October 30, 2001

REPUBLIC OF THE PHILIPPINES
ENERGY REGULATORY COMMISSION
Republic Act No. 9136, Section 36
Uniform Rate Filing Requirements

NOTICE: These uniform rate filing requirements are intended to promote consistency and completeness in the rate filings required by Republic Act No. 9136 (RA9136), Section 36. To that end, the filing requirements only specify minimum form and content. A rate application in all its aspects continues to be subject to subsequent Commission review and deliberation. The responsibility remains with the applicant to defend any proposals before the Commission, which will consider all evidence brought before it. Any requirement herein considered not applicable to the filing entity should be duly noted with a clear explanation as to why it is not applicable. A submission missing any schedules or other substantive required information may be rejected in its entirety.

The Commission is also making available a Cost Functionalization and Customer Class Allocation Model ("Model") in electronic format (Excel spreadsheet). The Model is available for downloading at www.doe.gov.ph . The model is intended to provide a helpful tool for preparation of the rate filings (specifically, functionalization of revenue requirement and allocation of revenue requirement to customer classes but not rate design). However, the Uniform Rate Filing Requirements govern the requirements of the rate filings and, therefore, supercede anything contained in the Model. Finally, with the exception of format and system of accounts, no details of the Model, including, but not limited to, functionalization factors and allocation factors, should be construed as final determinations of the Commission. In all instances, the Commission will make final determinations after the specific company applications are completed. In this regard, the applicants are encouraged to adapt the detailed calculations in the Model to fit their particular characteristics or data availability. Once again, the burden is on the applicant to defend all aspects of the rate filing.

TABLE OF CONTENTS

List of ADDITIONAL DOCUMENTS AVAILABLE ELECTRONICALLY AT WWW.DOE.GOV.PH:

Sample Rate Schedules

fUNCTIONALIZATION AND CUSTOMER CLASS ALLOCATION MODEL

uniform chart of accounts

SUMMARY AND PURPOSE OF THE UNIFORM FILING REQUIREMENTS

The Energy Regulatory Commission hereby issues these Republic Act No. 9136 (“RA9136”), Sec. 36, Uniform Rate Filing Requirements (sometimes referred to hereafter as “RA9136-UFR”) to promote consistency and completeness in the distribution utility and National Power Corporation (“NPC”) rate filings required by RA9136. According to the Act (Sec. 5), the electric power industry is to be separated into four separate sectors: generation, transmission, distribution, and supply. The distribution utilities are also required herein to unbundle costs and rates associated with the metering function as a sub-function of supply. The metering function includes metering assets, meter servicing, and meter reading. The

distribution utilities are invited to include proposals on the continued provision of the metering function for the contestable market. Such proposals should specify who may own, access, test, service, upgrade, and read the meter. The generation, transmission, distribution, supply, and metering functions are sometimes referred to hereinafter as "the five functions".

The term "transmission" carries the meaning provided in RA9136, Sec. 7. In other words, transmission services are those services provided using transmission facilities currently owned by the National Power Corporation and any successor transmission company. Where a distribution utility currently pays for transmission services, these costs shall be separately unbundled in the retail rates of the distribution utility and allocated to all rate classes based on reasonable methods. Similarly, where a distribution utility currently pays another entity for generation services, such costs shall be separately unbundled in the retail rates and allocated to all rate classes based on reasonable methods. However, when using the electronic Functionalization and Customer Allocation Model, the distribution utilities are encouraged to utilize the "Transmission" column to distinctly unbundle high-voltage facilities owned by the distribution utility.

Given the previously stated meaning of transmission, the distribution utilities do not own transmission assets. However, the Commission recognizes that distribution utilities may own high voltage distribution facilities that require distinct consideration in the development of rates and rate classes. The distribution utilities are free to propose ratemaking methods (that is, customer class allocation) to recognize any cost distinction between high- and low-voltage distribution facilities.

The rate filing made by the NPC and each distribution utility should accomplish the following (any requirement considered not applicable to a particular applicant shall be duly noted in the filing with a statement as to why the requirement is not applicable):

1. Propose new retail rate schedules for all customer classes with unbundled rate components for the five functions, Generation, Transmission, Distribution, Supply and Metering, thereby making the rate components cost-based and transparent. *(RA9136, Sec.5 & 25)* Sample rate schedules are attached. The cost-based charges for the metering function shall be distinctly identified within either the distribution or supply rates as may be proposed by the distribution utility. In the event the Commission approves a general rate increase relative to existing rates, the Commission may consider a transition plan to avoid immediate rate shock to customers. In any event, rates shall be subsidy-free.

2. The proposed retail rate structure shall be subsidy-free (that is, free of any interclass cross-subsidies). The distribution utility shall separately include in its filing the calculations of any interclass cross-subsidies found in existing rates, exclusive of subsidies to support lifeline rates, in a manner useful for the determination of the universal charge ultimately making cross-subsidies transparent and explicit. *(RA9136, Sec.36, 43(d), & 74)*

3. The proposed retail rate schedule for the residential class shall separately include a lifeline rate applicable to marginalized end-users specifying a proposed level of consumption *(RA9136, Sec. 73)*. The utility shall include supporting documentation and analysis relative to the proposed lifeline rate and consumption level including billing frequency data. The distribution utilities shall calculate the subsidy necessary to support the below-cost lifeline rate.

4. Propose new wholesale rate schedules for unbundled distribution wheeling (delivery) charges to complement supply to the contestable market. *(RA9136, Sec.24 & 43(f))* The proposed unbundled distribution wheeling charges shall include the same customer classes, and be based on the same class revenue requirements, used for the distribution rate component found in the proposed retail rate schedules. A cost-based metering charge shall be distinctly identified. Sample rate schedules are attached. For the National Power Corporation, the term "distribution" in this section shall mean transmission. Furthermore NPC is required to unbundled its rates based on whether a customer takes service at the transmission level or the subtransmission level as distinguished in RA9136, Sec. 7.

5. Propose a cap on the recoverable rate of system losses based on load density, sales mix, cost of service, delivery voltage, and any other relevant technical parameters. *(RA9136, Sec. 43(f))* The supporting data and analysis shall distinguish between technical and non-technical system losses and differentiate losses based on customer class.

This RA9136-UFR specifies the required data, format, and calculations supporting the rate proposals in the distribution utility's filing.

GENERAL INSTRUCTIONS FOR FILING

Financial Accounts. The information required in this filing will be taken from the accounts and records used by the distribution utility. The utility shall match the accounts referenced herein using the descriptions provided in the *Rural Electric Cooperatives Accounting Manual*, Issued June 1992 by the National Electrification Administration. (Available at www.doe.gov.ph). If the utility has accounts on its books not included in the schedule listing, those accounts shall be added.

Definitions. Unless indicated otherwise, all terms defined in RA9136 carry the same meaning herein.

Historic Test Year. The Test Year shall be the twelve-month period ended December 31, 2000.

Functionalization*:* In the schedules below which require an unbundling of costs and revenues by function, costs and revenues from each account shall be assigned to the five functions according to the following three-tier process:

a. For each account, costs shall be directly assigned to functions to the extent possible, and all relevant workpapers provided.
b. The utility shall provide detailed workpapers documenting the nature of any costs that cannot be directly assigned. For adequately documented costs, the utility may derive an account-specific functionalization factor based on the directly assigned costs or appropriate cost-causation principles. The utility must justify the assignment of common costs to regulated functions, and must present evidence to support any such assignment.
c. If adequately documented costs remain, for which direct assignment or account-specific functionalization cannot be identified, the appropriate functionalization factor prescribed in Schedule F may be used. These functionalization factors shall only be used as a last resort. If a utility deems a functionalization factor other than the factors prescribed in Schedule I to be necessary, the utility shall provide a detailed justification for the chosen functionalization factor.

In all cases, the utility shall provide supporting work papers that fully and clearly explain the functionalization of each account and its basis. In no case shall common costs be assigned to regulated distribution function by default; such common costs shall be assigned to competitive functions unless the distribution utility can definitively demonstrate that they should not be.

Schedule Column Formats. Schedules below that require information by account shall detail information in each account in columns as follows:

Column 1: Information as reported on the utility's financial statements
Column 2: Adjustment to remove non-electric and any other amounts that should not be recovered from utility customers
Column 3: Allowed electricity-related amounts (column 1 minus column 2)
Column 4: Net electricity-related amounts transferred to the account to annualize or normalize
Column 5: Adjusted electricity-related amounts (column 3 plus column 4)
Column 6: Allocation of column 5 to the generation function
Column 7: Allocation of column 5 to the transmission function
Column 8: Allocation of column 5 to the distribution function

Column 9: Allocation of column 5 to the supply function
Column 10: Allocation of column 5 to the metering function

In all cases, the utility shall provide work papers to explain the calculation of electricity related amounts transferred to an account in column 4, as well as the assumptions and calculations used to allocate electricity-related amounts in column 5 among the five functions in columns 6 through 10.

Adjustments to Test Year Balances. Adjustments to test year balances shall be made for the removal of items that should not be included in the utility's cost of service. Additionally, adjustments shall be made to the Historical Test Year to remove nonrecurring costs and normalize extraordinary expenditures. Workpapers detailing and explaining the adjustments made shall be provided.

Number of Copies. The distribution utility shall file an original plus six (6) paper copies of the entire filing with the Commission. An electric cooperative shall file an additional copy with the National Electrification Administration (NEA) and a copy with the Power Sector Assets and Liabilities Management Corporation (PSALM).

Electronic Filing. In addition to the paper copies, the entire filing shall be provided in a single electronic folder on two (2) CD ROMs on the date of filing.

Supplemental or Amended Filings. The distribution utilities shall supplement or amend their filings after the date filed as new information or data become available. Such amendments shall be made as soon as practicable, including a detailed explanation of the reasons for the amendment and updated copies of all affected schedules and rates. In the event a supplemental or amended filing is substantive in nature, the Commission will adjust the date on which the application is considered complete.

REQUIRED SCHEDULES

Any of the following schedules that the distribution utility believes are not applicable or cannot be completed by the utility shall be so designated for inclusion in the filing with an explanation of why they are not applicable or cannot be completed. The utilities should also use the electronic format in the Functionalization and Allocation Model.

SCHEDULE A: SUMMARY COST OF SERVICE FOR A HISTORICAL TEST YEAR AND DETAIL OF REVENUE REQUIREMENTS COMPONENTS.

Line number references correspond to the row numbers on the accompanying Excel spreadsheets. These spreadsheets are provided to assist the company in complying with these filing requirements.

SUMMARY OF FUNCTIONALIZED COST OF SERVICE FOR A HISTORICAL TEST YEAR

Lines 1 through 37 of this schedule shall summarize and sum up the functionalized cost of service detailed in the remainder of the schedule with separate lines for Historical Test Year capital charges (the product of functionalized Historical Test Year rate base and schedule E on Historical Test Year rate of return), operation and maintenance expenses, depreciation and tax expenses, payroll expense, and fuel and purchased power expenses, as well as for the total of these lines, separated for each of the five functions.

FUNCTIONALIZED HISTORICAL TEST YEAR RATE BASE

Lines 46 through 227 of this schedule shall summarize the utility's rate base at the end of the Historical Test Year, with each component of the rate base functionally separated into generation, transmission, distribution, supply and metering functions according to the component of the rate base and each of its constituent accounts is functionalized:

Line 46 to Line 116: Original Cost of Plant, including a line for each of the accounts 111-301-10 to 111-373-40
Line 104 to Line 114: General Plant, including a line for each of the accounts 111-389-50 to 111-395-50
Line 121 to Line 125: Construction Work in Progress accounts 111-107-10 to 111-107-40
Line 132 to Line 202: Accumulated Depreciation, with a line for each account in which depreciation occurs.
Line 208: Plant Held for Future Use, account 111-105-00
Line 212: Materials and Supplies, account 150-154-00
Line 216: Cash Working Capital
Line 220 to Line 224: Other Rate Base Items

The utility may propose a reasonable measure for cash working capital on line 216. For each item claimed as Other Rate Base on lines 220 to 224, the utility shall specifically identify the Commission order or other authority upon which the claim is based and provide a copy of the documents relied upon. Amounts in the sub-schedules should sum to the overall amounts cited in the main schedule.

FUNCTIONALIZED HISTORICAL TEST YEAR EXPENSES

Line 251 through line 336 of this schedule shall summarize the utility's expenses for the Historical Test Year, with each component of expenses separated into generation, transmission, distribution, supply, and metering functions according to the general instructions above. These lines shall show all expense and revenue (credit) items not classified elsewhere. Revenue credits shall be functionalized to the distribution function in a fashion consistent with RA9136, Sec. 26. The following grouping of accounts shall be provided to indicate how each major component of expense and each of its constituent accounts is functionalized:

Line 251 to Line 329: Operations and Maintenance.
Line 332 to Line 340: Customer Accounts Expenses.
Line 345 to Line 360: Administrative and General Expenses.
Line 372 to Line 481: Payroll Expense Distribution.
Line 491 to Line 561: Depreciation Expense (not applicable to the electric cooperatives).
Line 568: Income Taxes.
Line 571: Other Expenses Not Reported Elsewhere.
Line 575: Revenues (credits)

Classification of Plant and Expenses: The applicant shall include classification of plant and expenses by demand and customer related amounts where possible; that is, portions attributable to demand or capacity requirements of the customers versus amounts attributable to the mere presence of a customer.

SCHEDULE A-1: SUMMARY REVENUE SOURCES FOR ALL DISTRIBUTION RELATED BUSINESSES (RA9136, Sec. 26), OR, IN THE CASE OF NPC, TRANSCO RELATED BUSINESSES (RA9136, Sec. 20)

For the purposes of making a decision pursuant to RA9136, Sec.26, distribution utilities shall file an itemized listing of all revenue and net income of the distribution utility, and/or any company affiliated (either in part or in total) with the distribution utility, from businesses that in any way utilize assets of the distribution utility where those assets have been included as part of the rate base reported in Schedule A. Provide specific references to those distribution utility assets utilized by each related business including a description of how the asset is used in the business. For example, if an office building is included in the rate base and employees of a banking business also hold office at that location, then the revenues and net income calculations of the banking business must be provided. The filing must include all supporting data and documentation for the calculation of net income for the related business.

NPC or its successor, TRANSCO, shall follow the same Schedule A-1 instructions for TRANSCO related businesses to facilitate a decision pursuant to RA9136, Sec. 20.

NOTE: The company has the option to remove those portions of plant used by other non-electric businesses from the regulated rate base. The Commission will still evaluate the reasonableness of the amounts removed from rate base.

SCHEDULE B: SUMMARY COST OF SERVICE FOR A HISTORICAL TEST YEAR WITH REVALUED RATE BASE AND DETAIL OF REVENUE REQUIREMENTS COMPONENTS.

For the Private Distribution Utilities: This schedule shall summarize and sum up the functionalized cost of service in the same manner as Schedule A except that the revenue requirements shall be determined based on the revalued rate base. The corresponding line number from Schedule A shall apply to Schedule B. The Company can use the same excel spreadsheet provided for schedule A as a template to complete Schedule B. The two spreadsheets should be labeled appropriately. The Distribution Utility shall provide detailed analyses supporting the calculations of revalued assets including all appraisal reports.

For the Electric Cooperatives: This schedule shall provide any forecasted values proposed by the electric cooperative that it believes are necessary to ensure that debt obligations are met. The electric cooperative shall provide detailed analysis supported any forecasted values.

Additional requirement for both Private Distribution Utilities and Electric Cooperatives: Any distribution utility including adjusted amounts in Schedule B shall fully develop customer class allocation of revenue requirement and rates using both the historical amounts in Schedule A and the adjusted amounts in Schedule B.

SCHEDULE C: COST OF CAPITAL

For Privately Owned Distribution Utilities:

This schedule shall calculate the utility's rate of return on rate base as the utility's weighted average cost of capital at the end of the Historical Test Year. In calculating the weighted average cost of capital, the schedule shall use the utility's capital structure, weighted average cost of debt, and weighted average cost of preferred stock as revealed in the marketplace, as well as the weighted average cost of equity calculated according to one of two methods. As one method for calculating the weighted average cost of equity, the utility may propose a cost of equity sufficient to attract capital in the marketplace, providing support to justify its assertion that the proposed cost of equity is reasonable.

The utilities shall also file all details on any dividend payments made to investors over the past three years including total dividend dispersal, dividend per share, and number of outstanding shares at the time of dispersal.

For Electric Cooperatives:

This schedule shall provide a detail summary of all components of total electric cooperative debt service. The electric cooperative shall also provide all supporting documentation including any reports submitted to NEA or PSALM. The cooperative shall also include details for any proposal to include a percentage markup for investments including details on the proposed investments. Cooperatives may also propose an amount to cover costs associated with the provision of cash working capital.

SCHEDULE D: FUNCTIONALIZATION FACTORS

1. Provide a listing of functionalization factors and associated data, which shall include the following information for every factor used to assign costs to a function:
    a. A narrative description of the functionalization factor if code designation is used.
    b. The relative (decimal representations of percentages) amounts constituting the functionalization factors.

c. The absolute amounts constituting the factors. That is the data used as numerators and divisors in calculating the functionalization factors in b. above.

2. Provide workpapers and a narrative explanation to support the calculation of each functionalization factor listed in 1 above. To the extent that data provided elsewhere in this filing package are employed in directly developing the functionalization factors, workpapers shall be referenced directly to this data.
3. For direct assignment of costs, provide a narrative description of the justification for such assignment.

The following table lists default factors, which may be used to functionalize costs pursuant to General Instructions. For accounts, which do not appear in this table, it is assumed that all costs will be functionalized pursuant to General Instructions.

This table is for reference and summary purposes only. Specific instructions given elsewhere in this rate-filing package control over any summary information presented in this table. Where one or more of the five functions (generation (GEN), transmission (TRAN), distribution (DIST), supply (SUP), and metering (MET)) is listed in the Functionalization Factor column, the costs in that account shall be assigned exclusively to the function(s) listed. The remaining functionalization factors in the table below are defined as follows:

C902_3	Composite allocator, comprised of accounts 902 and 903
DISTMAX	DIST Maintenance Composite allocator, comprised of accounts 591-598.1
DISTOPX	DIST Operations Composite allocator, comprised of accounts 581-587, and 589
PAYROLL	Total Payroll
PAYXAG	Payroll, excluding Administrative and General Salaries
PLTXGNL-N	Net Plant, excluding General Plant
PLTSVC-N	Net Plant in Service
PLTSVC-NX	Net Plant in Service, excluding Intangible Plant
TOMXFP	Total Operations and Maintenance Expenses, excluding Fuel and Purchased Power
TOTREV	Total Revenue Requirement
TRB	Total Rate Base

[***Account numbers conform to the*** *Rural Electric Cooperatives Accounting Manual*, Issued June 1992 by the National Electrification Administration.***]***

AccountDESCRIPTIONSUBACCOUNTFUNCTIONALIZATION FACTOR301-303 Intangible AssetRevenue-Related Items**TOTREV301-303**Intangible AssetPlant-Related Items**PLTSVC-NX310-346**Production Plant**GEN350-359**Transmission Plant**TRAN360-369**Distribution Plant**DIST370**Meters**MET373**Street Lights**DIST389-391**Land, Structures, Office Furniture**PAYROLL395**Laboratory Equipment**PLTXGNL-N396**Power Operated Equipment**PLTXGNL-N546-557**Power Production O&M Expenses**GEN560-573**Transmission O&M Expenses**TRAN580**Operation Supervision and Engineering**DISTOPX581-584**Loading Dispatching**DIST585**Non-roadway and security lighting**DIST585**Street Lighting**DIST586**Meter Expenses**MET588**Rents**DISTOPX589**Misc. Distribution Expenses**DISTOPX590**Maint. Supervision and Engineering**DISTMAX591-595**Maint. Of Structures**DIST596**Maint. Of Street LightsNonroadway Security Lighting**DIST596**Maint. Of Street LightsOther 596**DIST597**Maint. Of Meters**MET598**Maint. Of Misc. Dist. O&M**DISTMAX901**Supervision**C902_3902**Meter Reading Expense**MET903**Customer Records and Collection ExpensesCollection Expenses**MET903**Customer Records and Collection ExpensesCustomer Records**SUP905**Informational Advertising**SUP907**Consumer Prompt Pmt Discount**SUP920-922**A&G Salaries**PAYXAG923**Outside Services**TOMXFP924**Property Insurance Expense**PLTSVC-N925**Injuries and Damages**PAYXAG926**Pensions and Benefits**PAYXAG927**Regulatory Expenses-general**TOTREV931**Rents**PAYXAG932**Maint. of Office and General Plant**PLTXGNL-N934-938**Misc. General Expense**PAYXAG**

Schedule E: Historical Test Year Billing Determinants AND CUSTOMER CLASS ALLOCATION

(No specific spreadsheet format is provided; however, certain summary components of Schedule E are contained in the spreadsheet Model.) The sub-schedules of E provide some direction in the presentation of billing determinants and customer class allocation used by the utility for final development of rates.

Sub-schedule E-1: System data

All data series shall be in column vector form, that is, one data series per column. Clearly label each data series.
References to "system peak" indicate the peak of the distribution utility system.

A. Provide the following Historical Test Year data by rate class. If adjustments to these data are performed by geographic divisions, provide the data by division.

1. Average number of customers.
2. Year-end number of customers.
3. Historical Test Year kWh (unadjusted) sales.
4. Increase or decrease in kWh sales due to adjustment for changes in customer composition and/or for changes in the number of customers.
5. Increase or decrease in kWh sales due to adjustments other than for the effects of customers (e.g. reclassification of customers), reflecting each adjustment separately.
6. Total adjusted kWh sales.

B. Provide the data in A(3) through A(6) above by month of the Historical Test Year.

C. Provide the following unadjusted Historical Test Year data by rate class for each month of the Historical Test Year:

1. Coincident peaks at the source (busbar) and at the meter at time of system peak.
2. Non-coincident (class) peaks at the source (busbar) and at the meter.
3. Energy sales at the source (busbar).
4. Energy sales by voltage level at the meter.
5. Monthly class coincidence and load factors based on load research analysis for the Historical Test Year and for the three previous years.

Information supplied may represent estimates if the utility is unable to provide actual data.

D. Provide the following adjusted Historical Test Year data by rate class for each month of the Historical Test Year.

1. Coincident peaks at the source (busbar) and at the meter at time of system peak.
2. Non-coincident (class) peaks at the source (busbar) and at the meter.
3. Energy sales at the source (busbar).
4. Energy sales by voltage level at the meter.
5. Monthly class coincidence and load factors based on load research analysis for the Historical Test Year and, if records allow, for the three previous years.

E. Provide the system load factor for the Historical Test Year and for each month of the Historical Test Year. That is, the ratios of average system load to system peak load.

F. Any adjustments made to Historical Test Year kW billing demand and the adjusted kW billing demands to which these adjustments are performed. Provide these data by rate class.

G. Provide a narrative explanation for all adjustments made to Historical Test Year operating statistics provided above.

H. Provide total system, peak demand and peak demand by rate class for the Historical Test Year and for each month of the Historical Test Year at time of system peak.

I. Using unadjusted Historical Test Year kWh provide the total system percentage break down of rate class sales in each revenue class.

Sub-schedule E-2: Customer Adjustments

A. Provide monthly Historical Test Year number of customers by rate class. Also provide monthly data by franchise area, if applicable.

B. For each rate class, explain the methodology by which customer adjustments are performed. Provide sample calculations for each rate class.

C. Provide all data necessary to reproduce the proposed customer adjustments, if not already provided.
Revenue Impacts of Adjustments

D. Provide the following Historical Test Year data on revenue impacts of kWh sales and kW demand adjustments by rate class. Also provide data by jurisdiction if kWh sales and kW demand adjustments are performed on this basis. The total adjusted revenues provided in this Schedule shall correspond to the total adjusted revenues

1. Unadjusted Historical Test Year revenues, showing the fuel and non-fuel components separately.
2. Revenue associated with any rate annualization adjustments, showing fuel and non-fuel components separately.
3. Revenues associated with kWh customer adjustments, showing fuel and non-fuel components separately.
4. Revenues associated with kW customer adjustments, showing fuel and non-fuel components separately.
5. Revenues associated with other kWh adjustments, showing the revenues associated with each adjustment individually, listing fuel and non-fuel components separately.
6. Revenues associated with other kW adjustments, showing the revenues associated with each adjustment individually, listing fuel and non-fuel components separately.
7. Total adjusted revenue, showing the fuel and non-fuel components separately.

E. Provide a narrative explanation of the methodologies used to calculate the revenue items in this schedule.

Sub-schedule E-3:

The utility shall file an embedded cost of service study at a proposed rate of return and workpapers necessary to support such a study. The study shall show the functionalization of the utility's investments, expenses and other operating revenues and show the allocation of such items to individual rate classes for the transmission, distribution, generation, supply, and meter functions. These schedules shall be filed in Microsoft Excel.

Sub-schedule E-4: Class Cost of Service Analysis

A cost of service analysis, for the Historical Test Year shall be completed to show the allocation of rate base, expenses and other operating revenues to the transmission, distribution, generation, supply, and metering functions.

Sub-schedule E-5: Class Allocation Factors

1. Provide a listing of allocation factors and associated data, which shall include the following information for every factor, used to assign costs to a rate class:

a. The designation of the class allocation factor.
b. A narrative description of the allocation factor if code designation is used.
c. The relative (decimal representations of percentages) amounts constituting the allocation factors.
d. The absolute amounts constituting the factors

Schedule F: Rate Design

(No specific spreadsheet format is provided; however, certain summary components of Schedule F are contained in the spreadsheet Model.)

Sub-schedule F-1: Revenue Summary
Provide the following in tabular form by rate class and for the system for the test year for each of the following:

Column 1- Historical Test Year base rate revenue requirement total of the five functions.
Column 2 - Historical Test Year Transmission base rate revenue requirement.
Column 3 - Historical Test Year Distribution base rate revenue requirement.
Column 4 - Historical Test Year Generation base rate revenue requirement
Column 5 - Historical Test Year Supply base rate revenue requirement
Column 6- Historical Test Year Metering base rate revenue requirement

Sub-schedule F-2: Proposed Charges for Other Services

Sub-schedule F-3: Rate Class Definition

a. Provide present and proposed rate classes and designations. Indicate present rate classes corresponding to proposed rate classes.
b. Provide the utility's proposed cost justification for the creation of proposed new rate classes and fully explain any deviation from cost causation principles.

Sub-schedule F-4: Load Research Data

a. For any rate class for which hourly demand data (or demand data for intervals shorter than one hour) is available for each customer in the class, provide the following information for each month of the Historical Test Year:
    1. Sum of customer non-coincident maximum demand.
    2. Rate class peak demand.
    3. For distribution utilities, which cannot obtain system coincident demand data, provide estimated contribution to system billing demand.
b. For any rate class for which hourly demand data (or demand data for intervals shorter than one hour) is available for a sample of customers, provide the following in tabular form by sampling strata for each month of the Historical Test Year:

Column 1 - Strata bounds as defined by the utility. (For example, a range of demand (kw)).
Column 2 - Number of meters in sample.
Column 3 - Average kWh consumption.
Column 4 - Customer non-coincident maximum demand.
Column 5 - Contribution to rate class peak demand.
Column 6 - Contribution to system peak demand or, for distribution utilities, which cannot obtain system coincident demand data, estimated contribution to system billing demand.

Provide a bill frequency study for rate classes for which the above tabular information in (b) has been provided. The bill frequency shall relate customers in a rate class population to the rate class strata. A bill frequency block shall be entirely contained within a single stratum boundary. One stratum may be

comprised of more than one bill frequency block. This information may also be used in evaluating the Lifeline Rate consumption level.

Describe the method by which the "Contributions" shown in Columns 5 and 6 above were obtained from the load research data.

c. For rate classes for which information has not been provided in (a) and/or (b) above, provide a description of the methodology used to develop demand estimates, including the sources of any data used to develop these estimates.

Note: The kW demands requested are defined as follows:

Customer Non-coincident Maximum Demand - For each stratum, this shall be the average of the customers' maximum demand, regardless of time of occurrence.

Contribution to Rate Class Peak Demand - For each stratum, this shall be the average of the customers' diversified demand coincident with the time of rate class peak. The rate class peak is defined as the time at which the weighted average diversified demand of all sampled customers for the rate class is at its peak.

Contribution to System Peak Demand - For each stratum, this shall be the average of the customers' diversified demand coincident with the time of system peak.

Sub-schedule F-4: Justification for Consumption Level-Based Rates

Provide the utility's proposed cost justification for consumption level-based rates. A consumption level-based rate is characterized by a charge per kWh based upon a given customer's consumption level over some time interval. Declining block, inverted block, and block extender rates are examples of consumption level-based rates.

Sub-schedule F-5: Proof of Revenue Statement

Provide a proof of revenue statement (sometimes known as a pro forma revenue statement) showing expected or estimated adjusted billing units, proposed prices, and the resulting base rate revenue and fuel revenue for the proposed rate classes for each of the five functions. The result shall show total expected revenue by rate class and shall conform to the requested revenue by rate class. The sum over all the rate classes and functions shall equal the total requested revenue of the utility. The total adjusted kWh sales used in this proof of revenue statement shall correspond to the total adjusted kWh sales.

Estimates of billing units are acceptable. Alternative data, such as pro forma adjustments to revenues rather than billing units, may be allowed to substantiate the recovery of proposed revenue as long as a narrative explanation of the derivation of the revenue adjustments from the kWh adjustments and customer adjustments. In all cases, enough information must be provided so as to allow for the derivation of reasonably accurate prices under alternative class revenue targets and alternative class kWh sales. The utility may reserve the right to use actual billing records for final rate determination purposes.

Sub-schedule F-6: Rate Design Analysis Data

Provide estimated billing determinants, for peak and off-peak periods as defined by the utility's proposed tariffs, for all classes for which hourly demand data (or demand data for intervals shorter than one hour) is available for customers collectively accounting for over 50 percent of class sales.

Schedule G: Affiliate Data

(Format of Schedule G should follow that of previous schedules where applicable.) Schedule G covers services sold to an affiliate by the distribution utility and services sold by an affiliate to the distribution utility.

General Instructions for Affiliate Schedules

1. The affiliate filing requirements apply to both electric utilities and cooperatives.
2. The definition of generation, transmission, distribution, and supply costs for purposes of this filing shall be coordinated and consistent with the definitions of these sectors in the RA9136.

3. For purposes of this filing, generation, transmission, distribution, and supply costs shall include generation-related, transmission-related, distribution-related, and supply-related costs, *e.g.*, generation-related, transmission-related, distribution-related, and supply-related administrative and general (A&G) costs.
4. The term "per book" is the Historical Test Year without pro-forma adjustments.
5. The term "net requested" amount for an item is the Historical Test Year with pro-forma and represents the revenue requirement on which the revised rates are to be set.
6. The term "affiliate" shall have the meaning set forth in RA 9136, Sec. 45.
7. In accordance with RA 9136, Sec. 45 no generation or distribution company may have an affiliate relationship with TRANSCO.
8. For purposes of this filing affiliate information must be presented in sufficient detail to enable the Commission to evaluate compliance with the applicable portions of RA 9136, Sec. 45.

Sub-Schedule G-1 Provide a schedule showing affiliate expenses by account grouped and subtotaled by class of items for the Historical Test Year.

Sub-schedule G-2 Provide a schedule showing affiliate expenses listed by affiliate by account on a per book basis; specific pro-forma adjustments; and on an adjusted basis for the Historical Test Year.

Sub-schedule G-3 Provide an organization chart for the utility system showing both regulated and non-regulated affiliates as of the end of the Historical Test Year.

Sub-schedule G-4 Provide a description of types of services provided by other affiliates to the utility for the Historical Test Year.

Sub-schedule G-5 Provide a schedule showing capital projects by affiliate amounts closed to plant-in-service as of the end of the Historical Test Year since the last base rate case or four years, whichever is shorter, unless ordered otherwise, and a discussion of the significant projects based on amount or project category.

Sub-schedule G-6 Provide for each class of affiliate charges in the Historical Test Year, this schedule will show the categories of services included in the affiliate generation, distribution, and supply costs; the amount in the Historical Test Year; a discussion of necessity and reasonableness of the services/costs; and a "no higher than" standard analysis.

Sub-schedule G-7 This schedule shall detail per book affiliate expenses to other affiliate companies by account. This schedule format shall list the affiliate company providing the identified service.

Sub-schedule G-8 This schedule shall consist of a description of the affiliate billing process, including the manner in which costs are recorded by project/activity code or work order and the process by which costs are allocated to each affiliate. This schedule shall include allocation formulas and their derivations for the Historical Test Year.

Sub-schedule G-9 This schedule shall describe controls that are in place during the Historical Test Year to ensure appropriate billing for affiliate services. These controls shall include (but shall not be limited to) controls related to internal audits, external reviews, frequency with which allocation formulas are updated and internal procedures for challenges to affiliate expenses billed (such as billing review committees and processes for correction of billing errors).

Sub-schedule G-10 This schedule shall show the billing methods used by affiliates to bill net requested generation and distribution costs to the utility.

Sub-schedule G-11 This schedule shall show the amounts and percentages of each expense by function billed to the utility and each affiliate for each billing method.

Sub-schedule G-12 Pursuant to RA9136, Section 26, the distribution utility shall specify all distribution related businesses and report the computation of net income associated with such related business.

Workpapers shall be provided to show the calculation of the net requested affiliate amounts in the level of detail necessary for the Commission and other parties to duplicate and track the calculation of the costs utility has presented for recovery. These workpapers shall include but shall not be limited to: a description of the manner in which the affiliate costs and schedules are presented; affiliate costs by witness, by class and by project/activity code or work order; project/activity or work order summaries; affiliate billings by account and class; affiliate billings by class and project/activity code or work order; and affiliate billings by class, account and by project/activity code or work order.

Guiding Principles

1. To the extent that the affiliate standard is applicable in this filing, it shall only be applied to the following costs: generation, transmission, distribution, and supply costs. However, the Commission and other parties will be provided the affiliate costs charged to other functions as well as other affiliates.
2. Generation, transmission, distribution, and supply costs are to be presented in a sufficient number of classes (*e.g.*, generation operations, generation maintenance, distribution operations, distribution maintenance, (accounts 500 - 554, accounts 560 - 598,) or other logical groupings of services) to allow appropriate evaluation by the Commission.
3. The following are examples of the types of evidence that may be presented to support the utility's burden of proof for the recovery of affiliate costs:

a. Historical cost trends;
b. Process improvements aimed at achieving efficiency;
c. Benchmark data. It is acknowledged that benchmark comparisons may not be available for **all** generation, transmission and/or distribution-related costs. To the extent that certain relevant costs are not included in the benchmark data used for comparison purposes, other evidence may be provided to address those costs.
d. Outsourcing results
e. Proof of customer benefit;
f. A showing that services are not duplicated at the utility;
g. Comparison of Historical Test Year costs to costs that would be expected if the utility were a stand-alone company;
h. Cost control processes (e.g., budget, billing, audits); reviews by independent third parties;
i. Operational performance statistics; information regarding quality of management;
j. Service performance metrics;
k. Other government agency data.

The items listed above are for illustrative purposes only; the utility shall provide whatever information is necessary to meet its burden of proof.

Generation, transmission, distribution, and supply expenses will include an assignment/allocation of amounts (hereinafter referred to as "assigned expenses") not recorded in generation and distribution expense Accounts 500-554 and 560 - 598 (e.g., A&G accounts 920 - 935). The expenses accumulated under accounts 920-935 shall be aggregated in classes, with sufficient detail provided to enable the Commission to evaluate.

Schedule H: Cross-Subsidies

(No specific spreadsheet format is provided.) This schedule shall present the following information on the calculation of interclass cross-subsidies inherent in existing rates including allowed system losses.

Note: If total company revenue requirement proposed by the utility in this filing exceeds total company revenue produced by existing rates, then existing rates shall be normalized by increasing all existing rates by a uniform percentage equal to the percentage total revenue increase proposed. Such normalization does not alter the nature of cross-subsidies in existing rates but provides an adjustment for comparable calculations based on current costs and cost-based class rates. The term "existing rates" as used below shall refer to the normalized existing rates.

Sub-schedule H-1: Summary Interclass Cross-subsidy Schedule.
This schedule shall present the total revenue requirement by each customer class based on earlier schedules in this filing, the total revenues by each customer class under existing rates, and the differences between the two values. The sum of any differences indicating under-recovery of class revenue requirement using existing rates shall be presented as the utility's calculation of the gross interclass cross-subsidy. This method of measurement is subject to modification following deliberation by the commission in this or any future case but is used here as the initial estimate of cross-subsidy.

Sub-schedule H-2: Proof of Revenue using Existing Rates
The utility shall provide a proof a revenue schedule in the same format of Schedule F-5 demonstrating the accuracy of the total expected revenues under existing rates by customer class used in Schedule H-1.

Sub-schedule H-3: Lifeline Rate Customer Class Revenue
This schedule shall present that portion of the revenue differences presented in sub-schedule H-1 that can be attributed to the lifeline rate customer class for alternative consumption thresholds. For filing purposes only, the utility shall presume the lifeline rate to equal existing rates and determine the lifeline class portion of revenue difference based on three possible alternative consumption levels. The utility shall file all workpapers and data supporting the lifeline revenue calculations. This particular filing requirement in no way predetermines the Commission ultimate decision in regard to lifeline rates or consumption levels.

Sub-schedule H-4: Inter-grid and Intra-grid Cross Subsidies

The National Power Corporation shall also provide calculations of Inter-grid and Intra-grid cross subsidies using a methodology consistent with that specified for sub-schedule H-1.

Schedule I: Transmission and Distribution Utility Customer Services

(No specific spreadsheet format is provided.) This schedule shall present the following information for each transmission and distribution utility customer service.

Column (1) Name and brief description of each service or activity the utility proposes to include within this function.
Column (2) Brief justification for the transmission and distribution utility's provision of this service
Column (3) Average annual cost for the provision of this service, including but not limited to, directly assigned or allocated costs associated with personnel, corporate support and related services, computer systems, administrative/operations/maintenance expenses, and all other assets/expenses related to the provision of this service.
Column (4) Accounts (Costs) (these accounts denote the location of the booked cost)
Column (5) Explanation indicating whether the cost for this service is an allocated or directly assigned amount. If allocated, include a detailed description of the allocation methodology used.

SCHEDULE J: SYSTEM LOSSES

(No specific spreadsheet format is provided.) This schedule shall propose separate technical and non-technical system losses caps by customer class. Supporting data shall include all detailed system loss information from the past five years and any applicable engineering studies. The utility shall also provide calculations of all costs directly attributed to system losses. The utility shall calculate rate components for

the recovery of costs associated with system losses in a fashion separate and distinct from other rates. The Commission will decide the amount of system losses costs to be recovered from customer rates.

The utility shall also provide a plan to reduce system losses over the next five years. The plan should specifically include any costs and/or investments required to attain such reductions.

SCHEDULE K: RATE SCHEDULES

(Sample rate schedules provided at www.doe.gov.ph). Both retail and distribution wheeling rate schedules shall be provided for all proposed rate classes. The proposed rate class designations shall, to the extent possible, be based on voltage and/or other technical characteristics except that the utility must include a separate residential class and a street lighting class.

SCHEDULE L: NON-RECURRING RATES

(No specific spreadsheet format is provided.) This schedule shall present any proposed non-recurring rates including all historic test year cost information and studies supporting the non-recurring rates.