

Republic of the Philippines  
**ENERGY REGULATORY COMMISSION**  
Pacific Center Building, San Miguel Avenue  
Ortigas Center, Pasig City

PETITION FOR THE RECOVERY OF  
NATIONAL POWER  
CORPORATION'S STRANDED  
DEBTS PORTION OF THE  
UNIVERSAL CHARGE FOR THE  
LUZON, VISAYAS AND MINDANAO  
GRIDS,

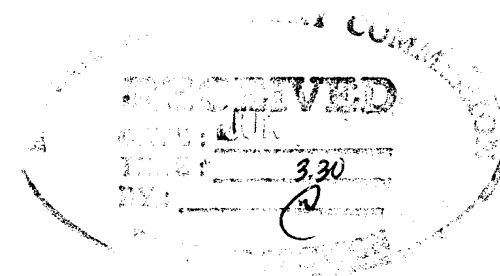
ERC CASE NO. 2010 - 077-RC

POWER SECTOR ASSETS AND  
LIABILITIES MANAGEMENT  
CORPORATION (PSALM)

*Petitioner.*

x-----x

**PETITION**



Petitioner **POWER SECTOR ASSETS AND LIABILITIES  
MANAGEMENT CORPORATION (PSALM)**, through counsel, respectfully  
states:

1. This is a Petition for the Recovery of National Power Corporation's Stranded Debts Portion of the Universal Charge for the Luzon, Visayas, and Mindanao Grids pursuant to R. A. No. 9136 or the "Electric Power Industry Reform Act of 2001" (EPIRA), its Implementing Rules and Regulations (EPIRA-IRR) and the Rules for Recovery of NPC Stranded Contract Costs and Stranded Debts Portion of the Universal Charge (**Rules for Recovery**) as adopted by ERC Resolution No. 04-2007.

2. Petitioner PSALM is a government-owned and controlled corporation created by virtue of Republic Act No. 9136 or the "Electric Power Industry Reform Act of 2001" (EPIRA), with principal office address at 7/F Bankmer Building, 6756 Ayala Avenue, Makati City.

3. The principal mandate of PSALM is to manage the orderly sale, disposition, and privatization of NPC generation assets, real estate and other disposable assets, and IPP contracts with the objective of liquidating all NPC financial obligations and stranded contract costs in an optimal manner (Sec. 50, EPIRA). To attain its objectives, PSALM shall, among others, [i] calculate the amount of the stranded debts and stranded contract costs of NPC which shall form the basis for ERC in the determination of the universal charge and [ii] liquidate the NPC stranded contract costs, utilizing the proceeds from sales and other property contributed to it, including the proceeds from the universal charge (Sec. 51, EPIRA).

4. Stranded Debts (**SD**) refer to “any unpaid financial obligations of NPC which have not been liquidated by the proceeds from the sales and privatization of NPC assets” (Sec. 4 (vv), EPIRA). Financial obligations pertain to net obligations of NPC after deducting the P200 billion debt assumed by the national government (Section 32, EPIRA).

5. The first application for the UC SD was filed on 30 June 2009 and is currently being heard by the Honorable Commission.

6. Petitions for availment of the UC for NPC Stranded Debt for subsequent years shall be filed with the ERC on or before the 15th of March of every year.<sup>1</sup> On 8 March 2010, PSALM requested for an extension to file the 2010 SD on or before 30 June 2010. This request was granted by the Honorable Commission on 24 March 2010, allowing PSALM to file the Petition for the recovery of the SD for CY 2010 under the Universal Charge not later than 30 June 2010. Copies of the said request for extension and the corresponding

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<sup>1</sup> Art II ERC Resolution No. 4, series of 2007.

approval of the Honorable Commission are hereto attached as Annexes "A" and "B", respectively.

7. The table below shows the computation of the NPC's 2010 Stranded Debts of Php 54,898 Million for recovery under the UC SD.

<i>In Million Philippine Pesos</i>	
	<u>2010</u>
<b>CASH INFLOW</b>	
Priva Proceeds	
GenCo proceeds	13,401.86
IPPA Proceeds	9,893.96
Transco	14,256.52
<b>PROJECTED CASH INFLOW</b>	<b>37,552.33</b>
<b>CASH OUTFLOW</b>	
<i>Less: Debt service</i>	
Principal	(45,122.34)
Interest	(19,433.02)
Other Charges	(677.97)
<i>Add: Unqualified Loans for Sd</i>	1,949.10
<b>GROSS ANNUAL DEBT SERVICE</b>	<b>(63,284.24)</b>
Operating and Investing Cashflow	(29,165.91)
<b>TOTAL CASH OUTFLOW</b>	<b>(92,450.14)</b>
<b>TOTAL NET CASHFLOW</b>	<b>(54,897.81)</b>
<b>UNIVERSAL CHARGE (UC):</b>	
Stranded Debt	(54,897.81)
Sales Volume, GwH	63,267.08

8. The Gross Annual Debt Service in 2010 is Php 63,284 Million. A copy of Projected Debt Service for CY 2010 is hereto attached as Annex "C".

9. The Total Cash Inflow of Php 37,552 Million represents the Projected Cash Inflow. This amount includes projected proceeds from the sale of

GenCo, IPP Contracts and TransCo. Genco Sales of Php 13,402 Million, IPPA proceeds of PhP 9,894 Million and TransCo proceeds of PhP 14,257 Million are expected by the end of the year. A copy of Projected Privatization Proceeds for CY 2010 is hereto attached as Annex "D".

10. In compliance with Section 4(e) of Rule 3 of the EPIRA-IRR and ERC Resolution No. 38- 2006, a copy of the instant Petition (including Annexes) was furnished the Sangguniang Panlungsod of Makati City (Annex "E"). The Petition was also published in a newspaper of general circulation (Annex "F").

### PRAYER

**WHEREFORE**, premises considered, petitioner respectfully prays th at, after due notice and hearing, the Honorable Commission APPROVE:

1. The calculated UC-SD for the year 2010 for Luzon, Visayas and Mindanao grids amounting to Php 54,897 Million, translated to 0.8677 / kWh at projected energy sales of 63,267 GWh.
2. The adoption of a true-up mechanism on an annual basis based on the approved Rules.

Other reliefs just and equitable are likewise prayed for.

Makati City, June 25, 2010.

- signatories on following pages -



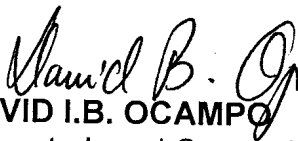
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Roll of Attorney No. 37759

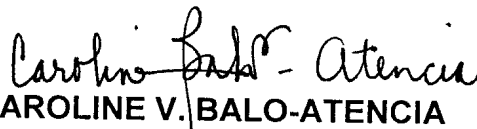
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Roll of Attorney No. 56568

**POWER SECTOR ASSETS AND LIABILITIES  
MANAGEMENT CORPORATION**

7th Floor, Bankmer Building  
6756 Ayala Avenue, Makati City

(Republic of the Philippines)  
(Makati City ) s.s.

**VERIFICATION AND CERTIFICATION**

I, **MARIA LUZ L. CAMINERO**, of legal age, married, with office address at the Power Sector Assets and Liabilities Management Corporation (**PSALM**), 7<sup>th</sup> Floor, Bankmer Building, 6756 Ayala Avenue, Makati City, after having been duly sworn to in accordance with law, do hereby depose and state for myself and for PSALM, that:


- (1) I am the Acting President and Chief Executive Officer of the Power Sector Assets and Liabilities Management Corporation (**PSALM**) with authority to commence, initiate and file the foregoing Petition pursuant to PSALM Board Resolution No. 2010-0625-001.
- (2) I have read the Petition and the allegations therein are true and correct based on my personal knowledge or the authentic records available to PSALM;
- (3) I or PSALM have not commenced any other action or proceeding involving the same issues in the Supreme Court, the Court of Appeals or any court, tribunal, or quasi-judicial agency and, to the best of my knowledge, no such other action or claim is pending therein; and
- (4) If I or PSALM should hereinafter learn that the same or a similar action or claim has been filed or is pending in the Supreme Court, the Court of Appeals or any court, tribunal, or quasi-judicial agency, I shall report the said fact within five (5) days from discovery thereof to the Honorable Commission.

**JUN 28 2010**  
June 2010, Makati City, Philippines.

  
**MARIA LUZ L. CAMINERO**  
Affiant

**JUN 28 2010**  
**SUBSCRIBED and SWORN TO** before me this \_\_\_ day of June, 2010, with affiant **MARIA LUZ L. CAMINERO** presenting to me her Passport No. VV0510060 issued on 22 June 2007 at DFA, Manila, Philippines, known to me and to me known to be the same person who executed the foregoing Verification and Certification.

Doc. No. **303**;  
Page No. **61**;  
Book No. **VII**;  
Series of 2010.

  
Notary Public  
**CECILIO B. GELLADA, JR.**  
Notary Public Appt No. M-186  
Until December 31, 2010  
Roll of Attorney No. 30354  
IBP No. 818499 (1-8-2010) Q.C.  
PTR No. 2124375 (1-19-2010) Makati City  
MCLB III-0004120 (7-7-2009)  
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