

SCHEDULE A3.3

Justification for lead-up capital expenditure

CLPC's forecast CAPEX for the period January 2008 to March 2009, in real values, is summarized in the table below:

Distribution Plant	53,717,639.24
General Plant	12,676,465.10
Subtransmission	-
Generation	1,637,237.94
TOTAL	68,031,342.27

Expenditures included for this 15 month period include the purchase of several vehicles including a boom truck for the use of the T&D department amounting to Php 5 million, spare parts for the engines of the power plant such as turbocharger components amounting to around Php 1.6 million, and the common expenditures required to address growth and normal operations.

HISTORICAL AND FORECAST EXPENDITURE

CLPC's historical CAPEX is summarized in the table below:

	2004	2005	2006	2007
Distribution Plant	34,031,408.99	44,349,545.37	41,586,716.93	29,489,119.54
General Plant	12,418,074.96	4,069,772.69	2,514,486.48	4,667,180.87
Generation	337,228.40	12,316.35	216,544.38	16,165,661.05
TOTAL	46,786,712.35	48,431,634.41	44,317,747.79	50,321,961.46

*adjusted to real year 2008 values

The average historical expenditures (adjusted for a 15-month period) for network assets amount to Php 46.7 million, non-network assets amount to Php 7.4 million, and generation assets at Php 5.2 million. This totals to around Php 59.3 million which shows that the forecast lead-up capital expenditure is of a modest increase when compared to the historical figures.