

ATTACHEMENT G (Forecast Operating & Maintenance Expenditure)

G.3) Summary of Expenditure on Taxes (other than corporate income tax)

	2009	2010	2011	2012	2013
TAX, DUTIES, LEVIES, Peso (Real)	60,383,663	22,591,369	24,013,303	25,822,507	28,163,033
TAX, DUTIES, LEVIES, Peso (Nominal)	61,579,495	23,891,167	26,290,081	29,239,094	32,973,532

Note :The increase of taxes for the year 2009 is due to our real estate tax assessed to us by the local government which started from 1995 up to present.

Justification for Tax, Duties & Levies Expenditure forecast:

The following factors are considered in determining the proposed level of taxes:

1.) The level of Revenue:

This is a significant factor in determining the level of taxes because any increase in gross related distribution revenues would also increase the tax requirement.

2.) Changes in Local Government Tax Ordinance or Imposition of additional basis for Local Government Tax:

The Local Government has the authority to impose or change any tax provisions. In the case of MECO so much tax additions is implemented due to the change in level of the local government to a highly urbanized City.

3.) Regulatory Compliances:

Additions to tax expenditure due to Provision for Regulatory Compliances associated to Regulatory Reset for the second regulatory period.

4.) Add itional Assets Acquired:

The acquisition of additional assets would also mean increase on taxes for the registration and other fees assessed by the government.

MECO PBR "G3"

Summary of TAX expenses for the calendar year 2007 and regulatory year 2008.

	2007	2008
Total Annual Expenditure, Peso (Nominal)	9,700,735.00	23,400,150.72

The increase of P13.7 million 2008 from P9.7 million in 1997 was due to our tax deficiency from 1998 to 2003 imposed by the local government.

Historical TAX Expenditure for the year 2004 - 2006

	2004	2005	2006
Total Other Taxes, Levies & Duties	6,987,565.00	7,601,738.00	9,117,058.00