

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

**IN THE MATTER OF UNDERTAKING  
A REVENUE RESET FOR THE  
NATIONAL TRANSMISSION  
CORPORATION (TRANSCO) AND  
ANY FUTURE CONCESSIONAIRE  
THEREOF FOR THE PERIOD 2006 TO  
2010 IN ACCORDANCE WITH THE  
ALTERNATIVE FORM OF RATE  
SETTING METHODOLOGY UNDER  
TRANSMISSION WHEELING RATE  
GUIDELINES (TWRG)**

**ERC CASE NO. 2005-041RC**

**NATIONAL TRANSMISSION  
CORPORATION (TRANSCO) AND  
POWER SECTOR ASSETS AND  
LIABILITIES MANAGEMENT  
CORPORATION (PSALM),**

**Applicants.**

**X -----X**

**ORDER**

On September 22, 2005, applicants National Transmission Corporation (TRANSCO) and Power Sector Assets and Liabilities Management Corporation (PSALM) filed an application for approval of a revenue reset for TRANSCO and any future concessionaire thereof for the period 2006 to 2010 under the Transmission Wheeling Rate Guidelines (TWRG).

In the said application, TRANSCO and PSALM prayed for the approval of, among others, its proposed: a) Regulatory Asset Base (RAB); b) Capital Expenditure (CAPEX); c) Operating Expenditure (OPEX); and d) Weighted Average Cost of Capital (WACC). A determination by the Commission of the said

proposals leading to a revenue reset would pave the way for revised/adjusted rates to be authorized TRANSCO to charge its customers.

In compliance with Section 4 (e), Rule 3 of the Implementing Rules and Regulations (IRR) of Republic Act No. 9136, TRANSCO and PSALM submitted together with the said application the following: a) Certification signed by the Honorable Mayor Feliciano Belmonte to the effect that a copy of the instant application was furnished the Sangguniang Panlungsod of Quezon City; b) Acknowledgment stamp receipt by the City Secretary's Office of Makati to the effect that a copy of the instant application was furnished the Sangguniang Panlungsod of Makati City; and c) Affidavit of Publication signed by Ms. Lourdes C. Daz – Classified Ads Manager of the "*Philippine Daily Inquirer*" attesting to the fact that the instant application was published in its August 30, 2005 issue.

Finding said application sufficient in form and substance with the required fees having been paid, the same is hereby set for public hearing, particularly for expository purposes, on the following dates and venues:

1. October 17, 2005 (9:00 A.M. – 12:00 P.M. and 1:00 P.M. - 4:00 P.M.)  
at Waterfront Insular Hotel located at Lanang, Davao City;
2. October 18, 2005 (10:00 A.M. – 12:00 P.M. and 1:00 P.M. – 5:00 P.M.)  
at the ERC Hearing Room, 15<sup>th</sup> Floor, Pacific Center Bldg, San Miguel Avenue, Ortigas Center, Pasig City ; and
3. October 20, 2005 (9:00 A.M. – 12:00 P.M. and 1:00 P.M. – 4:00 P.M.)  
at Holiday Plaza Hotel located at F. Ramos St., Cebu City.

Thereafter, another set of public hearings for presentation of evidence by both applicants and oppositors/intervenors is hereby scheduled as follows:

1. November 8, 2005 (9:00 A.M. – 12:00 P.M. and 1:00 P.M. – 3:00 P.M.)  
at Waterfront Insular Hotel located at Lanang, Davao City;
2. November 10, 2005 (9:00 A.M. – 12:00 P.M. and 1:00 P.M. – 4:00 P.M.)  
at Holiday Plaza Hotel located at F. Ramos St., Cebu City; and
3. November 11, 2005 (10:00 A.M. – 12:00 P.M. and 1:00 P.M. – 5:00  
P.M.) at the ERC Hearing Room, 15<sup>th</sup> Floor, Pacific Center Bldg, San  
Miguel Avenue, Ortigas Center, Pasig City.

Considering the complexity of the issues to be subjected to public consultation, the following procedure shall be enforced by the ERC:

- I.) All interested parties may submit their written comments/oppositions (soft copies may be sent to [info@erc.gov.ph](mailto:info@erc.gov.ph)) on the application not later than November 18, 2005.
- II.) Parties who have filed their written comments on or at least manifested their intent in writing to participate in the proceedings before the date of the scheduled expository public consultation would be given priority in participating in the said public consultations.
- III.) Parties of record are not required to be represented by a lawyer but are strongly advised to have technical experts with knowledge of accounting, finance, economics, engineering and pricing issues present with them during the public consultation.

TRANSCO is hereby directed to publish, at its own expense, the attached Notice of Public Hearing at least twice (2x) for two (2) successive weeks in two (2) newspapers of nationwide circulation in the country, the last date of publication to be made not later than two (2) weeks before the scheduled date of initial hearing.

Let copies of the application, this Order and the attached Notice of Public Hearing be furnished the Office of the Solicitor General (OSG), the Commission on Audit (COA), the Department of Energy (DOE) and the Committees on Energy of both Houses of Congress who are hereby requested to have their respective duly authorized representatives present at the aforesaid initial hearing.

The evidence on the actual publication of the Notice of Public Hearing consisting of affidavits of the Editors or Business Managers of the newspapers wherein the said Notice of Public Hearing would be published, together with the complete copies of the issues of the said newspapers, should be submitted to the Commission by TRANSCO and PSALM on the date of the initial hearing.

Moreover, TRANSCO is hereby directed to:

- 1.) furnish a copy of this Order and the Notice of Public Hearing to all Distribution Utilities and its directly connected customers not later than October 7, 2005;
- 2.) post a copy of this Order and Notice of Public Hearing, not later than October 7, 2005, in: a) its Main Office; and b) Branch Office/s;
- 3.) publish the Notice of Public Hearing in at least one (1) newspaper of local circulation within each of the Luzon, Visayas and Mindanao region at least a week before the first set of scheduled public consultation in the respective regions; and
- 4.) undertake other possible means of disseminating information to the public relative to the above scheduled public consultation on the instant application.

In the meantime, TRANSCO and PSALM are hereby directed to submit the documents enumerated in a list herein attached as Annex "A", within ten (10) days from receipt hereof.

SO ORDERED.

Pasig City, September 28, 2005.

**RODOLFO B. ALBANO, JR.**  
Chairman

(On Official Travel)  
**OLIVER B. BUTALID**  
Commissioner

**JESUS N. ALCORDO**  
Commissioner

**RAUF A. TAN**  
Commissioner

**ALEJANDRO Z. BARIN**  
Commissioner

Copy furnished:

1. **ATTYS. NOEL Z. DE LEON, LEON T. TAPPEL, JR., HENRY P. ALOG & SOLEDAD T. DELA VEGA**  
For Applicant TRANSCO  
National Transmission Corporation  
Power Center, Quezon Avenue corner  
BIR Road, Diliman, Quezon City
2. **ATTYS. MARIA LUZ L. CAMINERO, CECILIO B. GELLADA, JR. LIBERTY Z. DURLAO & DAVID I.B. OCAMPO**  
For Applicant PSALM  
Power Sector Assets and Liabilities Management Corporation  
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3. **OFFICE OF THE SOLICITOR GENERAL**  
134 Amorsolo St., Legaspi Village  
City of Makati
4. **COMMISSION ON AUDIT**  
Commonwealth Avenue,  
Quezon City
5. **SENATE COMMITTEE ON ENERGY**  
GSIS Bldg., Roxas Blvd., Pasay City
6. **HOUSE COMMITTEE ON ENERGY**  
Batasan Hills, Quezon City
7. **DEPARTMENT OF ENERGY (DOE)**  
PNOC Complex, Merritt Road  
Fort Bonifacio, Taguig, M.M.
8. **MS. HELEN B. ARIAS**  
Consumer Welfare and Promotion Office  
Department of Energy (DOE)  
Energy Center, Merritt Road,  
Fort Bonifacio, Taguig City