

## ANNEX G1

### Operating and Maintenance Expenditures Forecasts

The forecast for the operating and maintenance expenditures for the second regulatory period is summarized below:

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Annual Expenditure, Peso (Real)	126,838,102	137,063,786	147,029,013	158,461,180
Annual Expenditure, US\$ (Real)				
Annual Expenditure, Peso (Nominal)	142,045,993	160,017,914	178,346,450	199,710,023
Annual Expenditure, US\$ (Nominal)				

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Total Annual Expenditure, Peso (Nominal)	142,045,993	160,017,914	178,346,450	199,710,023

Also provided below is the summary of expenses for the calendar year 2006 and regulatory year 2007.

	<b>2006</b>	<b>2007</b>
Total Annual Expenditure, Peso (Nominal)	104,684,478	128,637,081

This proposed required level of operating expenditures is related to, and based on the following factors:

- Volume of Assets. The quantity of assets dictates the level of operating expenses required to support its service to the growing energy demand.
- Age of Assets. The remaining life of the asset is also one of the significant drivers to influence the level of maintenance. An increase in this expense is expected for those assets with a shorter remaining life.
- Volume of Customers. The growing customer base also influences the level of operating expenses requirement. A higher level is required to meet the growing demands of customers.
- Regulatory Compliances. Additional expenses are required in order to meet various Regulatory Compliances such as Grid and Distribution Codes and Distribution Service and Open Access Rules (DSOAR)
- Targeted Performance. For a given network configuration, the level of operating expenditures is also dependent on targeted performance. The availability of adequate emergency response personnel will dictate restoration time.

### **Historical Operating and Maintenance Expenditure**

Provided is the summary of Operating Expenditures Requirement for the years 2003 to 2006.

	<b>2003</b>	<b>2004</b>	<b>2005</b>
Total Annual Expenditure	90,631,873	107,179,954	101,488,322

## Annex G2

### Expenditure on Taxes (Other Than Corporate Income Tax), Duties and Levies

DECORP is levied with the following:

- Franchise Tax – Local
- Real Property Tax
- Value Added Tax
- Business Permits
- Community Tax
- Annual Registration
- Other taxes

Provided below is the summary of forecast pertaining to these taxes:

	2007	2008	2009	2010	2011
Taxes, Levies and Duties, Pesos (Real)	3,000,450	3,102,838	3,211,358	3,326,372	3,448,276
Taxes, Levies and Duties, In Pesos (Nominal)	3,282,051	3,568,675	3,848,584	4,139,919	4,456,842

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

- The level of Revenues. This is a significant factor in determining the level of taxes. Any increase in gross related distribution revenues also increases the tax requirement.
- Changes in local government tax ordinance.
- Imposition of additional basis for local government tax.
- Provision for Regulatory Compliances associated Regulatory Reset for the Second Regulatory Period.

### Historical Taxes, Levies and Duties

Below are the summary of historical figures from 2003 to 2005 and an estimate of 2006 pertaining to these taxes:

	2003	2004	2005	2006
Taxes, Levies and Duties, Pesos	4,621,353	5,703,864	5,137,744	1,862,151

Taxes are recomputed to consider only distribution related revenues.

**Dagupan Electric Corporation**
**CY 2007-2011 Operating and Maintenance Expenditure Forecast  
Total Expenditure (PhP)**

Company Logo

Opex Category and Sub-category		PESO OPERATING & MAINTENANCE EXPENDITURE (TOTAL)									
		Actual (peso, nominal in peso of historical year)				Budget (calendar year)	Budget (regulatory year)	Forecast (peso, nominal in peso of regulatory year)			
		2003	2004	2005	2006	2007	2007	2008	2009	2010	2011
<b>Distribution</b>											
Operation	Operation supervision & engineering										
	Load dispatching										
	Substation										
	Overhead line - demand										
	Overhead line - customer										
	Streetlighting (non-roadway)										
	Streetlighting (roadway)										
	Metering										
	Consumer installation expenses										
	Rents										
	Information technology										
	Miscellaneous										
Maintenance	Maintenance supervision & engineering										
	Structures										
	Substations										
	Overhead line - demand										
	Overhead line - customer										
	Streetlighting (non-roadway)										
	Streetlighting (roadway)										
	Line transformers										
	Information technology										
	Metering										
	Miscellaneous										
	<b>Sub-total Distribution</b>	-	-	-	-	-	-	-	-	-	-
<b>Consumer accounts</b>											
	Supervision										
	Meter reading										
	Information technology										
	Consumer records & collection expenses										
	Uncollectible accounts										
	Informational and instructional advertising expenses										
	Miscellaneous										
	Consumer prompt payment discount										
	<b>Sub-total Consumer accounts expenses</b>	-	-	-	-	-	-	-	-	-	-
<b>Administrative &amp; general</b>											
	Admin & general salaries										
	Office supplies & expenses										
	Information technology										
	Outside services employed										
	Property insurance										
	Injuries & damages										
	Employee pension & benefits										
	Rents										
	Maintenance of office & general plant										
	Officers allowance & benefits										
	Travel										
	Training										
	Bad debt										
	Regulatory liaison & compliance										
	Foreign exchange losses or gains										
	Other										
	<b>Sub-total Administration &amp; general</b>	-	-	-	-	-	-	-	-	-	-
<b>WESM compliance</b>											
	Registration fees										
	Metering fees										
	Billing & settlement fees										
	Administration fees										
	Costs for the PEM board, committees & working groups										
	Market management software & upgrades										
	Provision of security										
	Other										
	<b>Sub-total WESM compliance</b>	-	-	-	-	-	-	-	-	-	-
<b>Total Operating &amp; Maintenance Expenditure</b>		-	-	-	-	-	-	-	-	-	-
<b>Exchange Rate Assumption for Forecast Period (peso/US\$)</b>											
	Sep quarter	-	-	-	-	-	-	-	-	-	-
	Dec quarter	-	-	-	-	-	-	-	-	-	-
	Mar quarter	-	-	-	-	-	-	-	-	-	-
	Jun quarter	-	-	-	-	-	-	-	-	-	-
<b>Philippines Consumer Price Index Assumption</b>											
	Sep quarter	-	-	-	132	141	141	149	156	162	168
	Dec quarter	-	-	-	134	143	143	151	158	164	171
	Mar quarter	-	-	-	137	145	145	152	158	164	170
	Jun quarter	-	-	-	138	146	146	153	159	165	171
<b>USA Consumer Price Index Assumption</b>											
	Sep quarter	-	-	-	-	-	-	-	-	-	-
	Dec quarter	-	-	-	-	-	-	-	-	-	-
	Mar quarter	-	-	-	-	-	-	-	-	-	-
	Jun quarter	-	-	-	-	-	-	-	-	-	-
<b>Base value assumed for Philippine CPI figures</b>		Year :		0	Value :	0					
<b>Base value assumed for USA CPI figures</b>		Year :		0	Value :	0					

Notes : References to years refer to Regulatory Years - the 12-month period ending on 30 June of the year noted.

Quarterly data refers to value at the end of the quarter indicated during the Regulatory Year.

The Sept and Dec quarters in Regulatory Years fall in the previous calendar year. (E.g. the Sep quarter for the 2009 Regulatory year ends on 30 Sept 2008.)

The same base value for CPI forecasts have to apply to the whole period

**Dagupan Electric Corporation**  
**CY 2007-2011 Operating and Maintenance Expenditure Forecast**  
**Peso Component**

Company Logo

Opex Category and Sub-category	OPERATING & MAINTENANCE EXPENDITURE (PESO COMPONENT)									
	Actual (peso, nominal in peso of historical year)				Budget (calendar year)	Budget (regulatory year)	Forecast (peso, nominal in peso of regulatory year)			
	2003	2004	2005	2006	2007	2007	2008	2009	2010	2011
<b>Distribution</b>										
Operation										
Operation supervision & engineering	3,498,034	4,106,060	4,129,565	3,972,750	8,334,105	4,189,365	4,415,011	4,618,830	4,812,927	5,016,365
Load dispatching	1,360,853	1,566,347	1,606,707	1,550,618	3,608,266	1,994,130	2,124,973	2,272,141	2,360,755	2,452,824
Substation	1,218,954	1,310,368	1,307,759	1,299,004	3,900,044	1,466,870	1,827,818	2,269,926	2,821,046	3,519,387
Overhead line - demand	13,745,024	16,119,495	13,703,736	16,711,212	37,909,254	20,503,567	25,172,770	31,516,209	38,775,366	47,788,602
Overhead line - customer	-	-	-	-	-	-	-	-	-	-
Streetlighting (non-roadway)	-	-	-	-	-	-	-	-	-	-
Streetlighting (roadway)	937,073	1,078,575	1,106,366	1,067,744	2,484,624	1,373,142	1,768,481	2,259,163	2,875,008	3,658,871
Metering	4,022,705	4,846,492	4,756,645	5,099,045	11,412,417	6,099,896	5,851,255	6,227,478	6,607,096	7,018,365
Consumer installation expenses	-	-	-	-	-	-	-	-	-	-
Rents	29,588	92,054	29,588	24,657	51,972	26,250	27,613	28,786	29,909	31,075
Information technology	82,124	85,372	-	83,748	524,301	440,471	463,343	483,025	501,863	521,435
Miscellaneous	2,156,218	2,541,613	2,701,639	2,625,678	5,894,500	3,159,076	3,398,812	3,653,552	3,857,703	4,075,780
Maintenance										
Maintenance supervision & engineering	364,733	419,809	430,626	415,593	870,703	437,106	459,804	479,335	498,029	517,452
Structures	68,381	138,294	71,458	71,759	158,041	83,251	118,376	95,768	138,308	161,500
Substations	584,318	1,216,419	628,535	631,188	1,390,115	732,272	842,366	1,041,226	1,216,547	1,416,579
Overhead line - demand	7,055,443	8,458,529	6,069,170	5,861,118	15,039,944	8,952,981	9,894,326	11,281,171	12,447,919	13,779,477
Overhead line - customer	-	-	-	-	-	-	-	-	-	-
Streetlighting (non-roadway)	-	-	-	-	-	-	-	-	-	-
Streetlighting (roadway)	424,876	510,696	499,191	482,745	1,120,207	617,656	660,654	703,391	727,691	770,978
Line transformers	573,883	682,817	674,038	649,690	1,487,761	811,213	864,814	811,213	925,854	1,008,061
Information technology	-	-	-	-	-	-	-	-	-	-
Metering	1,062,737	1,510,290	1,222,351	1,192,662	2,733,792	1,491,853	1,622,490	1,809,031	1,950,691	2,107,309
Miscellaneous	342,307	393,997	404,149	390,041	907,619	501,601	534,613	571,532	593,822	616,987
<b>Sub-total Distribution</b>	<b>37,527,252</b>	<b>45,077,226</b>	<b>39,341,524</b>	<b>42,129,252</b>	<b>96,748,755</b>	<b>52,880,703</b>	<b>60,024,811</b>	<b>70,259,025</b>	<b>81,180,594</b>	<b>94,460,591</b>
<b>Consumer accounts</b>										
Supervision	721,025	846,338	852,935	818,777	1,717,745	863,522	910,300	952,323	992,493	1,034,591
Meter reading	2,052,846	2,339,285	2,750,558	3,012,758	6,946,359	3,809,537	4,147,774	4,485,164	5,241,630	5,241,630
Information technology	-	-	-	-	-	-	-	-	-	-
Consumer records & collection expenses	16,594,911	19,599,469	20,192,498	20,293,475	43,025,127	21,857,704	23,419,861	24,889,562	26,375,065	27,967,490
Uncollectible accounts	646,811	539,232	1,231,088	805,710	1,698,283	857,773	902,315	940,643	977,328	1,015,444
Informational and instructional advertising expenses	62,173	68,034	150,838	301,620	646,510	331,973	349,211	364,044	378,242	392,994
Miscellaneous	1,120,667	1,296,770	1,311,493	1,270,347	2,665,084	1,339,742	1,411,249	1,474,551	1,535,088	1,598,347
Consumer prompt payment discount	-	-	-	-	-	-	-	-	-	-
<b>Sub-total Consumer accounts expenses</b>	<b>21,198,434</b>	<b>24,689,127</b>	<b>26,489,410</b>	<b>26,502,688</b>	<b>56,699,108</b>	<b>29,060,250</b>	<b>31,140,709</b>	<b>33,106,287</b>	<b>35,101,852</b>	<b>37,250,505</b>
<b>Administrative &amp; general</b>										
Admin & general salaries	17,515,777	20,272,139	20,714,364	19,956,812	41,950,467	21,130,537	22,394,910	23,724,370	24,962,025	26,289,396
Office supplies & expenses	659,570	955,230	701,455	998,352	2,142,740	1,101,658	1,201,652	1,299,523	1,401,345	1,511,959
Information technology	-	-	-	-	-	-	-	-	-	-
Outside services employed	4,540,286	4,388,496	3,594,126	7,996,807	17,609,048	9,274,510	10,665,421	13,173,492	15,385,497	17,908,976
Property insurance	812,979	1,151,920	515,549	730,554	1,608,957	847,552	974,977	1,205,143	1,408,065	1,639,588
Injuries & damages	-	-	-	-	-	-	-	-	-	-
Employee pension & benefits	2,351,768	2,355,784	4,638,261	673,344	1,482,959	781,180	898,627	1,110,768	1,297,799	1,511,190
Rents	1,678,830	1,666,535	1,657,831	1,557,045	3,348,031	1,724,408	1,887,574	2,048,325	2,216,204	2,398,925
Maintenance of office & general plant	526,189	577,929	453,695	552,693	1,173,603	597,127	638,557	689,266	735,631	786,388
Officers allowance & benefits	-	-	-	-	-	-	-	-	-	-
Travel	204,249	230,767	303,472	262,619	578,386	304,677	350,484	433,224	506,170	589,397
Training	529,212	598,841	398,320	349,247	746,452	382,225	414,515	460,277	501,485	547,387
Bad debt	-	-	-	-	-	-	-	-	-	-
Regulatory liaison & compliance	1,200,451	4,318,726	1,592,294	2,042,613	4,318,550	2,187,848	2,316,697	2,441,344	2,560,287	2,686,694
Foreign exchange losses or gains	-	-	-	-	-	-	-	-	-	-
Other	1,866,878	897,233	1,088,020	781,099	1,652,362	837,587	887,716	932,685	976,990	1,023,770
<b>Sub-total Administration &amp; general</b>	<b>31,906,188</b>	<b>37,413,601</b>	<b>35,657,387</b>	<b>35,901,185</b>	<b>76,611,555</b>	<b>39,169,310</b>	<b>42,631,130</b>	<b>47,518,417</b>	<b>51,951,498</b>	<b>56,893,669</b>
<b>WESM compliance</b>										
Registration fees	-	-	-	50,000	105,390	53,231	55,995	58,374	60,650	63,015
Metering fees	-	-	-	-	-	-	-	-	-	-
Billing & settlement fees	-	-	-	-	-	-	-	-	-	-
Administration fees	-	-	-	-	-	-	-	-	-	-
Costs for the PEM board, committees & working groups	-	-	-	-	-	-	-	-	-	-
Market management software & upgrades	-	-	-	-	-	-	-	-	-	-
Provision of security	-	-	-	101,354	213,635	107,903	113,506	118,328	122,943	127,737
Other	-	-	-	-	7,291,561	7,365,683	8,079,842	8,957,463	9,928,913	10,914,504
<b>Sub-total WESM compliance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>151,354</b>	<b>7,610,586</b>	<b>7,526,817</b>	<b>8,249,343</b>	<b>9,134,184</b>	<b>10,112,505</b>	<b>11,105,257</b>
<b>Total Operating &amp; Maintenance Expenditure</b>	<b>90,631,873</b>	<b>107,179,954</b>	<b>101,488,322</b>	<b>104,684,478</b>	<b>237,670,004</b>	<b>128,637,081</b>	<b>142,045,993</b>	<b>160,017,914</b>	<b>178,346,450</b>	<b>199,710,023</b>
<b>Exchange Rate Assumption for Forecast Period (peso/US\$)</b>										
Sep quarter										
Dec quarter										
Mar quarter										
Jun quarter										
<b>Philippines Consumer Price Index Assumption</b>										
Sep quarter				132	141	141	149	156	162	168
Dec quarter				143	143	151	158	164	171	
Mar quarter				145	145	152	158	164	170	
Jun quarter				146	146	153	159	165	171	
<b>USA Consumer Price Index Assumption</b>										
Sep quarter										
Dec quarter										
Mar quarter										
Jun quarter										
<b>Base value assumed for Philippine CPI figures</b>	Year :		Value :							
<b>Base value assumed for USA CPI figures</b>	Year :		Value :							

Notes : References to years refer to Regulatory Years - the 12-month period ending on 30 June of the year noted.

Quarterly data refers to value at the end of the quarter indicated during the Regulatory Year.

The Sept and Dec quarters in Regulatory Years fall in the previous calendar year. (E.g. the Sep quarter for the 2009 Regulatory year ends on 30 Sept 2008.)

The same base value for CPI forecasts have to apply to the whole period

**Dagupan Electric Corporation**  
**CY 2007-2011 Operating and Maintenance Expenditure Forecast**  
**Peso Component**

Company Logo

OPERATING & MAINTENANCE EXPENDITURE (PESO COMPONENT)										
OPERATING & MAINTENANCE EXPENDITURE (PESO COMPONENT)										
Opex Category and Sub-category	2003	2004	2005	2006	Budget (calendar year)	Budget (regulatory year)	Forecast (peso, real as at 31 Dec 2006)			
					2007	2007	2008	2009	2010	2011
<b>Distribution</b>										
Operation					3,953,920	3,935,089	3,942,326	3,956,272	3,967,782	3,980,266
Operation supervision & engineering					1,711,857	1,873,095	1,897,466	1,946,209	1,946,209	1,946,209
Load dispatching					1,338,421	1,377,838	1,632,126	1,944,311	2,325,674	2,792,480
Substation					17,985,151	19,259,090	22,477,694	26,995,296	31,966,455	37,918,168
Overhead line - demand					-	-	-	-	-	-
Overhead line - customer					-	-	-	-	-	-
Streetlighting (non-roadway)					-	-	-	-	-	-
Streetlighting (roadway)					1,178,771	1,289,799	1,579,142	1,935,092	2,370,160	2,903,154
Metering					5,414,352	5,729,659	5,224,801	5,334,163	5,446,897	5,568,766
Consumer installation expenses					-	-	-	-	-	-
Rents					24,657	24,657	24,657	24,657	24,657	24,657
Information technology					248,742	413,736	413,736	413,736	413,736	413,736
Miscellaneous					2,796,506	2,967,334	3,034,925	3,129,460	3,180,294	3,233,954
Maintenance					413,084	410,576	410,576	410,576	410,576	410,576
Maintenance supervision & engineering					74,979	78,198	85,515	101,395	114,021	127,786
Structures					659,507	687,827	752,179	891,865	1,002,923	1,123,993
Overhead line - demand					7,135,346	8,409,574	8,835,009	9,662,918	10,262,079	10,933,413
Overhead line - customer					-	-	-	-	-	-
Streetlighting (non-roadway)					-	-	-	-	-	-
Streetlighting (roadway)					531,456	580,167	589,922	602,491	599,909	611,737
Line transformers					705,833	761,976	772,224	793,043	796,301	799,853
Information technology					-	-	-	-	-	-
Metering					1,296,983	1,401,304	1,448,781	1,549,531	1,608,152	1,672,058
Miscellaneous					430,598	471,156	477,287	489,547	489,547	489,547
<b>Sub-total Distribution</b>					45,900,163	49,671,074	53,598,366	60,180,562	66,925,373	74,950,353
<b>Consumer accounts</b>										
Supervision					814,944	811,110	812,840	815,715	818,212	820,903
Meter reading					3,295,536	3,578,314	3,703,700	3,841,779	3,993,099	4,159,012
Information technology					-	-	-	-	-	-
Consumer records & collection expenses					20,412,256	20,531,036	20,912,457	21,319,223	21,743,633	22,190,982
Uncollectible accounts					805,710	805,710	805,710	805,710	805,710	805,710
Informational and instructional advertising expenses					306,722	311,823	311,823	311,823	311,823	311,823
Miscellaneous					1,264,386	1,258,425	1,260,156	1,263,031	1,265,528	1,268,218
Consumer prompt payment discount					-	-	-	-	-	-
<b>Sub-total Consumer accounts expenses</b>					26,899,554	27,296,419	27,806,687	28,357,282	28,938,006	29,556,649
<b>Administrative &amp; general</b>										
Admin & general salaries					19,902,409	19,848,005	19,997,241	20,321,175	20,578,721	20,859,487
Office supplies & expenses					1,016,572	1,034,792	1,072,999	1,113,110	1,155,270	1,199,673
Information technology					-	-	-	-	-	-
Outside services employed					8,354,197	8,711,587	9,523,548	11,283,791	12,683,821	14,209,990
Property insurance					763,332	796,110	870,593	1,032,269	1,160,811	1,300,941
Injuries & damages					-	-	-	-	-	-
Employee pension & benefits					703,555	733,766	802,417	951,432	1,069,907	1,199,064
Rents					1,588,394	1,619,744	1,685,484	1,754,499	1,827,041	1,903,442
Maintenance of office & general plant					556,788	560,884	570,191	590,393	606,455	623,965
Officers allowance & benefits					-	-	-	-	-	-
Travel					274,402	286,185	312,960	371,079	417,287	467,661
Training					354,136	359,026	370,136	394,252	413,425	434,327
Bad debt					-	-	-	-	-	-
Regulatory liaison & compliance					2,048,834	2,055,055	2,068,664	2,091,140	2,110,704	2,131,774
Foreign exchange losses or gains					-	-	-	-	-	-
Other					783,924	786,749	792,674	798,894	805,431	812,317
<b>Sub-total Administration &amp; general</b>					36,346,544	36,791,903	38,066,907	40,702,032	42,828,873	45,142,642
<b>WESM compliance</b>										
Registration fees					50,000	50,000	50,000	50,000	50,000	50,000
Metering fees					-	-	-	-	-	-
Billing & settlement fees					-	-	-	-	-	-
Administration fees					-	-	-	-	-	-
Costs for the PEM board, committees & working groups					-	-	-	-	-	-
Market management software & upgrades					-	-	-	-	-	-
Provision of security					101,354	101,354	101,354	101,354	101,354	101,354
Other					3,459,309	6,918,618	7,214,789	7,672,557	8,185,407	8,660,183
<b>Sub-total WESM compliance</b>					3,610,663	7,069,972	7,366,143	7,823,911	8,336,761	8,811,537
<b>Total Operating &amp; Maintenance Expenditure</b>					112,756,924	120,829,369	126,838,102	137,063,786	147,029,013	158,461,180
<b>Exchange Rate Assumption for Forecast Period (peso/US\$)</b>										
Sep quarter										
Dec quarter										
Mar quarter										
Jun quarter										
<b>Philippines Consumer Price Index Assumption</b>										
Sep quarter										
Dec quarter										
Mar quarter										
Jun quarter										
<b>USA Consumer Price Index Assumption</b>										
Sep quarter										
Dec quarter										
Mar quarter										
Jun quarter										
<b>Base value assumed for Philippine CPI figures</b>					Year :	Value :				
<b>Base value assumed for USA CPI figures</b>					Year :	Value :				

Notes : References to years refer to Regulatory Years - the 12-month period ending on 30 June of the year noted.  
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**Dagupan Electric Corporation**

**CY 2007-2011 Operating and Maintenance Expenditure Forecast**

**US\$ Component**

Company Logo

Opex Category and Sub-category	US\$ OPERATING & MAINTENANCE EXPENDITURE - Expressed in Peso									
	Actual (peso, nominal in peso of historical year)				Budget (calendar year)	Budget (regulatory year)	Forecast (peso, nominal in peso of regulatory year)			
	2003	2004	2005	2006	2007	2007	2008	2009	2010	2011
<b>Distribution</b>										
Operation										
Operation supervision & engineering										
Load dispatching										
Substation										
Overhead line - demand										
Overhead line - customer										
Streetlighting (non-roadway)										
Streetlighting (roadway)										
Metering										
Consumer installation expenses										
Rents										
Information technology										
Miscellaneous										
Maintenance										
Maintenance supervision & engineering										
Structures										
Substations										
Overhead line - demand										
Overhead line - customer										
Streetlighting (non-roadway)										
Streetlighting (roadway)										
Line transformers										
Information technology										
Metering										
Miscellaneous										
<b>Sub-total Distribution</b>	-	-	-	-	-	-	-	-	-	-
<b>Consumer accounts</b>										
Supervision										
Meter reading										
Information technology										
Consumer records & collection expenses										
Uncollectible accounts										
Informational and instructional advertising expenses										
Miscellaneous										
Consumer prompt payment discount										
<b>Sub-total Consumer accounts expenses</b>	-	-	-	-	-	-	-	-	-	-
<b>Administrative &amp; general</b>										
Admin & general salaries										
Office supplies & expenses										
Information technology										
Outside services employed										
Property insurance										
Injuries & damages										
Employee pension & benefits										
Rents										
Maintenance of office & general plant										
Officers allowance & benefits										
Travel										
Training										
Bad debt										
Regulatory liaison & compliance										
Foreign exchange losses or gains										
Other										
<b>Sub-total Administration &amp; general</b>	-	-	-	-	-	-	-	-	-	-
<b>WESM compliance</b>										
Registration fees										
Metering fees										
Billing & settlement fees										
Administration fees										
Costs for the PEM board, committees & working groups										
Market management software & upgrades										
Provision of security										
Other										
<b>Sub-total WESM compliance</b>	-	-	-	-	-	-	-	-	-	-
<b>Total Operating &amp; Maintenance Expenditure</b>	-	-	-	-	-	-	-	-	-	-
<b>Exchange Rate Assumption for Forecast Period (peso/US\$)</b>										
Sep quarter										
Dec quarter										
Mar quarter										
Jun quarter										
<b>Philippines Consumer Price Index Assumption</b>										
Sep quarter										
Dec quarter										
Mar quarter										
Jun quarter										
<b>USA Consumer Price Index Assumption</b>										
Sep quarter										
Dec quarter										
Mar quarter										
Jun quarter										
<b>Base value assumed for Philippine CPI figures</b>	Year :		Value :							
<b>Base value assumed for USA CPI figures</b>	Year :		Value :							

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 The same base value for CPI forecasts have to apply to the whole period

**Dagupan Electric Corporation**  
**CY 2007-2011 Operating and Maintenance Expenditure Forecast**  
**US\$ Component**

Company Logo

US\$ OPERATING & MAINTENANCE EXPENDITURE - Expressed in nominal US\$										
Opex Category and Sub-category	Actual (nominal in US\$ of historical year)				Budget (calendar year)	Budget (regulatory year)	Forecast (nominal in US\$ of regulatory year)			
	2003	2004	2005	2006	2007		2008	2009	2010	2011
<b>Distribution</b>										
Operation										
Operation supervision & engineering										
Load dispatching										
Substation										
Overhead line - demand										
Overhead line - customer										
Streetlighting (non-roadway)										
Streetlighting (roadway)										
Metering										
Consumer installation expenses										
Rents										
Information technology										
Miscellaneous										
Maintenance										
Maintenance supervision & engineering										
Structures										
Substations										
Overhead line - demand										
Overhead line - customer										
Streetlighting (non-roadway)										
Streetlighting (roadway)										
Line transformers										
Information technology										
Metering										
Miscellaneous										
<b>Sub-total Distribution</b>	-	-	-	-	-	-	-	-	-	-
<b>Consumer accounts</b>										
Supervision										
Meter reading										
Information technology										
Consumer records & collection expenses										
Uncollectible accounts										
Informational and instructional advertising expenses										
Miscellaneous										
Consumer prompt payment discount										
<b>Sub-total Consumer accounts expenses</b>	-	-	-	-	-	-	-	-	-	-
<b>Administrative &amp; general</b>										
Admin & general salaries										
Office supplies & expenses										
Information technology										
Outside services employed										
Property insurance										
Injuries & damages										
Employee pension & benefits										
Rents										
Maintenance of office & general plant										
Officers allowance & benefits										
Travel										
Training										
Bad debt										
Regulatory liaison & compliance										
Foreign exchange losses or gains										
Other										
<b>Sub-total Administration &amp; general</b>	-	-	-	-	-	-	-	-	-	-
<b>WESM compliance</b>										
Registration fees										
Metering fees										
Billing & settlement fees										
Administration fees										
Costs for the PEM board, committees & working groups										
Market management software & upgrades										
Provision of security										
Other										
<b>Sub-total WESM compliance</b>	-	-	-	-	-	-	-	-	-	-
<b>Total Operating &amp; Maintenance Expenditure</b>	-	-	-	-	-	-	-	-	-	-
<b>Exchange Rate Assumption for Forecast Period (peso/US\$)</b>										
Sep quarter										
Dec quarter										
Mar quarter										
Jun quarter										
<b>Philippines Consumer Price Index Assumption</b>										
Sep quarter										
Dec quarter										
Mar quarter										
Jun quarter										
<b>USA Consumer Price Index Assumption</b>										
Sep quarter										
Dec quarter										
Mar quarter										
Jun quarter										
<b>Base value assumed for Philippine CPI figures</b>	Year :		Value :							
<b>Base value assumed for USA CPI figures</b>	Year :		Value :							

Notes : References to years refer to Regulatory Years - the 12-month period ending on 30 June of the year noted.  
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 The same base value for CPI forecasts have to apply to the whole period

**Dagupan Electric Corporation**  
**CY 2007-2011 Operating and Maintenance Expenditure Forecast**  
**US\$ Component**

Company Logo

SHEET 3C : US\$ OPERATING & MAINTENANCE EXPENDITURE - Expressed in real US\$										
Opex Category and Sub-category	2003	2004	2005	2006	Budget (calendar year)	Budget (regulatory year)	Forecast (real US\$ as at Dec 31, 2006)			
					2007		2008	2009	2010	2011
<b>Distribution</b>										
Operation										
Operation supervision & engineering										
Load dispatching										
Substation										
Overhead line - demand										
Overhead line - customer										
Streetlighting (non-roadway)										
Streetlighting (roadway)										
Metering										
Consumer installation expenses										
Rents										
Information technology										
Miscellaneous										
Maintenance										
Maintenance supervision & engineering										
Structures										
Substations										
Overhead line - demand										
Overhead line - customer										
Streetlighting (non-roadway)										
Streetlighting (roadway)										
Line transformers										
Information technology										
Metering										
Miscellaneous										
<b>Sub-total Distribution</b>					-	-	-	-	-	-
<b>Consumer accounts</b>										
Supervision										
Meter reading										
Information technology										
Consumer records & collection expenses										
Uncollectible accounts										
Informational and instructional advertising expenses										
Miscellaneous										
Consumer prompt payment discount										
<b>Sub-total Consumer accounts expenses</b>					-	-	-	-	-	-
<b>Administrative &amp; general</b>										
Admin & general salaries										
Office supplies & expenses										
Information technology										
Outside services employed										
Property insurance										
Injuries & damages										
Employee pension & benefits										
Rents										
Maintenance of office & general plant										
Officers allowance & benefits										
Travel										
Training										
Bad debt										
Regulatory liaison & compliance										
Foreign exchange losses or gains										
Other										
<b>Sub-total Administration &amp; general</b>					-	-	-	-	-	-
<b>WESM compliance</b>										
Registration fees										
Metering fees										
Billing & settlement fees										
Administration fees										
Costs for the PEM board, committees & working groups										
Market management software & upgrades										
Provision of security										
Other										
<b>Sub-total WESM compliance</b>					-	-	-	-	-	-
<b>Total Operating &amp; Maintenance Expenditure</b>					-	-	-	-	-	-
<b>Exchange Rate Assumption for Forecast Period (peso/US\$)</b>										
Sep quarter										
Dec quarter										
Mar quarter										
Jun quarter										
<b>Philippines Consumer Price Index Assumption</b>										
Sep quarter										
Dec quarter										
Mar quarter										
Jun quarter										
<b>USA Consumer Price Index Assumption</b>										
Sep quarter										
Dec quarter										
Mar quarter										
Jun quarter										
<b>Base value assumed for Philippine CPI figures</b>	Year :		Value :							
<b>Base value assumed for USA CPI figures</b>	Year :		Value :							

Notes : References to years refer to Regulatory Years - the 12-month period ending on 30 June of the year noted.  
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 The same base value for CPI forecasts have to apply to the whole period

## Dagupan Electric Corporation

CY 2007-2011 Operating and Maintenance Expenditure Forecast (Total : PhP Nominal)

Taxes, duties and levies (other than corporate income tax)

Company Logo

Opex Category and Sub-category	Levies, duties and taxes (excluding corporate income tax)											
	Actual (peso, nominal in peso of historical year)				Budget (calendar year)	Budget (regulatory year)	Forecast (peso, nominal in peso of regulatory year)					
	2003	2004	2005	2006	2007	2007	2008	2009	2010	2011		
<b>Levies</b> (Specify)												
Franchise Tax - National	3,353,093	4,183,212	3,557,868	-	-	-	-	-	-	-		
Franchise Tax - Local	876,838	1,094,020	1,130,771	1,379,752	3,605,818	2,064,560	2,286,431	2,510,245	2,747,659	3,008,453		
Real Property Tax	352,856	378,417	401,344	401,344	1,541,381	1,129,772	1,188,437	1,238,919	1,287,237	1,337,439		
<b>Sub-total Levies</b>	4,582,787	5,655,648	5,089,984	1,781,097	5,147,200	3,194,332	3,474,868	3,749,164	4,034,896	4,345,893		
<b>Duties</b> (Specify)												
<b>Sub-total Duties</b>	-	-	-	-	-	-	-	-	-	-		
<b>Other taxes</b> (Specify)												
Business Permits	24,565	34,217	33,759	67,054	144,192	72,815	78,128	83,075	88,042	93,305		
Community Tax	10,500	10,500	10,500	10,500	22,132	11,178	11,759	12,258	12,737	13,233		
Annual Registration	3,500	3,500	3,500	3,500	7,377	3,726	3,920	4,086	4,246	4,411		
<b>Sub-total Other Taxes</b>	38,565	48,217	47,759	81,054	173,702	87,719	93,806	99,420	105,024	110,949		
<b>Total Levies, Duties &amp; other Taxes Expenditure</b>	4,621,352	5,703,865	5,137,743	1,862,151	5,320,901	3,282,051	3,568,675	3,848,584	4,139,919	4,456,842		
<b>Philippines Consumer Price Index Assumption</b>												
Sep quarter	-	-	-	132	141	141	149	156	162	168		
Dec quarter	-	-	-	134	143	143	151	158	164	171		
Mar quarter	-	-	-	137	145	145	152	158	164	170		
Jun quarter	-	-	-	138	146	146	153	159	165	171		
<b>Base value assumed for Philippine CPI figures</b>	Year :	0									Value :	0

Notes : References to years refer to Regulatory Years - the 12-month period ending on 30 June of the year noted.

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The same base value for CPI forecasts have to apply to the whole period

**Dagupan Electric Corporation**
**CY 2007-2011 Operating and Maintenance Expenditure Forecast (Total : PhP Nominal)**
**Taxes, duties and levies (other than corporate income tax)**

Company Logo

SHEET 4b : Levies, duties and taxes (excluding corporate income tax)										
Opex Category and Sub-category	Actual (peso, nominal in peso of historical year)				Budget (calendar year)	Budget (regulatory year)	Forecast (peso, real as at Dec 31, 2006)			
	2003	2004	2005	2006	2007	2007	2008	2009	2010	2011
<b>Levies</b> (Specify)										
Franchise Tax - National						-	-	-	-	-
Franchise Tax - Local					1,710,695	1,939,250	2,041,638	2,150,157	2,265,173	2,387,076
Real Property Tax					731,272	1,061,200	1,061,200	1,061,200	1,061,200	1,061,200
<b>Sub-total Levies</b>					2,441,967	3,000,450	3,102,838	3,211,356	3,326,372	3,448,276
<b>Duties</b> (Specify)										
<b>Sub-total Duties</b>					-	-	-	-	-	-
<b>Other taxes</b> (Specify)										
Business Permits					68,409	68,395	69,763	71,158	72,582	74,033
Community Tax					10,500	10,500	10,500	10,500	10,500	10,500
Annual Registration					3,500	3,500	3,500	3,500	3,500	3,500
<b>Sub-total Other Taxes</b>					82,409	82,395	83,763	85,158	86,582	88,033
<b>Total Levies, Duties &amp; other Taxes Expenditure</b>					2,524,376	3,082,845	3,186,601	3,296,515	3,412,954	3,536,309
<b>Philippines Consumer Price Index Assumption</b>	Sep quarter									
	Dec quarter									
	Mar quarter									
	Jun quarter									
<b>Base value assumed for Philippine CPI figures</b>	Year :				Value :					

Notes : References to years refer to Regulatory Years - the 12-month period ending on 30 June of the year noted.

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The same base value for CPI forecasts have to apply to the whole period