



IN THE MATTER OF THE  
IMPLEMENTATION OF THE  
METHODOLOGY FOR SETTING  
DISTRIBUTION WHEELING RATES  
UNDER THE DISTRIBUTION  
WHEELING RATE GUIDELINES  
(DWRG)

DOCKETED  
Date: MAY 26 2006  
By: *Coz*

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**INVITATION  
TO SUBMIT AN EXPRESSION OF INTEREST  
FOR THE REVIEW OF EXPENDITURE FORECASTS FOR ELECTRICITY  
DISTRIBUTION UTILITIES**

The Energy Regulatory Commission (ERC) will be requiring the assistance of regulatory experts to review the expenditure forecasts of Privately Owned Electricity Distribution Utilities (DUs) subject to Performance Based Regulation (PBR).

The forecasts will be for the following expenditure categories:

- 1) Capital Expenditure;
- 2) Disposal of Fixed Assets;
- 3) Operation and Maintenance Expenditure; and
- 4) Taxes (other than corporate income tax), Levies and Duties Expenditure

Three (3) Distribution Utilities have, to date, opted to take part in the PBR, and the expenditure forecasts for each of these will be subject to review. These are:

- 1) Cagayan Electric Power & Light Company, Inc. (CEPALCO)
- 2) Dagupan Electric Corporation (DECORP)
- 3) Manila Electric Company (MERALCO)

The key outputs expected from this engagement include:

- 1.) Analyses of the expenditure forecasts for each of Distribution Utility;
- 2.) Assessment of the reasonableness of these expenditure forecasts and recommendations about how they should be modified, if required;
- 3.) Preparation and presentation to the ERC of a detailed report of the expert's findings;
- 4.) Assistance in explanation and defense of the approved expenditure forecasts during the public hearing process that will follow rate applications by DUs under the Regulatory Reset Process and publication of the ERC's Draft Determination in this regard;
- 5.) Documentation of all the functions performed in evaluation of the data provided and the rationale for the recommendations, inclusive of details of the changes recommended to the utility expenditure programs;
- 6.) Use and further development of spreadsheet-based model developed by the ERC to collect expenditure information and analysis of the impact on the total expenditure that will arise from modifications to the forecast expenditure programs and to capture all information related to such modifications; and
- 7.) Conveying knowledge and skills in reviewing of utility expenditure forecasts to ERC staff.

Relative thereto, the ERC is inviting/soliciting submissions of Expressions of Interest from interested parties who may render any or all of the technical expertise required. The following related pertinent documents may be downloaded from the ERC's website [www.erc.gov.ph](http://www.erc.gov.ph):

- 1) Distribution Wheeling Rates Guidelines (December 10, 2004)
- 2) Regulatory Reset Issues Paper for the Privately Owned Distribution Utilities subject to Performance Based Regulation for July 2007 to June 2011 (September 30, 2005)
- 3) Position Paper (December 7, 2005)
- 4) Response to Submissions Received in the Regulatory Reset Issues Paper (December 7, 2005)
- 5) Addendum to Position Paper on the Regulatory Reset Process for the Second Regulatory Period (April 11, 2006)

Invitation to Submit Expressions of Interest for the Review of Expenditure  
Forecasts for Electricity Distribution Utilities


May 23, 2006

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The deadline for the submission of such Expressions of Interests is on June 2, 2006 at five o'clock in the afternoon (5:00 P.M.), Philippine time, either through e-mail at [info@erc.gov.ph](mailto:info@erc.gov.ph) or through fax at +63 2 6315997. Moreover, the following documents should be attached to said Expression of Interest: 1) List of the Proposed Technical Experts; 2) Curriculum Vitae of the Technical Experts; and 3) List of relevant experiences for this undertaking. Prior to the deadline, enquiries about the proposal or the work involved can be directed to Mr. Dennis R. Siaton, thru e-mail at [drsiaton1017@yahoo.com](mailto:drsiaton1017@yahoo.com) or telefax at +63 2 6348641.

Pasig City, May 23, 2006.

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