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SAMPLE PRO-FORMA OF APPLICATION FOR APPROVAL OF THE ANNUAL REVENUE REQUIREMENT AND PERFORMANCE INCENTIVE SCHEME UNDER PERFORMANCE BASED REGULATION (SECOND ENTRY POINT)

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

IN THE MATTER OF THE APPLICATION FOR APPROVAL OF THE ANNUAL REVENUE REQUIREMENT AND PERFORMANCE INCENTIVE SCHEME IN ACCORDANCE WITH THE PROVISIONS OF THE RULES FOR SETTING DISTRIBUTION WHEELING RATES,

ERC CASE NO. 2007- RC

*(Name of distribution utility)*

Applicant,

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**APPLICATION**

COMES NOW, applicant *(name of utility)* through the undersigned counsel, and unto this Honorable Commission, most respectfully states:

1. That applicant is a corporation duly organized and existing under and by virtue of the laws of the Philippines, with principal office at \_\_\_\_\_ where it may be served with summons and other legal processes, represented in this instance by its President, \_\_\_\_\_ of legal age, *(nationality)*, *(marital status)* and with office address also at \_\_\_\_\_. Herein applicant is the exclusive franchise holder issued by Congress of the Philippines/National Electrification Commission to operate an electric light and power services in the Municipalities/cities of \_\_\_\_\_ all in the Province of \_\_\_\_\_.
2. That applicant has selected to enter Performance-Based Regulation at the second entry point, as described in Annex B of ERC Resolution No. 12-02 Series of 2004 "Adopting a

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Methodology for Setting Distribution Wheeling Rates”, dated December 10, 2004 and that such selection has been approved by the Energy Regulatory Commission (ERC). The application submitted to the ERC is for the approval of the Annual Revenue Requirement and Performance Incentive Scheme required for the Second Regulatory Period described in the Guidelines on the Methodology for setting Distribution Wheeling Rates (DWRG) issued by the ERC on December 10, 2004 and as subsequently amended in the Rules for Setting Distribution Wheeling Rates (RDWR) issued by the ERC on *October xx, 2006*. This Second Regulatory Period commences on April 1, 2009 and terminates in March 31, 2013.

- 2a. That applicant proposes the Annual Revenue Requirement and Performance Incentive Scheme values thus approved to form the basis of the ERC’s determination of the X-factor, P<sub>0</sub>-factor and the Maximum Annual Prices that will apply to the applicant and on which it will base its rate setting for the Second Regulatory Period.
3. That applicant has prepared its proposal as contained in this application in accordance with the conditions described in the afore-mentioned RDWR and in the implementing guidelines issued by the ERC in its report titled Regulatory Reset for the October 2008 to September 2012 Regulatory Period for Privately Owned Distribution Utilities subject to Performance Based Regulation : Position Paper, dated March 14, 2007 (Position Paper). The application submitted to the ERC made use of the methodology described in the RDWR, the Position Paper and applied the financial spreadsheet model titled ERC-MODEL-FINAL-Vx.x.xls (Price-Cap Model) that was provided to the applicant by the ERC.
4. That the proposed Annual Revenue Requirement is based on the Building Block calculation described in the afore-mentioned RDWR, as set out below for each Regulatory Year and for which the applicant is seeking the immediate approval of the ERC:

**Table 1. Annual Revenue Requirement as per Building Block approach**

Building Block	Proposed revenue requirement per Regulatory Year (PhP)			
	2010	2011	2012	2013
Operating and maintenance expenditure				
Taxes, levies & duties (other than corporate tax)				
Regulatory depreciation				
Return on capital				
Corporate income tax				
<b>TOTAL REVENUE REQUIREMENT</b>				

Note : All values are in nominal terms

The meaning and application of these parameters are as described in the aforementioned RDWR.

- That the afore-mentioned Annual Revenue Requirement is based on a proposed rolled-forward value of the applicant's Regulatory Asset Base as described below. The opening value of the Regulatory Asset Base for 2010 is based on the value of the Regulatory Asset Based on xxx, 2008, as valued by the ERC and communicated to the applicant, suitably amended to a April 30 2009 value in accordance with the method described in the RDWR.

**Table 2. Summary of proposed Rolled-forward Regulatory Asset Base (RAB)**

ITEM	PhP for Regulatory Year			
	2010	2011	2012	2013
Opening value of RAB				
plus Capital Expenditure				
minus Regulatory Depreciation on asset base at start of Second Regulatory Period				
minus Regulatory Depreciation on capital expenditure incurred during the Second Regulatory Period				
Closing value of RAB				
<b>AVERAGE VALUE OF RAB</b>				

Note : All values are in nominal terms

- That for the calculation of the above-mentioned Annual Revenue Requirement and Rolled-forward Regulatory Asset Base, as instructed by the ERC, applicant has applied the preliminary values for the parameters presented below:

**Table 3. Input values provided by the ERC**

Parameter	Date instructed by ERC	Preliminary value adopted
Construction work in progress factor (CWIP factor)		For substation projects : x% For other projects : x%
P <sub>0</sub> -factor		0 PhP/kWh
X-factor		0
Valuation of the applicant's regulatory asset base as at June 30, 2006		PhP xxx
Working-capital proportion		Xxx%

The meaning and application of these parameters are as described in the aforementioned RDWR.

7. That in calculating the afore-mentioned Annual Revenue Requirement for the Second Regulatory Period, the applicant made use of the estimated Philippine Consumer Price Index, United States of America Consumer Price Index and Philippine Peso/United States dollar exchange rate figures below:

**Table 3a. Forecast change in the Consumer Price Index for the Philippines**

Regulatory Year	2008	2009	2010	2011	2012	2013
Data source :						

**Table 3b. Forecast change in the Consumer Price Index for the United States of America**

Regulatory Year	2008	2009	2010	2011	2012	2013
Data source :						

**Table 3c. Forecast average PhP/US\$ Exchange Rate**

Regulatory Year	2008	2009	2010	2011	2012	2013
Data source :						

- 7a. That for the purposes of the initial and subsequent annual price resets during the Second Regulatory Period as required in terms of the RDWR, the applicant will update the aforementioned Consumer Price Indices and foreign exchange rates with actual values in accordance with the RDWR and that such updated values will be used for the price resets.

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8. That the afore-mentioned Annual Revenue Requirement is in part based on a proposed rate of return of (xx.x%) per annum. This rate of return corresponds with the Regulatory Weighted Average Cost of Capital which the applicant calculated in accordance with the RDWR. The applicant recognizes that the ERC will determine the actual Weighted Average Cost of Capital that will apply for its setting of the Maximum Annual Prices for the Second Regulatory Period and that this may differ from that proposed.
  
9. That allowance has been made in accordance with the RDWR to include assets used beyond their standard lives in the Regulatory Asset Base, at a value equal to 5% of their optimized replacement cost.
  
10. That the proposed Capital Expenditure included in the afore-mentioned calculation of the Rolled-forward Regulatory Asset Base is as demonstrated below:

**Table 4. Summary of proposed Capital Expenditure (per regulatory year)**

ITEM	NOMINAL PESO				
	2009	2010	2011	2012	2013
<b>A Distribution Plant</b>					
Land and Land Rights (Distribution Purposes)					
Structures and Improvements					
Station Equipment					
Power transformers					
Switchgear					
Protective equipment					
Metering & control equipment					
Communications equipment					
Other station equipment					
Poles, Towers and Fixtures - Distribution					
Poles, Towers and Fixtures - Customer					
Overhead Conductors and Devices - Distribution					
Overhead Conductors and Devices - Customer					
Underground Circuits - Distribution					
Underground Circuits - Customer					
Underground Conduits - Distribution					

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ITEM	NOMINAL PESO				
	2009	2010	2011	2012	2013
Underground Conduits - Customer					
Line Transformers - Distribution					
Line Transformers -Customer					
Power Conditioning Equipment					
Services					
Meters, Instruments & Metering Transformers - Distribution					
Meters, Instruments & Metering Transformers - Customer					
Information Technology Equipment (distribution)					
Regulated Entity Property on Consumer's Premises					
Street Lights and Signal Systems					
Submarine Cables					
<b>General Plant</b>					
Land and Land Rights (non-network)					
Structures and Improvements (non- network)					
Office Furniture and Equipment					
Transportation Equipment					
Stores Equipment					
Tools, Shop and Garage Equipment					
Laboratory Equipment					
Information Systems Equipment (non- network)					
Power-operated Equipment					
Communication Plant and Equipment					
Miscellaneous Equipment					
<b>Materials and supplies (including spares)</b>					
<b>Transferred subtransmission assets</b>					
<b>Capitalized Overheads</b>					
<b>TOTAL</b>					

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10a. That the above-mentioned proposed Capital Expenditure is increased from current levels for the following reasons:

*Provide high level reasons for the increases in capex, for example :*

*10b. The increases reflect new capital expenditure required to meet growing energy demand, increased customer numbers, service quality and performance measurement improvements and the replacement of ageing or obsolete equipment.*

11. That the proposed Operating & Maintenance Expenditure included in the aforementioned calculation of the Annual Revenue Requirement is as demonstrated below:

**Table 5. Summary of proposed Operating & Maintenance Expenditure (per regulatory year)**

Opex Category and Sub-category	Nominal PhP				
	2009	2010	2011	2012	2013
<b>Distribution : Operation</b>					
Operation supervision & engineering					
Load dispatching					
Substation					
Overhead line - demand					
Overhead line - customer					
Streetlighting (non-roadway)					
Streetlighting (roadway)					
Metering					
Consumer installation expenses					
Rents					
Information technology					
Miscellaneous					
<b>Distribution : Maintenance</b>					
Maintenance supervision & engineering					
Structures					
Substations					
Overhead line - demand					
Overhead line - customer					
Streetlighting (non-roadway)					
Streetlighting (roadway)					
Line transformers					
Information technology					
Metering					
Miscellaneous					
<b>Sub-total Distribution</b>					
<b>Consumer accounts</b>					

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Opex Category and Sub-category	Nominal PhP				
	2009	2010	2011	2012	2013
Supervision					
Meter reading					
Information technology					
Consumer records & collection expenses					
Uncollectible accounts					
Informational and instructional advertising expenses					
Miscellaneous					
Consumer prompt payment discount					
<b>Sub-total Consumer accounts expenses</b>					
<b>Administrative &amp; general</b>					
Admin & general salaries					
Office supplies & expenses					
Information technology					
Outside services employed					
Property insurance					
Injuries & damages					
Employee pension & benefits					
Rents					
Maintenance of office & general plant					
Officers allowance & benefits					
Travel					
Training					
Bad debt					
Regulatory liaison & compliance					
Foreign exchange losses or gains					
Other					
<b>Sub-total Administration &amp; general</b>					
<b>WESM compliance</b>					
Registration fees					
Metering fees					
Billing & settlement fees					
Administration fees					
Costs for the PEM board, committees & working groups					
Market management software & upgrades					
Provision of security					
Other					
<b>Sub-total WESM compliance</b>					
<b>Total Operating &amp; Maintenance Expenditure</b>					

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11a. That the above-mentioned proposed Operating and Maintenance expenditure are increased from current levels for the following reasons:

*Provide high level reasons for the increases, for example :*

11b. *That the proposed increase in operating and maintenance expenditure is as a result of increased inputs required to service the growing asset base and of inflationary pressures.*

12. That the proposed expenditure on Taxes, Levies & Duties (other than corporate income tax) included in the afore-mentioned calculation of the Annual Revenue Requirement is as demonstrated below:

**Table 6. Summary of proposed Taxes, Levies & Duties (other than corporate income tax) expenditure (per Regulatory Year)**

	Nominal PhP				
	2009	2010	2011	2012	2013
<b>Taxes, levies &amp; duties (nominal PhP)</b>					

12a. That the above-mentioned proposed taxes, levies & duties (other than corporate income taxes) expenditure are increased from current levels for the following reasons:

*Provide high level reasons for the increases, for example :*

12b. *That the taxes, levies and duties (other than corporate income tax) figure include provision for increased regulatory compliance costs associated with the Regulatory Reset for the Second Regulatory Period.*

13. That the proposed Depreciation included in the afore-mentioned calculation of the Annual Revenue Requirement, including an allowance for assets intended to be disposed of during the Second Regulatory Period after allowing for any potential income from the sales of such disposed assets, is as demonstrated below. These values include depreciation on the applicant's Regulatory Asset Base as at the start of the Second Regulatory Period, as well as depreciation on those assets proposed to be acquired during the Second Regulatory Period.

**Table 7. Summary of proposed Depreciation (per Regulatory Year)**

ITEM	2009	2010	2011	2012	2013
<b>A Distribution Plant</b>					
Land and Land Rights (Distribution Purposes)					
Structures and Improvements					
Station Equipment :					
Power transformers					
Switchgear					
Protective equipment					
Metering & control equipment					
Communications equipment					
Other station equipment					
Poles, Towers and Fixtures - Distribution					
Poles, Towers and Fixtures - Customer					
Overhead Conductors and Devices - Distribution					
Overhead Conductors and Devices - Customer					
Underground Circuits - Distribution					
Underground Circuits - Customer					
Underground Conduits - Distribution					
Underground Conduits - Customer					
Line Transformers - Distribution					
Line Transformers -Customer					
Power Conditioning Equipment					
Services					
Meters, Instruments & Metering Transformers - Distribution					
Meters, Instruments & Metering Transformers - Customer					
Information Technology Equipment (distribution)					
Regulated Entity Property on Consumer's Premises					
Street Lights and Signal Systems					
Submarine Cables					
<b>B General Plant</b>					
Land and Land Rights (non-network)					
Structures and Improvements (non-network)					

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ITEM	2009	2010	2011	2012	2013
Office Furniture and Equipment					
Transportation Equipment					
Stores Equipment					
Tools, Shop and Garage Equipment					
Laboratory Equipment					
Information Systems Equipment (non-network)					
Power-operated Equipment					
Communication Plant and Equipment					
Miscellaneous Equipment					
<b>C Materials and supplies (including spares)</b>					
<b>D Transferred subtransmission assets</b>					
<b>E Capitalized Overheads</b>					
<b>F Disposal of assets</b>					
<b>TOTAL</b>					

13a. That the afore-mentioned depreciation is calculated on a straight-line basis, based on the standard asset lives approved by the ERC.

14. That the proposed Corporate Income Tax included in the afore-mentioned calculation of the Annual Revenue Requirement is based on a Philippines corporate tax rate of (x%) and is calculated as demonstrated below:

**Table 8. Summary of proposed Corporate Income Tax (per Regulatory Year)**

	2010	2011	2012	2013
<b>Corporate Tax (nominal PhP)</b>				

15. That the calculation of the afore-going proposed Corporate Income Tax is based on the forecast sales of energy as demonstrated below:

**Table 9. Summary of forecast energy consumption (per Regulatory Year)**

	2009	2010	2011	2012	2013
<b>Energy consumption (MWh)</b>					

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16. That the calculation of the afore-mentioned Corporate Income Tax is based on an estimated price-path for the Second Regulatory Period that was determined using the afore-mentioned proposed Allowed Annual Revenue and an assumed zero X-factor and P<sub>0</sub>-factor. The estimated Maximum Annual Prices thus calculated for the Second Regulatory Period is as demonstrated below:

**Table 10. Assumed Maximum Annual Prices for the Second Regulatory Period**

	<b>2010 Regulatory year</b>	<b>2011 Regulatory year</b>	<b>2012 Regulatory year</b>	<b>2013 Regulatory year</b>
<b>Maximum Annual Price (PhP/kWh)</b>				

- 16a. That the applicant recognizes that the ERC will determine the actual X-factor and P<sub>0</sub>-factor after its consideration of this application for Allowed Annual Revenue and will determine the actual price-path for the Second Regulatory Period after incorporating such amendments to these proposals as the ERC deems necessary. As part of its consideration the ERC may also amend one or more of the parameters on which the calculations of the Allowed Annual Revenue are based. The actual approved price path is therefore likely to differ from that estimated above.

17. That, since the Maximum Average Prices calculated under Performance-Based Regulation are not directly comparable with unbundled rates, for illustrative purposes the applicant has prepared a comparison of its current rates for providing distribution wheeling services with those that would result from the implementation of the afore-mentioned estimated Maximum Annual Prices. This is presented below:

**Table 11. Comparison of estimated rates with current rates (illustrative only)**

	<b>Current Rates</b>	<b>Illustrative Rates (2010)</b>	<b>Illustrative Rates (2011)</b>	<b>Illustrative Rates (2012)</b>	<b>Illustrative Rates (2013)</b>
<b>Customer Class</b>					
<b>Residential</b>					
Distribution (PhP/kWh)					
Supply (PhP/kWh)					
Metering (PhP/kWh)					
Metering (PhP/customer/month)					
Inter-class cross-subsidy (PhP/kWh)					

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Total PhP/kWh Total PhP/customer/month <b>Average PhP/kWh distribution wheeling rate</b>					
<b>Commercial</b> Distribution (PhP/kWh) Supply (PhP/customer/month) Metering (PhP/customer/month) Inter-class cross-subsidy (PhP/kWh)  Total PhP/kWh Total PhP/customer/month <b>Average PhP/kWh distribution wheeling rate</b>					
<b>Industrial</b> Distribution (PhP/kWh) Distribution demand charge (PhP/kW) Supply (PhP/customer/month) Metering (PhP/customer/month) Inter-class cross-subsidy (PhP/kWh)  Total PhP/kWh Total PhP/kW Total PhP/customer/month <b>Average PhP/kWh distribution wheeling rate</b>					
<b>Public buildings/Government Hospitals</b> Distribution (PhP/kWh) Supply (PhP/customer/month) Metering (PhP/customer/month) Inter-class cross-subsidy (PhP/kWh)  Total PhP/kWh Total PhP/customer/month <b>Average PhP/kWh distribution wheeling rate</b>					
<b>Streetlights</b> Distribution (PhP/kWh) Supply (PhP/customer/month) Metering (PhP/customer/month) Inter-class cross-subsidy (PhP/kWh)  Total PhP/kWh Total PhP/customer/month <b>Average PhP/kWh distribution wheeling rate</b>					
<b>Irrigation/Communal water system</b> Distribution (PhP/kWh) Supply (PhP/customer/month) Metering (PhP/customer/month) Inter-class cross-subsidy (PhP/kWh)  Total PhP/kWh Total PhP/customer/month <b>Average PhP/kWh distribution wheeling rate</b>					

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18. That the applicant proposes to adopt a Price-Linked Performance Incentive Scheme as required in terms of the RDWR. According to this Performance Incentive Scheme the applicant will be rewarded if the service performance levels of its electricity distribution business exceed the target levels proposed below, and will be penalized if the service performance level of its electricity distribution business falls below the proposed targets. This reward or penalty will be directly incorporated into the Maximum Annual Prices from the second year of the Second Regulatory Period onward. The proposed Price-linked Performance Incentive Scheme is based on the performance measures and performance targets demonstrated below. Stepped performance target levels are proposed, which will influence the size of the reward or penalty.

**Table 12. Summary of proposed Price-linked Performance Incentive Scheme**

Performance index	Units	Weight	Reward		Target	Penalty	
			Level 5	Level 4	Level 3	Level 2	Level 1
System average interruption frequency index (SAIFI)	Number	<b>0.20</b>					
Customer average interruption duration index (CAIDI)	Minutes	<b>0.20</b>					
Planned system average interruption duration index (SAIDI)	Minutes	<b>0.15</b>					
Probability of voltage levels falling within prescribed limits	%	<b>0.10</b>					
System losses	%	<b>0.05</b>					
Average time to process applications for Regulated Distribution Services	Days	<b>0.10</b>					
Average time to connect premises to the Regulated Distribution System	Days	<b>0.10</b>					
Average time to answer calls at call centre	Seconds	<b>0.10</b>					

19. That the applicant proposes to adopt a Guaranteed Service Level Performance Incentive Scheme as required in terms of the RDWR. According to this Guaranteed Service Level scheme, customers will be directly compensated, in the form of reductions in their monthly electricity bills, if service performance falls below certain minimum thresholds. The thresholds and the penalties that will apply are as demonstrated below:

**Table 13. Summary of proposed Guaranteed Service Level Incentive Scheme**

<b>Performance Measure</b>	<b>Threshold</b>	<b>Penalty level (PhP)</b>
Customer experiencing a total duration of sustained service interruptions in a Regulatory Year that exceeds the threshold		
Customer experiencing a number of sustained service interruptions in a Regulatory Year that exceeds the threshold		
Restoration of supply to a customer after a fault on the secondary distribution network taking longer than the threshold time		
Customer connection not provided on the day agreed with the customer		

- 19a. That the applicant will be entitled to an additional revenue amount equal to 0.5% of its Annual Revenue Requirement, which is intended to be applied to the Guaranteed Service Level Scheme and can be used to either provide for penalties under the scheme, or for network or operational improvements to avoid such penalties.
20. That applicant will comply with the requirements in Section 4(e), Rule 3 of the Rules and Regulations of Republic Act No. 9136, in relation to Rule 6 of the ERC Rules of Practice and Procedure, prior to the filing of this application with the ERC.
21. *(Any further aspect the applicant wishes to apply for, or further information offered in support of this application.)*
22. That in support of this application for the approval of its Allowed Annual Revenue and Performance Incentive Scheme, the applicant has attached the following required documents as described in the RDWR and the Position Paper:

**Table 14. Supporting Information attached**

<b>Schedule</b>	<b>Information provided</b>
<b>A</b>	<b>Regulatory Asset Base</b>
A1	Summary of the optimized depreciated replacement cost (ODRC) and the depreciated historical cost of the Regulatory Asset Base as at the initial valuation date (the Regulatory Asset Base).
A2	Summary of the optimized depreciated replacement cost and the depreciated historical cost of the Original Regulatory Asset Base as at the

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Schedule	Information provided
	start of the Second Regulatory Period, with supporting calculations for indexing applied.
A3	Assets forecast to be acquired during the period between the initial valuation date and the start of the Second Regulatory Period.
A3.1	- Schedule of assets to be acquired
A3.2	- Value of the assets to be acquired
A3.3	- Justification for assets to be acquired
A5	Forecast asset disposal during the period between the initial valuation date and the start of the Second Regulatory Period.
A5.1	- Schedule of assets to be disposed of
A5.2	- Value of the assets to be disposed of
A5.3	- Forecast income from the sale of disposed assets
A6	ODRC depreciation schedules for the Regulatory Asset Base for the period between the initial valuation date and the start of the Second Regulatory Period.
A6.1	- Assets included in the Original Regulatory Asset Base
A6.2	- Assets acquired in the lead-up to the Second Regulatory Period
A7	Historical cost depreciation schedules for the Regulatory Asset Base for the period between the initial valuation date and the start of the Second Regulatory Period.
A7.1	- Assets included in the Original Regulatory Asset Base
A7.2	- Assets acquired in the lead-up to the Second Regulatory Period
A8	Application of the construction work in progress (CWIP) factor to the Regulatory Asset Base as at the start of the Second Regulatory Period.
A9	Summary of the optimized depreciated replacement cost (ODRC) and the depreciated historical cost of the full Regulatory Asset Base as at the start of the Second Regulatory Period (the opening value of the rolled-forward Regulatory Asset Base).
<b>B</b>	<b>Financial indices forecast for Second Regulatory Period</b>
B1	Philippine quarterly CPI
B2	United States quarterly CPI
B3	PhP/US\$ quarterly exchange rate
B4	180-Day Manila Reference Rate
<b>C</b>	<b>Forecast capital expenditure for the Second Regulatory Period</b>
C1	Summary of capital expenditure forecasts for each year of the Second Regulatory Period
C1.1	- Real values, divided in PhP and US\$ components
C1.2	- Nominal values, divided in PhP and US\$ components

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<b>Schedule</b>	<b>Information provided</b>
C1.3	- Total nominal values, in PhP
C1.4	- Justification for capital expenditure (major and minor projects)
C2	Broken down historical capital expenditure
<b>D</b>	<b>Forecast disposals during the Second Regulatory Period</b>
D1	Value of assets to be disposed of (based on ODRC register)
D2	Forecast income from the sale of disposed assets
<b>E</b>	<b>Forecast depreciation during the Second Regulatory Period</b>
E1	Depreciation of the opening asset base
E1.1	- ODRC basis
E1.2	- Historical cost basis
E2	Depreciation of the assets forecast to be acquired during the Second Regulatory Period
E2.1	- ODRC basis
E2.2	- Historical cost basis
<b>F</b>	<b>Forecast assets used beyond standard lives</b>
F1	Forecast addition to assets used beyond standard lives
F2	Forecast removal from assets used beyond standard lives
<b>G</b>	<b>Forecast operating &amp; maintenance expenditure</b>
G1	Summary of forecast operating & maintenance expenditure
G1.1	- Annual expenditure, divided in real PhP and US\$ components
G1.2	- Annual expenditure, divided in nominal PhP and US\$ components
G1.3	- Total annual expenditure, in nominal PhP
G1.4	- Justification for operating & maintenance expenditure forecasts
G2	Historical operating & maintenance expenditure
G3	Summary of expenditure on taxes (other than corporate income tax), duties and levies
G3.1	- Annual expenditure, in real PhP
G3.2	- Annual expenditure, in nominal PhP
G3.3	- Justification for expenditure
G3.4	- Historical taxes, levies & duties
<b>H</b>	<b>Forecast energy consumption and demand</b>
H1	Forecast energy consumption figures (kWh)
H1.1	- Breakdown of consumption figures
H1.2	- Supporting evidence
H2	Forecast energy demand figures (kW)
H2.1	- Breakdown of demand figures

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<b>Schedule</b>	<b>Information provided</b>
H2.2	- Supporting evidence
<b>I</b>	<b>Regulatory financial statements</b>
<b>J</b>	<b>Performance incentive scheme details</b>
J1	Price-linked incentive scheme
J1.1	- Details of scheme proposed
J1.2	- Proposed target levels
J1.3	- Supporting information & calculations
J2	Guaranteed service level scheme
J2.1	- Details of scheme proposed
J2.2	- Proposed target levels
J2.3	- Proposed penalty levels
J2.4	- Supporting information & calculations
<b>K</b>	<b>Calculation of Weighted Average Cost of Capital</b>
<b>L</b>	<b>Additional information for price-cap model</b>
L1	Contact details for input sheets
L2	2006 Billing & consumption data
L3	Related business revenue for 2006
L4	Maximum annual price for 2006 and 2007 (initial entrants)
L5	Tax losses carried forward from 2007 regulatory year
<b>M</b>	<b>Detailed calculations for Second Regulatory Period</b>
	Rolled forward regulatory asset base
	Annual revenue requirement
	Corporate income tax forecasts
	Forecast price-caps for the opening and subsequent years of the Second Regulatory Period
<b>N</b>	<b>Calculation of demonstrative unbundled rates</b>

23. That applicant most respectfully requests for approval of this application to allow it to fulfill its obligations under Performance Based-Regulation and in order to avoid irreparable losses which will ultimately result in the deterioration of its services, to the damage, and prejudice of the public, in general, and its consumers, in particular.

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## **PRAYER**

**WHEREFORE**, premises considered, *(name of utility)* respectfully prays of this Honorable Commission, upon the filing hereof, that this application be approved ex-parte based on the submitted documents, and that *(Name of utility)* be authorized to adopt the afore-mentioned Annual Revenue Requirements and Performance Incentive Scheme.

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*(Name of utility)* prays, after due notice and hearing and consideration, that the application be approved and that a final authority be issued to applicant authorizing it to adopt the above Annual Revenue Requirements and Performance Incentive Scheme.

Other reliefs and equitable under the premises are likewise prayed for.

Pasig City, Philippines, *(date)* .

Counsel for the Applicant