

Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City

IN THE MATTER OF THE
APPLICATION FOR APPROVAL OF
REVISED RATE SCHEDULES AND
APPRAISAL OF PROPERTY WITH
PRAYER FOR PROVISIONAL
AUTHORITY

**ERC CASE NOS. 2001-646
and 2001-900**

**MANILA ELECTRIC COMPANY
(MERALCO)**

Applicant

x ----- x

D O C K E T E D
Date: OCT 16 2004
By: [Signature]

ORDER

Section 74 of Republic Act No. 9136 and Section 5 Rule 16 of its Implementing Rules and Regulations (IRR) provide that the Commission shall issue a scheme for phasing out all cross-subsidies including subsidies within Grids, between Grids, and between classes of end-users.

In this connection, applicant Manila Electric Company (MERALCO) is hereby directed to implement a two (2) year phase-out period on the inter-class cross – subsidy, starting with forty percent (40%) removal effective October 2004 billing cycle parallel with the intra-grid cross-subsidy removal scheme of the National Transmission Corporation (TRANSCO) and in accordance with the "Schedule of Inter-Class Cross Subsidy Removal" herein attached as Annex "A" and made an integral part hereof.

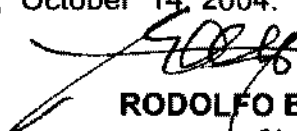
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As regards the High Load Factor (HL-F) Rider, MERALCO is hereby directed to discontinue the recovery of the discount granted therein through the Generation Rate Adjustment Mechanism (GRAM) upon the implementation of the aforementioned cross-subsidy removal scheme. Should MERALCO continue granting said discounts, the same are no longer recoverable from its customers.

The Commission shall issue a separate Order on the mechanism for the recovery of any over/(under) recoveries as a result of the inter-class cross-subsidy removal.

SO ORDERED.

Pasig City, October 14, 2004.



RODOLFO B. ALBANO, JR.
Chairman

(On Official Travel)

OLIVER B. BUTALID
Commissioner



RAUF A. TAN
Commissioner



JESUS N. ALCORDO
Commissioner



ALEJANDRO Z. BARIN
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ANNEX "A"

Manila Electric Co.

ERC Case No. 2001-900 & 2001-646

With 40% removal for the first year

Customer Class	Approved Inter-class Cross Subsidy 30-May-03	Inter-Class Cross Subsidy Removal		Effective Inter-Class Cross Subsidy Rates Per Year	
		1st yr	2nd yr	1st yr	2nd yr
		(Oct. 2004 - Sept. 2005)	(Oct. 2005 - Sept. 2006)	(Oct. 2004 - Sept. 2005)	(Oct. 2005 - Sept. 2006)
RGS					
RESIDENTIAL 0 TO 50 KWH	(0.7130)	0.2852	0.4278	(0.4278)	
RESIDENTIAL 51 TO 70 KWH	(0.7130)	0.2852	0.4278	(0.4278)	
RESIDENTIAL 71 TO 100 KWH	(0.7130)	0.2852	0.4278	(0.4278)	
RESIDENTIAL 101 TO 200 KWH	(0.7130)	0.2852	0.4278	(0.4278)	
RESIDENTIAL 201 TO 300 KWH	(0.7130)	0.2852	0.4278	(0.4278)	
RESIDENTIAL 301 TO 400 KWH	(0.7130)	0.2852	0.4278	(0.4278)	
RESIDENTIAL OVER 400 KWH	(0.7130)	0.2852	0.4278	(0.4278)	
NIS SMALL	0.3165	(0.1266)	(0.1899)	0.1899	
IS SMALL	(1.0155)	0.4062	0.6093	(0.6093)	
COMM NIS MEDIUM SECONDARY	0.5780	(0.2312)	(0.3468)	0.3468	
COMM NIS LARGE SECONDARY	0.6958	(0.2783)	(0.4175)	0.4175	
INDL IS MEDIUM SECONDARY	0.0892	(0.0357)	(0.0535)	0.0535	
INDL IS LARGE SECONDARY	0.2738	(0.1095)	(0.1643)	0.1643	
COMM NIS MEDIUM BELOW 13.2 KV	0.5780	(0.2312)	(0.3468)	0.3468	
COMM NIS LARGE BELOW 13.2 KV	0.6958	(0.2783)	(0.4175)	0.4175	
COMM NIS VERY LARGE BELOW 13.2 KV	0.7822	(0.3129)	(0.4693)	0.4693	
INDL IS LARGE BELOW 13.2 KV	0.2738	(0.1095)	(0.1643)	0.1643	
COMM NIS MEDIUM 13.8/13.2 KV	0.5780	(0.2312)	(0.3468)	0.3468	
COMM NIS LARGE 13.8/13.2 KV	0.6958	(0.2783)	(0.4175)	0.4175	
COMM NIS VERY LARGE 13.8/13.2 KV	0.7822	(0.3129)	(0.4693)	0.4693	
INDL IS MEDIUM 13.8/13.2 KV	0.0892	(0.0357)	(0.0535)	0.0535	
INDL IS LARGE 13.8/13.2 KV	0.2738	(0.1095)	(0.1643)	0.1643	
INDL IS VERY LARGE 13.8/13.2 KV	0.5139	(0.2056)	(0.3083)	0.3083	
COMM NIS MEDIUM 34.5 KV	0.5780	(0.2312)	(0.3468)	0.3468	
COMM NIS LARGE 34.5 KV	0.6958	(0.2783)	(0.4175)	0.4175	
COMM NIS VERY LARGE 34.5 KV	0.7822	(0.3129)	(0.4693)	0.4693	
INDL IS MEDIUM 34.5 KV	0.0892	(0.0357)	(0.0535)	0.0535	
INDL IS LARGE 34.5 KV	0.2738	(0.1095)	(0.1643)	0.1643	
INDL IS VERY LARGE 34.5 KV	0.5139	(0.2056)	(0.3083)	0.3083	
INDL IS EXTRA LARGE 34.5 KV	0.6306	(0.2522)	(0.3784)	0.3784	
COMM NIS VERY LARGE 115 KV	0.7822	(0.3129)	(0.4693)	0.4693	
INDL IS EXTRA LARGE 115 KV	0.6306	(0.2522)	(0.3784)	0.3784	
GHMS	(1.0889)	0.4356	0.6533	(0.6533)	
FLAT ST	(2.5323)	1.0129	1.5194	(1.5194)	