

CAGAYAN ELECTRIC POWER AND LIGHT CO., INC. (CEPALCO)

EXISTING SCHEDULE OF RATES

SCHEDULE 16: FLAT RATE SERVICE**Availability:**

Available in the territory served by the Company.

Applicability:

Applicable to lighting of roads and bridges only.

Nature of Service:

Alternating current, 60 hertz, 230 volts, single phase, 12 hours a day from 6:00 P.M. to 6:00 A.M.

Rate: (per lamp per month)

Wattage	Generation Charge	Transmission Charge	Distribution Charge	Supply Charge	System Loss Charge	Inter-Class Cross Subsidy	Lifeline Subsidy	Universal Charge	Total
20	14.35	5.77	5.26	0.04	1.49	1.09	0.36	0.2866	343.75
40	28.70	11.54	10.51	0.08	2.98	2.18	0.73	0.5731	687.50
50	35.88	14.42	13.14	0.09	3.73	2.72	0.91	0.7164	859.38
80	57.40	23.08	21.03	0.15	5.96	4.35	1.46	1.1462	1,375.01
100	71.75	28.84	26.29	0.19	7.46	5.44	1.82	1.4328	1,718.76
125	89.69	36.06	32.86	0.23	9.32	6.80	2.28	1.7910	2,148.45
150	107.63	43.27	39.43	0.28	11.18	8.16	2.74	2.1492	2,578.14
160	114.81	46.15	42.06	0.30	11.93	8.71	2.92	2.2925	2,750.01
250	179.38	72.11	65.72	0.47	18.64	13.61	4.56	3.5820	4,296.89
500	358.77	144.22	131.44	0.94	37.28	27.22	9.12	7.1640	8,593.79

Note: Plus CERA, National & Local Franchise Tax, and other applicable charges

The above rates are for mercury lamps, with or without ballast and ordinary bulbs. Fluorescent lamps are to be charged at twice the rated watts.

Term of Contract:

Not less than six (6) months automatically renewing.

Special Provisions:

1. The customer shall supply and own the complete fixture and lamp; however, fixtures previously installed by the company shall continue to be the property of the company. Replacement of busted lamps shall be done by and at the expense of the customer. The company shall in

turn supply and maintain the photo-electric control circuits and equipment.

2. In no case shall the service for this schedule be metered.
3. Billing shall be made on the basis of counting the lighting fixtures twice a month. Whichever count would result in higher bill shall be the basis of the month's bill.
4. For purposes of effecting adjustment clauses on this schedule, the following formula shall be used to arrive at energy consumption per fixture per month rounded to the next lower 1/10 of a kilowatt-hour ;

$$\text{kWh} = 12 \text{ hrs.} \times 30 \text{ days} \times \frac{\text{wattage}}{1,000} \text{ or}$$

$$\text{kWh} = 0.36 \times \text{wattage}$$

SCHEDULE 26 : RESIDENTIAL METER

Availability:

Available in the territory served by the company.

Applicability:

Applicable to residential customers for all domestic purposes in a single family dwelling unit (a dwelling unit is considered as having one kitchen) and where no room shall be used for commercial purposes.

Nature of Service:

Alternating current, 60 hertz, 230 volts, single phase, 2-wire.

Rate:

I. GENERATION CHARGE	PhP1.9932 per kWh
II. TRANSMISSION CHARGE	0.8265 per kWh
III. SYSTEM LOSS CHARGE	0.2099 per kWh
IV. DISTRIBUTION CHARGE	0.8622 per kWh
V. SUPPLY CHARGE	0.5434 per kWh
VI. METERING CHARGE	
a. Fixed Monthly Charge	5.00 per customer/month
b. Metering System Charge	0.2496 per kWh
VII. UNIVERSAL CHARGES	
a. Missionary Electrification (ERC Case No. 201-165)	0.0373 per kWh
b. Environmental Charge	0.0025 per kWh

(ERC Case No. 2002-194)

- VIII. INTER-CLASS CROSS SUBSIDY (0.7816) per kWh
- IX. LIFELINE RATE CHARGES 0.0507 per kWh
(For customers consuming 100 kWh and below)
- X. OTHER CHARGES:
Currency Exchange Rate Adjustment (CERA)
National & Local Franchise Tax

Notes:

1. Generation Charge
This is adjusted through the Generation Rate Adjustment Mechanism (GRAM) based on ERC Order on ERC Case No. 2003-574 dated January 26, 2004.
2. Currency Exchange Rate Adjustment (CERA)
This is adjusted through the Currency Exchange Rate Adjustment (CERA) mechanism based on ERC Case No. 2001-445 dated September 24, 2003.
3. National and Local Franchise Tax
The prevailing national and local franchise tax rate multiplied to distribution charges (distribution, supply and metering charges, plus, inter-class cross subsidy and CERA)

Term of Contract:

Not less than one (1) month, automatically renewing except for customers affected by special Provision No. 4.

Minimum Charge:

Total minimum charge per customer per month shall be Php5.00

Special Provisions:

1. Where a customer conducts a business in the same premises as his residence and the combined energy requirements are measured by a single meter, the energy so used shall be billed under the applicable rate other than the residential meter rate.
2. All building annexes such as servant's quarters and garage shall be served through the same meter which serves as a contiguous premises to which they are necessary.
3. Special voltages such as alternating current, 60 hertz, 115 volts, single phase and 230 volts, three phase, shall be provided for only as available and appropriate.
4. The Company reserves the right to discontinue service to customers whose loads cause objectionable voltage fluctuation in the Company's system to the prejudice of the Company's other customers.

SCHEDULE 36 : GENERAL SERVICE

Availability:

Available in the territory served by the Company.

Applicability:

Applicable to captive non-residential customers for lighting and appliance service, including air-conditioners, motors, heating, and/or power purposes where the connected load is 1 to 5,000 watts.

Nature of Service:

Alternating current, 60 hertz, phase and voltage as available and appropriate.

Rate:

I. GENERATION CHARGE	PhP1.9932 per kWh
II. TRANSMISSION CHARGE	0.8140 per kWh
III. SYSTEM LOSS CHARGE	0.2099 per kWh
IV. DISTRIBUTION CHARGE	0.6573 per kWh
V. SUPPLY CHARGE	0.2781 per kWh
VI. METERING CHARGE	
a. Metering System Charge	197.92 per customer/month
VII. UNIVERSAL CHARGES	
a. Missionary Electrification (ERC Case No. 201-165)	0.0373 per kWh
b. Environmental Charge (ERC Case No. 2002-194)	0.0025 per kWh
VIII. INTER-CLASS CROSS SUBSIDY	(0.5881) per kWh
IX. RECOVERY OF LIFELINE RATE	0.0507 per kWh
X. OTHER CHARGES:	
Currency Exchange Rate Adjustments (CERA)	
National & Local Franchise Tax	

Notes:

1. Generation Charge
This is adjusted through the Generation Rate Adjustment Mechanism (GRAM) based on ERC Order on ERC Case No. 2003-574 dated January 26, 2004.
2. Currency Exchange Rate Adjustment (CERA)
This is adjusted through the Currency Exchange Rate Adjustment (CERA) mechanism based on ERC Case No. 2001-445 dated September 24, 2003.
3. National and Local Franchise Tax
The prevailing national and local franchise tax rate multiplied to distribution charges (distribution, supply and metering charges, plus, inter-class cross subsidy and CERA)

Term of Contract:

Not less than one (1) month, automatically renewing except for customers affected by Special Provision Nos. 3 & 4.

Minimum Charge:

Meter Customer Charge per month	PhP197.92
Supply Charge	<u>91.77</u>
TOTAL MINIMUM CHARGE	<u>PhP289.69</u>

Special Provisions:

1. Determination of Connected Load:
 - a) Motors will be considered as 800 watts per horsepower except for sealed-in type compressor motor such as air-conditioning and refrigeration units in which the volt-amperes will be considered unless the kW rating or Power Factor is available.
 - b) Nameplate rating of motors, equipment and appliance shall be used when available; if not available on equipment, the volt-amperes shall be used.
 - c) Empty sockets and convenience outlets shall be considered as 100 watts each.
2. The minimum rating for transformer type welding machine and x-ray equipment shall be 5,000 watts each.
3. The customer shall notify the company of any change in connected load. Customers found with more loads than reported or contracted shall be billed under the classification corresponding to the newly found load and a period of three (3) months must elapse before a lower classification maybe applied for billing purposes.
4. The Company reserves the right to discontinue service to customers whose loads cause objectionable voltage fluctuation in the Company's system to the prejudice of the Company's other customers.

SCHEDULE 46 : GENERAL SERVICE

Availability:

Available in the territory served by the Company.

Applicability:

Applicable to captive non-residential customers for lighting and appliance service, including air-conditioners, motors, heating, and/or power purposes where the connected load is 5,001 to 37,500 watts. For loads of over 20,000 watts, three phase service connection shall be required.

Nature of Service:

Alternating current, 60 hertz, phase and voltage as available and appropriate.

Rate:

I. GENERATION CHARGE	PhP1.9932 per kWh
II. TRANSMISSION CHARGE	0.8306 per kWh
III. SYSTEM LOSS CHARGE	0.2084 per kWh

IV. DISTRIBUTION CHARGE	0.5705 per kWh
V. SUPPLY CHARGE	0.0485 per kWh
VI. METERING CHARGE	
a. Metering System Charge	197.92 per customer/month
VII. UNIVERSAL CHARGES	
a. Missionary Electrification (ERC Case No. 201-165)	0.0373 per kWh
b. Environmental Charge (ERC Case No. 2002-194)	0.0025 per kWh
VIII. INTER-CLASS CROSS SUBSIDY	0.2425 per kWh
IX. RECOVERY OF LIFELINE RATE	0.0507 per kWh
X. OTHER CHARGES:	
Currency Exchange Rate Adjustments (CERA)	
National & Local Franchise Tax	

Notes:

1. Generation Charge
This is adjusted through the Generation Rate Adjustment Mechanism (GRAM) based on ERC Order on ERC Case No. 2003-574 dated January 26, 2004.
2. Currency Exchange Rate Adjustment (CERA)
This is adjusted through the Currency Exchange Rate Adjustment (CERA) mechanism based on ERC Case No. 2001-445 dated September 24, 2003.
3. National and Local Franchise Tax
The prevailing national and local franchise tax rate multiplied to distribution charges (distribution, supply and metering charges, plus, inter-class cross subsidy and CERA)

Term of Contract:

Not less than one (1) month, automatically renewing except for customers affected by Special Provision Nos. 3 & 4.

Minimum Charge:

Meter Customer Charge per month	PhP197.92
Supply Charge	<u>91.77</u>
TOTAL MINIMUM CHARGE	<u>PhP289.69</u>

Special Provisions:

1. Determination of Connected Load:
 - a) Motors will be considered as 800 watts per horsepower except for sealed-in type compressor motor such as air-conditioning and refrigeration units in which the volt-amperes will be considered unless the kW rating or Power Factor is available.
 - b) Nameplate rating of motors, equipment and appliance shall be used when available; if not available on equipment, the volt-amperes shall be used.

- c) Empty sockets and convenience outlets shall be considered as 100 watts each.
- 2. The minimum rating for transformer type welding machine and x-ray equipment shall be 5,000 watts each.
- 3. The customer shall notify the company of any change in connected load. Customers found with more loads than reported or contracted shall be billed under the classification corresponding to the newly found load and a period of three (3) months must elapse before a lower classification maybe applied for billing purposes.
- 4. The Company reserves the right to discontinue service to customers whose loads cause objectionable voltage fluctuation in the Company's system to the prejudice of the Company's other customers.

SCHEDULE 56 - 66 : GENERAL POWER

Availability:

Available in the territory served by the Company.

Applicability:

Applicable to captive customers who guarantee a billing demand of not less than 30 kilowatts for general power, heating and/or lighting used in manufacturing, machining, cold storage and water supply equipment, provided that their connected load is not less than 37.5 kilowatts for rate schedule 56 and 3,125 kilowatts for Rate Schedule 66.

Nature of Service:

Alternating current, 60 hertz, 3-phase, voltage as available and appropriate.

Rate:

I. GENERATION CHARGE	PhP1.9932 per kWh
II. TRANSMISSION CHARGE	356.26 per kW
III. SYSTEM LOSS CHARGE	0.2084 per kWh
IV. DISTRIBUTION CHARGE	186.44 per kW
V. SUPPLY CHARGE	119.01 per customer/month
VI. METERING CHARGE	
a. Metering System Charge	583.19 per customer/month
VII. UNIVERSAL CHARGES	
a. Missionary Electrification (ERC Case No. 201-165)	0.0373 per kWh
b. Environmental Charge (ERC Case No. 2002-194)	0.0025 per kWh
VIII. INTER-CLASS CROSS SUBSIDY	0.4870 per kWh
IX. RECOVERY OF LIFELINE RATE	0.0507 per kWh

- X. OTHER CHARGES:
 Currency Exchange Rate Adjustments (CERA)
 National & Local Franchise Tax

Notes:

1. Generation Charge
 This is adjusted through the Generation Rate Adjustment Mechanism (GRAM) based on ERC Order on ERC Case No. 2003-574 dated January 26, 2004.
2. Currency Exchange Rate Adjustment (CERA)
 This is adjusted through the Currency Exchange Rate Adjustment (CERA) mechanism based on ERC Case No. 2001-445 dated September 24, 2003.
3. National and Local Franchise Tax
 The prevailing national and local franchise tax rate multiplied to distribution charges (distribution, supply and metering charges, plus, inter-class cross subsidy and CERA)

Minimum Billing Demand:

The billing demand shall be determined by the measurement and considered as the highest average rate at which energy is consumed during any 15 consecutive minutes of the monthly period for which bill is rendered.

Minimum Charge:

Meter Customer Charge per month	PhP583.19
Supply Charge	<u>119.01</u>
TOTAL MINIMUM CHARGE	<u>PhP702.20</u>

a. Customers with zero consumption

Charges should be the minimum billing demand which is based on the distribution charge applied to the guaranteed minimum billing demand (GMBD) plus the minimum charge (metering and supply charges) and other charges, i.e. CERA, franchise tax, and others, if any.

b. Customers with actual kWh consumptions but the actual billing demand fall under the minimum billing demand provision

Charges should be the minimum billing demand which is based on the distribution applied to the guaranteed minimum billing demand (GMBD) charge plus the minimum charge (metering and supply charges) and other charges, i.e., transmission charge (based on actual demand), lifeline subsidy, CERA, franchise tax and others, if any.

Power Factor Adjustments:

The rates set forth above are based from an average monthly Power Factor of 90% which the customers agree to maintain. Should the customer's average monthly Power Factor be less than 90%, there will be added to each monthly bill a Power Factor Adjustment charge based on the following rates:

Power Factor	Adjustment/kW of Billing Demand	Power Factor	Adjustment/kW Of Billing Demand
90	NONE	79	P6.96

89	P0.56	78	P7.69
88	P1.14	77	P8.44
87	P1.73	76	P9.21
86	P2.33	75	P10.00
85	P2.94	74	P10.81
84	P3.57	73	P11.65
83	P4.22	72	P12.50
82	P4.88	71	P13.38
81	P5.56	70	P14.29
80	P6.25	-	-

If the average monthly Power Factor falls between any two steps shown above, the adjustment per kilowatt of Billing Demand corresponding to the higher Power Factor shall be used.

Primary Metering Discount:

A 5% discount on the bill will be given if the customer owns the substation, current and potential transformers and energy is measured at or equivalently measured by compensation to the voltage level of the substation; provided further, that the supply side has a least a nominal voltage of 13.2 kilovolts, line - to - line. This discount does not apply on the minimum charge.

Term of Contract :

Not less than one (1) year automatically renewing.

Special Provisions:

1. Determination of Connected Load:
 - a) Motors will be considered as 800 watts per horsepower except for sealed-in type compressor motor such as air-conditioning and refrigeration units in which the volt-amperes will be considered, unless the kW rating or Power Factor is available.
 - b) Nameplate rating of motors, equipment and appliances shall be used when available; if not available on equipment, the volt-amperes shall be used.
 - c) Empty sockets and convenience outlets shall be considered as 100 watts each.
2. The minimum rating for transformer type welding machine and x-ray equipment shall be 5,000 watts each.
3. The customer shall notify the Company of any change in connected load. Customers found with more loads than reported or contracted shall be billed under the classification corresponding to the newly found load and a period of three (3) months must elapse before a lower classification maybe applied for billing purposes.
4. The Company reserves the right to discontinue service to customers whose loads cause objectionable voltage fluctuation in the Company's system to the prejudice of the Company's other customers.

SCHEDULE 76 - 96 : BULK HV POWER

Availability:

Available in the territory served by the Company.

Applicability:

Applicable to captive customers who connect direct to HIGH-VOLTAGE transmission lines

and other industrial loads provided that the transmission lines rate 69kV up but not less than 138kV for Schedule 76; transmission lines rated 138 kV and above for Schedule 86; and transmission lines rated 138kV but available only in the territory covered by the PHIVIDEC Industrial Estate Misamis Oriental (PIEMO) for Schedule 96.

Nature of Service:

Alternating current, 60 hertz, 3-phase, voltage as available and appropriate.

Rate:

I. GENERATION CHARGE	PhP1.4251 per kWh
II. TRANSMISSION CHARGE	447.46 per kW
III. SYSTEM LOSS CHARGE	0.1886per kWh
IV. DISTRIBUTION CHARGE	112.90 per kW
V. SUPPLY CHARGE	119.01 per customer/month
VI. METERING CHARGE	
a. Metering System Charge	583.19 per customer/month
VII. UNIVERSAL CHARGES	
a. Missionary Electrification (ERC Case No. 201-165)	0.0373 per kWh
b. Environmental Charge (ERC Case No. 2002-194)	0.0025 per kWh
VIII. INTER-CLASS CROSS SUBSIDY	0.3432 per kWh
IX. RECOVERY OF LIFELINE RATE	0.0507 per kWh
XI. OTHER CHARGES:	
Currency Exchange Rate Adjustments (CERA)	
National & Local Franchise Tax	

Notes:

1. Generation Charge
This is adjusted through the Generation Rate Adjustment Mechanism (GRAM) based on ERC Order on ERC Case No. 2003-574 dated January 26, 2004.
2. Currency Exchange Rate Adjustment (CERA)
This is adjusted through the Currency Exchange Rate Adjustment (CERA) mechanism based on ERC Case No. 2001-445 dated September 24, 2003.
3. National and Local Franchise Tax
The prevailing national and local franchise tax rate multiplied to distribution charges (distribution, supply and metering charges, plus, inter-class cross subsidy and CERA)

Minimum Billing Demand:

The billing demand shall be determined by the measurement and considered as the highest average rate at which energy is consumed during any 15 consecutive minutes of the monthly period for which bill is rendered.

Minimum Charge:

Meter Customer Charge per month	PhP583.19
Supply Charge	<u>119.01</u>
TOTAL MINIMUM CHARGE	<u>PhP702.20</u>

a. Customers with zero consumption

Charges should be the minimum billing demand which is based on the distribution charge applied to the guaranteed minimum billing demand (GMBD) plus the minimum charge (metering and supply charges) and other charges, i.e. CERA, franchise tax, and others, if any.

b. Customers with actual kWh consumptions but the actual billing demand fall under the minimum billing demand provision

Charges should be the minimum billing demand which is based on the distribution applied to the guaranteed minimum billing demand (GMBD) charge plus the minimum charge (metering and supply charges) and other charges, i.e., transmission charge (based on actual demand), lifeline subsidy, CERA, franchise tax and others, if any.

Term of Contract:

Not less than one (1) year automatically renewing.

Special Provisions:

1. NPC's existing Rules and Regulations for the Sale of Electricity in the Mindanao Grid shall apply to customers in this rate schedule unless otherwise specified. The rules and regulations shall be subject to change in accordance with any changes or revisions that may be imposed by NPC on CEPALCO.
2. The Prompt Payment Discount (PPD) equivalent to the rate specified in the current NPC rules shall apply if a customer bill is paid within ten (10) days after meter reading.
3. Primary metering equipment shall be required by customers in this schedule at the Point(s) of Delivery. All equipment except the meter shall be supplied and installed by the customer and remain in his property. However, specifications of the metering equipment shall be subject to prior approval by CEPALCO.

SCHEDULE 26A : RESIDENTIAL WHEELING

Availability:

Available in the territory served by the company.

Applicability:

Applicable to wheeling residential customers for all domestic purposes in a single family dwelling unit (a dwelling unit is considered as having one kitchen) and where no room shall be used for commercial purposes.

Nature of Service:

Alternating current, 60 hertz, 230 volts, single phase, 2-wire.

Rate:

I. DISTRIBUTION CHARGE	0.8629 per kWh
II. SUPPLY CHARGE	0.5434 per kWh
III. METERING CHARGE	
a. Fixed Monthly Charge	5.00 per customer/month
b. Metering System Charge	0.2496 per kWh
IV. UNIVERSAL CHARGES	
a. Missionary Electrification (ERC Case No. 201-165)	0.0373 per kWh
b. Environmental Charge (ERC Case No. 2002-194)	0.0025 per kWh
V. OTHER CHARGES:	
Currency Exchange Rate Adjustments (CERA)	
National & Local Franchise Tax	

Notes:

1. Currency Exchange Rate Adjustment (CERA)
This is adjusted through the Currency Exchange Rate Adjustment (CERA) mechanism based on ERC Case No. 2001-445 dated September 24, 2003.
2. National and Local Franchise Tax
The prevailing national and local franchise tax rate multiplied to distribution charges (distribution, supply and metering charges, plus, inter-class cross subsidy and CERA)

Term of Contract:

Not less than one (1) month, automatically renewing except for customers affected by special Provision No. 4.

Minimum Charge:

Total minimum charge per customer per month shall be PhP5.00

Special Provisions:

1. Where a customer conducts a business in the same premises as his residence and the combined energy requirements are measured by a single meter, the energy so used shall be billed under the applicable rate other than the residential meter rate.
2. All building annexes such as servant's quarters and garage shall be served through the same meter which serves as a contiguous premises to which they are necessary.
3. Special voltages such as alternating current, 60 hertz, 115 volts, single phase and 230 volts, three phase, shall be provided for only as available and appropriate.
4. The Company reserves the right to discontinue service to customers whose loads cause objectionable voltage fluctuation in the Company's system to the prejudice of the Company's other customers.

SCHEDULE 36A : GENERAL WHEELING SERVICE

Availability:

Available in the territory served by the Company.

Applicability:

Applicable to wheeling non-residential customers for lighting and appliance service, including air-conditioners, motors, heating, and/or power purposes where the connected load is 1 to 5,000 watts.

Nature of Service:

Alternating current, 60 hertz, phase and voltage as available and appropriate.

Rate:

I. DISTRIBUTION CHARGE	PhP0.6573 per kWh
II. SUPPLY CHARGE	0.2751 per kWh
III. METERING CHARGE	197.92 per customer/month
IV. UNIVERSAL CHARGES	
a. Missionary Electrification (ERC Case No. 201-165)	0.0373 per kWh
b. Environmental Charge (ERC Case No. 2002-194)	0.0025 per kWh
V. OTHER CHARGES:	
Currency Exchange Rate Adjustments (CERA)	
National & Local Franchise Tax	

Notes:

1. Currency Exchange Rate Adjustment (CERA)
This is adjusted through the Currency Exchange Rate Adjustment (CERA) mechanism based on ERC Case No. 2001-445 dated September 24, 2003.
2. National and Local Franchise Tax
The prevailing national and local franchise tax rate multiplied to distribution charges (distribution, supply and metering charges, plus, inter-class cross subsidy and CERA)

Term of Contract:

Not less than one (1) month, automatically renewing except for customers affected by Special Provision Nos. 3 & 4.

Minimum Charge:

Meter Customer Charge per month	PhP197.92
Supply Charge	<u>91.77</u>
TOTAL MINIMUM CHARGE	<u>PhP289.69</u>

Special Provisions:

1. Determination of Connected Load:
 - a. Motors will be considered as 800 watts per horsepower except for sealed-in type compressor motor such as air-conditioning and refrigeration units in which the volt-amperes will be considered unless the kW rating or Power Factor is available.
 - b. Nameplate rating of motors, equipment and appliance shall be used when available; if not available on equipment, the volt-amperes shall be used.
 - c. Empty sockets and convenience outlets shall be considered as 100 watts each.
2. The minimum rating for transformer type welding machine and x-ray equipment shall be 5,000 watts each.
3. The customer shall notify the company of any change in connected load. Customers found with more loads than reported or contracted shall be billed under the classification corresponding to the newly found load and a period of three (3) months must elapse before a lower classification maybe applied for billing purposes.
4. The Company reserves the right to discontinue service to customers whose loads cause objectionable voltage fluctuation in the Company's system to the prejudice of the Company's other customers.

SCHEDULE 46A : GENERAL WHEELING SERVICE

Availability:

Available in the territory served by the Company.

Applicability:

Applicable to wheeling non-residential customers for lighting and appliance service, including air-conditioners, motors, heating, and/or power purposes where the connected load is 5,001 to 37,500 watts. For loads of over 20,000 watts, three phase service connection shall be required.

Nature of Service:

Alternating current, 60 hertz, phase and voltage as available and appropriate.

Rate:

I. DISTRIBUTION CHARGE	PhP0.5705 per kWh
II. SUPPLY CHARGE	0.0425 per kWh
III. METERING CHARGE	197.92 per customer/month
IV. UNIVERSAL CHARGES	
a. Missionary Electrification (ERC Case No. 201-165)	0.0373 per kWh
b. Environmental Charge (ERC Case No. 2002-194)	0.0025 per kWh

- V. OTHER CHARGES:
 Currency Exchange Rate Adjustments (CERA)
 National & Local Franchise Tax

Notes:

1. Currency Exchange Rate Adjustment (CERA)
 This is adjusted through the Currency Exchange Rate Adjustment (CERA) mechanism based on ERC Case No. 2001-445 dated September 24, 2003.
2. National and Local Franchise Tax
 The prevailing national and local franchise tax rate multiplied to distribution charges (distribution, supply and metering charges, plus, inter-class cross subsidy and CERA)

Term of Contract:

Not less than one (1) month, automatically renewing except for customers affected by Special Provision Nos. 3 & 4.

Minimum Charge:

Meter Customer Charge per month	PhP197.92
Supply Charge	<u>91.77</u>
TOTAL MINIMUM CHARGE	<u>PhP289.69</u>

Special Provisions:

1. Determination of Connected Load:
 - a. Motors will be considered as 800 watts per horsepower except for sealed-in type compressor motor such as air-conditioning and refrigeration units in which the volt-amperes will be considered unless the kW rating or Power Factor is available.
 - b. Nameplate rating of motors, equipment and appliance shall be used when available; if not available on equipment, the volt-amperes shall be used.
 - c. Empty sockets and convenience outlets shall be considered as 100 watts each.
2. The minimum rating for transformer type welding machine and x-ray equipment shall be 5,000 watts each.
3. The customer shall notify the company of any change in connected load. Customers found with more loads than reported or contracted shall be billed under the classification corresponding to the newly found load and a period of three (3) months must elapse before a lower classification maybe applied for billing purposes.
4. The Company reserves the right to discontinue service to customers whose loads cause objectionable voltage fluctuation in the Company's system to the prejudice of the Company's other customers.

SCHEDULE 56A – 66A : GENERAL WHEELING POWER

Availability:

Available in the territory served by the Company.

Applicability:

Applicable to wheeling customers who guarantee a billing demand of not less than 30 kilowatts for general power, heating and/or lighting used in manufacturing, machining, cold storage and water supply equipment, provided that their connected load is not less than 37.5 kilowatts for rate schedule 56 and 3,125 kilowatts for Rate Schedule 66.

Nature of Service:

Alternating current, 60 hertz, 3-phase, voltage as available and appropriate.

Rate:

I. DISTRIBUTION CHARGE	PhP186.44 per kW
II. SUPPLY CHARGE	119.01 per customer/month
III. METERING CHARGE	583.19 per customer/month
IV. UNIVERSAL CHARGES	
a. Missionary Electrification (ERC Case No. 201-165)	0.0373 per kWh
b. Environmental Charge (ERC Case No. 2002-194)	0.0025 per kWh
V. OTHER CHARGES:	
Currency Exchange Rate Adjustments (CERA)	
National & Local Franchise Tax	

Notes:

1. Currency Exchange Rate Adjustment (CERA)
This is adjusted through the Currency Exchange Rate Adjustment (CERA) mechanism based on ERC Case No. 2001-445 dated September 24, 2003.
2. National and Local Franchise Tax
The prevailing national and local franchise tax rate multiplied to distribution charges (distribution, supply and metering charges, plus, inter-class cross subsidy and CERA)

Minimum Billing Demand:

The billing demand shall be determined by the measurement and considered as the highest average rate at which energy is consumed during any 15 consecutive minutes of the monthly period for which bill is rendered.

Minimum Charge:

Meter Customer Charge per month	PhP583.19
Supply Charge	<u>119.01</u>
TOTAL MINIMUM CHARGE	<u><u>PhP702.20</u></u>

a. Customers with zero consumption

Charges should be the minimum billing demand which is based on the distribution charge applied to the guaranteed minimum billing demand (GMBD) plus the minimum charge (metering and supply charges) and other charges, i.e. CERA, franchise tax, and others, if

any.

b. Customers with actual kWh consumptions but the actual billing demand fall under the minimum billing demand provision

Charges should be the minimum billing demand which is based on the distribution applied to the guaranteed minimum billing demand (GMBD) charge plus the minimum charge (metering and supply charges) and other charges, i.e., transmission charge (based on actual demand), lifeline subsidy, CERA, franchise tax and others, if any.

Power Factor Adjustments:

The rates set forth above are based from an average monthly Power Factor of 90% which the customers agree to maintain. Should the customer's average monthly Power Factor be less than 90%, there will be added to each monthly bill a Power Factor Adjustment charge based on the following rates:

Power Factor	Adjustment/kW of Billing Demand	Power Factor	Adjustment/kW Of Billing Demand
90	NONE	79	P6.96
89	P0.56	78	P7.69
88	P1.14	77	P8.44
87	P1.73	76	P9.21
86	P2.33	75	P10.00
85	P2.94	74	P10.81
84	P3.57	73	P11.65
83	P4.22	72	P12.50
82	P4.88	71	P13.38
81	P5.56	70	P14.29
80	P6.25	-	-

If the average monthly Power Factor falls between any two steps shown above, the adjustment per kilowatt of Billing Demand corresponding to the higher Power Factor shall be used.

Primary Metering Discount:

A 5% discount on the bill will be given if the customer owns the substation, current and potential transformers and energy is measured at or equivalently measured by compensation to the voltage level of the substation; provided further, that the supply side has a least a nominal voltage of 13.2 kilovolts, line - to - line. This discount does not apply on the minimum charge.

Term of Contract :

Not less than one (1) year automatically renewing.

Special Provisions:

1. Determination of Connected Load:

- a. Motors will be considered as 800 watts per horsepower except for sealed-in type compressor motor such as air-conditioning and refrigeration units in which the volt-amperes will be considered, unless the kW rating or Power Factor is available.
- b. Nameplate rating of motors, equipment and appliances shall be used when available; if not available on equipment, the volt-amperes shall be used.
- c. Empty sockets and convenience outlets shall be considered as 100 watts each.

2. The minimum rating for transformer type welding machine and x-ray equipment shall be 5,000 watts each.
3. The customer shall notify the Company of any change in connected load. Customers found with more loads than reported or contracted shall be billed under the classification corresponding to the newly found load and a period of three (3) months must elapse before a lower classification maybe applied for billing purposes.
4. The Company reserves the right to discontinue service to customers whose loads cause objectionable voltage fluctuation in the Company's system to the prejudice of the Company's other customers.

SCHEDULE 76A – 96A : BULK HV WHEELING POWER

Availability:

Available in the territory served by the Company.

Applicability:

Applicable to wheeling customers who connect direct to HIGH-VOLTAGE transmission lines for general power, heating and/or lighting used in manufacturing, machining, cold storage and other industrial loads provided that the transmission lines rate 69kV up but not less than 138kV for Schedule 76; transmission lines rated 138 kV and above for Schedule 86; and transmission lines rated 138kV but available only in the territory covered by the PHIVIDEC Industrial Estate Misamis Oriental (PIEMO) for Schedule 96.

Nature of Service:

Alternating current, 60 hertz, 3-phase, voltage as available and appropriate.

Rate:

I. DISTRIBUTION CHARGE	PhP112.90 per kW
II. SUPPLY CHARGE	119.01 per customer/month
III. METERING CHARGE	583.19 per customer/month
IV. UNIVERSAL CHARGES	
a. Missionary Electrification (ERC Case No. 201-165)	0.0373 per kWh
b. Environmental Charge (ERC Case No. 2002-194)	0.0025 per kWh
V. OTHER CHARGES:	
Currency Exchange Rate Adjustments (CERA)	
National & Local Franchise Tax	

Notes:

1. Currency Exchange Rate Adjustment (CERA)
This is adjusted through the Currency Exchange Rate Adjustment (CERA) mechanism based on ERC Case No. 2001-445 dated September 24, 2003.

2. National and Local Franchise Tax

The prevailing national and local franchise tax rate multiplied to distribution charges (distribution, supply and metering charges, plus, inter-class cross subsidy and CERA)

Minimum Billing Demand:

The billing demand shall be determined by the measurement and considered as the highest average rate at which energy is consumed during any 15 consecutive minutes of the monthly period for which bill is rendered.

Minimum Charge:

Meter Customer Charge per month	PhP583.19
Supply Charge	<u>119.01</u>
TOTAL MINIMUM CHARGE	<u>PhP702.20</u>

a. Customers with zero consumption

Charges should be the minimum billing demand which is based on the distribution charge applied to the guaranteed minimum billing demand (GMBD) plus the minimum charge (metering and supply charges) and other charges, i.e. CERA, franchise tax, and others, if any.

b. Customers with actual kWh consumptions but the actual billing demand fall under the minimum billing demand provision

Charges should be the minimum billing demand which is based on the distribution applied to the guaranteed minimum billing demand (GMBD) charge plus the minimum charge (metering and supply charges) and other charges, i.e., transmission charge (based on actual demand), lifeline subsidy, CERA, franchise tax and others, if any.

Term of Contract:

Not less than one (1) year automatically renewing.

Special Provisions:

1. NPC's existing Rules and Regulations for the Sale of Electricity in the Mindanao Grid shall apply to customers in this rate schedule unless otherwise specified. The rules and regulations shall be subject to change in accordance with any changes or revisions that may be imposed by NPC on CEPALCO.
2. The Prompt Payment Discount (PPD) equivalent to the rate specified in the current NPC rules shall apply if a customer bill is paid within ten (10) days after meter reading.
3. Primary metering equipment shall be required by customers in this schedule at the Point(s) of Delivery. All equipment except the meter shall be supplied and installed by the customer and remain in his property. However, specifications of the metering equipment shall be subject to prior approval by CEPALCO.

ANNEX "A-1"

CAGAYAN ELECTRIC POWER & LIGHT COMPANY, INC.

REVISIONS TO THE EXISTING SCHEDULE OF RATES

As part of the Rates Design Process conducted to determine the Rates Structure applicable for the 2nd Regulatory Period, CEPALCO conducted a review of its existing Schedule of Rates to determine its applicability under the new regulatory regime.

GENERAL REVISION:

As normally practiced, the Rate Schedule will increase a notch higher in every application for a general rate adjustment. This is to distinguish the new Rate Schedule from the previous ones. Hence, Rate Schedule 16 becomes Rate Schedule 17; Rate Schedule 26 becomes Rate Schedule 27, etc.

SPECIFIC REVISIONS:

In addition to the above general revision, the following are the specific revisions effected in every Rate Schedule:

1. For Rate Schedule 16 – Flat Rate Service
 - 1.1. Now Rate Schedule 17 – Streetlights Service
 - 1.2. In addition to non-metered streetlight installations, this Rate Schedule will now include the metered streetlights installation currently under Schedule 36 & 46. This is intended to properly classify these customers according to its end-use.
2. Rate Schedule 26 – Residential Meter
 - 2.1 Now Rate Schedule 27 – Residential Service
 - 2.2 Under the Applicability Provision of the existing Tariff, the italicized and underlined Clause will be deleted:

“Applicable to residential customers for all domestic purposes in a single family dwelling unit. (a dwelling unit is considered as having one kitchen) and where no room shall be used for commercial purposes.”

The above deletion is intended to avoid automatic classification of a residential customer with a small sari-sari store as Rate Schedule 37 even if its loads will not warrant classification of the said customer to a higher Rate Schedule other than Residential Service.
 - 2.3 When customer conducts business in same premises, he will be required to comply with company requirement (e.g. submission of business permit) before classifying him under Schedule 37
3. Rate Schedule 36 & 46 – General Service
 - 3.1 Now lumped under Rate Schedule 37 – Low Voltage General Service

- 3.2 This Rate Schedule is available to customers connected at the low voltage distribution line (220/240 V) for general service
 - 3.3 Metering charge for this Rate Schedule will be sub-classified as Single-phase and Three-phase installations
4. Rate Schedule 56 & 66 – General Power
- 4.1 Now lump under Rate Schedule 47 – Medium Voltage General Service
 - 4.2 This Rate Schedule is available to customers connected at the medium voltage distribution line (13.8/34.5kV) with connected load greater than 20 kW
 - 4.3 Customers who provides their own Distribution Transformers will be classified under this Rate Schedule
 - 4.4 Primary Metering Discount will no longer apply
 - 4.5 Metering Charge will be sub-classified as secondary and primary metered
 - 4.6 The Rate Schedule will be further sub-classified as follows:
 - 4.6.1 Rate Schedule 47-A = for customers with High Load Factors
 - 4.6.2 Rate Schedule 47-B = for customers with Low Load Factors
5. Rate Schedule 76 & 96 – Bulk High Voltage Power
- 5.1 The provisions in the existing tariff will apply except the following:
 - 5.1.1 Rate Schedules will now be:
 - 5.1.1.1 Rate Schedule 57 – High Voltage 69 kV Service
 - 5.1.1.2 Rate Schedule 67 – High Voltage 138 kV Service
 - 5.1.2 Power Factor Discount will no longer apply
 - 5.2 Separate Rate Schedules will be provided for Wheeling Service as follows:
 - 5.2.1 Rate Schedule 57-W = HV 69 kV Wheeling Service
 - 5.2.2 Rate Schedule 67-W = HV 138 kV Wheeling Service

Found in Annex “A-2” is the revised Rate Schedules.

CAGAYAN ELECTRIC POWER AND LIGHT CO., INC. (CEPALCO)

PROPOSED SCHEDULE OF RATES

SCHEDULE 17: STREET LIGHT SERVICE**Availability:**

Available in the territory served by the Company.

Applicability:

Applicable to lighting of roads and bridges only.

Nature of Service:

Alternating current, 60 hertz, 230 volts nominal, single phase.

Rate:

A. Pass-through Charges

Charges	Rate
Generation	To be computed in accordance with the Guidelines for the Automatic Adjustment of Generation Rates and System Loss Rates (AGRA) by Distribution Utilities promulgated in its order dated October 13, 2004 under ERC Case No. 2004 – 322.
Transmission	As initially set by ERC in CEPALCO rates unbundling decision dated May 19, 2004 under ERC Case No. 2001-892 and adjusted in accordance with the Guidelines for the Adjustment of Transmission Rates by Distribution Utilities under ERC Resolution No. 19, Series of 2005.
System Loss	To be computed in accordance with the Guidelines for the Automatic Adjustment of Generation Rates and System Loss Rates (AGRA) by Distribution Utilities promulgated in its order dated October 13, 2004 under ERC Case No. 2004 – 322.

B. Distribution Charges

Charges	Rate
Distribution, P/kWh	1.0185
Supply, P/kWh	0.0065

C. Other Charges

Charges	Rate
ICERA	This is adjusted through the Currency Exchange Rate Adjustment (CERA) Clause and the Incremental Currency Exchange Rate Adjustment (ICERA) mechanism based

	on ERC Case No. 2003 - 44 dated February 24, 2003 and/or as allowed by ERC
Lifeline Rate Adjustment	Set in accordance with the ERC Decision on Case No. 2001 – 892 dated May 19, 2004 (Electricity Rates Unbundling Decision for CEPALCO) and adjusted based on the Formula prescribed in the Guidelines for the Calculation of Over or Under Recovery in the Implementation of Lifeline Rate by Distribution Utilities under ERC Case # 2005-09RM
Universal Charges:	
a. Missionary Electrification (ERC Case No. 201-165)	0.0373 per kWh
b. Environmental Charge (ERC Case No. 2002-194)	0.0025 per kWh

D. Taxes

Charges	Rate
Franchise Tax	Pursuant to Rule 7, Section 4(q) of the Implementing Rules and Regulations of Republic Act 9136 and as set by the local government. Applied on the distribution wheeling and captive market supply revenues only.
VAT	To be computed at prevailing VAT rate (currently at 12%) as set by the Bureau of Internal Revenue (BIR) and shall be billed in accordance with Revenue Regulation No. 16-2005 or the Consolidated VAT Regulations of 2005

Formula for Computing the Billing Energy in kWh for non-metered installation:

1. The energy consumption in kWh for each lighting fixture shall computed based on its wattage using the formula:

$$\text{kWh Consumed} = 12 \text{ hrs.} \times 30 \text{ days} \times \frac{\text{Wattage}}{1,000} \text{ or}$$

$$\text{kWh Consumed} = 0.36 \times \text{wattage}$$

2. kWh consumption of Fluorescent lamps shall be computed at twice its rated watts.
3. Billing shall be made on the basis of the inventory report of lighting fixtures installed.

Term of Contract:

Not less than six (6) months automatically renewing.

Special Provisions:

1. The customer shall supply and own the complete fixture and lamp. Replacement of busted lamps shall be done by and at the expense of the customer.

2. The company shall supply and maintain the photo-electric control circuits and equipment for Non-metered installations.
3. For non-metered streetlight, the customer shall supply, own, and install the complete fixture and lamp in the Company's pole. The Company shall be the sole entity authorized to connect and energize any streetlight facility to its electrical distribution facilities.

SCHEDULE 27: RESIDENTIAL SERVICE

Availability:

Available in the territory served by the company.

Applicability:

Applicable to residential customers for all domestic purposes in a single family dwelling unit.

Nature of Service:

Alternating current, 60 hertz, 230 volts nominal, phase as appropriate and available.

Rate:

A. Pass-through Charges

Generation	To be computed in accordance with the Guidelines for the Automatic Adjustment of Generation Rates and System Loss Rates (AGRA) by Distribution Utilities promulgated in its order dated October 13, 2004 under ERC Case No. 2004 – 322.
Transmission	As initially set by ERC in CEPALCO rates unbundling decision dated May 19, 2004 under ERC Case No. 2001-892 and adjusted in accordance with the Guidelines for the Adjustment of Transmission Rates by Distribution Utilities under ERC Resolution No. 19, Series of 2005.
System Loss	To be computed in accordance with the Guidelines for the Automatic Adjustment of Generation Rates and System Loss Rates (AGRA) by Distribution Utilities promulgated in its order dated October 13, 2004 under ERC Case No. 2004 – 322.

B. Distribution Charges

Charges	Rate
Distribution, P/kWh	1.3210
Supply, P/kWh	0.3488
Metering:	
- Fixed Monthly Charge, Peso	30.00
- Peso per kWh	0.3052

C. Other Charges

Charges	Rate
ICERA	This is adjusted through the Currency Exchange Rate Adjustment (CERA) Clause and the Incremental Currency Exchange Rate Adjustment (ICERA) mechanism based on ERC Case No. 2003 - 44 dated February 24, 2003 and/or as allowed by ERC

Lifeline Rate Adjustment	Set in accordance with the ERC Decision on Case No. 2001 – 892 dated May 19, 2004 (Electricity Rates Unbundling Decision for CEPALCO) and adjusted based on the Formula prescribed in the Guidelines for the Calculation of Over or Under Recovery in the Implementation of Lifeline Rate by Distribution Utilities under ERC Case # 2005-09RM
Universal Charges:	
a. Missionary Electrification (ERC Case No. 201-165)	0.0373 per kWh
b. Environmental Charge (ERC Case No. 2002-194)	0.0025 per kWh

D. Taxes

Charges	Rate
Franchise Tax	Pursuant to Rule 7, Section 4(q) of the Implementing Rules and Regulations of Republic Act 9136 and as set by the local government. Applied on the distribution wheeling and captive market supply revenues only.
VAT	To be computed at prevailing VAT rate (currently at 12%) as set by the Bureau of Internal Revenue (BIR) and shall be billed in accordance with Revenue Regulation No. 16-2005 or the Consolidated VAT Regulations of 2005

E. Lifeline Rate Discounts (Applicable to customers whose monthly kWh consumption is 100 kWh and below. The discount in percent is set in accordance with the ERC Decision on Case No. 2001 – 892 dated May 19, 2004, Electricity Rates Unbundling Decision for CEPALCO)

Consumption Level (in kWh)	Discount (in % to the total bill)
0 – 20	50
21 – 30	45
31 – 40	40
41 – 50	40
51 – 60	35
61 – 70	30
71 – 80	30
81 – 90	25
91 - 100	20

Term of Contract:

Not less than one (1) month, automatically renewing except for customers affected by special Provision No. 4.

Minimum Charge:

The minimum charge per customer per month shall be equal to the fixed metering charge per customer per month.

Special Provisions:

1. Where a customer conducts a business in the same premises as his residence and the combined energy requirements are measured by a single meter, the energy so used shall be billed under the applicable rate other than the residential meter rate upon compliance with the requirements of the Company.
2. All building annexes such as servant's quarters and garage shall be served through the same meter which serves as contiguous premises to which they are necessary.
3. Special voltages such as alternating current, 60 hertz, 115 volts, single phase and 230 volts, three phase, shall be provided for only as available and appropriate.
4. The Company reserves the right to discontinue service to customers whose loads cause objectionable voltage fluctuation in the Company's system to the prejudice of the Company's other customers.

SCHEDULE 37: LOW - VOLTAGE GENERAL SERVICE

Availability:

Available in the territory served by the Company.

Applicability:

Applicable to captive customers who connect direct to 230Volts (LOW VOLTAGE) distribution lines for lighting and appliance service, including air-conditioners, motors, heating, and/or power purposes.

Nature of Service:

Alternating current, 60 hertz, 230 Volts, phase as available and appropriate.

Rate:

A. Pass-through Charges

Generation	To be computed in accordance with the Guidelines for the Automatic Adjustment of Generation Rates and System Loss Rates (AGRA) by Distribution Utilities promulgated in its order dated October 13, 2004 under ERC Case No. 2004 – 322.
Transmission	As initially set by ERC in CEPALCO rates unbundling decision dated May 19, 2004 under ERC Case No. 2001-892 and adjusted in accordance with the Guidelines for the Adjustment of Transmission Rates by Distribution Utilities under ERC Resolution No. 19, Series of 2005.
System Loss	To be computed in accordance with the Guidelines for the Automatic Adjustment of Generation Rates and System Loss Rates (AGRA) by Distribution Utilities promulgated in its order dated October 13, 2004 under ERC Case No. 2004 – 322.

B. Distribution Charges

Charges	Rate
Distribution, P/kWh	1.0611
Supply, P/kWh	0.0839
Metering, P/customer/month:	
- Single Phase metered	135.20
- Three Phase metered	964.23

C. Other Charges

Charges	Rate
ICERA	This is adjusted through the Currency Exchange Rate Adjustment (CERA) Clause and the Incremental Currency Exchange Rate Adjustment (ICERA) mechanism based on ERC Case No. 2003 - 44 dated February

	24, 2003 and/or as allowed by ERC
Lifeline Rate Adjustment	Set in accordance with the ERC Decision on Case No. 2001 – 892 dated May 19, 2004 (Electricity Rates Unbundling Decision for CEPALCO) and adjusted based on the Formula prescribed in the Guidelines for the Calculation of Over or Under Recovery in the Implementation of Lifeline Rate by Distribution Utilities under ERC Case # 2005-09RM
Universal Charges:	
a. Missionary Electrification (ERC Case No. 201-165)	0.0373 per kWh
b. Environmental Charge (ERC Case No. 2002-194)	0.0025 per kWh

D. Taxes

Charges	Rate
Franchise Tax	Pursuant to Rule 7, Section 4(q) of the Implementing Rules and Regulations of Republic Act 9136 and as set by the local government. Applied on the distribution wheeling and captive market supply revenues only.
VAT	To be computed at prevailing VAT rate (currently at 12%) as set by the Bureau of Internal Revenue (BIR) and shall be billed in accordance with Revenue Regulation No. 16-2005 or the Consolidated VAT Regulations of 2005

Term of Contract:

Not less than one (1) month, automatically renewing except for customers affected by Special Provision Nos. 3 & 4.

Minimum Charges, Peso per month:

	For Single Phase Meter	For Three Phase Meter
Metering Charge	135.20	964.23
Supply Charge	78.57	78.57
Total	213.77	1,042.80

Special Provisions:

1. Determination of Connected Load:

- a) Motors will be considered as 800 watts per horsepower except for sealed-in type compressor motor such as air-conditioning and refrigeration units in which the volt-amperes will be considered unless the kW rating or Power Factor is available.
- b) Nameplate rating of motors, equipment and appliance shall be used when available; if not available on equipment, the volt-amperes shall be used.

- c) Empty sockets and convenience outlets shall be considered as 100 watts each.
- 2. The minimum rating for transformer type welding machine and x-ray equipment shall be 5,000 watts each.
- 3. The customer shall notify the company of any change in connected load. Customers found with more loads than reported or contracted shall be billed under the classification corresponding to the newly found load and a period of three (3) months must elapse before a lower classification maybe applied for billing purposes.
- 4. The Company reserves the right to discontinue service to customers whose loads cause objectionable voltage fluctuation in the Company's system to the prejudice of the Company's other customers.

**SCHEDULE 47- A: MEDIUM VOLTAGE GENERAL POWER
[HIGH LOAD FACTOR (HLF)]**

Availability:

Available in the territory served by the Company.

Applicability:

Applicable to captive customers having Load Factor (LF) above 30% and who connect direct to MEDIUM – VOLTAGE (34.5kV or 13.8kV) distribution lines for general power, heating, and/or lighting used in manufacturing, machining, cold storage and water supply equipment, provided that their connected load is greater than 20 kilowatts.

Nature of Service:

Alternating current, 60 hertz, 3-phase, voltage as available and appropriate.

Rate:

A. Pass-through Charges

Generation	To be computed in accordance with the Guidelines for the Automatic Adjustment of Generation Rates and System Loss Rates (AGRA) by Distribution Utilities promulgated in its order dated October 13, 2004 under ERC Case No. 2004 – 322.
Transmission	As initially set by ERC in CEPALCO rates unbundling decision dated May 19, 2004 under ERC Case No. 2001-892 and adjusted in accordance with the Guidelines for the Adjustment of Transmission Rates by Distribution Utilities under ERC Resolution No. 19, Series of 2005.
System Loss	To be computed in accordance with the Guidelines for the Automatic Adjustment of Generation Rates and System Loss Rates (AGRA) by Distribution Utilities promulgated in its order dated October 13, 2004 under ERC Case No. 2004 – 322.

B. Distribution Charges

Charges	Rate
Distribution Charges:	
a. P/kW	256.16
b. P/kWh	0.0725
Supply, P/Customer/Month	990.01
Metering, P/Customer/Month:	
- Secondary Metered customers	964.23
- Primary Metered customers	11,973.81

C. Other Charges

Charges	Rate
ICERA	This is adjusted through the Currency Exchange Rate Adjustment (CERA) Clause and the Incremental Currency Exchange Rate Adjustment (ICERA) mechanism based on ERC Case No. 2003 - 44 dated February 24, 2003 and/or as allowed by ERC
Lifeline Rate Adjustment	Set in accordance with the ERC Decision on Case No. 2001 – 892 dated May 19, 2004 (Electricity Rates Unbundling Decision for CEPALCO) and adjusted based on the Formula prescribed in the Guidelines for the Calculation of Over or Under Recovery in the Implementation of Lifeline Rate by Distribution Utilities under ERC Case # 2005-09RM
Universal Charges:	
a. Missionary Electrification (ERC Case No. 201-165)	0.0373 per kWh
b. Environmental Charge (ERC Case No. 2002-194)	0.0025 per kWh

D. Taxes

Charges	Rate
Franchise Tax	Pursuant to Rule 7, Section 4(q) of the Implementing Rules and Regulations of Republic Act 9136 and as set by the local government. Applied on the distribution wheeling and captive market supply revenues only.
VAT	To be computed at prevailing VAT rate (currently at 12%) as set by the Bureau of Internal Revenue (BIR) and shall be billed in accordance with Revenue Regulation No. 16-2005 or the Consolidated VAT Regulations of 2005

Guaranteed Billing Demand

Customer shall be required to set its Guaranteed Billing Demand three months after the start of its normal operation

Registered Demand

Refers to the highest demand registration of the appropriate metering instrument taken every 15 minute interval within a billing month.

Billing Demand:

The Billing Demand shall be determined as follows:

1. If the Registered Demand is greater than Guaranteed Billing Demand, Billing Demand equals Registered Demand.
2. If the Registered Demand is less than Guaranteed Billing Demand, Billing Demand equals Guaranteed Billing Demand

Minimum Charge, Peso per Month:

	For Secondary-Metered	For Primary-Metered
Metering Charge	964.23	11,973.81
Supply Charge	990.01	990.01
Total	1,954.24	12,963.82

Term of Contract:

Not less than one (1) year automatically renewing.

Special Provisions:

1. Determination of Connected Load:

- a) Motors will be considered as 800 watts per horsepower except for sealed-in type compressor motor such as air-conditioning and refrigeration units in which the volt-amperes will be considered, unless the kW rating or Power Factor is available.
- b) Nameplate rating of motors, equipment and appliances shall be used when available; if not available on equipment, the volt-amperes shall be used.
- c) Empty sockets and convenience outlets shall be considered as 100 watts each.

2. The minimum rating for transformer type welding machine and x-ray equipment shall be 5,000 watts each.

3. The customer shall notify the Company of any change in connected load. Customers found with more loads than reported or contracted shall be billed under the classification corresponding to the newly found load and a period of three (3) months must elapse before a lower classification maybe applied for billing purposes.

4. The Company reserves the right to discontinue service to customers whose loads cause objectionable voltage fluctuation in the Company's system to the prejudice of the Company's other customers.

5. Power Factor (PF) Charge

A Power Factor Charge shall be imposed during any billing period if the Actual Power Factor is less than 85% lagging.

The Power Factor Charge shall be computed as follows:

$$\text{PF Charge} = \text{Distribution Demand Charge} \times \left[\frac{85\%}{\text{Actual PF}} - 1 \right]$$

**SCHEDULE 47B: MEDIUM VOLTAGE GENERAL POWER
[LOW LOAD FACTOR (LLF)]**

Availability:

Available in the territory served by the Company.

Applicability:

Applicable to captive customers having Load Factor (LF) of 30% and below and who connect direct to MEDIUM – VOLTAGE (34.5kV or 13.8kV) distribution lines for general power, heating and/or lighting used in manufacturing, machining, cold storage and water supply equipment, provided that their connected load is above 20 kilowatts.

Nature of Service:

Alternating current, 60 hertz, 3-phase, voltage as available and appropriate.

Rate:

A. Pass-through Charges

Generation	To be computed in accordance with the Guidelines for the Automatic Adjustment of Generation Rates and System Loss Rates (AGRA) by Distribution Utilities promulgated in its order dated October 13, 2004 under ERC Case No. 2004 – 322.
Transmission	As initially set by ERC in CEPALCO rates unbundling decision dated May 19, 2004 under ERC Case No. 2001-892 and adjusted in accordance with the Guidelines for the Adjustment of Transmission Rates by Distribution Utilities under ERC Resolution No. 19, Series of 2005.
System Loss	To be computed in accordance with the Guidelines for the Automatic Adjustment of Generation Rates and System Loss Rates (AGRA) by Distribution Utilities promulgated in its order dated October 13, 2004 under ERC Case No. 2004 – 322.

B. Distribution Charges

Charges	Rate
Distribution, P/kWh	0.6254
Supply, P/customer/month	990.01
Metering, P/customer/month:	
- Secondary Metered customers	964.23
- Primary Metered customers	11,973.81

C. Other Charges

Charges	Rate
ICERA	This is adjusted through the Currency Exchange Rate Adjustment (CERA) Clause

	and the Incremental Currency Exchange Rate Adjustment (ICERA) mechanism based on ERC Case No. 2003 - 44 dated February 24, 2003 and/or as allowed by ERC
Lifeline Rate Adjustment	Set in accordance with the ERC Decision on Case No. 2001 – 892 dated May 19, 2004 (Electricity Rates Unbundling Decision for CEPALCO) and adjusted based on the Formula prescribed in the Guidelines for the Calculation of Over or Under Recovery in the Implementation of Lifeline Rate by Distribution Utilities under ERC Case # 2005-09RM
Universal Charges:	
a. Missionary Electrification (ERC Case No. 201-165)	0.0373 per kWh
b. Environmental Charge (ERC Case No. 2002-194)	0.0025 per kWh

D. Taxes

Charges	Rate
Franchise Tax	Pursuant to Rule 7, Section 4(q) of the Implementing Rules and Regulations of Republic Act 9136 and as set by the local government. Applied on the distribution wheeling and captive market supply revenues only.
VAT	To be computed at prevailing VAT rate (currently at 12%) as set by the Bureau of Internal Revenue (BIR) and shall be billed in accordance with Revenue Regulation No. 16-2005 or the Consolidated VAT Regulations of 2005

Minimum Charge, Peso per Month:

	For Secondary-Metered	For Primary-Metered
Metering Charge	964.23	11,973.81
Supply Charge	990.01	990.01
Total	1,954.24	12,963.82

Term of Contract:

Not less than one (1) year automatically renewing.

Special Provisions:

1. Determination of Connected Load:

- a) Motors will be considered as 800 watts per horsepower except for sealed-in type compressor motor such as air-conditioning and refrigeration units in which the volt-amperes will be considered, unless the kW rating or Power Factor is available.

- b) Nameplate rating of motors, equipment and appliances shall be used when available; if not available on equipment, the volt-amperes shall be used.
 - c) Empty sockets and convenience outlets shall be considered as 100 watts each.
2. The minimum rating for transformer type welding machine and x-ray equipment shall be 5,000 watts each.
 3. The customer shall notify the Company of any change in connected load. Customers found with more loads than reported or contracted shall be billed under the classification corresponding to the newly found load and a period of three (3) months must elapse before a lower classification may be applied for billing purposes.
 4. The Company reserves the right to discontinue service to customers whose loads cause objectionable voltage fluctuation in the Company's system to the prejudice of the Company's other customers.

SCHEDULE 57: HIGH-VOLTAGE 69KV SERVICE

Availability:

Available in the territory served by the Company.

Applicability:

Applicable to captive customers who connect direct to 69kV HIGH-VOLTAGE distribution lines for general power, heating and/or lighting used in manufacturing, machining, cold storage and other industrial loads.

Nature of Service:

Alternating current, 60 hertz, 3-phase, voltage as available and appropriate.

Rate:

A. Pass-through Charges

Generation	To be computed in accordance with the Guidelines for the Automatic Adjustment of Generation Rates and System Loss Rates (AGRA) by Distribution Utilities promulgated in its order dated October 13, 2004 under ERC Case No. 2004 – 322.
Transmission	As initially set by ERC in CEPALCO rates unbundling decision dated May 19, 2004 under ERC Case No. 2001-892 and adjusted in accordance with the Guidelines for the Adjustment of Transmission Rates by Distribution Utilities under ERC Resolution No. 19, Series of 2005.
System Loss	To be computed in accordance with the Guidelines for the Automatic Adjustment of Generation Rates and System Loss Rates (AGRA) by Distribution Utilities promulgated in its order dated October 13, 2004 under ERC Case No. 2004 – 322.

B. Distribution Charges

Charges	Rate
Distribution	
- Demand Charge, P/kW	132.05
- Energy Charge, P/kWh	
o First 500 hrs or below use of billing demand	0.06
o All excess kWh	0.03
Supply, P/customer/month	1,933.05
Metering, P/customer/month	15,880.34

C. Other Charges

Charges	Rate
ICERA	This is adjusted through the Currency Exchange Rate Adjustment (CERA) Clause and the Incremental Currency Exchange

	Rate Adjustment (ICERA) mechanism based on ERC Case No. 2003 - 44 dated February 24, 2003 and/or as allowed by ERC
Lifeline Rate Adjustment	Set in accordance with the ERC Decision on Case No. 2001 – 892 dated May 19, 2004 (Electricity Rates Unbundling Decision for CEPALCO) and adjusted based on the Formula prescribed in the Guidelines for the Calculation of Over or Under Recovery in the Implementation of Lifeline Rate by Distribution Utilities under ERC Case # 2005-09RM
Universal Charges:	
a. Missionary Electrification (ERC Case No. 201-165)	0.0373 per kWh
b. Environmental Charge (ERC Case No. 2002-194)	0.0025 per kWh

D. Taxes

Charges	Rate
Franchise Tax	Pursuant to Rule 7, Section 4(q) of the Implementing Rules and Regulations of Republic Act 9136 and as set by the local government. Applied on the distribution wheeling and captive market supply revenues only.
VAT	To be computed at prevailing VAT rate (currently at 12%) as set by the Bureau of Internal Revenue (BIR) and shall be billed in accordance with Revenue Regulation No. 16-2005 or the Consolidated VAT Regulations of 2005

Guaranteed Billing Demand

Customer shall be required to set its Guaranteed Billing Demand three months after the start of its normal operation

Registered Demand

Refers to the highest demand registration of the appropriate metering instrument taken every 15 minute interval within a billing month.

Billing Demand:

The Billing Demand shall be determined as follows:

1. If the Registered Demand is greater than Guaranteed Billing Demand, Billing Demand equals Registered Demand.
2. If the Registered Demand is less than Guaranteed Billing Demand, Billing Demand equals Guaranteed Billing Demand

Minimum Charge, Peso per Month:

Metering Charge	15,880.34
Supply Charge	1,933.05
Total	17,813.39

Term of Contract:

Not less than one (1) year automatically renewing.

Special Provisions:

1. Distribution Services and Open Access Rules (DSOAR) shall apply to customers in this rate schedule unless otherwise specified. The rules and regulations shall be subject to change in accordance with any changes or revisions that may be imposed by ERC on CEPALCO.

2. Power Factor (PF) Charge

A Power Factor Charge shall be imposed during any billing period if the Actual Power Factor is less than 85% lagging.

The Power Factor Charge shall be computed as follows:

$$\text{PF Charge} = \text{Distribution Demand Charge} \times \left[\frac{85\%}{\text{Actual PF}} - 1 \right]$$

SCHEDULE 67: HIGH VOLTAGE 138KV SERVICE

Availability:

Available in the territory served by the Company.

Applicability:

Applicable to captive customers who connect direct to 138kV HIGH-VOLTAGE distribution lines for general power, heating and/or lighting used in manufacturing, machining, cold storage and other industrial loads.

Nature of Service:

Alternating current, 60 hertz, 3-phase, voltage as available and appropriate.

Rate:

A. Pass-through Charges

Generation	To be computed in accordance with the Guidelines for the Automatic Adjustment of Generation Rates and System Loss Rates (AGRA) by Distribution Utilities promulgated in its order dated October 13, 2004 under ERC Case No. 2004 – 322.
Transmission	As initially set by ERC in CEPALCO rates unbundling decision dated May 19, 2004 under ERC Case No. 2001-892 and adjusted in accordance with the Guidelines for the Adjustment of Transmission Rates by Distribution Utilities under ERC Resolution No. 19, Series of 2005.
System Loss	To be computed in accordance with the Guidelines for the Automatic Adjustment of Generation Rates and System Loss Rates (AGRA) by Distribution Utilities promulgated in its order dated October 13, 2004 under ERC Case No. 2004 – 322.

B. Distribution Charges

Charges	Rate
Distribution	
- Demand Charge, P/kW	86.07
- Energy Charge, P/kWh	
o First 500 hrs or below use of billing demand	0.06
o All excess kWh	0.03
Supply, P/customer/month	3,819.13
Metering, P/customer/month	28,142.54

C. Other Charges

Charges	Rate
ICERA	This is adjusted through the Currency Exchange Rate Adjustment (CERA) Clause and the Incremental Currency Exchange

	Rate Adjustment (ICERA) mechanism based on ERC Case No. 2003 - 44 dated February 24, 2003 and/or as allowed by ERC
Lifeline Rate Adjustment	Set in accordance with the ERC Decision on Case No. 2001 – 892 dated May 19, 2004 (Electricity Rates Unbundling Decision for CEPALCO) and adjusted based on the Formula prescribed in the Guidelines for the Calculation of Over or Under Recovery in the Implementation of Lifeline Rate by Distribution Utilities under ERC Case # 2005-09RM
Universal Charges:	
a. Missionary Electrification (ERC Case No. 201-165)	0.0373 per kWh
b. Environmental Charge (ERC Case No. 2002-194)	0.0025 per kWh

D. Taxes

Charges	Rate
Franchise Tax	Pursuant to Rule 7, Section 4(q) of the Implementing Rules and Regulations of Republic Act 9136 and as set by the local government. Applied on the distribution wheeling and captive market supply revenues only.
VAT	To be computed at prevailing VAT rate (currently at 12%) as set by the Bureau of Internal Revenue (BIR) and shall be billed in accordance with Revenue Regulation No. 16-2005 or the Consolidated VAT Regulations of 2005

Guaranteed Billing Demand

Customer shall be required to set its Guaranteed Billing Demand three months after the start of its normal operation

Registered Demand

Refers to the highest demand registration of the appropriate metering instrument taken every 15 minute interval within a billing month.

Billing Demand:

The Billing Demand shall be determined as follows:

1. If the Registered Demand is greater than Guaranteed Billing Demand, Billing Demand equals Registered Demand.
2. If the Registered Demand is less than Guaranteed Billing Demand, Billing Demand equals Guaranteed Billing Demand

Minimum Charge, Peso per Month:

Metering Charge	28,142.54
Supply Charge	3,819.13
Total	31,961.67

Term of Contract:

Not less than one (1) year automatically renewing.

Special Provisions:

1. Distribution Services and Open Access Rules (DSOAR) shall apply to customers in this rate schedule unless otherwise specified. The rules and regulations shall be subject to change in accordance with any changes or revisions that may be imposed by ERC on CEPALCO.

2. Power Factor (PF) Charge

A Power Factor Charge shall be imposed during any billing period if the Actual Power Factor is less than 85% lagging.

The Power Factor Charge shall be computed as follows:

$$\text{PF Charge} = \text{Distribution Demand Charge} \times \left[\frac{85\%}{\text{Actual PF}} - 1 \right]$$

SCHEDULE 57W: HIGH-VOLTAGE 69KV WHEELING SERVICE

Availability:

Available in the territory served by the Company.

Applicability:

Applicable to wheeling customers who connect direct to 69kV HIGH-VOLTAGE distribution lines for general power, heating and/or lighting used in manufacturing, machining, cold storage and other industrial loads.

Nature of Service:

Alternating current, 60 hertz, 3-phase, voltage as available and appropriate.

Rate:

A. Distribution Charges

Charges	Rate
Distribution	
- Demand Charge, P/kW	132.05
- Energy Charge, P/kWh	
o First 500 hrs or below use of billing demand	0.06
o All excess kWh	0.03
Supply, P/customer/month	1,933.05
Metering, P/customer/month	15,880.34

B. Taxes

Charges	Rate
Franchise Tax	Pursuant to Rule 7, Section 4(q) of the Implementing Rules and Regulations of Republic Act 9136 and as set by the local government. Applied on the distribution wheeling and captive market supply revenues only.
VAT	To be computed at prevailing VAT rate (currently at 12%) as set by the Bureau of Internal Revenue (BIR) and shall be billed in accordance with Revenue Regulation No. 16-2005 or the Consolidated VAT Regulations of 2005

Guaranteed Billing Demand

Customer shall be required to set its Guaranteed Billing Demand three months after the start of its normal operation

Registered Demand

Refers to the highest demand registration of the appropriate metering instrument taken every 15 minute interval within a billing month.

Billing Demand:

The Billing Demand shall be determined as follows:

1. If the Registered Demand is greater than Guaranteed Billing Demand, Billing Demand equals Registered Demand.
2. If the Registered Demand is less than Guaranteed Billing Demand, Billing Demand equals Guaranteed Billing Demand

Minimum Charge, Peso per Month:

Metering Charge	15,880.34
Supply Charge	1,933.05
Total	17,813.39

Term of Contract:

Not less than one (1) year automatically renewing.

Special Provisions:

1. Distribution Services and Open Access Rules (DSOAR) shall apply to customers in this rate schedule unless otherwise specified. The rules and regulations shall be subject to change in accordance with any changes or revisions that may be imposed by ERC on CEPALCO.

SCHEDULE 67W: HIGH VOLTAGE 138KV WHEELING SERVICE

Availability:

Available in the territory served by the Company.

Applicability:

Applicable to captive customers who connect direct to 138kV HIGH-VOLTAGE distribution lines for general power, heating and/or lighting used in manufacturing, machining, cold storage and other industrial loads.

Nature of Service:

Alternating current, 60 hertz, 3-phase, voltage as available and appropriate.

Rate:

A. Distribution Charges

Charges	Rate
Distribution	
- Demand Charge, P/kW	86.07
- Energy Charge, P/kWh	
o First 500 hrs or below use of billing demand	0.06
o All excess kWh	0.03
Supply, P/customer/month	3,819.13
Metering, P/customer/month	28,142.54

B. Taxes

Charges	Rate
Franchise Tax	Pursuant to Rule 7, Section 4(q) of the Implementing Rules and Regulations of Republic Act 9136 and as set by the local government. Applied on the distribution wheeling and captive market supply revenues only.
VAT	To be computed at prevailing VAT rate (currently at 12%) as set by the Bureau of Internal Revenue (BIR) and shall be billed in accordance with Revenue Regulation No. 16-2005 or the Consolidated VAT Regulations of 2005

Guaranteed Billing Demand

Customer shall be required to set its Guaranteed Billing Demand three months after the start of its normal operation

Registered Demand

Refers to the highest demand registration of the appropriate metering instrument taken every 15 minute interval within a billing month.

Billing Demand:

The Billing Demand shall be determined as follows:

1. If the Registered Demand is greater than Guaranteed Billing Demand, Billing Demand equals Registered Demand.
2. If the Registered Demand is less than Guaranteed Billing Demand, Billing Demand equals Guaranteed Billing Demand

Minimum Charge, Peso per Month:

Metering Charge	28,142.54
Supply Charge	3,819.13
Total	31,961.67

Term of Contract:

Not less than one (1) year automatically renewing.

Special Provisions:

1. Distribution Services and Open Access Rules (DSOAR) shall apply to customers in this rate schedule unless otherwise specified. The rules and regulations shall be subject to change in accordance with any changes or revisions that may be imposed by ERC on CEPALCO.

ANNEX “B”

CAGAYAN ELECTRIC POWER & LIGHT COMPANY, INC.

THE RATES DESIGN PROCESS

For the 2nd Regulatory Period

Pursuant to the directive of the ERC in its Decision on CEPALCO’s Regulatory Reset Application under ERC Case No. 2006-041 RC, CEPALCO conducts the Rate Design Process to convert the maximum average price (MAP) into appropriate distribution rate structure that shall be applicable for each customer class, upon approval by the ERC, for the Second Regulatory Period.

I. RATES DESIGN OBJECTIVES:

1. Primary Objective
 - a) The rates should consistently yield sufficient revenue to meet the ERC-approved annual revenue requirement for the 4-year Regulatory Period;
 - b) The rates should recover all reasonable costs; and
 - c) Simple and easy to implement.
2. Secondary Objectives
 - a) Ensure that costs of service are fairly allocated to each customer class through objective application of the cost-causation principle; and
 - b) Consider limited cross-subsidy for social responsibility and customers’ economic survival.

II. METHODOLOGY

The first step in the Rate Design Process is the conduct of a Cost of Service Study. In this study, CEPALCO adopted the Average (or Embedded) Cost of Service. The ERC-approved Regulatory Asset Base (RAB), cost levels, and billing determinants for Regulatory Year 2008 are used as test year figures for the Cost of Service.

A. Cost of Service Steps:

The following are the steps conducted:

- (1) Functionalization of the Annual Revenue Requirement (ARR)

Each item composing the building blocks of the ARR is functionalized into Distribution, Supply, and Metering functions. The Functionalization Factors used are derived through Direct Cost Attribution Method.

The Direct Cost Attribution Method simply allocates each ARR Building Blocks into each function, as follows:

ARR Building Blocks	Functionalization Factors
1. Regulatory Asset Base	
1.1 Distribution Plant	100% Distribution except: 1. Meters and Metering Equipment = 100% Metering 2. Regulated Entity's Property on Customer Premises = 100% Supply
1.2 General Plant	Based on use of the specific asset
2. O&M Expenditures	1. Distribution Operation = 100% Distribution except Metering 2. Distribution Maintenance = 100% Distribution except Metering 3. Customer Expense = 100% Supply except Metering 4. Admin & General = composite
3. Regulatory Depreciation	Same as RAB
4. Other Taxes	Composite

The resulting Functionalization Factors are found in Annex "D".

The Distribution Assets Category of the Regulatory Asset Base is further sub-classified by voltage level. Annex "B-1" is a discussion on the methodology in sub-classifying these assets by voltage level.

(2) Classification of Functionalized Annual Revenue Requirement

The Functionalized ARR is classified into energy, demand, or customer – related costs. This step classifies what cost components are driven by changes in energy and demand requirements of the loads and the number of customer.

CEPALCO adopts the following procedures in determining the cost drivers:

Function	Determination of Cost Drivers
Distribution	1. RAB = 100% Demand-related except for Service which is 100% Supply-related 2. O&M Expenditures = based on Regression Analyses
Supply	100% Customer-related
Metering	100% Customer-related

Annex "E" are the resulting Classification Factors for the O&M Expenditures as derived using Regression Analysis.

(3) Allocation of Costs to Different Customer Classes

The 3rd step in the Cost of Service Study is the allocation of the Functionalized and Classified Costs into the different customer classes using the Allocation Factors.

CEPALCO adopted the following procedures in allocating costs to the different customer classes:

1. All Demand – related costs are allocated based on the contribution of each class of customers to the Non-coincident Peak Demand of the system.
2. All Energy-related costs are allocated based on the kWh consumption of each customer class.
3. All Customer-related costs are allocated based on number of customers in each class and the number of meters weighted according to the type of metering equipment.

Annex “F” are the resulting Allocation Factors used to allocate the ARR into each customer class.

B. Summary of Cost of Service Results (Allocated Revenue Requirement)

The expected results of the Cost of Service Study are the allocated revenue requirement per customer class. This is presented in Table 1 of Annex “C”.

III. SETTING THE RATE LEVELS

The next step in the Rate Design Process is the allocation of the MAP-based revenue requirement into the different customer classes and converting these allocated costs into rate levels that will be charged to the customers within its customer class.

CEPALCO used the results of the Cost of Service Study as presented in Table 1 of Annex “C” to derive the allocation factors used to allocate the MAP-based revenue requirement into the different customer classes. This procedure is explained through a step-by-step computation in the Rate Setting Template marked as Annex “C”.

In general, the rate levels for each function were computed as the allocated MAP-based revenue requirement divided by the appropriate billing determinants according to the proposed rate structure presented in Section IV below.

The following is a short description of the computational Tables presented in the Annex "C".

Table No.	Description
1	Result of the Cost of Service Study i.e., Allocated Revenue Requirement based on RY 2008 cost levels
2	Revenue Requirement Allocation Factors based on Table 1
3	Computation of the MAP-based Revenue Requirement for RY 2008
4	Allocation of the MAP-based revenue requirement using the Allocation Factors in Table 2.
5	Billing Determinants as approved by the ERC for RY 2008
6	Resulting rate levels computed based on the allocated MAP-based revenue requirement in Table 4 divided by the Billing Determinants in Table 5
7	Same as Table 6 but adopted the existing rate structure
8	The existing ERC-approved rate levels
9-A	Estimated rate impact based on old rate schedules
9-B	Estimated rate impact based on new rate schedules
10	Checking the recovery of the total revenue requirement based on the resulting rate levels at existing rate structure

IV. PROPOSED RATE STRUCTURE

Consistent with the Rate Design Criteria mentioned above, the following are the proposed Rate Structure that will be applied for the 2nd Regulatory Period:

Rate Sch	Distribution	Supply	Metering
17	Peso/kWh	Peso/kWh	None
27	Peso/kWh	Peso/kWh	Peso/Customer/month
37	Peso/kWh	Peso/kWh	Peso/customer/month for the two categories: (1) Single-phase and (2) Three-phase
47-A	(1) Demand Charge in P/kW (2) Energy Charge in P/kWh	Peso/customer/month	Peso/customer/month for the two categories: (1) Secondary Metered and (2) Primary Metered
47-B	Energy Charge in P/kWh	Same as Sch. 47-A	Same as Sch. 47-A
57	(1) Demand Charge in P/kW (2) Energy Charge in P/kWh: (2-a) 1 st 500 hrs and below use of billing kW (2-b) All excess kWh	Peso/customer/month	Peso/customer/month
67	Same as Sch. 57	Same as Sch 57	Same as Sch 57

The above Rate Structure is generally the same as the existing except:

1. For Rate Schedule 47-A, a two-part rate (Hopkinson Rate) is adopted to mitigate the impact of changes in the Load Factor
2. For Rate Schedule 47-B, who are Low Load Factor customers = Distribution Charge is set on a Peso per kWh charge to mitigate the impact of Low Load Factor.
3. For Rate Schedule 57 and 67, a combination of Wright – Hopkinson Rate Structure (i.e., A fixed Demand Charge and a blocked Energy Charge) is adopted to provide incentive to customers with high Load Factors.



ANNEX “B-1”

CAGAYAN ELECTRIC POWER & LIGHT COMPANY INC

Classification of Distribution Assets by Voltage Level

The following are the procedures adopted in the classification of Distribution Assets by voltage level:

Code	Asset Type Code Description	Brief Description of Asset Category	Approach used in the Categorization
A2	Structures and Improvements	Includes Distribution Assets which are used for the Substations and Control Rooms	Categorized according to Substation capacity (MVA) and the number and/or type of feeders
A3	Station Equipments		
A3a	Power Transformers		Items A3a, A3b, and A3c are classified as to voltage level already per Regulatory Asset Base (RAB) database.
A3b	Switchgear	Includes Circuit Breakers and Disconnectors	
A3c	Protective Equipment	Mainly includes Lightning Arresters, Potential Transformers, Over and Under Frequency Relays, and other Protective Equipments	
A3d	Metering and Control Equipment		Costs for Items A3d, A3e, and A3f are allocated in proportion to the categorized total costs of items A3a, A3b, and A3c.
A3e	Communications Equipment	SCADA	
A3f	Other Station Equipment	Includes Storage Batteries and Chargers	
A4	Poles, Towers, and Fixtures – Distribution	Includes items as follows: <ul style="list-style-type: none"> • Poles – classified according to type (wooden, concrete, or steel) and length • Pole Attachments - Top Hardware already classified according to Voltage Level 	<ul style="list-style-type: none"> ✚ Categorized in proportion to the number of poles by voltage level per Facilities and Mapping Database ✚ Classified as to voltage level already per Regulatory Asset Base (RAB) database.
A6	Overhead Conductors and Devices – Distribution	<ul style="list-style-type: none"> • This asset category includes the following: <ul style="list-style-type: none"> ▪ Circuit Reclosers ▪ Cut-out Fuse ▪ Power Fuse • Various Wires and Cables 	<ul style="list-style-type: none"> ✚ Overhead devices have voltage ratings already per Regulatory Asset Base (RAB) database. ✚ Categorized in proportion to data available per Facilities and Mapping Database
A12	Line Transformers - Distribution	This include distribution transformers classified	Although all Distribution Transformers are installed in

		according to Primary (KV) and Secondary (KVA) ratings	either 13.8 KV or 34.5 KV Primary Lines, these are used solely for the down-step transformation of power for Secondary 220V End-users.
A15	Services	These are Conductors mainly used for Service drops	Categorized mainly to Secondary 220Volts.
A16	Meters, Instruments & Metering Transformers – Distribution	This includes Single-phase, low-voltage 3 phase meters, and high-voltage primary metering equipments	 Categorized mainly to Secondary 220Volts  Segregated some low-voltage customers connected at primary metering and customers with high voltage primary metering equipments
A20	Streetlights and Signal Systems	Equipments used for Street-lighting.	All are categorized under Secondary 220 Volts

Based on the above procedures, the following are the resulting voltage level classifications:

Distribution Plant	138KV	69KV	34.5KV	13.8KV	440/220V
Structures and Improvements (Distribution Purpose)		1.37%	21.60%	77.03%	
Station Equipment					
- Power transformers			75.60%	24.40%	
- Switchgear	3.04%	6.16%	65.90%	24.91%	
- Protective equipment		34.22%	54.24%	11.53%	
- Metering & control equipment			75.21%	24.79%	
- Communications equipment			50.00%	50.00%	
- Other station equipment			75.21%	24.79%	
Poles, Towers and Fixtures - Distribution	4.73%	28.13%	16.02%	30.36%	20.76%
Overhead Conductors and Devices - Distribution	0.75%	27.20%	14.04%	35.39%	22.61%
Line Transformers - Distribution					100.00%
Services					100.00%
Meters, Instruments & Metering Transformers-distribution	0.06%	0.61%	7.35%	33.64%	58.34%

CAGAYAN ELECTRIC POWER & LIGHT COMPANY, INC

RATE SETTING TEMPLATE

ANNEX "C"

1. COST OF SERVICE RESULTS SUMMARY - REVENUE REQUIREMENT BY CUSTOMER CLASS @ RY 2008 COST

Rate Sched	Total	Distribution			Supply			Metering		
		Demand	Energy	Customer	Demand	Energy	Customer	Demand	Energy	Customer
26	377,771,534	181,812,158	12,305,858	43,793,571	-	-	57,426,122	-	-	82,433,825
36	116,528,963	68,280,953	3,491,427	9,079,047	-	-	10,119,383	-	-	25,558,154
46	151,114,538	108,724,860	2,857,748	4,112,205	-	-	7,032,094	-	-	28,387,630
56	47,540,607	30,067,585	2,265,393	2,052,117	-	-	1,004,648	-	-	12,150,863
66	9,913,301	8,962,754	380,984	416,591	-	-	11,682	-	-	141,289
76	49,623,254	41,262,257	3,155,751	2,893,099	-	-	250,907	-	-	2,061,241
86	12,764,259	10,536,105	963,889	887,123	-	-	45,065	-	-	332,078
16	19,600,767	16,651,972	876,153	1,995,052	-	-	77,591	-	-	0
TOTAL	784,857,223	466,298,644	26,297,203	65,228,804	-	-	75,967,492	-	-	151,065,080

2. REVENUE REQUIREMENT ALLOCATION DERIVED FROM COST OF SERVICE STUDY

Rate Sched	Distribution			Supply			Metering		
	Demand	Energy	Customer	Demand	Energy	Customer	Demand	Energy	Customer
26	38.99%	46.80%	67.14%	-	-	75.59%	-	-	54.57%
36	14.64%	13.28%	13.92%	-	-	13.32%	-	-	16.92%
46	23.32%	10.87%	6.30%	-	-	9.26%	-	-	18.79%
56	6.45%	8.61%	3.15%	-	-	1.32%	-	-	8.04%
66	1.92%	1.45%	0.64%	-	-	0.02%	-	-	0.09%
76	8.85%	12.00%	4.44%	-	-	0.33%	-	-	1.36%
86	2.26%	3.67%	1.36%	-	-	0.06%	-	-	0.22%
16	3.57%	3.33%	3.06%	-	-	0.10%	-	-	0.00%
TOTAL	59.41%	3.35%	8.31%	0.00%	0.00%	9.68%	0.00%	0.00%	19.25%

3. MAP-BASED REVENUE REQUIREMENT

MAP FOR RY 2008	1.1630
Forecasted Energy	686,303,000
Revenue Requirement	798,170,389

4. ALLOCATED MAP-BASED REVENUE REQUIREMENT

Rate Sched	Distribution			Supply			Metering			TOTAL
	Demand	Energy	Customer	Demand	Energy	Customer	Demand	Energy	Customer	
26	164,098,606	12,514,596	44,536,420	-	-	58,400,215	-	-	83,832,111	363,381,949
36	76,524,168	3,550,650	9,233,051	-	-	10,291,033	-	-	25,991,685	125,590,587
46	124,281,659	2,906,223	4,181,959	-	-	7,151,376	-	-	28,869,156	167,390,373
56	30,577,607	2,303,820	2,086,927	-	-	1,021,690	-	-	12,356,973	48,347,016
66	9,114,785	387,447	423,658	-	-	11,880	-	-	143,686	10,081,455
76	47,948,569	3,209,281	2,942,173	-	-	255,163	-	-	2,096,205	56,451,390
86	12,262,184	980,239	902,170	-	-	45,830	-	-	337,710	14,528,133
16	9,400,671	891,015	2,028,893	-	-	78,907	-	-	-	12,399,486
TOTAL	474,208,250	26,743,270	66,335,250	-	-	77,256,093	-	-	153,627,526	798,170,389

5. BILLING DETERMINANTS - FOR REGULATORY YEAR 2008 AS APPROVED BY ERC

Rate Sched	After Customer Reclassification			Before Customer Reclassification		
	kWh	kW	Customer	kWh	kW	Customer
26	167,414,000	31,852	90,917	167,414,000	31,852	90,917
36	70,849,972	12,348	16,021	72,151,000	12,671	16,109
46	137,125,500	30,296	2,495	61,230,000	10,753	2,238
56	57,254,500	11,477	86	133,150,000	31,020	343
66	14,534,000	3,457	1	14,534,000	3,457	1
76	149,660,000	28,474	11	149,660,000	28,474	11
86	77,368,000	9,200	1	77,368,000	9,200	1
16	12,097,028	3,002	140	10,796,000	2,679	52

TOTAL	686,303,000	130,107	109,672	686,303,000	130,107	109,672
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6. RATE LEVELS BASED ON COST OF SERVICE ALLOCATION

Rate Sched	Distribution			Supply			Metering			AVERAGE
	P/kW	P/kWh	P/Cust	P/kW	P/kWh	P/Cust	P/kW	P/kWh	P/Cust	
26	429.33	0.0748	40.82	-	-	53.53	-	-	76.84	2.1706
36	516.42	0.0501	48.03	-	-	53.53	-	-	135.20	1.7726
46	341.85	0.0212	139.68	-	-	238.86	-	-	964.23	1.2207
56	222.01	0.0402	2,022.22	-	-	990.01	-	-	11,973.81	0.8444
66	219.75	0.0267	35,304.80	-	-	990.01	-	-	11,973.81	0.6936
76	140.33	0.0214	22,289.19	-	-	1,933.05	-	-	15,880.34	0.3772
86	111.07	0.0127	75,180.86	-	-	3,819.13	-	-	28,142.54	0.1878
16	260.94	0.0737	1,207.67	-	-	46.97	-	-	-	1.0250
AVERAGE										1.1630

7. RATE LEVELS AT EXISTING RATE STRUCTURE

Rate Sched	Distribution			Supply			Metering			AVERAGE
	P/kW	P/kWh	P/Cust	P/kW	P/kWh	P/Cust	P/kW	P/kWh	P/Cust	
26	-	1.3210	-	-	0.3488	-	-	0.3052	30.00	2.1706
36	-	1.0611	-	-	0.0839	-	-	-	135.20	1.5118
46	-	1.0611	-	-	0.0839	-	-	-	964.23	1.3555
56	250.52	-	-	-	-	990.01	-	-	11,973.81	0.8363
66	250.52	-	-	-	-	990.01	-	-	11,973.81	0.7256
76	158.33	-	-	-	-	1,933.05	-	-	15,880.34	0.3772
86	128.12	-	-	-	-	3,819.13	-	-	28,142.54	0.1878
16	-	1.0185	-	-	0.0065	-	-	-	-	1.0250
AVERAGE										1.1630

8. APPROVED RATES FOR RY₂₀₀₇ (Approved by ERC in its Order dated June 27, 2007 in ERC Case # 2006-078RC)

Rate Sched	Distribution			Supply			Metering			Ave. Rate @ June 07 BD
	P/kW	P/kWh	P/Cust	P/kW	P/kWh	P/Customer	P/kW	P/kWh	P/Customer	
26		1.0822			0.6613	-		0.2991	5.00	2.0745
36		0.8254			0.3410	-		-	241.99	1.7705
46		0.7164			0.0532	-		-	241.99	0.8628
56	218.47					151.46			709.25	0.6931
66	210.50					144.81			709.25	0.5245
76	129.97					142.80			1,784.89	0.3190
86	86.02					64,208.00				0.1327
16		0.9152			0.0087	-		-		0.9239
AVERAGE										1.0656

9-A. ESTIMATED RATE IMPACT AT EXISTING RATE SCHEDULES

Rate Sched	Distribution			Supply			Metering			INC/(DEC)
	P/kW	P/kWh	P/Cust	P/kW	P/kWh	P/Customer	P/kW	P/kWh	P/Customer	
26	-	0.2388	-	-	(0.3125)	-	-	0.0061	25.00	0.0961
36	-	0.2357	-	-	(0.2571)	-	-	-	(106.79)	(0.2587)
46	-	0.3447	-	-	0.0307	-	-	-	722.24	0.4927
56	32.05	-	-	-	-	838.55	-	-	11,264.56	0.1432
66	40.02	-	-	-	-	845.20	-	-	11,264.56	0.2011
76	28.36	-	-	-	-	1,790.25	-	-	14,095.45	0.0582
86	42.10	-	-	-	-	(60,388.87)	-	-	28,142.54	0.0551
16	-	0.1033	-	-	(0.0022)	-	-	-	-	0.1011
AVERAGE										0.0974

9-B. ESTIMATED RATE IMPACT AT NEW RATE SCHEDULES

Rate Schedule		At Old Rate	At New Rate	INC/(DEC)
Old	New			
26	27	2.0745	2.1706	0.0961
36&46	37	1.3620	1.4158	0.0538
56&66	47	0.6707	0.8139	0.1432
76	57	0.3190	0.3772	0.0582
86	67	0.1327	0.1878	0.0551
16	17	0.9239	1.0250	0.1011

10. COST RECOVERY CHECK

Rate Sched	Distribution			Supply			Metering			TOTAL
	Demand	Energy	Customer	Demand	Energy	Customer	Demand	Energy	Customer	
26	-	221,149,623	-	-	58,400,215	-	-	51,101,991	32,730,120	363,381,949
36	-	75,177,180	-	-	5,942,019	-	-	-	25,991,685	107,110,884
46	-	145,500,529	-	-	11,500,390	-	-	-	28,869,156	185,870,075
56	34,503,264	-	-	-	-	1,021,690	-	-	12,356,973	47,881,926
66	10,390,979	-	-	-	-	11,880	-	-	143,686	10,546,545
76	54,100,023	-	-	-	-	255,163	-	-	2,096,205	56,451,390
86	14,144,593	-	-	-	-	45,830	-	-	337,710	14,528,133
16	-	12,320,579	-	-	78,907	-	-	-	-	12,399,486
TOTAL	113,138,859	454,147,911	-	-	75,921,531	1,334,562	-	51,101,991	102,525,535	798,170,389

Rate Sched	TOTAL	MAP-based Rev Reqmnt	Over/(Under) Recovery
26	363,381,949	363,381,949	-
36	107,110,884	125,590,587	(18,479,702)
46	185,870,075	167,390,373	18,479,702
56	47,881,926	48,347,016	(465,090)
66	10,546,545	10,081,455	465,090
76	56,451,390	56,451,390	-
86	14,528,133	14,528,133	-
16	12,399,486	12,399,486	-
TOTAL	798,170,389	798,170,389	-

**CAGAYAN ELECTRIC POWER & LIGHT COMPANY, INC.
FUNCTIONALIZATION FACTORS**

ANNEX "D"

Factor Name	Description	Total	Distribution	Supply	Metering
COMP-SM	Composite allocator for Supply and Metering	1.0000	0%	48%	52%
DISTMAX	Distribution Maintenance Composite allocator	1.0000	91%	0%	9%
DISTOPX	Distribution Operations Composite allocator	1.0000	80%	3%	17%
PLTXGNL	Distribution Plant, excluding General Plant	1.0000	86%	0%	14%
PLTSVC	Total Plant in Service	0.9997	83%	2%	15%
TOM	Total Operations and Maintenance Expenses	1.0000	44%	28%	28%
TOMXAG	Total O&M Expenses - excluding A&G	1.0000	44%	28%	28%
COMP-GNL	Composite allocator for General Plant	0.9978	55%	18%	26%
DIST	Total directly assigned to Distribution	1.0000	100%	0%	0%
SUPP	Total directly assigned to Supply	1.0000	0%	100%	0%
MET	Total directly assigned to Metering	1.0000	0%	0%	100%
LAND	Land & Land Rights	1.0000	68%	12%	20%
STRUCT	Structures & Improvement	1.0000	55%	16%	29%
FURN	Office Furniture & Fixtures	0.9903	27%	14%	59%
TRANS	Transpo	1.0000	49%	49%	2%
REV-UNB	Revenue Requirement per Rate Unbundling	1.0000	61.88%	20.31%	17.82%

CAGAYAN ELECTRIC POWER & LIGHT CO. INC.
ANNEX "E". CLASSIFICATION FACTORS FOR
DISTRIBUTION O&M EXPENSES

OPEX CATEGORY	Classification Factors		
	Demand	Energy	Customer
OPERATION			
Operation Super. & Engin.	38%	29%	34%
Load Dispatching	45%	18%	37%
Substation	100%	0%	0%
Overhead Line Expense			
Demand	100%	0%	0%
Customer	0%	0%	100%
Street Light & Signal Systems			
Non-Roadway	0%	0%	100%
Roadway	0%	0%	100%
Metering	0%	0%	100%
Customer Installation Expenses	0%	0%	100%
Rents	0%	0%	100%
Information Technology	24%	48%	28%
Miscellaneous Expenses	32%	22%	46%
MAINTENANCE			
Maintenance Supervision & Engineering	36%	27%	37%
Structures	35%	22%	43%
Substations	100%	0%	0%
Overhead Lines			
Demand	100%	0%	0%
Customer	0%	0%	100%
Street Lighting			
Non-Roadway	0%	0%	100%
Roadway	34%	27%	40%
Line Transformers	40%	27%	33%
Information Technology	24%	48%	28%
Metering	0%	0%	100%
Miscellaneous	100%	0%	0%
CONSUMER ACCOUNTS			
Supervision	0%	0%	100%
Meter Reading Expense	0%	0%	100%
Information Technology	32%	27%	42%
Customer Records & Collection	0%	0%	100%
Uncollectible Accounts	0%	100%	0%
Informational and Instructional Advertising Expenses	0%	100%	0%
Miscellaneous Consumer Services Expenses	0%	0%	100%
Consumer Prompt Payment Discount	0%	0%	100%

OPEX CATEGORY	Classification Factors		
	Demand	Energy	Customer
ADMINISTRATIVE AND GENERAL EXPENSES			
Admin. & General Salaries	22%	8%	70%
Office Supplies and Expenses	31%	24%	45%
Information Technology	17%	1%	83%
Outside Services	38%	16%	46%
Property Insurance Exp.	39%	27%	34%
Injuries & Damages	35%	35%	30%
Employee Pensions & Benefits	22%	41%	37%
Rents	29%	7%	65%
Maint. of Office and General Plant	41%	14%	44%
Officers Allowances and Benefits	34%	24%	42%
Travel	31%	26%	43%
Training	27%	5%	67%
Bad Debt	35%	35%	30%
Regulatory liaison & Compliance	0%	0%	100%
Foreign Exchange Losses & Gains	35%	35%	30%
Miscellaneous General Expenses	27%	20%	53%

CAGAYAN ELECTRIC POWER & LIGHT COMPANY, INC.
CLASS ALLOCATION FACTORS - DISTRIBUTION

ANNEX "F"

Factor Name	Description	Total	Sch 26	Sch 36	Sch. 46	Sch. 56	Sch. 66	Sch 76	Sch 86	Sch. 16
			Residential	General Service	General Power	Bulk Power	Bulk Power	Flat Rate		
KWH	Kilowatthour Sales	1.0000	0.2439	0.1032	0.1998	0.0834	0.0212	0.2181	0.1127	0.0176
KWH-1	- 138kV system	1.0000	-	-	-	-	-	-	1.0000	-
KWH-2	- 69kV system	1.0000	0.2749	0.1164	0.2252	0.0940	0.0239	0.2458	-	0.0199
KWH-3	- 34.5kV system	1.0000	0.3645	0.1543	0.2986	0.1247	0.0316	-	-	0.0263
KWH-4	- 13.8kV system	1.0000	0.4321	0.1828	0.3539	-	-	-	-	0.0312
KWH-5	- 440/240kV system	1.0000	0.6687	0.2830	-	-	-	-	-	0.0483
NCP	Non-coincident Peak	1.0000	0.2448	0.0949	0.2329	0.0882	0.0266	0.2189	0.0707	0.0231
NCP-1	- 138kV system	1.0000	-	-	-	-	-	-	1.0000	-
NCP-2	- 69kV system	1.0000	0.2634	0.1021	0.2506	0.0949	0.0286	0.2355	-	0.0248
NCP-3	- 34.5kV system	1.0000	0.3446	0.1336	0.3278	0.1242	0.0374	-	-	0.0325
NCP-4	- 13.8kV system	1.0000	0.4110	0.1593	0.3909	-	-	-	-	0.0387
NCP-5	- 440/240kV system	1.0000	0.6748	0.2616	-	-	-	-	-	0.0636
Wtd-NCP	- Weighted NCP	1.0000	0.0024	0.0009	0.1438	0.1361	0.0410	0.6755	-	0.0002
Wtd-NCP4	- Weighted NCP 4	1.0000	0.0164	0.0064	0.9773	-	-	-	-	-
Wtd-NCP3	- Weighted NCP 3	1.0000	0.0074	0.0029	0.4433	0.4198	0.1266	-	-	-
Wtd-NCP2	- Weighted NCP 2	1.0000	0.0024	0.0009	0.1438	0.1362	0.0411	0.6756	-	-
Wtd-NCP5	- Weighted NCP 5	1.0000	0.2604	0.1010	0.2477	0.2815	0.0848	-	-	0.0245
Wtd-NCP6	- Weighted NCP 6	1.0000	0.0848	0.0329	0.0807	0.0917	0.0276	0.6824	-	-
CUST	Number of Customers	1.0000	0.8290	0.1461	0.0227	0.0008	0.0000	0.0001	0.0000	0.0013
CUST-1	- 138kV system	1.0000	-	-	-	-	-	-	1.0000	-
CUST-2	- 69kV system	1.0000	0.8290	0.1461	0.0227	0.0008	0.0000	0.0001	-	0.0013
CUST-3	- 34.5kV system	1.0000	0.8291	0.1461	0.0228	0.0008	0.0000	-	-	0.0013
CUST-4	- 13.8kV system	1.0000	0.8297	0.1462	0.0228	-	-	-	-	0.0013
CUST-5	- 440/240kV system	1.0000	0.8491	0.1496	-	-	-	-	-	0.0013
MET	Number of Meters	1.0000	0.4632	0.0816	0.3718	0.0630	0.0007	0.0161	0.0029	0.0007
MET-1	- 138kV system	1.0000	-	-	-	-	-	-	1.0000	-
MET-2	- 69kV system	1.0000	0.4645	0.0819	0.3729	0.0632	0.0007	0.0162	-	0.0007
MET-3	- 34.5kV system	1.0000	0.4721	0.0832	0.3790	0.0642	0.0007	-	-	0.0007
MET-4	- 13.8kV system	1.0000	0.5049	0.0890	0.4053	-	-	-	-	0.0008
MET-5	- 440/240kV system	1.0000	0.8491	0.1496	-	-	-	-	-	0.0013

Factor Name	Description	Total	Sch 26	Sch 36	Sch. 46	Sch. 56	Sch. 66	Sch 76	Sch 86	Sch. 16
			Residential	General Service		General Power		Bulk Power	Bulk Power	Flat Rate
STLGHT	100% to Street Lighting	1.0000	-	-	-	-	-	-	-	1.0000
REV	Revenue	1.0000	0.2478	0.1224	0.0909	0.2389	0.0255	0.2296	0.0255	0.0194

INTERNALLY-DEVELOPED ALLOCATION FACTORS FOR DISTRIBUTION

GDISTPLT	Total distribution plant	1.0000	0.3871	0.1449	0.2372	0.0661	0.0199	0.0875	0.0220	0.0353
DISTMAX	Distribution Maintenance Composite Allocator	1.0000	0.6069	0.1425	0.0797	0.0273	0.0077	0.0600	0.0245	0.0514
DISTOPX	Distribution Operations Composite Allocator	1.0000	0.6192	0.1318	0.1077	0.0369	0.0105	0.0593	0.0242	0.0105
PLTXGNL-N	Net Plant, excluding General Plant	1.0000	0.3871	0.1449	0.2372	0.0661	0.0199	0.0875	0.0220	0.0353
PLTSVC-N	Net Plant in Service	1.0000	0.3871	0.1449	0.2372	0.0661	0.0199	0.0875	0.0220	0.0353
TOMXAG	Total O&M excluding A&G	1.0000	0.5719	0.1356	0.0931	0.0552	0.0109	0.0788	0.0245	0.0301
TOM	Total O&M	1.0000	0.5711	0.1357	0.0937	0.0553	0.0109	0.0788	0.0245	0.0301

CLASS ALLOCATION FACTORS - SUPPLY

Factor Name	Description	Total	Sch 26	Sch 36	Sch. 46	Sch. 56	Sch. 66	Sch 76	Sch 86	Sch. 16
			Residential	General Service		General Power		Bulk Power	Bulk Power	Flat Rate
KWH	Kilowatthour Sales	1.0000	0.2439	0.1032	0.1998	0.0834	0.0212	0.2181	0.1127	0.0176
KWH-1	- 138kV system	1.0000	-	-	-	-	-	-	1.0000	-
KWH-2	- 69kV system	1.0000	0.2749	0.1164	0.2252	0.0940	0.0239	0.2458	-	0.0199
KWH-3	- 34.5kV system	1.0000	0.3645	0.1543	0.2986	0.1247	0.0316	-	-	0.0263
KWH-4	- 13.8kV system	1.0000	0.4321	0.1828	0.3539	-	-	-	-	0.0312
KWH-5	- 440/240kV system	1.0000	0.6687	0.2830	-	-	-	-	-	0.0483
NCP	Non-coincident Peak	1.0000	0.2448	0.0949	0.2329	0.0882	0.0266	0.2189	0.0707	0.0231
NCP-1	- 138kV system	1.0000	-	-	-	-	-	-	1.0000	-
NCP-2	- 69kV system	1.0000	0.2634	0.1021	0.2506	0.0949	0.0286	0.2355	-	0.0248
NCP-3	- 34.5kV system	1.0000	0.3446	0.1336	0.3278	0.1242	0.0374	-	-	0.0325
NCP-4	- 13.8kV system	1.0000	0.4110	0.1593	0.3909	-	-	-	-	0.0387
NCP-5	- 440/240kV system	1.0000	0.6748	0.2616	-	-	-	-	-	0.0636
CUST	Number of Customers	1.0000	0.8290	0.1461	0.0227	0.0008	0.0000	0.0001	0.0000	0.0013
CUST-1	- 138kV system	1.0000	-	-	-	-	-	-	1.0000	-
CUST-2	- 69kV system	1.0000	0.8290	0.1461	0.0227	0.0008	0.0000	0.0001	-	0.0013

Factor Name	Description	Total	Sch 26	Sch 36	Sch. 46	Sch. 56	Sch. 66	Sch 76	Sch 86	Sch. 16
			Residential	General	Service	General Power	Bulk Power	Bulk Power	Flat Rate	
CUST-3	- 34.5kV system	1.0000	0.8291	0.1461	0.0228	0.0008	0.0000	-	-	0.0013
CUST-4	- 13.8kV system	1.0000	0.8297	0.1462	0.0228	-	-	-	-	0.0013
CUST-5	- 440/240kV system	1.0000	0.8491	0.1496	-	-	-	-	-	0.0013
MET	Number of Meters	1.0000	0.4635	0.0817	0.3720	0.0630	0.0007	0.0161	0.0029	-
MET-1	- 138kV system	1.0000	-	-	-	-	-	-	1.0000	-
MET-2	- 69kV system	1.0000	0.4648	0.0819	0.3731	0.0632	0.0007	0.0162	-	-
MET-3	- 34.5kV system	1.0000	0.4725	0.0833	0.3793	0.0642	0.0007	-	-	-
MET-4	- 13.8kV system	1.0000	0.5053	0.0890	0.4056	-	-	-	-	-
MET-5	- 440/240kV system	1.0000	0.8502	0.1498	-	-	-	-	-	-
STLGHT	100% to Street Lighting	1.0000	0.4632	0.0816	0.3718	0.0630	0.0007	0.0161	0.0029	0.0007
REV	Revenue	1.0000	-	-	-	-	-	-	-	1.0000

INTERNALLY-DEVELOPED ALLOCATION FACTORS FOR SUPPLY

DISTPLT	Total Distribution Plant	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
DISTMAX	Distribution Maintenance Composite Allocator	1.0000	0.8290	0.1461	0.0227	0.0008	0.0000	0.0001	0.0000	0.0013
DISTOPX	Distribution Operations Composite Allocator	1.0000	0.8290	0.1461	0.0227	0.0008	0.0000	0.0001	0.0000	0.0013
PLTXGN	Net Plant, excluding General Plant	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
PLTSVC	Net Plant in Service	1.0000	0.8290	0.1461	0.0227	0.0008	0.0000	0.0001	0.0000	0.0013
TOMXAG	Total O&M excluding A&G	1.0000	0.7446	0.1312	0.1034	0.0152	0.0002	0.0038	0.0007	0.0010
TOM	Total O&M	1.0000	0.7446	0.1312	0.1034	0.0152	0.0002	0.0038	0.0007	0.0010

CLASS ALLOCATION FACTORS - METERING

Factor Name	Description	Total	Sch 26	Sch 36	Sch. 46	Sch. 56	Sch. 66	Sch 76	Sch 86	Sch. 16
			Residential	General	Service	General Power	Bulk Power	Bulk Power	Flat Rate	
KWH	Kilowatthour Sales	1.0000	0.2439	0.1032	0.1998	0.0834	0.0212	0.2181	0.1127	0.0176
KWH-1	- 138kV system	1.0000	-	-	-	-	-	-	1.0000	-
KWH-2	- 69kV system	1.0000	0.2805	0.1187	0.2298	0.0959	0.0244	0.2508	-	-
KWH-3	- 34.5kV system	1.0000	0.3744	0.1584	0.3066	0.1280	0.0325	-	-	-
KWH-4	- 13.8kV system	1.0000	0.4460	0.1887	0.3653	-	-	-	-	-
KWH-5	- 440/240kV system	1.0000	0.7026	0.2974	-	-	-	-	-	-

Factor Name	Description	Total	Sch 26	Sch 36	Sch. 46	Sch. 56	Sch. 66	Sch 76	Sch 86	Sch. 16
			Residential	General Service	General Power	Bulk Power	Bulk Power	Flat Rate		
KWH-6	- kWh Sales exdgd Streetlights	1.0000	0.2483	0.1051	0.2034	0.0849	0.0216	0.2220	0.1148	-
NCP	Non-coincident Peak	1.0000	0.2448	0.0949	0.2329	0.0882	0.0266	0.2189	0.0707	0.0231
NCP-1	- 138kV system	1.0000	-	-	-	-	-	-	1.0000	-
NCP-2	- 69kV system	1.0000	0.2702	0.1047	0.2570	0.0973	0.0293	0.2415	-	-
NCP-3	- 34.5kV system	1.0000	0.3562	0.1381	0.3388	0.1283	0.0387	-	-	-
NCP-4	- 13.8kV system	1.0000	0.4276	0.1658	0.4067	-	-	-	-	-
NCP-5	- 440/240kV system	1.0000	0.7206	0.2794	-	-	-	-	-	-
NCP-6	- excluding Sked 16	1.0000	0.2506	0.0972	0.2384	0.0903	0.0272	0.2240	0.0724	-
CUST	Number of Customers	1.0000	0.8290	0.1461	0.0227	0.0008	0.0000	0.0001	0.0000	0.0013
CUST-1	- 138kV system	1.0000	-	-	-	-	-	-	1.0000	-
CUST-2	- 69kV system	1.0000	0.8290	0.1461	0.0227	0.0008	0.0000	0.0001	-	0.0013
CUST-3	- 34.5kV system	1.0000	0.8291	0.1461	0.0228	0.0008	0.0000	-	-	0.0013
CUST-4	- 13.8kV system	1.0000	0.8297	0.1462	0.0228	-	-	-	-	0.0013
CUST-5	- 440/240kV system	1.0000	0.8491	0.1496	-	-	-	-	-	0.0013
MET	Wtd. Number of Meters	1.0000	0.6077	0.1071	0.1668	0.0901	0.0010	0.0231	0.0042	-
MET-1	- 138kV system	1.0000	-	-	-	-	-	-	1.0000	-
MET-2	- 69kV system	1.0000	0.6103	0.1075	0.1675	0.0905	0.0011	0.0232	-	-
MET-3	- 34.5kV system	1.0000	0.6247	0.1101	0.1714	0.0927	0.0011	-	-	-
MET-4	- 13.8kV system	1.0000	0.6894	0.1215	0.1892	-	-	-	-	-
MET-5	- 440/240kV system	1.0000	0.8502	0.1498	-	-	-	-	-	-
MET-6	- Joint to General Service	1.0000	-	0.3910	0.6090	-	-	-	-	-
MET-7	- Joint to General Power	1.0000	-	-	-	0.9885	0.0115	-	-	-
STLGHT	100% to Street Lighting	1.0000	-	-	-	-	-	-	-	1.0000
REV	Revenue	1.0000	0.2478	0.1224	0.0909	0.2389	0.0255	0.2296	0.0255	0.0194

INTERNALLY-DEVELOPED ALLOCATION FACTORS FOR METERING

GDISTPLT	Total distribution plant	1.0000	0.4960	0.2189	0.2049	0.0727	0.0008	0.0061	0.0006	0.0000
DISTMAX	Distribution Maintenance Composite Allocator	1.0000	0.6077	0.1071	0.1668	0.0901	0.0010	0.0231	0.0042	0.0000
DISTOPX	Distribution Operations Composite Allocator	1.0000	0.6077	0.1071	0.1668	0.0901	0.0010	0.0231	0.0042	0.0000
PLTXGNL	Net Plant, excluding General Plant	1.0000	0.4960	0.2189	0.2049	0.0727	0.0008	0.0061	0.0006	0.0000
PLTSVC	Net Plant in Service	1.0000	0.4960	0.2189	0.2049	0.0727	0.0008	0.0061	0.0006	0.0000
TOMXAG	Total O&M excluding A&G	1.0000	0.6077	0.1071	0.1668	0.0901	0.0010	0.0231	0.0042	0.0000
TOM	Total O&M	1.0000	0.6077	0.1071	0.1668	0.0901	0.0010	0.0231	0.0042	0.0000

SCHEDULE O. PROPOSED PROCEDURE IN CONVERTING THE MAP TO RATES FOR INDIVIDUAL CUSTOMER CLASS

CEPALCO proposed to adopt the following procedure to convert the ERC-approved MAP into rates for individual customer classes:

1. Derive Functionalization and Allocation Factors using the UFR/Rate Unbundling Template
2. Compute the Revenue Requirement using the ERC-approved MAP and the Forecasted Energy
3. Functionalize the resulting MAP-based revenue requirement into Distribution, Supply, and Metering Functions using the derived Functionalization Factors.
4. Allocate the functionalized MAP-based revenue requirement to different customer classes using the derived Allocation Factors.
5. Convert allocated revenue requirement to rates using the forecasted billing determinants. Initially, CEPALCO intends to use the following rate design:
 - Distribution Charge:
 - i. P/kWh for Rate Schedule 16-46 (Streetlights to Commercial)
 - ii. Combination of P/kWh and P/kW for Rate Schedule 56 (Industrial)
 - iii. P/kW Charge for Rate Schedule 66 to 96 (Big Industrial to Bulk Power)
 - Supply Charge
 - i. P/kWh for Rate Schedule 16-46
 - ii. Combination of P/kWh and P/Customer Charges for Rate Schedule 56-96
 - Metering Charge
 - i. Combination of P/kWh and P/Customer Charges for Rate Schedule 26
 - ii. P/Customer Charge for Rate Schedule 36-96