



RESOLUTION NO. 09, Series of 2009

**RESOLUTION ADOPTING THE RULES FOR THE CALCULATION
OF THE OVER OR UNDER RECOVERY IN THE
IMPLEMENTATION OF TRANSMISSION RATES BY
DISTRIBUTION UTILITIES (DUs)**

WHEREAS, Section 43 (f) of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA), and its Implementing Rules and Regulations (IRR), provide that the Energy Regulatory Commission (ERC) shall determine, fix and approve, among others, the retail rates to be imposed by Distribution Utilities (DUs) through an established and enforced methodologies;

WHEREAS, to facilitate the evaluation and resolution of all applications for refund of over recoveries or collection of under recoveries, the Commission formulated a draft "Rules for the Calculation of the Over or Under Recovery in the Implementation of Transmission Rates by Distribution Utilities (DUs)", which was subjected to public consultations on various dates;

WHEREAS, after a thorough evaluation of the comments and views submitted by the participants, the Commission deems it necessary to formulate and adopt a set of rules that would govern the calculation of the over or under recovery in the implementation of transmission rates by DUs;

NOW, THEREFORE, be it **RESOLVED**, as the Commission hereby **RESOLVES** to **ADOPT** the "Rules for the Calculation of the Over or Under Recovery in the Implementation of Transmission Rates by Distribution Utilities (DUs)".

This Resolution shall take effect after fifteen (15) days following the completion of its publication in a newspaper of general circulation in the Philippines.

Let copies of this Resolution be furnished the University of the Philippines Law Center-Office of the National Administrative Register (UPLC-ONAR) and all Distribution Utilities (DUs).

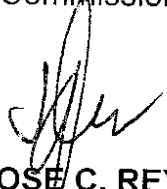
Pasig City, March 16, 2009.


ZENAIDA G. CRUZ-DUCUT
Chairperson *gmc*


RAUF A. TAN
Commissioner


ALEJANDRO Z. BARIN
Commissioner


MARIA TERESA A.R. CASTAÑEDA
Commissioner


JOSE C. REYES
Commissioner


19b/Tvm/Transmission True Up

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List of Distribution Utilities

1. ANGELES ELECTRIC CORPORATION
1903 Robinsons Equitable Tower
ADB Avenue corner Poveda Street, Pasig City
2. FIRST BAY POWER CORPORATION
4201 Bauan, Batangas
3. CABANATUAN ELECTRIC CORPORATION
Daang Mahariika, Bitas Road,
3100 Cabanatuan City, Nueva Ecija
4. PUBLIC UTILITIES DEPARTMENT (PUD-Olongapo)
2200 Olongapo City, Zambales
5. DAGUPAN ELECTRIC CORPORATION
3rd floor, Veria I Building
West Avenue, Quezon City
6. IBAAN ELECTRIC AND ENGINEERING CORPORATION
212 Mercado Street
4230 Ibaan, Batangas
7. LA UNION ELECTRIC COMPANY, INC.
Quezon Avenue
2500 San Fernando, La Union
8. SAN FERNANDO ELECTRIC LIGHT AND POWER COMPANY, INC.
2000 San Fernando, Pampanga
9. TARLAC ELECTRIC INC.
Mabini Street,
2300 Tarlac, Tarlac
10. MACTAN ELECTRIC COMPANY, INC.
6015 Lapu-lapu City, Cebu
11. PANAY ELECTRIC COMPANY, INC.
Cacho Building, J.M. Basa Street
5000 Iloilo City
12. BOHOL LIGHT COMPANY, INC.
6300 Tagbilaran City, Bohol
13. CAGAYAN ELECTRIC POWER AND LIGHT COMPANY, INC.
8th Floor Strata 100 Bldg.,
Emerald Avenue, Ortigas Complex, Pasig City
14. ILIGAN LIGHT AND POWER INC.
Bro. Raymund Jeffrey Road,
La Salle Road, Pala-O
9200 Iligan City, Lanao del Norte
15. MANILA ELECTRIC COMPANY
Ortigas Avenue, Pasig City
16. VISAYAN ELECTRIC COMPANY (VECO)
52 D. Jakosalem Street
6000 Cebu City
17. DAVAO LIGHT AND POWER COMPANY
Aboitiz Complex, Banilad
6000 Cebu City
18. COTABATO LIGHT AND POWER COMPANY
Aboitiz Complex, Banilad
6000 Cebu City
19. ILOCOS NORTE ELECTRIC COOPERATIVE, INC.
2913 Dingras, Ilocos Norte
20. ILOCOS SUR ELECTRIC COOPERATIVE, INC.
2707 Santiago, Ilocos Sur
21. LA UNION ELECTRIC COOPERATIVE, INC.
2503 Aringay, La Union
22. PANGASINAN I ELECTRIC COOPERATIVE, INC.
2470 Bani, Pangasinan
23. CENTRAL PANGASINAN ELECTRIC COOPERATIVE, INC.
2420 San Carlos City, Pangasinan
24. PANGASINAN III ELECTRIC COOPERATIVE, INC.
2428 Urdaneta, Pangasinan
25. BATANES ELECTRIC COOPERATIVE, INC.
3900 Basco, Batanes

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26. CAGAYAN I ELECTRIC COOPERATIVE, INC.
3503 Maddarulug, Solana, Cagayan
27. CAGAYAN II ELECTRIC COOPERATIVE, INC.
Concepcion Building, Centro Appari
3515 Cagayan
28. ISABELA I ELECTRIC COOPERATIVE, INC.
3306 Alicia, Isabela
29. ISABELA II ELECTRIC COOPERATIVE, INC.
3300 Ilagan, Isabela
30. NUEVA VIZCAYA ELECTRIC COOPERATIVE, INC.
3707 Dupax del Sur, Nueva Vizcaya
31. QUIRINO ELECTRIC COOPERATIVE, INC.
3401 Diffun, Quirino
32. ABRA ELECTRIC COOPERATIVE, INC.
2800 Bangued, Abra
33. BENGUET ELECTRIC COOPERATIVE, INC.
2601 Alapang, La Trinidad, Benguet
34. IFUGAO ELECTRIC COOPERATIVE, INC.
3600 Lagawe, Ifugao
35. KALINGA APAYAO ELECTRIC COOPERATIVE, INC.
3800 Magsaysay, Tabuk, Kalinga-Apayao
36. MOUNTAIN PROVINCE ELECTRIC COOPERATIVE, INC.
2616 Bontoc, Mt. Province
37. PENINSULA ELECTRIC COOPERATIVE, INC.
2100 Balanga, Bataan
38. NUEVA ECIJA I ELECTRIC COOPERATIVE, INC.
3106 Malapit, San Isidro, Nueva Ecija
39. NUEVA ECIJA II ELECTRIC COOPERATIVE, INC. – Area 1
3114 Talavera, Nueva Ecija
40. NUEVA ECIJA II ELECTRIC COOPERATIVE, INC. – Area 2
3102 San Leonardo, Nueva Ecija
41. PAMPANGA I ELECTRIC COOPERATIVE, INC.
2021 Sto. Domingo, Mexico, Pampanga
42. PAMPANGA II ELECTRIC COOPERATIVE, INC.
2003 Guagua, Pampanga
43. PAMPANGA III ELECTRIC COOPERATIVE, INC.
2016 Apalit, Pampanga
44. PAMPANGA RURAL ELECTRIC SERVICE COOPERATIVE, INC.
2021 Anao, Mexico, Pampanga
45. SAN JOSE CITY ELECTRIC COOPERATIVE, INC.
3121 San Jose City, Nueva Ecija
46. TARLAC I ELECTRIC COOPERATIVE, INC.
2302 Gerona, Tarlac
47. TARLAC II ELECTRIC COOPERATIVE, INC.
2316 Concepcion, Tarlac
48. ZAMBALES I ELECTRIC COOPERATIVE, INC.
2210 Palauig, Zambales
49. ZAMBALES II ELECTRIC COOPERATIVE, INC.
2208 Castillejos, Zambales
50. AURORA ELECTRIC COOPERATIVE, INC.
3200 Baler, Aurora
51. BATANGAS I ELECTRIC COOPERATIVE, INC.
4212 Calaca, Batangas
52. BATANGAS II ELECTRIC COOPERATIVE, INC.
Kapitan Simeon Luz Street, Antipolo Del Norte
4217 Lipa City, Batangas
53. BUSUANGA ISLAND ELECTRIC COOPERATIVE, INC.
5316 Coron, Palawan
54. FIRST LAGUNA ELECTRIC COOPERATIVE, INC.
4014 Lumban, Laguna
55. LUBANG ELECTRIC COOPERATIVE, INC.
5109 Tilik, Lubang, Occidental Mindoro

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56. MARINDUQUE ELECTRIC COOPERATIVE, INC.
4900 Ihatub, Boac, Marinduque
57. OCCIDENTAL MINDORO ELECTRIC COOPERATIVE, INC.
5100 San Jose, Occidental Mindoro
58. ORIENTAL MINDORO ELECTRIC COOPERATIVE, INC.
5200 Simaron, Calapan, Oriental Mindoro
59. PALAWAN ELECTRIC COOPERATIVE, INC.
5300 Puerto Princesa City, Palawan
60. QUEZON I ELECTRIC COOPERATIVE, INC.
4308 Pitogo, Quezon
61. QUEZON II ELECTRIC COOPERATIVE, INC.
4336 Gomez Street, Infanta, Quezon
62. ROMBLON ELECTRIC COOPERATIVE, INC.
5500 Romblon, Romblon
63. TABLAS ISLAND ELECTRIC COOPERATIVE, INC.
5505 Odiongan, Romblon
64. ALBAY ELECTRIC COOPERATIVE, INC.
4500 Legazpi City, Albay
65. CAMARINES NORTE ELECTRIC COOPERATIVE, INC.
Magallanes Itaad, Daet, Camarines Norte 4600
66. CAMARINES SUR I ELECTRIC COOPERATIVE, INC.
4407 Libmanan, Camarines Sur
67. CAMARINES SUR II ELECTRIC COOPERATIVE, INC.
4400 Naga City, Camarines Sur
68. CAMARINES SUR III ELECTRIC COOPERATIVE, INC.
4431 San Jose, Iriga City Camarines Sur
69. CAMARINES SUR IV ELECTRIC COOPERATIVE, INC.
4420 Tigaon, Camarines Sur
70. FIRST CATANDUANES ELECTRIC COOPERATIVE, INC.
4801 Bato, Catanduanes
71. MASBATE ELECTRIC COOPERATIVE, INC.
5400 Masbate, Masbate
72. SORSOGON I ELECTRIC COOPERATIVE, INC.
4707 Irosin, Sorsogon
73. SORSOGON II ELECTRIC COOPERATIVE, INC.
4700 Sorsogon, Sorsogon
74. TICA0 ISLAND ELECTRIC COOPERATIVE, INC.
5417 San Jacinto, Masbate
75. AKLAN ELECTRIC COOPERATIVE, INC.
5600 Kalibo, Aklan
76. ANTIQUE ELECTRIC COOPERATIVE, INC.
5700 San Jose, Antique
77. CAPIZ ELECTRIC COOPERATIVE, INC.
Timpas, Panitan, Capiz 5815
78. GUIMARAS ELECTRIC COOPERATIVE, INC.
5045 San Miguel, Jordan, Guimaras
79. ILOILO I ELECTRIC COOPERATIVE, INC.
5021 Tigbauan, Iloilo
80. ILOILO II ELECTRIC COOPERATIVE, INC.
5008 Brgy. Cauayan, Pototan, Iloilo
81. ILOILO III ELECTRIC COOPERATIVE, INC.
5014 Sara, Iloilo
82. CENTRAL NEGROS ELECTRIC COOPERATIVE, INC.
6100 Bacolod City, Negros Occidental
83. NEGROS OCCIDENTAL ELECTRIC COOPERATIVE, INC.
6111 Kabankalan, Negros Occidental
84. VMC RURAL ELECTRIC SERVICE COOPERATIVE, INC.
6120 Torlosa, Manapla, Negros Occidental
85. BANTAYAN ISLAND ELECTRIC COOPERATIVE, INC.
6052 Bantayan, Cebu
86. BOHOL I ELECTRIC COOPERATIVE, INC.
6329 Mac-as, Tubigon, Bohol

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87. BOHOL II ELECTRIC COOPERATIVE, INC.
6308 Jagna, Bohol
88. CAMOTES ISLAND ELECTRIC COOPERATIVE, INC.
6049 Poro, Camotes Island, Cebu
89. CEBU I ELECTRIC COOPERATIVE, INC.
6035 Dumanjug, Cebu
90. CEBU II ELECTRIC COOPERATIVE, INC.
6010 Malingin, Bogo, Cebu
91. CEBU III ELECTRIC COOPERATIVE, INC.
6038 Toledo City, Cebu
92. NEGROS ORIENTAL I ELECTRIC COOPERATIVE, INC.
6209 Bindoy, Negros Oriental
93. NEGROS ORIENTAL II ELECTRIC COOPERATIVE, INC.
6200 Dumaguete City, Negros Oriental
94. PROVINCE OF SIKUIJOR ELECTRIC COOPERATIVE, INC.
6226 Larena, Siquijor
95. BILIRAN ISLAND ELECTRIC COOPERATIVE, INC.
4543 Corvera Street, Naval, Biliran,
96. EASTERN SAMAR ELECTRIC COOPERATIVE, INC.
6800 Borongan, Eastern Samar
97. NORTHERN SAMAR ELECTRIC COOPERATIVE, INC.
6400 Del Pilar Street, Catarman, Northern Samar
98. SAMAR I ELECTRIC COOPERATIVE, INC.
6710 Carayman, Calbayog City, Western Samar
99. SAMAR II ELECTRIC COOPERATIVE, INC.
6700 Catbalogan, Western Samar
100. LEYTE I ELECTRIC COOPERATIVE, INC.
6503 Tolosa, Leyte
101. LEYTE II ELECTRIC COOPERATIVE, INC.
6500 Tacloban City, Leyte
102. LEYTE III ELECTRIC COOPERATIVE, INC.
6528 Tunga, Leyte
103. LEYTE IV ELECTRIC COOPERATIVE, INC.
6524 Hilongos, Leyte
104. LEYTE V ELECTRIC COOPERATIVE, INC.
6541 Ormoc City, Leyte
105. SOUTHERN LEYTE ELECTRIC COOPERATIVE, INC.
6000 Nasaug, Maasin, Southern Leyte
106. BASILAN ELECTRIC COOPERATIVE, INC.
7300 Isabela, Basilan
107. SULU ELECTRIC COOPERATIVE, INC.
7400 Bus-Bus, Jolo, Sulu
108. CAGAYAN DE SULU ELECTRIC COOPERATIVE, INC.
7508 Cagayan de Sulu, Mapun, Tawi-tawi
109. SIASI ELECTRIC COOPERATIVE, INC.
7412 Poblacion Siasi, Sulu
110. TAWI-TAWI ELECTRIC COOPERATIVE, INC.
7500 Tubig-Boh, Bongao, Tawi-tawi
111. ZAMBOANGA CITY ELECTRIC COOPERATIVE, INC.
7000 Zamboanga City, Zamboanga del Sur
112. ZAMBOANGA DEL NORTE ELECTRIC COOPERATIVE, INC.
7100 Dipolog City, Zamboanga del Norte
113. ZAMBOANGA DEL SUR I ELECTRIC COOPERATIVE, INC.
7016 Pagadian City, Zamboanga del Sur
114. ZAMBOANGA DEL SUR II ELECTRIC COOPERATIVE, INC.
7001 Ipil, Zamboanga del Sur
115. AGUSAN DEL NORTE ELECTRIC COOPERATIVE, INC.
8600 Butuan City, Agusan del Norte
116. AGUSAN DEL SUR ELECTRIC COOPERATIVE, INC.
8501 San Francisco, Agusan del Sur

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117. FIRST BUKIDNON ELECTRIC COOPERATIVE, INC.
8714 Anahawon, Maramag, Bukidnon
118. BUKIDNON II ELECTRIC COOPERATIVE, INC.
8703 Manolo Fortich, Bukidnon
119. CAMIGUIN ELECTRIC COOPERATIVE, INC.
9100 Mambajao, Camiguin
120. DINAGAT ISLAND ELECTRIC COOPERATIVE, INC.
8427 San Jose Dinagat Island, Surigao del Norte
121. MISAMIS OCCIDENTAL I ELECTRIC COOPERATIVE, INC.
7210 Calamba, Misamis Occidental
122. MISAMIS OCCIDENTAL II ELECTRIC COOPERATIVE, INC.
7202 Tudela, Misamis Occidental
123. MISAMIS ORIENTAL I ELECTRIC COOPERATIVE, INC.
9019 Laguindingan, Misamis Oriental
124. MISAMIS ORIENTAL II ELECTRIC COOPERATIVE, INC.
9013 Medina, Misamis Oriental
125. SIARGAO ELECTRIC COOPERATIVE, INC.
8417 Dapa, Surigao del Norte
126. SURIGAO DEL NORTE ELECTRIC COOPERATIVE, INC.
Narciso Street cor. Espina Street,
8400 Surigao City, Surigao del Norte
127. DAVAO DEL NORTE ELECTRIC COOPERATIVE, INC.
8801 Montevista, Davao del Norte
128. DAVAO ORIENTAL ELECTRIC COOPERATIVE, INC.
8200 Mati, Davao Oriental
129. DAVAO DEL SUR ELECTRIC COOPERATIVE, INC.
8002 Digos, Davao del Sur
130. SOUTHERN COTABATO I ELECTRIC COOPERATIVE, INC.
9506 Koronadal, Southern Cotabato
131. SOUTHERN COTABATO II ELECTRIC COOPERATIVE, INC.
9500 Lagao, General Santos City, Southern Cotabato
132. SURIGAO DEL SUR I ELECTRIC COOPERATIVE, INC.
8311 Bislig, Surigao del Sur
133. SURIGAO DEL SUR II ELECTRIC COOPERATIVE, INC.
8300 Tandag, Surigao del Sur
134. LANA O DEL NORTE ELECTRIC COOPERATIVE, INC.
9209 Tubod, Lanao del Norte
135. LANA O DEL SUR ELECTRIC COOPERATIVE, INC.
9700 Maiwanag Islamic City of Marawi, Lanao del Sur
136. MAGUINDANAO ELECTRIC COOPERATIVE, INC.
9601 Datu Odin Sinsuat, Maguindanao
137. NORTH COTABATO ELECTRIC COOPERATIVE, INC.
9406 Matalan, North Cotabato
138. SULTAN KUDARAT ELECTRIC COOPERATIVE, INC.
Bernardo Building, National Highway
9800 Takurong, Sultan Kudarat
139. MARIPIPI MULTI-PURPOSE COOPERATIVE (MMPC)
6546 Maripipi Island, Province of Biliran

RULES FOR THE CALCULATION OF THE OVER OR UNDER RECOVERY IN THE IMPLEMENTATION OF TRANSMISSION RATES BY DISTRIBUTION UTILITIES

Pursuant to Section 43(f) of Republic Act No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001 (EPIRA)", the Energy Regulatory Commission (ERC) hereby adopts and promulgates these Rules to establish a process for the calculation of the over or under recovery in the Transmission Rates by Distribution Utilities (DUs).

ARTICLE I

GENERAL PROVISIONS

1.1 Objectives

- 1.1.1 To ensure transparent and reasonable prices of electric power service in a regime of free and fair competition and to achieve greater operational and economic efficiency;
- 1.1.2 To ensure full recovery of the allowable cost of Transmission;
- 1.1.3 To protect the public interest as it is affected by the rates and services of DUs; and
- 1.1.4 To ensure and maintain the quality, reliability, security and affordability of the supply of electric power.

1.2 Scope

- 1.2.1 These Rules shall apply to all DUs that are connected to the Grid.

1.3 Definition of Terms

Act

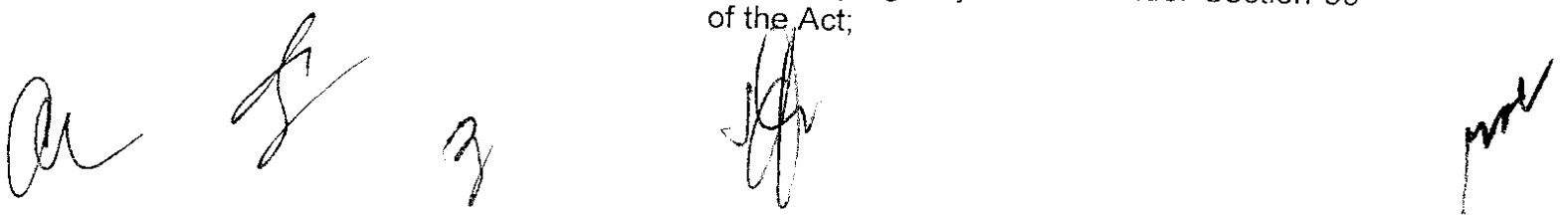
- unless otherwise stated, shall refer to Republic Act No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001;

Distribution Utility (DU)

- shall refer to any electric cooperative (EC), private corporation, government-owned utility or existing local government unit which has an exclusive franchise to operate a distribution system in accordance with the Act;

Energy Regulatory Commission or ERC

- shall refer to the independent, quasi-judicial regulatory agency created under Section 38 of the Act;



Net Transmission Cost

- shall refer to the total charges of National Transmission Corporation (TRANSCO), or its buyer or concessionaire, including, but not limited to, transmission and sub-transmission costs, ancillary service, connection service and power cost delivery service net of any imbalance charges, cost associated with the avilment of the One-Day Power Sales (ODPS), and value added tax associated with the transmission service. Net transmission costs shall include only those costs that are prudently incurred, actually paid for, verifiable, reasonable, and are eligible for recovery in accordance with the ERC's Rules and Regulations.

Transmission Rates

- for the purpose of these Rules, shall refer to the charges associated with the transmission cost incurred by the DU which have been determined by the ERC in the DU's Unbundling of Rates Application.

ARTICLE II

CALCULATION OF OVER OR UNDER RECOVERY IN TRANSMISSION

2.1 One-Time Determination

The transmission rates paid by the DUs prior to the effectivity of these Rules were fixed annually for four (4) years which incorporated the removal of the intra-grid cross subsidies of TRANSCO as provided in the approved unbundled rates of the DUs. The Commission shall allow the one-time determination of the over or under recovery on the DU's transmission charges from the time the DUs implemented their unbundled rates up to the effectivity of the "Guidelines for the Adjustment of the Transmission Rates by Distribution Utilities" (TRAM Guidelines).

2.2 Adjustment Formula

The calculation of the over or under recovery in the implementation of the transmission rates to effect the "refund" or "collect" thereof from the time the DUs first implemented their unbundled rates up to April 2006 or the month before the DUs were able to implement new transmission rates in accordance with the TRAM Guidelines, shall be based on the following formula per customer class:

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$$\text{Transmission Over or Under Recovery}_N \text{ (PhP/kWh)} = \frac{\text{Total Over or Under Recovery}_N}{\sum_{i=1 \dots n} \text{kWh Sales}_{Ni}}$$

where:

$$\text{Total Over or Under Recovery}_N \text{ (PhP)} = \sum_{i=1 \dots n} [(\text{Allowable Transmission Cost}_{Ni} - \text{Transmission Recovery}_{Ni})]$$

$$\text{Allowable Transmission Cost}_{Ni} = \text{Allowable Transmission Cost of Sales}_{Ni}$$

$$\text{Allowable Transmission Cost of Sales}_{Ni} = \frac{(\text{Transmission Cost}_i - \text{NPFd} \times 50\%)}{\text{Total Purchased kWh}_i} \times \text{Total kWh Sales}_i \times \text{CP}_N$$

I = refers to month 1, month 2 until month n, where month 1 refers to the month the DU implemented its unbundled rates and month n refers to the month prior to the implementation of the TRAM Guidelines

N = refers to a specific customer class (ex. N=1,2,...., where 1= Residential, 2= Commercial, etc.)

$$\text{Transmission Recovery}_{Ni} = (\text{Transmission Charge in PhP/kWh} \times \text{kWh Sales}_{Ni}) + (\text{Transmission Charge in PhP/kW} \times \text{KW billing demand}_{Ni})$$

Transmission Cost_i = the actual net transmission cost in PhP for the month i

NPFd = Where:

Gross Power Factor Discount availed by the DU from TransCo	PhP XXX
Less: (1) Power Factor Discount Granted by the DU	XXX
(2) The amount paid by the DU under a business agreement with a third party for the improvement of its power factor*	XXX
Net Power Factor Discount (NPFd)	XXX
Multiplied by (percentage share)	50%
NPFd to be passed on by the DUs to its customers	PhPXXX

Note: *shall not exceed 50% of Gross PFD

- Total Purchased kWh_i = kWh purchases from all suppliers that correspond to the kWh sales billed the transmission charge for the month_i less ODPS
- Total kWh Sales_i = Total kWh sales of the DU for the month _i
- CP_N = Coincident Peak allocation factor for customer class N as reflected in the last approved unbundled rates of the DU
- Transmission Charge in PhP/kWh and PhP/kW = Transmission charge in PhP/kWh and/or PhP/kW as applicable to customer class N and provided in the Unbundling Decision of the DU. If the transmission charge for customer N is expressed in PhP/kWh only, then the Transmission Charge in PhP/kW in the formula should be equal to zero (0)
- KWh Sales_{Ni} = Total kWh sales for customer class N for the month _i
- KW Sales_{Ni} = Total kW billing demand for customer class N for the month _i

The calculation of the over or under recovery in the Transmission Rate per customer class shall be expressed in PhP/kWh for customers billed on a per kWh basis or a combination of per kWh and per kW and PhP/kW for customers billed on a per kW basis in accordance with the formula provided in 2.3 hereof.

2.3. Billing of the Over or Under Recovery in Transmission Rates

Any over or under recovery as may be approved by the ERC shall be implemented by the DU by incorporating the rate in the existing transmission rates component (in PhP/kWh) of the DU's customer bills. However, if the existing transmission rate component of a DU to its specific customer class is in PhP/kW, the calculated PhP/kWh can be converted to PhP/kW using the following formula:

$$\text{PhP/kW} = \frac{\text{Calculated PhP/kWh}}{1/[\text{load factor} \times \{(365 \text{ days/yr} \times 24 \text{ hrs/day})/12 \text{ mos/yr}\}]}$$

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ARTICLE III
FILING REQUIREMENTS

3.1 Filing

The filing for any over or under recovery in the implementation of Transmission Rates shall be made in accordance with Section 1 of Article 6 of the Rules Governing the Automatic Cost Adjustment and True-Up Mechanisms for Distribution Utilities.

3.2 Supporting Documents

The application referred to in 3.1 shall be accompanied by the following documents:

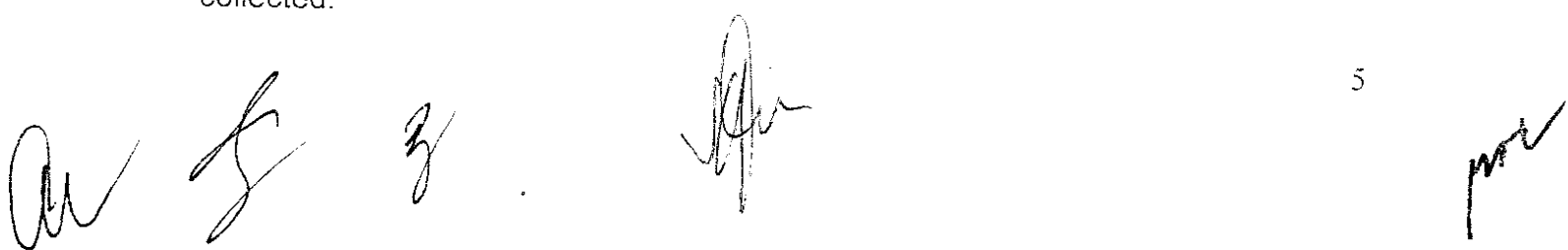
- 3.1.1 Invoices from TRANSCO;
- 3.1.2 Vouchers and Official receipts of payment of TRANSCO's invoices;
- 3.1.3 ERC Forms DU-M-01 and DU-M-02 ;
- 3.1.4 Monthly Financial and Statistical Report (MFSR) for ECs and M-001 and M-002 for PUs (prior to the effectivity of the above forms);
- 3.1.5 Summary of Monthly Purchased kWh from all suppliers that corresponds to the monthly kWh sales billed the transmission charge by the DU; and
- 3.1.6 Other documents deemed relevant by the ERC.

3.3 Provisional Authority

Upon filing of the application, the ERC may, upon motion, issue a Provisional Authority (PA) based on the allegations in the application, the supporting documents attached thereto as well as the submissions in compliance with the reportorial requirements and on such comments or pleadings filed by any interested party within thirty (30) days from receipt of a copy of the application by the local legislative body of the local government unit where applicant principally operates or from the publication thereof, as the case may be.

ARTICLE IV
MONITORING OF THE IMPLEMENTATION OF THE
OVER OR UNDER RECOVERY

Upon evaluation and approval by the ERC of any over or under recovery in the implementation of the transmission and corresponding system loss charges filed by the DUs, the DUs shall be required to submit to the ERC, after six (6) months from their implementation, and every six (6) months thereafter, a report on the status of their monthly implementation of the approved rate and the corresponding balance of the over or under recovery until such time that the total amount of the said over or under recovery shall have been fully refunded or collected.

The bottom of the page features several handwritten signatures and initials. From left to right, there are four distinct signatures: a cursive 'A', a stylized 'S', a 'Z', and a more complex signature. To the far right, there is a vertical signature that appears to be 'M'. The page number '5' is located above the first signature.

ARTICLE V
FINES AND PENALTIES

Violation of any provision of these Rules shall be subject to the imposition of fines and penalties in accordance with the Guidelines to Govern the Imposition of Administrative Sanctions in the Form of Fines and Penalties Pursuant to Section 46 of Republic Act No. 9136

ARTICLE VI
EXCEPTION

Where good cause appears, the ERC may allow an exception from any provision of these Rules, if such exception is found to be in the public interest and is not contrary to any law, rules and regulations.

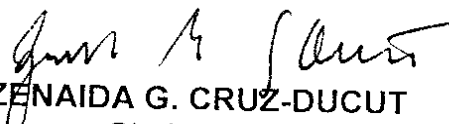
ARTICLE VII
SEPARABILITY

If, for any reason, any part or section of these Rules is declared unconstitutional or invalid, the other parts or sections hereof which are not affected thereby shall continue to be in full force and effect.

ARTICLE VIII
EFFECTIVITY

These Rules shall take effect fifteen (15) days following its publication in a newspaper of general circulation.

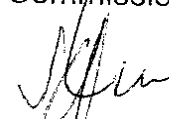
Pasig City, March 16, 2009


ZENAIDA G. CRUZ-DUCUT
Chairperson


RAUF A. TAN
Commissioner


ALEJANDRO Z. BARIN
Commissioner


MARIA TERESA A.R. CASTANEDA
Commissioner


JOSE C. REYES
Commissioner

FSCJ/FGB/ajmo/afdc/jte
