,460.75
L	COCO-CHEMICAL INDUSTRIES (COCOHEM)	185,588.38	218,427.26
L	CORDERO ICE PLANT	60,191.35	67,851.16
L	ENGINEERING EQUIPMENT, INC. (EEI)	36,308.32	25,940.99
L	ERNESTO C. SUPETLAN CO., INC. (ECSCO Inc.)	104,292.07	47,882.95
L	FERNANDO AIR BASE	36,985.35	140,928.44
L	FIRST PHILIPPINES INDUSTRIAL CORP.	5,046.36	2,300.96
L	REPUBLIC CEMENT CORP. - BATANGAS PLANT (fmrly. FORTUNE CEMENT CORP.)	572,055.17	778,489.59
L	GENERAL MILLING CORP. - BATANGAS	111,393.52	9,545.87
L	IBAAN ELECT. & ENGINEERING CORP. (IEEC)	39,932.14	55,147.91
L	KEPPEL PHILIPPINE SHIPYARD	36,071.16	75,300.32
L	LIMA UTILITIES CORP., INC.	1,773,128.45	1,729,171.10
L	LIPA ICE PLANT	24,720.17	93,167.49

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NAME OF CUSTOMER		2007 ERC-APPROVED MONTHLY CC & RSTC, PHP	PROPOSED 2008 MONTHLY CC & RSTC, PHP
L	MUNICIPALITY OF BAUAN	331,149.87	970,349.21
L	PHILIPPINE ECO. ZONE AUTHORITY (fmrly. CEZ)	1,472,755.25	1,503,924.58
L	PHILIPPINE TOWNSHIPS, INC. (PHILTOWN)	192,338.04	75,815.40
L	PILIPINAS SHELL	1,213.13	780.96
L	PUYAT STEEL CORP.	32,422.11	36,879.25
L	SAN MIGUEL MILLS, INC. - BATANGAS	118,289.73	119,263.41
L	STEEL CORP. OF THE PHILIPPINES (fmrly. STEEL CORP. OF BATANGAS)	85,983.63	608,372.01
L	COASTAL BAY CHEMICAL, INC. (fmrly. UNION CARBIDE PHIL.)	28,582.29	5,387.91
L	BOY SCOUT OF THE PHILIPPINES (BSP)	11,354.55	71,093.32
L	CANLUBANG SUGAR ESTATE	305,408.64	488,855.34
L	ECOSYSTEM RESEARCH & DEVELOPMENT BUREAU	17,608.60	37,646.07
L	FIRST LAGUNA ELECT. COOP., INC. (FLECO)	828,692.09	1,061,970.32
L	FOREST PRODUCTS RESEARCH INSTITUTE	24,828.21	35,507.03
L	INTERNATIONAL RICE RESEARCH INSTITUTE (IRRI)	337,436.00	438,193.10
L	MEGAPACK CONTAINER CORP.	185,413.34	238,869.55
L	QUEZON II ELECT. COOP., INC. (QUEZELCO II)	892,162.77	1,365,724.11
L	UNI PLASTIC INTERNATIONAL CORP. (UNI LONSEAL)	186,356.12	-
L	UP COLLEGE OF AGRICULTURE (UPLB)	374,744.12	500,675.81
L	QUEZON I ELECT. COOP., INC. (QUEZELCO I)	4,877,422.44	6,499,397.35
L	ALBAY ELECT. COOP., INC. (ALECO)	2,525,009.60	3,660,707.87
L	ALBAY AGRO-INDUSTRIAL DEVELOPMENT CORP. (ALINDECO)	-	24,124.75
L	BICOL ICE PLANT, INC.	29,739.80	42,305.33
L	GOOD FOUND CEMENT FACTORY	161,579.40	221,597.97
L	ISAROG PULP & PAPER CO., INC.	76,811.93	-
L	PACIFIC MALL, INC. (GAISANO)	241,304.88	50,046.53
L	PESI BARIT HEP	121,172.46	162,911.17
L	PNOC - EDC	122,020.79	-
L	SORSOGON I ELECT. COOP. (SORECO I)	1,366,311.74	1,477,308.24
L	SORSOGON II ELECT. COOP., INC. (SORECO II)	1,111,582.38	1,620,330.57
L	CAMARINES NORTE ELECT. COOP. (CANORECO)	985,757.72	1,527,041.21
L	PURITY ICE PLANT & COLD STORAGE	2,572.80	6,226.39
L	CAMARINES SUR I ELECT. COOP. (CASURECO I)	709,015.29	866,365.81
L	CAMARINES SUR II ELECT. COOP. (CASURECO II)	1,083,320.00	1,535,754.30
L	CAMARINES SUR III ELECT. COOP. (CASURECO III)	416,971.15	830,438.48
L	CAMARINES SUR IV ELECT. COOP. (CASURECO IV)	679,652.78	760,362.94

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NAME OF CUSTOMER		2007 ERC-APPROVED MONTHLY CC & RSTC, PHP	PROPOSED 2008 MONTHLY CC & RSTC, PHP
V	AKLAN ELECT. COOP., INC. (AKELCO)	3,025,188.64	4,186,456.86
V	ANTIQUE ELECT. COOP., INC. (ANTECO)	3,704,463.69	5,263,652.26
V	AVON RIVER	12,299.73	12,964.40
V	CAPIZ ELECT. COOP. (CAPELCO)	824,970.49	1,199,945.98
V	GUIMARAS ELECT. COOP., INC. (GUIMELCO)	524,212.74	352,420.87
V	ILOILO I ELECT. COOP. (ILECO I)	207,410.86	311,695.32
V	ILOILO II ELECT. COOP. (ILECO II)	1,570,552.86	2,095,884.36
V	ILOILO III ELECT. COOP. (ILECO III)	1,600,360.23	2,417,027.42
V	PANAY ELECT. CO. (PECO)	55,196.89	390,898.11
V	PHILIPPINE FOREMOST MILLING CORP.	-	-
V	ALTURAS GROUP OF COMPANIES	-	-
V	BOHOL ENTERPRISES	22,725.85	33,994.72
V	BOHOL I ELECT. COOP. (BOHECO I)	100,323.69	-
V	BOHOL II ELECT. COOP. (BOHECO II)	380,744.39	534,166.80
V	BOHOL LIGHT CO., INC. (BLCI)	-	-
V	MARCELA INDUSTRIAL PLANT	-	-
V	PHILIPPINE MINING SERVICE CORP. (PMSC - BOHOL)	-	-
V	MACTAN ELECT. CORP. (MEZ) (fmrly. ABOITIZ LAND)	39,223.82	49,668.83
V	CEBU I ELECT. COOP. (CEBECO I)	1,027,715.12	1,649,225.57
V	CEBU II ELECT. COOP. (CEBECO II)	1,713,955.05	2,406,279.63
V	FORTUNE CEMENT CORP. (fmrly. PREMIER CEMENT CORP (FECC))	280,360.71	-
V	GENERAL MILLING CORP. - CEBU	136,235.30	344,117.61
V	INNOVE COMMUNICATIONS, INC.	1.63	-
V	MACTAN ELECT. CO. (MECO)	746,809.43	1,141,759.03
V	PHILIPPINE AIR FORCE (PAF)	145,024.24	223,941.45
V	PHILIPPINE MINING SERVICE CORP. (PMSC - CEBU)	189,916.07	185,033.66
V	PHILIPPINE NATIONAL OIL CO. LABORATORY (PNOC - LAB)	-	-
V	PHILIPPINE SPRING WATER RESOURCES, INC. (PSWIR)	27,865.05	32,603.49
V	TAIHEIYO CEMENT PHILIPPINES (fmrly. GCMC)	194,112.44	323,421.18
V	VISAYAN ELECT. CO. (VECO)	1,561,339.25	2,179,711.69
V	WATERFRONT A/P HOTEL and CASINO	23,604.53	31,614.61
V	BARANGAY LIM-AO	-	-
V	BILIRAN ELECT. COOP. (BILECO)	907,656.96	787,862.35
V	DON ORESTES ROMUALDEZ ELECT. COOP. (DORELCO)	1,401,193.84	1,399,883.14
V	LEYTE II ELECT. COOP. (LEYECO II)	866,420.23	2,604,853.25

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NAME OF CUSTOMER		2007 ERC-APPROVED MONTHLY CC & RSTC, PHP	PROPOSED 2008 MONTHLY CC & RSTC, PHP
V	LEYTE III ELECT. COOP. (LEYECO III)	504,478.07	412,306.98
V	LEYTE IV ELECT. COOP. (LEYECO IV)	4,479,439.86	6,178,723.74
V	LEYTE V ELECT. COOP. (LEYECO V)	1,133,534.75	1,608,414.57
V	LIDE MANAGEMENT CORP. (LMC)	36,808.59	32,631.82
V	PHILIPPINE ASSOCIATION SMELTING & REFINING CORP. (PASAR)	501,119.07	723,671.11
V	PHILIPPINE PHOSPHATES FERTILIZER CORP. (PHILPHOS)	483,007.08	710,162.88
V	PNOC - EDC TONGONAN (TEMFACIL)	-	-
V	SOUTHERN LEYTE ELECT. COOP. (SOLECO)	2,988,977.38	4,143,029.29
V	SPECIALTY PULP MANUFACTURING, INC. (SPMI)	444,343.57	612,643.27
V	VISAYAN OIL MILLS, INC. (VOMI)	267,170.91	299,816.74
V	SC GLOBAL COCO PRODUCTS, INC.	-	50,068.02
V	EASTERN SAMAR ELECT. COOP., INC. (ESAMELCO)	6,792,852.86	9,187,211.69
V	NORTHERN SAMAR ELECT. COOP. (NORSAMELCO)	6,276,388.84	8,092,237.35
V	SAMAR I ELECT. COOP. (SAMELCO I)	992,788.78	1,355,854.98
V	SAMAR II ELECT. COOP. (SAMELCO II)	372,736.77	414,706.59
V	CENTRAL NEGROS ELECT. COOP. (CENECO)	634,506.27	909,310.72
V	DYNASTY MANAGEMENT & DEVELOPMENT CORP. (GAISANO-BACOLOD)	9,397.39	13,907.89
V	NEGROS OCCIDENTAL ELECT. COOP. (NOCECO)	6,434,264.20	7,851,950.61
V	SAN MIGUEL CORP. (SMC - BACOLOD)	22,507.83	36,504.64
V	VMC RURAL ELECT. SERVICE COOP. (VRESCO)	2,245,251.56	2,619,432.22
V	DUMAGUETE COCONUT MILLS, INC. (DUCOMI)	47,672.99	63,140.84
V	ORICA NITRATES PHILIPPINES, INC. (fmrly. DYNO NOBEL PHIL., INC.)	60,856.73	81,457.76
V	NEGROS ORIENTAL I ELECT. COOP. (NORECO I)	2,240,263.28	3,030,341.97
V	NEGROS ORIENTAL II ELECT. COOP. (NORECO II)	3,585,732.10	4,954,072.94
V	PNOC - EDC PALIMPINON I	1,909.98	2,858.43
V	PNOC - EDC PALIMPINON II	-	-
M	LANAO DEL NORTE ELECT. COOP. (LANECO)	1,452,968.19	2,068,593.02
M	MISAMIS OCCIDENTAL I ELECT. COOP. (MOELCI I)	585,644.33	865,304.43
M	MISAMIS OCCIDENTAL II ELECT. COOP. (MOELCI II)	673,885.25	1,069,296.84
M	WILMAR EDIBLE OILS PHILIPPINES, INC. (fmrly. POMS VENTURES (SIOM))	190,813.80	305,857.94
M	ZAMBOANGA NORTE ELECT. COOP. (ZANECO)	2,634,128.14	3,931,675.86
M	ZAMSURECO MOLAVE (fmrly. ZAMBOANGA SUR I ELECT. COOP. (ZAMSURECO I))	1,289,008.04	2,015,674.44
M	PNOC - MALANGAS COAL CORP. (PNOC - MCC)	190,704.17	255,663.06
M	ZAMBOANGA CITY ELECT. COOP. (ZAMCELCO)	4,251,569.94	5,849,865.62
M	ZAMBOANGA SUR II ELECT. COOP. (ZAMSURECO II)	1,635,106.92	2,585,468.22

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NAME OF CUSTOMER		2007 ERC-APPROVED MONTHLY CC & RSTC, PHP	PROPOSED 2008 MONTHLY CC & RSTC, PHP
M	ALSON CEMENT CORP. (ACC-HOLCIM)	529,659.62	823,663.75
M	GLOBAL STEELWORKS INTERNATIONAL, INC.	-	-
M	ILIGAN LIGHT & POWER INC. (ILPI)	703,482.25	1,406,301.41
M	ILIGAN CEMENT CORP. (ICC)	623,051.96	577,859.56
M	LANAO DEL SUR ELECT. COOP. (LASURECO)	3,695,594.56	5,198,468.74
M	MA. CRISTINA CHEMICAL INDUSTRIES, INC. (MCCI)	2,206.03	13,042.42
M	MABUHAY VINYL CORP. (MVC)	82,576.20	108,843.93
M	MINDANAO STATE UNIVERSITY (MSU)	67,028.42	92,771.95
M	MISAMIS ORIENTAL I ELECT. COOP. (MORESCO I)	2,007,423.62	2,939,547.18
M	NEWTECH PULP, INC. / (PICOP - ILIGAN)	252,314.06	365,743.28
M	PILMICO FOODS CORP. (PILLSBURY MINDANAO)	89,585.12	240,245.96
M	REGIONAL MANPOWER TRAINING CENTER / TESDA	105,879.25	6,066.84
M	TREASURE STEEL WORKS CORP.	181,933.47	265,506.97
M	AGUSAN HE PLANT	55.47	1,995.87
M	BUKIDNON SECOND ELECT. COOP., INC. (BUSECO)	1,000,228.08	1,429,019.09
M	BUSCO SUGAR MILLING CO., INC. (BUSCO)	35,804.44	41,281.97
M	CAGAYAN ELECT. POWER AND LIGHT CO. (CEPALCO)	1,640,310.63	2,443,825.25
M	CAMIGUIN ELECT. COOP., INC. (CAMELCO)	794,061.53	2,359,231.71
M	DEL MONTE PHILIPPINES, INC. (DMPI)	166,477.44	228,547.25
M	FIRST BUKIDNON ELECT. COOP., INC. (FIBECO)	334,383.12	558,613.16
M	MENZI AGRICULTURAL CORP.	4,445.21	5,478.39
M	MINDANAO SILICON METAL CORP. (MSMC)	-	-
M	PHILIPPINE SINTER CORP. (PSC)	94,828.73	127,411.47
M	PHILIPPINE VETERANS INDUSTRIAL DEVELOPMENT COOP. (PHIVIDEC)	-	-
M	SOBROS PAPER PRODUCTS CO., INC. (fmrly. MENZI DEV'T. CORP.)	273,075.58	262,144.15
M	AGUSAN NORTE ELECT. COOP., INC. (ANECO)	2,048,875.07	3,343,886.23
M	AGUSAN SUR ELECT. COOP., INC. (ASELCO)	3,259,411.93	4,736,936.46
M	WILMAR EDIBLE OILS PHILIPPINES, INC. (WEOPI)-GINOOG (fmrly. INDOPHIL (OLA) OIL MILLS, INC.)	357,382.17	637,995.78
M	INDUSTRIAL TIMBER CORP. (ITC)	87,709.78	125,485.46
M	MISAMIS ORIENTAL II ELECT. COOP. (MORESCO II)	1,583,440.05	2,825,089.44
M	NATIONAL IRRIGATION ADMINISTRATION - BUTUAN	97,878.33	140,515.13
M	PACIFIC CEMENT CO. (PACEMCO)	265,791.86	294,839.61
M	PICOP RESOURCES - BISLIG	-	-
M	SIARGAO ELECT. COOP. (SIARELCO)	306,433.03	483,654.84
M	SURIGAO NORTE ELECT. COOP. (SURNECO)	531,660.61	668,831.68

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NAME OF CUSTOMER		2007 ERC-APPROVED MONTHLY CC & RSTC, PHP	PROPOSED 2008 MONTHLY CC & RSTC, PHP
M	SURIGAO SUR I ELECT. COOP. (SURSECO I)	563,619.13	700,046.74
M	SURIGAO SUR II ELECT. COOP. (SURSECO II)	5,205,805.40	7,293,761.04
M	DAVAO LIGHT & POWER CORP. (DLPC)	1,597,777.39	2,257,861.71
M	DAVAO NORTE ELECT. COOP., INC. (DANECO)	3,693,560.40	6,170,970.58
M	DAVAO ORIENTAL ELECT. COOP., INC. (DORECO)	4,998,487.77	5,796,520.37
M	DAVAO SUR ELECT. COOP. (DASURECO)	5,155,954.84	7,370,008.60
M	HOLCIM PHILIPPINES, INC. (UCC - DAVAO)	-	-
M	APEX MINING CO., INC.	-	302,663.32
M	COTABATO ELECT. COOP., INC. (COTELCO)	2,347,351.43	2,970,983.04
M	COTABATO LIGHT & POWER CO., INC. (COLIGHT)	493,743.02	96,075.31
M	DOLE PHILIPPINES	65,040.66	95,610.38
M	MAGUINDANAO ELECT. COOP. (MAGELCO)	1,678,118.28	3,137,324.19
M	SOUTH COTABATO I ELECT. COOP. (SOCOTECO I)	1,187,487.42	1,398,959.04
M	SOUTH COTABATO II ELECT. COOP. (SOCOTECO II)	7,284,189.76	13,488,760.51
M	SULTAN KUDARAT ELECT. COOP. (SUKELCO)	1,208,173.19	1,257,874.16

Legend: L- Luzon, V- Visayas, M-Mindanao

28. TransCo respectfully informs the Honorable Commission that it re-computed the 2007 CC and RSTC of some of its customers as manifested in ERC Case No. 2007-007RC. **Table D** relates to the billing adjustments made to affected customers.

**Table D. Summary of TransCo Management Approved Adjusted CC and RSTC**

<i>Distribution Utility</i>	<i>2007 ERC- Approved CC/RSTC</i>	<i>TransCo Management Adjusted 2007 CC/RSTC</i>
<i>Bagiuo City Economic Zone</i>	438,013.37	67,306.34
<i>Pangasinan I Electric Cooperative (PANELCO I)</i>	712,660.41	611,229.40
<i>Republic Cement Corp. (formerly Fortune Cement)</i>	572,055.17	516,669.63
<i>General Milling Corp., Batangas</i>	111,393.52	109,167.92
<i>Lima Land Utilities, Inc.</i>	1,773,128.45	1,212,677.27
<i>Phil Economic Zone Authority (CEZ)</i>	1,472,755.25	1,389,005.86
<i>Pilipinas Shell</i>	1,213.13	1,186.04
<i>San Miguel Mills, Inc. -Batangas</i>	118,289.73	115,985.29
<i>Pacific Mall, Inc. (Gaisano)</i>	241,304.88	19,243.79
<i>Negros Occidental Electric Cooperative</i>	6,434,264.20	5,505,063.88
<i>Misamis Oriental II Electric Cooperative (Moresco II)</i>	1,583,440.05	1,081,216.78

29. Consequently, such re-computation resulted to the increase in the CC and RSTC of the affected customer, e.g. Central Pangasinan Electric Cooperative

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(CENPELCO) on account of the adjustments to PANELCO and Camiguin Electric Cooperative (CAMELCO) due to the adjustments made to MORESCO II. The CC and RSTC was re-computed to correctly allocate the cost of the line assets (and corresponding land cost) being used by aforementioned connected customers.

30. The increase in the CC and RSTC to CENPELCO and CAMELCO brought about by the adjustments were not billed to these Cooperatives in 2008. This is notwithstanding that decreases in PANELCO and MORESCO II's CC and RSTC were effected and billed in 2008. TransCo, however, included in the instant application the variance made in the 2007 CC and RSTC of the concerned Cooperatives. This approach is consistent with the OATS Rules.

31. TransCo, likewise, following ERC Orders dated March 23 and June 12, 2008<sup>8</sup>, has deferred the collection of the CC and RSTC of eight (8) Cooperatives, namely; Ifugao Electric Cooperative, Inc. (IFELCO), Eastern Samar Electric Cooperatives, Inc. (ESAMELCO), Northern Samar Electric Cooperative, Inc. (NORSAMELCO), Leyte IV Electric Cooperative, Inc. (LEYECO IV), Davao Oriental Electric Cooperative, Inc. (DORECO), Surigao del Sur II Electric Cooperative, Inc. (SURSECO II), Mountain Province Electric Cooperative, Inc. (MOPRECO) and Negros I Electric Cooperative, Inc. (NORECO I).

32. Also, in accordance with the ERC Order of March 23, 2008, TransCo after review and deliberation adjusted the CC and RSTC of NOCECO (see item 31 above).

33. Without any intention to delay the implementation of the 2008 CC and RSTC, this Application is being filed at this time in order to consider significant changes in the customers' connection, i.e. to include new connections in 2007, and most importantly to include necessary adjustments to customers' charges as provided in **item 28**.

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<sup>8</sup> ERC Case No. 2007-007RC

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34. The Management approved the filing of this Application last January 10, 2008, subject to necessary adjustments as mentioned in **item 28**.

35. The proposed CY 2008 Connection and Residual Subtransmission Charges for the excluded services of Subtransmission Assets designed and developed in accordance with the provisions of the TWRG and 2006 Revised OATS Rules and pertinent ERC Orders sets forth fair and reasonable rates that will serve the public interest and convenience and signals the efficient utilization of transmission and subtransmission facilities that will ultimately redound to the best interest and benefit of the consuming public.

**ALLEGATIONS IN SUPPORT OF THE APPLICATION FOR PROVISIONAL  
AUTHORITY/INTERIM RELIEF**

36. The Revised OATS Rules, under Clause F(AIV)1.3 states that Connection Charges and Residual Subtransmission Charges will come into effect on the same date as the new tariff rates resulting from the Final Determination by the ERC of the MAR for the Second Regulatory Period take effect.

37. The TWRG under Clause 6.2.1 (f) expressly provides the following:
- a. that once ERC is satisfied that the rates comply with the requirements of the TWRG and OATS Rules, the Regulated Entity must implement those rates with effect from December 26 of the Calculation Year.
  - b. that should the ERC be not satisfied that the rates do comply with the TWRG and OATS Rules, there will be a necessity of amending the proposed rates and the Regulated entity must implement the amended rates by 15 days after the ERC gives direction but not earlier than 26 December of the Calculation Year.

For this reason, the effectivity and implementation of the MAR<sub>2009</sub> would be the billing period of December 26, 2008 – January 25, 2009.

38. Accordingly, following the provisions of the TWRG and the ERC - approved Revised OATS Rules, the CC and RSTC may as well be imposed on the same billing period of December 26, 2008 – January 25, 2009.

x-----x

39. It is worthy to note that the delay in the implementation would effectively mean delay in the recovery of the necessary revenue from the services that TransCo has been providing to its customers. The cost of the investments made on these subtransmission assets, which is not being recovered in the MAR, should be recovered as soon as necessary.

40. Furthermore, TransCo has not recovered from these excluded services of Connection and Residual Subtransmission since January 2006. TransCo would like to respectfully emphasize that the removal of the subtransmission assets from the regulated asset base and the delayed implementation of the rate changes resulting from the Final Determination leads to billions of pesos unrecovered revenue for TransCo.

41. Referencing this with the Final Determination, TransCo should have earned in 2006 estimated revenue from excluded services of P2.495Bn and P1.225Bn for Residual Subtransmission and Connection Services, respectively, but have not billed and recovered any revenue. Thus, it is prayed that TransCo be given the provisional authority to implement the charges herein specified for billing period of December 26, 2008 – January 25, 2009.

### **P R A Y E R**

**WHEREFORE**, TransCo most respectfully prays that the Honorable Commission to:

- a. **ISSUE** a **Provisional Authority** to implement and commence the billing and collection of the 2008 Connection and Residual Subtransmission Charges on the billing period of December 26, 2008 – January 25, 2009;
- b. **APPROVE** the Connection and Residual Subtransmission Charges for CY 2008 provided in **item 27** of this Application;
- c. **APPROVE** the recovery of the computed 2008 Connection and Residual Subtransmission Charges to all transmission customers starting January 2009 coinciding with the effectivity of the 2009 ERC-approved MAR;

x-----x

d. **ALLOW** TransCo to make the adjustments in the Connection and Residual Subtransmission Charges in order to recover the total computed (2008) annual revenue from Connection and Residual Subtransmission Charges.

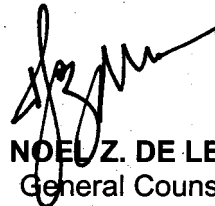
Applicant prays for other relief deemed just and equitable under the premises.

Quezon City for Pasig City, 16 December 2008.

**NATIONAL TRANSMISSION CORPORATION**

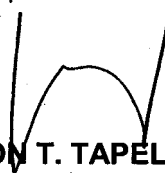
Power Center, Quezon Avenue corner  
BIR Road, Diliman, 1101 Quezon City

By:



**NOEL Z. DE LEON**  
General Counsel

Roll of Attorney No. 36660-04.1990  
IBP No. 728172-12.06.07, Quezon City  
MCLE Compliance No. II-0005686



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Corporate Attorney III

Roll of Attorney No. 46356-05.26.01  
IBP No. 728743-12.13.07, Bulacan  
MCLE Compliance No. II-0007351

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REPUBLIC OF THE PHILIPPINES )  
QUEZON CITY )S.S.

**VERIFICATION AND  
CERTIFICATION ON NON-FORUM SHOPPING**

I, **ARTHUR N. AGUILAR**, of legal age, married, with office address at the Power Center, Quezon Avenue corner BIR Road, Diliman, Quezon City, after having been duly sworn to in accordance with law, do hereby depose and state, that:

1. I am the President and Chief Executive Officer (CEO) of the National Transmission Corporation, who is authorized to represent it in this Application per attached TransCo Board Resolution No. TC-2006-025 dated 20 September 2006;

2. I have caused the preparation of the instant Application and the allegations therein contained are true and correct based on my personal knowledge and authentic records available to Applicant TransCo;

3. I have not commenced any other action or proceeding involving the same issues in the Supreme Court, the Court of Appeals or any court, tribunal, or quasi-judicial agency and, to the best of my knowledge, no such other action or claim is pending therein; and

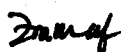
4. If I should hereinafter learn that the same or a similar action or claim has been filed or is pending in the Supreme Court, the Court of Appeals or any court, tribunal, or quasi-judicial agency, I shall report the said fact within five (5) days from discovery thereof to the Honorable Commission.

Quezon City, 17 December 2008.

  
**ARTHUR N. AGUILAR**  
Affiant

**SUBSCRIBED and SWORN TO** before me this 17<sup>th</sup> day of December 2008, with affiant **ARTHUR N. AGUILAR** presenting to me his Community Tax Certificate No. 19486494 issued on 16 January 2008 at Makati City, known to me and to me known to be the same person who executed the foregoing document.

Doc. No. 40  
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Book No. X  
Series of 2008.

  
**ZITA MARIE M. ATIENZA-FAJARDO**  
Notary Public  
Until December 31, 2008  
NP042(06)/Roll No. 46060  
Lifetime IBP No. 06167-12.04.06, Batangas  
PTR No. 9764397/01.03.08.QC