

## SCHEDULE P. COMPUTATION OF ADDITIONAL WORKING CAPITAL FOR PURCHASED POWER

### I. Forecasted Power Rate of CEPALCO Suppliers , in PhP/kWh

Year	NPC	Transco	BPC	First Gen	MINERGY	CPI Change
2006	2.6205	0.7914	-	-		
2007	2.7994	0.8179	3.6172	3.6172	1.9759	6.83%
2008	2.9341	0.8395	3.7736	3.7736	2.0021	4.81%
2009	3.0587	0.8576	3.9163	3.9163	2.0260	4.25%
2010	3.1842	0.8787	4.0629	4.0629	2.0498	4.10%
2011	3.3211	0.8787	4.7703	4.7703	2.0498	4.30%

#### Notes on Projected Power Rates:

1. NPC's Generation rate is projected to increase based on Inflation. Base rate is July 2006.
2. Transco rate is projected to increase in proportion to the annual increase in its approved MAR.
3. BPC and First Gen rates are equivalent to the landed rate of NPC and Transco.
4. MINERGY rates are projected as follows:

	2006	2007	2008	2009	2010	2011
Capacity	837.65	837.65	837.65	837.65	837.65	837.65
Service	0.7296	0.7774	0.8036	0.8275	0.8512	0.8768
70% of CPI chg		4.78%	3.37%	2.97%	2.87%	3.01%
Ave. Fixed Chg		1.9759	2.0021	2.0260	2.0498	2.0754

## SCHEDULE P. COMPUTATION OF ADDITIONAL WORKING CAPITAL FOR PURCHASED POWER

### II. Forecasted Cost of Purchased Power

Reg Year	Forecasted Energy Purchased, MWH				Cost of Power, in thousand Pesos				
	NPC	MINERGY	BPC	First Gen	NPC incldg Transmission & VAT	MINERGY + VAT	BPC (non VAT)	FirstGen (non VAT)	Total, '000 incl VAT
2006	563,538	10,700	24,523	8,041	-	-	-	-	-
2007	599,071	10,700	24,523	8,041	2,273,361	24,025	88,704	29,085	2,415,176
2008	617,524	10,700	24,523	8,041	2,444,729	24,344	92,540	30,343	2,591,956
2009	609,285	10,700	24,523	8,041	2,503,315	24,634	96,039	31,490	2,655,479
2010	525,032	10,700	24,523	8,041	2,237,904	24,923	99,634	32,669	2,395,130
2011	505,691	10,700	24,523	8,041	2,228,100	24,923	116,981	38,357	2,408,361

### III. Lead-Lag Analysis for Cost of Purchased Power

<b>Payables</b>	
One-Half of the Billing Cycle	15
Meter Reading and Bill preparations	5
Apprximate Time before Pmt is Due	10
<b>Expense Lag</b>	<b>30</b>

<b>Receivables</b>	
One-half of the Billing Cycle	15
Average Lag Time to Issuing the Bill	8
Required time to collect customers bill w/o	10
Processing Time	5
<b>Revenue Lag</b>	<b>38</b>

<b>Days Lag - Net</b>	<b>8</b>
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### IV. ESTIMATED WORKING CAPITAL ALLOWANCE

Year	Working Capital - Real	CPI Factor	Working Capital - Nominal, '000	Working Capital in Nominal in Peso
2007	53,671	1.0683	57,336	
2008	57,599	1.1197	64,494	64,493,637
2009	59,011	1.1673	68,883	68,883,132
2010	53,225	1.2152	64,679	64,679,166
2011	53,519	1.2675	67,835	67,835,493