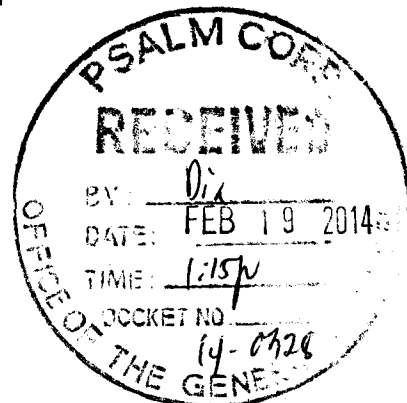


Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City

IN THE MATTER OF THE
PETITION FOR THE TRUE-UP
ADJUSTMENTS FOR THE
NATIONAL POWER
CORPORATION'S STRANDED
DEBTS PORTION OF THE
UNIVERSAL CHARGE FOR THE
LUZON, VISAYAS AND
MINDANAO GRIDS FOR
CALENDAR YEARS 2011 AND
2012, WITH PRAYER FOR THE
ISSUANCE OF PROVISIONAL
AUTHORITY



ERC CASE NO. 2013-195 RC

POWER SECTOR ASSETS AND
LIABILITIES MANAGEMENT
CORPORATION (PSALM),
Petitioner.

DOCKETED
Date: FEB 19 2014
By: [Signature]

X ----- X

ORDER

On October 1, 2013, the Power Sector Assets and Liabilities Management Corporation (PSALM) filed a petition for the true-up adjustments for the National Power Corporation's (NPC) Debts Portion of the Universal Charge (UC) for Luzon, Visayas and Mindanao Grids for Calendar Years (CY) 2011 and 2012, with prayer for the issuance of provisional authority.

In the said petition, PSALM alleged, among others, the following:

1. The instant petition is pursuant to Republic Act No. 9136 (R. A. No. 9136) or the Electric Power Industry Reform Act of 2001 (EPIRA), its Implementing Rules and Regulations (IRR) and the Amended Rules for Recovery of NPC Stranded Contract Costs and Stranded Debts Portion of the Universal Charge (Amended Rules for Recovery) adopted by the Commission in its Resolution No. 02-2011 dated February 7, 2011;

2. Article VIII of said Amended Rules for Recovery provides that true-up adjustment shall be done on an annual basis through submission to the Commission (ERC) on or before the 15th day of March of every year of a detailed Variance Analysis Report (VAR) certified by an Independent Third Party auditor as well as the relevant documents to support true-up adjustments as part of the VAR. The VAR shall be the basis by which the Commission will approve inclusion of any under recovery in the current year's level of NPC Stranded Debts (SD) avilment of the Universal Charge (UC) or mandate a reimbursement due to over recovery by way of reduction in the current year's level of NPC's SD of the UC (UC-SD);

3. In its letter dated March 6, 2012, it sought clarification from the Commission on the filing of the true-up adjustments for the years 2011 and 2012 inasmuch as its petition for recovery of the UC-SD filed on June 28, 2011 was pending before the Commission. Further, it requested an extension of the deadline for the filing of the true-up adjustments for UC-SD, from March 15, 2012 to June 30, 2012 in the event the Commission will require PSALM to file said true-up adjustments. On March 21, 2012, it received a copy of the Commission's letter dated March 13, 2012, wherein it stated that it need not file its VAR and the true-up adjustment considering that the petition for recovery of the UC-SD for 2011 is still pending before the Commission. The Commission instead required PSALM to submit an update of the UC-SD as of December 31, 2011. The copies of its letter dated March 6, 2012, and the Commission's letter-reply dated March 13, 2012 are attached to the instant petition as annexes;

4. For its true-up adjustments covering the years of 2011 and 2012, it requested, in a letter dated March 7, 2013 addressed to the Commission, an extension from the March 15, 2013 deadline to June 30, 2013. Further extension until July 31, 2013 was again requested on May 28, 2013. On June 7, 2013, the Commission granted the request to file the UC-SD true-up adjustment petition on or before July 31, 2013. The copies of its letters dated March 7, 2013 and May 28, 2013 and the corresponding approval by the Commission dated June 7, 2013 are attached to the instant application as annexes;

5. In a letter dated July 17, 2013, it requested the Commission for another extension of the deadline to file UC-SD true-up adjustments for a period of sixty (60) days from July 31, 2013 or until September 29, 2013. The Commission, in a letter dated July 31, 2013, granted said request for extension and directed the petitioner to file said petition/s on or before September 29, 2013 without further extension. The copies of its letter and Commission's letter-reply are attached to the instant petition as annexes;
6. Considering that September 29, 2013 falls on a Sunday, therefore the last day of filing of the instant petition for True-Up Adjustments shall be the next working day, which is Monday, September 30, 2013, hence, the timely filing of the instant petition within the extension granted by the Commission;
7. Its principal mandate is to manage the orderly sale, disposition, and privatization of NPC generation assets, real estate and other disposable assets, and IPP contracts with the objective of liquidating all NPC financial obligations and stranded contract costs in an optimal manner¹. To attain its objectives, it shall, among others, [i] calculate the amount of the stranded debts and stranded contract costs of NPC which shall form the basis for the Commission to determine the universal charge and [ii] liquidate the NPC stranded contract costs, utilizing the proceeds from sales and other property contributed to it, including the proceeds from the universal charge;
8. Its responsibility is to calculate the amount of SD of NPC that can be recovered through the UC, subject to the review and approval by the Commission.² The recovery of NPC SD through the UC shall be uniform to all the end-users³;
9. It is likewise responsible for initiating true-up adjustments through the submission of the VAR certified by an Independent Third Party Auditor as well as the calculation and collation of supporting documents for UC-SD⁴;

¹ Sec. 50, EPIRA

² Article V, Amended Rules for Recovery

³ Section 1, Article V, Amended Rules for Recovery

⁴ Article VIII, Amended Rules for Recovery

NPC'S STRANDED DEBTS

10. The SD of NPC refers to "any unpaid financial obligations which have not been liquidated by the proceeds from the sales and privatization of NPC assets". The NPC SD shall be equivalent to the Gross Debt Service (GDS)⁵, net of the calculated projected Privatization Proceeds⁶ (PP), projected cash flow from NPC's operations⁷ (PO) and National Government absorption⁸ shown in the formula below:

$$UCSDR = \left(\frac{GDS - PP - NGA}{\sum_{i=B-1}^N Projected\ Energy\ Sales_{B_i}} \right) - \left(\frac{PO}{Projected\ Sales_t} \right)$$

Where:

- UCSDR** = UC-SD rate base, in PhP/kWh
- GDS** = Gross Debt Service
- PP** = Privatization Proceeds
- NGA** = National Government Absorption
- PO** = One-year projected net proceeds from operations of NPC and TRANSCO
- B** = Base year, i.e. 2010
- N** = Number of years of recovery
- T** = Filing year, i.e. B+1

11. In its Decision dated January 28, 2013 in ERC Case No. 2011-092 RC, the Commission disapproved the UC-SD petition and set the UC-SD to zero (0) stating that the allowable UC-SD for CY 2011 can be fully recovered and paid from the proceeds of NPC's operation;
12. The Commission derived and considered the following amounts as basis for its Decision (PhP amounts in Millions):

⁵ Article V, Section 2

⁶ Article V, Section 4

⁷ Ibid

⁸ Article V, Section 5

$$\begin{aligned}
 \text{UCSDR} &= \left[\frac{\text{PhP } 539,915.37 - \text{PhP } 473,836.21 - 0}{1,230,000 \text{ gWh}} \right] - \left[\frac{\text{PhP } 8,114.01}{60,703 \text{ gWh}} \right] \\
 &= \left[\frac{\text{PhP } 66,079.16}{1,230,000 \text{ gWh}} \right] - \left[\frac{\text{PhP } 8,114.01}{60,703 \text{ gWh}} \right] \\
 &= \left[\text{PhP } 0.0537/\text{kWh} \right] - \left[\text{PhP } 0.1337/\text{kWh} \right] \\
 &= -\text{PhP } 0.0800/\text{kWh}
 \end{aligned}$$

13. The Commission further stated in the said Decision that its disapproval is without prejudice to the filing of the annual true-up adjustments for the recovery of the succeeding UC-SD⁹;

VARIANCE ANALYSIS REPORT FOR CY 2011 AND CY 2012

14. To support the true-up adjustments for CYs 2011 and 2012, it submitted to the Commission the VAR which contains, at the minimum, the following: (a) Quantity Variance; (b) Cost Variance; and (c) Sum of the Cost Variance and Quantity Variance translated in absolute peso amount¹⁰. The data/numbers used in the calculation of the Quantity Variance (QV), Cost Variance (CV) and the True-Up Adjustment/Under Recovery are the same data/numbers which have been certified correct by the Commission on Audit (COA);

(a) Quantity Variance

15. The QV refers to the difference between the billing determinant used pursuant to the said Decision and the actual kWh sales to end-users. This will be the QV in kWh sales;
16. The QV in absolute peso amount shall be derived by multiplying the QV in kWh sales with the Commission-approved UC-SD Rate (in PhP/kWh). Under the said Decision, the recoverable UC-SD was set to zero (0), thus, QV in absolute peso amount will be zero (0) regardless of the QV in kWh sales that will be computed. Therefore, the QV (in PhP) is zero;

⁹ Page 29, ERC Decision dated 28 January 2013.

¹⁰ Section 3, Article VIII, Amended Rules for Recovery

(b) Cost Variance

17. CV refers to the difference in the:
- a) The estimated costs considered by the Honorable Commission in establishing the approved level of the UC-SD covering Gross Debt Service (GDS), Proceeds from the sale of assets or equity (PP); and Projected Net Cash Flow from Operating and Investing Activities of NPC (excluding NPC-SPUG) (PO); and
 - b) The actual costs covering GDS, PP and PO.

**(b) (i). Estimated Costs under the ERC Decision
in ERC Case No. 2011-092 RC**

18. For the estimated costs considered by the Commission in establishing the approved level of the UC-SD, the Commission set the recoverable UC-SD to zero (0), thus the values of estimated costs shall also be zero (0). As such the CV will necessarily be equivalent to the actual costs covering GDS, PP and PO;

(b) (ii). Actual costs for CYs 2011 and 2012

Gross Debt Service

19. It's total financial obligations serviced/paid in CYs 2011 and 2012 consist of debt maturities (principal portion and corresponding interest, guarantee fee and other charges) and BOT lease obligations (capacity fees of eligible and ineligible IPP contracts) due for the said years;
20. For CY 2011 and CY 2012, the total debts and BOT lease obligations serviced are summarized in the table below:

Particulars	CY 2011	CY 2012
NPC's outstanding financial obligations as of effectivity of EPIRA	38,894,581,166.53	37,258,472,647.69
Of Which: Lease Obligation of eligible and non-eligible IPPs	29,395,025,258.82	28,209,798,432.36
New loans contracted by NPC after the effectivity of EPIRA	34,446,907,015.90	18,067,341,987.54
Loans incurred by PSALM in behalf of NPC	15,284,056,459.35	15,436,968,061.28
Loans contracted by TRANSCO prior to its privatization	0	0
Other obligations	80,762,370.95	164,417,789.85
Total Debt Service	88,706,307,012.73	70,927,200,486.36

21. Pursuant to Section 2, Article V of the Amended Rules for Recovery, the financial obligations that shall be included as part of the GDS, are as follows:

- a. NPC's outstanding financial obligations as of the effectivity of R.A. 9136;
- b. New loans contracted by NPC after the effectivity of R.A. 9136;
- c. Loans incurred by it in behalf of the NPC; and
- d. Loans contracted by TRANSCO prior to its privatization;

22. On the other hand, the financial obligations that shall be excluded¹¹ for the purpose of this UC-SD true-up filing are: a) All loans pertaining to NPC-SPUG¹²; b) Loans contracted by TRANSCO's concessionaire; c) Loans incurred by it in behalf of TRANSCO's concessionaire; d) Capacity fees (and other costs) related to Eligible IPP contracts; e) All other loans incurred by it; and f) All financial obligations assumed by the National Government;

23. Consistent with the said Decision, Capacity Fees/Lease Obligations of IPP contracts not eligible for recovery under Stranded Contract Costs (SCC) (Lease obligation of non-eligible IPPs) shall be included as part of the GDS under NPC's outstanding financial obligations as of the effectivity of the EPIRA;

¹¹ Section 2, Article V of Amended Rules for Recovery

¹² NPC-SPUG debt service shall be included in the application for the UC-Missionary Electrification by NPC

24. For CYs 2011 and 2012, out of the total financial obligations serviced in 2011 and 2012 amounting to PhP88,706.31 Million and PhP70,927.20 Million, respectively, the corresponding actual GDS for SD purposes amounted to PhP58,036.93 Million and PhP45,573.50 Million, respectively, with details as follows:

GROSS DEBT SERVICE	2011	2012
NPC's outstanding financial obligations as of effectivity of EPIRA	20,658,948,601.95	19,300,123,126.69
Includes: Lease Obligation of non-eligible IPPs	13,154,567,255.66	12,292,788,206.90
New loans contracted by NPC after effectivity of EPIRA	26,410,905,494.17	15,190,499,424.07
Loans incurred by PSALM in behalf of NPC	10,967,076,500.53	11,082,874,963.85
Loans contracted by TRANSCO prior to its privatization	0	0
TOTAL GDS	58,036,930,596.65	45,573,497,514.61

25. The Actual GDS for CYs 2011 and 2012 were derived/carved out of the total financial obligations (debts and lease obligations of all IPP contracts) actually serviced/paid by it for said years. It determined the recoverable GDS using an allocation factor for each loan based on the percentage of utilization (SD Percentage) of loan proceeds for generation/transmission/other power assets and non-eligible IPPs which are all eligible as SD. These SD Percentages were utilized in the calculation of the allowable/recoverable GDS considered by the Commission in its January 28, 2013 Decision. The same SD Percentages for each loan were applied on the total actual payments of the principal portion and the corresponding interest, guarantee fee, and other charges to arrive at the actual recoverable GDS under the SD for CYs 2011 and 2012;

26. For loans the proceeds of which have not yet been fully utilized, the SD Percentage may vary year-on-year and will only be fixed once the loan proceeds have been fully utilized. This applies particularly to new loans incurred by it in behalf of NPC;

27. Consistent with the said Decision, the lease obligations of non-eligible IPP contracts included as part of the GDS under NPC's outstanding financial obligations as of the effectivity of the EPIRA¹³ are capacity fees for: (i) San Roque; (ii) Bakun; (iii) Ilijan; (iv) Kalayaan 3 and 4; (v) Mindanao Coal/STEAG;

Privatization Proceeds (PP)

28. For CY 2011 and 2012, actual revenue realized by it from privatization proceeds amounted to PhP23,081.45 Million and PhP23,547.13 Million, respectively, breakdown of which are shown below:

PRIVATIZATION PROCEEDS	2011 (PhP)	2012 (PhP)
Sale of Assets or Equity	672,136,474.27	169,216,863.80
Privatization of Non-eligible IPP Contracts	9,395,951,922.09	10,204,747,604.59
Sale of Sub-Transmission Assets	0.00	0.00
Concession Fee	13,013,357,491.80	13,173,166,344.43
TOTAL PRIVATIZATION PROCEEDS	23,081,445,888.16	23,547,130,812.82

Proceeds from NPC Operations (PO)

29. For the Revenue Components of the PO, revenues were generated from the operation of remaining generating assets and non-eligible IPPs which includes collection from basic generation charges (which already includes depreciation expense recovery) and the monthly automatic fuel and purchased power costs and foreign-exchange related costs, settlement in the Wholesale Electricity Spot Market (WESM), provision of ancillary services and other income. This excludes revenue deduction items such as the Prompt Payment Discount and Mandatory Rate Reduction.¹⁴ These revenues were based on the Results of Operation (ROO) for CYs 2011 and 2012;

¹³ Page 23 of the ERC Decision dated 28 January 2013

¹⁴ In accordance with Decision on ERC Case No. 2011-091 RC dated 28 January 2013

30. In addition to the revenues reflected in the ROO, the revenues from monthly foreign-exchange related costs (FxA) were added based on the Total FxA Adjustment allocated per Transition Supply Contract (TSC) Energy Sales of generating assets and non-eligible IPPs over the Total TSC Energy Sales of the Grid;
31. For non-eligible IPP contracts that were privatized, namely, San Roque, Ilijan and Bakun, revenues considered were the generation payments received from their respective IPP Administrators (IPPA);
32. For the Cost Component of the PO, this includes actual disbursements for the operation of the remaining generation assets and non-eligible IPPs such as fuel costs, purchased power costs¹⁵, energy purchased from the Philippine Electricity Market Corporation (PEMC), station use, pumping cost and other operating expenses which are all reflected in the ROO. It also includes Fixed Costs and Variable Costs of non-eligible IPP Contracts under IPPA. Attached are the Schedules of Fixed Costs under IPPA for CYs 2011 and CY 2012;
33. For CYs 2011 and 2012, actual PO amounted to PhP6,561.07 Million and PhP9,281.90 Million as summarized below:

PARTICULARS	2011 (PhP)	2012 (PhP)
Revenue	70,022,991,553.60	74,765,132,084.49
Costs	(63,461,924,208.73)	(65,483,235,920.06)
PO	6,561,067,344.87	9,281,896,164.43

Cost Variance Computation

34. Thus, CV for CYs 2011 and 2012 amounted to PhP28,394.42 Million and PhP12,744.47 Million, respectively, as shown in the tables below:

¹⁵ Reflected as Fixed O&M- Other Power Supply, Other Power Supply and OMSC in the ROO

Particulars	2011 Actual Costs	SD Approved for Recovery	2011 Cost Variance
GDS	58,036,930,596.65	0	58,036,930,596.65
Less: PP	23,081,445,888.16	0	23,081,445,888.16
Less: PO	6,561,067,344.87	0	6,561,067,344.87
SD	28,394,417,363.62	0	28,394,417,363.62

Particulars	2012 Actual Costs (PhP)	SD Approved for Recovery	2012 Cost Variance (PhP)
GDS	45,573,497,514.61	0	45,573,497,514.61
Less: PP	23,547,130,812.82	0	23,547,130,812.82
Less: PO	9,281,896,164.43	0	9,281,896,164.43
SD	12,744,470,537.36	0	12,744,470,537.36

**(c) UC-SD True-up Adjustments / Under Recovery
 For CYs 2011 and 2012 in Absolute Amounts**

35. In calculating the true-up adjustments/under recoveries for SD in absolute amount for CYs 2011 and 2012, it obtained the sum of the CV and QV¹⁶, as shown below:

Particulars	CY 2011	CY 2012
Cost Variance	28,394,417,363.62	12,744,470,537.36
Add: Quantity Variance	0.00	0.00
True-up Adjustments / Under Recoveries	28,394,417,363.62	12,744,470,537.36
TOTAL for 2011 and 2012	41,138,887,900.98	

36. A copy of the Variance Analysis Report for the UC-SD for CYs 2011-2012, certified by the COA, the Third Party Auditor, is also attached to the instant petition as annexes;

UC-SD TRUE-UP RATE

37. In determining the UC-SD True-up Adjustment Rate in PhP/kWh to be passed on to all electricity end-users, the calculated true-up adjustments/under recoveries for CYs 2011 and 2012 in absolute amounts were divided by the

¹⁶ Section 3, Article VIII, Amended Rules for Recovery

electricity sales forecast¹⁷ from January 2014 to June 2026 or a period of twelve and one-half (12.5) years based on the Department of Energy's (DOE) Power Development Plan (PDP) (2012-2030). The resulting rate is a total of PhP0.0382/kWh, as shown below:

PARTICULARS		2011	2012
True-up Adjustments/ Under Recoveries	PhP	28,394,417,363.62	12,744,470,537.36
Projected Energy Sales (from 2014-June 2016)	GWh	1,077,390	1,077,390
True-up Adjustment Rates	PhP/kWh	0.0264	0.0118
Total True-up Adjustment for CYs 2011 and 2012	PhP	41,138,887,900.98	
Total True-up Adjustment Rate for CYs 2011 and 2012	PhP/kWh	0.0382	

OUTSTANDING GDS

38. Pursuant to Section 3, Article V of the Amended Rules for Recovery, it shall use in the true-up computation the Recalculated Debt Service indicating the actual outstanding GDS as of 31 December 2011 and 2012, including lease obligations, as compared with the outstanding GDS as of December 31, 2010 considered by the Commission in its Decision to account for any adjustment on the Debt Service for reasons such as, but not limited to, NPC/PSALM's refinancing of existing debts. The Outstanding GDS as of December 31, 2010, 2011 and 2012 are shown herein below:

¹⁷ Section 7, Article 5, Amended Rules for Recovery

Particulars	As of Dec. 31, 2010	As of Dec. 31, 2011	As of Dec. 31, 2012
NPC's outstanding financial obligations as of effectivity of EPIRA (including Lease Obligations of non-eligible IPPs)	254,599,314,959.93	224,948,356,593.43	188,538,812,989.01
New loans contracted by NPC after the effectivity of EPIRA	84,198,969,399.53	55,879,998,689.75	38,520,280,419.69
Loans incurred by PSALM in behalf of NPC	201,117,089,895.25	260,665,134,370.16	311,414,890,696.11
Total GDS	539,915,374,254.70	541,493,489,653.33	538,473,984,104.81

39. The GDS balances were derived from the total outstanding financial obligations as of the end of the reported years. Out of the total outstanding financial obligations, it determined the outstanding GDS using the established SD Percentage for each outstanding loan amounts. Moreover, the outstanding lease obligations of non-eligible IPPs were included in the outstanding financial obligations;
40. The Inventory of Financial Obligations (Principal) as of December 31, 2011 and 2012, the Inventory of Financial Obligations (Interest, Guarantee Fee and Other Charges) as of December 31, 2011 and 2012, the Outstanding Lease Obligations as of December 31, 2011 and 2012 and the Details of the Outstanding GDS as of December 31, 2011 are attached as annexes of the instant petition;
41. In compliance with Section 4(e) of Rule 3 of the EPIRA-IRR and the Commission's Resolution No. 38-2006, a copy of the instant petition (including Annexes) was furnished the Sangguniang Panlungsod of Makati City and the same was also published in a newspaper of general circulation;

**ALLEGATIONS IN SUPPORT FOR THE ISSUANCE OF
PROVISIONAL AUTHORITY**

42. The instant petition covers the true-up adjustments for the UC-SD for CYs 2011 and 2012. The aggregate amount if collected would lessen the additional loans to be incurred by it in behalf of NPC. The provisional approval of the UC-

SD will also resort to refinancing to serve its maturing debt and lease obligations, thus reducing, if not totally eliminating, additional borrowing costs so as not to increase the UC burden;

43. It is understood that the interim relief sought by it that may be granted by the Commission shall be subject to adjustments and other conditions that the Commission may impose after hearing and final determination;

PRAYER

44. It prays that after due notice and hearing, the following be approved by the Commission:

- a. The calculated aggregate true-up adjustment/under recovery for the NPC Stranded Debts portion of the UC for CYs 2011 and 2012 amounting to PhP41,138.89 Million, equivalent to PhP0.0382/kWh as follows:

PARTICULARS	UNIT	CY 2011	CY 2012
True-up Adjustments/Under Recoveries	PhP	28,394,417,363.62	12,744,470,537.36
Total True-up Adjustment/Under Recovery for CYs 2011 and 2012	PhP	41,138,887,900.98	
Total True-up Adjustment Rate for CYs 2011 and 2012	PhP/kWh	0.0382	

- b. The provisional authority allowing it to charge, collect the computed UC SD true-up rate or such amount determined by the Commission; and
- c. The submission of the following documents be deemed in full compliance to the directive of the Commission in its Resolution No. 02, Series of 2011:
- i. Inventory of Financial Obligations (Principal) as of December 31, 2011 and December 31, 2012;

- ii. Inventory of Financial Obligations (Interest, Guarantee Fee and Other Charges) as of December 31, 2011 and December 31, 2012;
- iii. Outstanding Lease Obligations of Eligible and Ineligible IPPs as of December 31, 2011 and December 31, 2012;
- iv. Details of Outstanding GDS as of December 31, 2011 and December 31, 2012; and
- v. Outstanding Lease Obligations of Ineligible/Non-eligible IPPs as of December 31, 2011 and December 31, 2012.

Finding the said petition to be sufficient in form and in substance with the required fees having been paid, the same is hereby set for hearing on the following dates and venues:

Date	Proceedings	Venue
March 19, 2014 (Wednesday) at two o'clock in the afternoon (2:00 P.M.)	Jurisdictional Hearing and Expository Presentation	ERC Hearing Room, 15 th Floor, Pacific Center Building, San Miguel Avenue, Pasig City
April 1, 2014 (Tuesday) at two o'clock in the afternoon (2:00 P.M.)	Pre-Trial Conference and Evidentiary Hearing	

PSALM is hereby directed to cause the publication of the attached Notice of Public Hearing, at its own expense, twice (2x) for two (2) successive weeks in two (2) newspapers of general circulation in the Philippines, with the date of the last publication to be made not later than ten (10) days before the date of the scheduled initial hearing. It is also directed to inform the consumers, by any other means available and appropriate, of the filing of the instant petition, its reasons therefor, and of the scheduled hearing thereon.

Let copies of the petition, this Order, and the attached Notice of Public Hearing be furnished the Office of the Solicitor General (OSG), the Commission on Audit (COA) and the Committees on Energy of both Houses of Congress. They are hereby requested, if they so desire, to send their duly authorized representatives at the scheduled hearing.

Likewise, let copies of this Order and the attached Notice of Public Hearing be furnished the Offices of the Mayor of Makati City, and all Provincial Governors for the appropriate posting thereof on their respective bulletin boards.

PSALM is hereby directed to furnish all those making requests therefor with copies of the petition and its attachments, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing and pre-trial conference, PSALM must submit to the Commission its written Compliance with the jurisdictional requirements attaching therewith, methodically arranged and duly marked, the evidence of the actual posting and publication of the Notice of Public Hearing consisting of certifications issued to that effect, signed by the afore-mentioned Mayor and Governors or their duly authorized representatives, bearing the seals of their offices, and the affidavits of the Editors or Business Managers of the newspapers where said Notice of Public Hearing were published together with the complete issues of the said newspapers, and such other proofs of compliance with the requirements of the Commission.

PSALM and all interested parties are directed to submit, at least five (5) days before the date of initial hearing and pre-trial conference, their respective Pre-Trial Briefs containing, among others:

- (a) A summary of admitted facts and proposed stipulation of facts;
- (b) The issues to be tried or resolved;
- (c) The documents or exhibits to be presented, stating the purposes thereof and proposed markings therefore; and
- (d) The number and names of the witnesses, with their written testimonies in an individual affidavit form, to be attached to the Pre-Trial Brief.

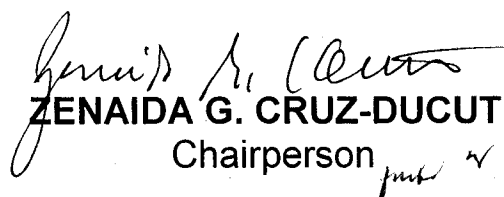
Failure of PSALM to submit the required Pre-Trial Brief and Judicial Affidavits of its witnesses within the prescribed period shall be a ground for cancellation of the scheduled hearing, and the resetting of which shall be six (6) months from said date of cancellation.

As part of the pre-trial conference, PSALM must also be prepared to make an expository presentation of its petition, aided by whatever communication medium that it may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned parties, what the petition is all about and the reasons and justifications being cited in support thereof.

SO ORDERED.

Pasig City, February 10, 2014.

FOR AND BY AUTHORITY
OF THE COMMISSION:


ZENAIDA G. CRUZ-DUCUT
Chairperson *pub 2/*

Copy Furnished:

1. **Atty. Maria Luz L. Caminero**
General Counsel
Power Sector Assets and Liabilities Management Corporation
7th Floor, Bankmer Building
2. **Office of the Solicitor General**
134 Amorsolo Street, Legaspi Village
1229 City of Makati
3. **Commission on Audit**
Commonwealth Avenue
1121 Quezon City
4. **Senate Committee on Energy**
GSIS Building, Roxas Boulevard
Pasay City 1307
5. **House Committee on Energy**
Batasan Hills, Quezon City 1126
6. All DUs
7. **The City Mayor**
Makati City
8. **All Provincial Governors**