



**Manila Electric Company**

# **OPERATING & FINANCIAL RESULTS**

**2<sup>nd</sup> Quarter & 1<sup>st</sup> Half ending June 30, 2008**

**Investors' Briefing &  
Teleconference**

August 15, 2008 – 3:00 pm  
Pasig Room, Lopez Building

# Outline of Presentation

- **2<sup>nd</sup> Qtr & 1<sup>st</sup> Half 2008 Operating Highlights**
  - *Daniel D. Tagaza, EVP & Head, Finance*
- **Energy Sales, Average Rates, Purchase Power Cost, System Loss and System Performance**
  - *Roberto R. Almazora, FVP & Head, Customer Retail Services*
- **Financials**
  - *Rafael L. Andrada, FVP & Head, Treasury*
- **Regulatory Updates**
  - *Ivanna G. Dela Peña, VP & Head, Utility Economics*



# 2Q & 1H 2008 Operating Highlights

## ■ Financials (Parent Income)

### ➤ 2Q 2008: Net income of P1.82B

✓ Up 0.72% from P1.81B last year due to

- 59% reduction in unrecoverable purchased power cost
- 1.6% sales growth

### ➤ 1H 2008: Earnings of P2.48 billion

✓ Up 5.8% from P2.34B in 2007



# 2Q & 1H 2008 Operating Highlights

## ■ Energy Sales

- 2Q 2008: Increase of 1.6% to 6,912 gwh
- 1H 2008: Growth of 1.8% to 13,068 gwh

## ■ System Loss

- 2Q 2008: Improved to 10.80% from 11.65% last year.
- 1H 2008 improvements:
  - ✓ YTD level of 10.80% from 11.21% last year.
  - ✓ 12MMA level of 9.61% from 9.98% last year.



# 2Q & 1H 2008 Operating Highlights

## ■ Quality of Service

### ➤ 2Q 2008:

- ✓ System reliability (IFR) fell to 4.31 times from 3.95 times last year
- ✓ System availability (CIT) fell to 7.42 hours from 3.34 hours last year

### ➤ 1H 2008:

- ✓ System reliability dipped to 6.90 times from 6.39 times last year
- ✓ System availability declined to 8.76 hours from 5.17 hours last year



# 2Q & 1H 2008 Operating Highlights

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## ■ Average Retail Rate

- June 2007 : P 8.06 /kwh
- June 2008 : P 7.68 /kwh



# 2Q & 1H 2008 Operating Highlights

## ■ Power Sourcing

### ➤ 2Q 2008:

- ✓ Average purchased power cost or PPC (generation & transmission costs) down by 18.4%
  - To P5.28 /kwh from P6.43 /kWh last year

### ➤ 1H 2008:

- ✓ Average PPC also dropped
  - To P5.50 /kwh from P6.27 /kwh last year



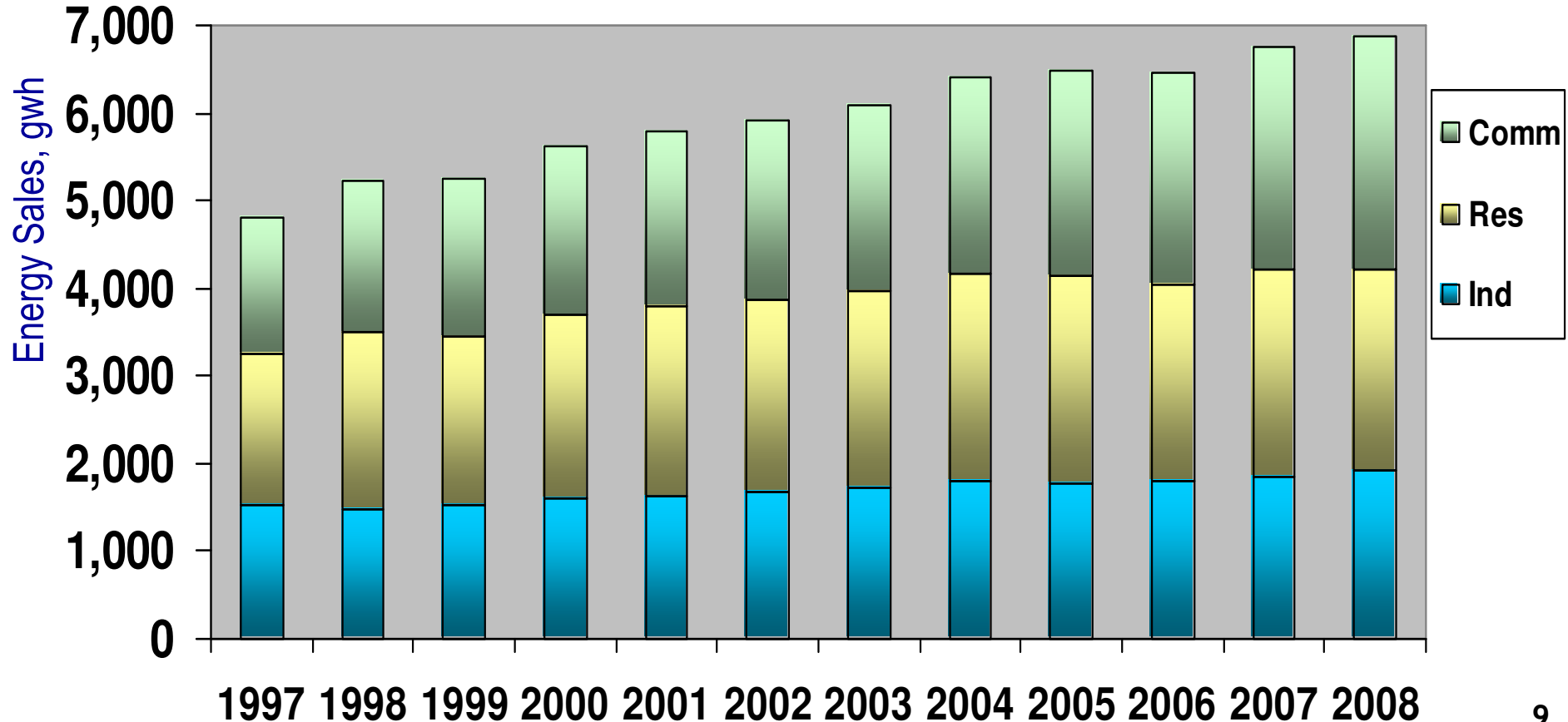
# **Energy Sales, Average Rates, Purchased Power Costs, System Loss & System Performance**



# Energy Sales (2Q07 vs 2Q08)

**Total energy sales in the second quarter of 2008 modestly rose by 1.64% to 6,912 gwh over the same period in 2007.**

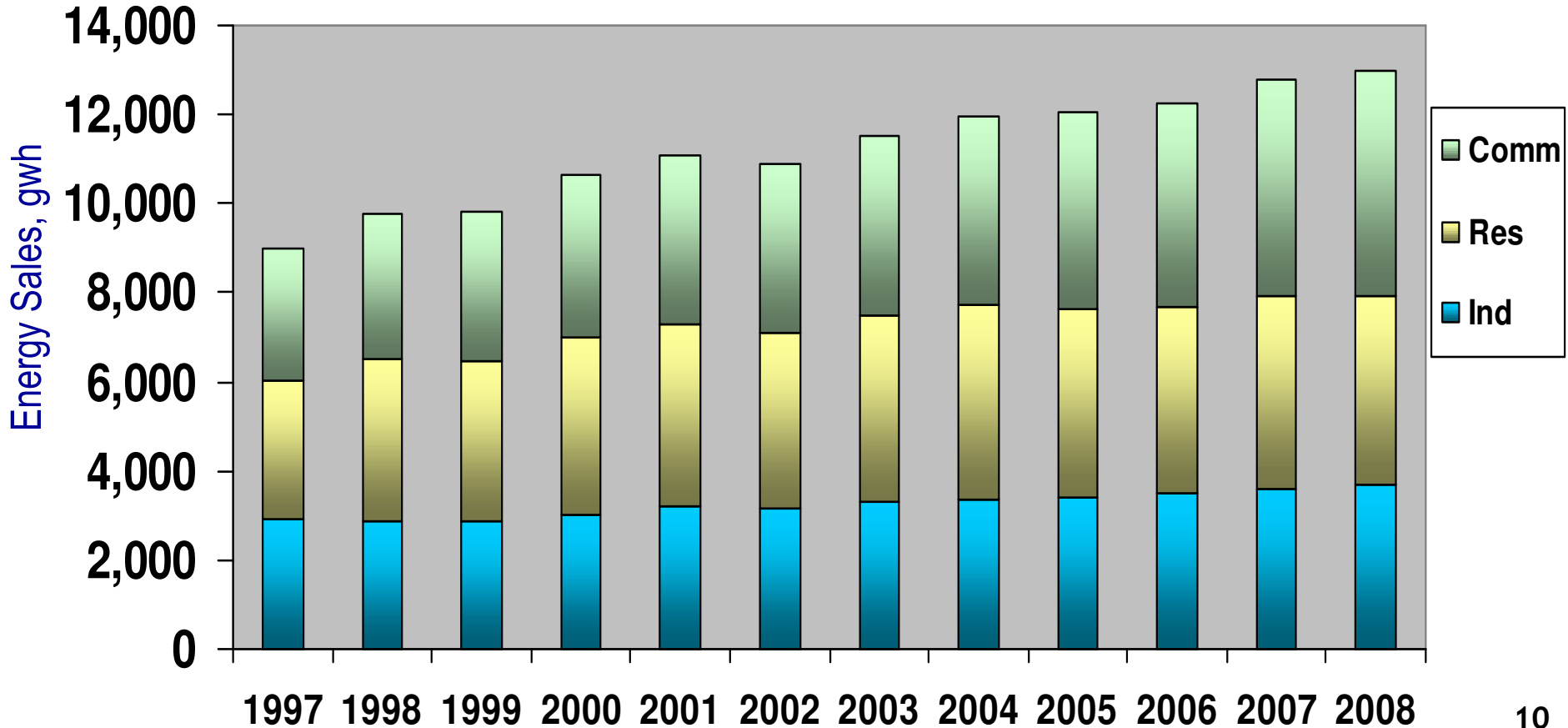
Segment	% Sales Growth	
	2007	2008
Commercial	5.48%	4.73%
Industrial	3.10%	3.24%
Residential	4.99%	(2.92)%
<b>TOTAL</b>	<b>4.61%</b>	<b>1.64%</b>



# Energy Sales (1H07 vs 1H08)

**Total energy sales in the first half of 2008 increased 1.80% to 13,068 gwh over the same period in 2007**

Segment	% Sales Growth	
	2007	2008
Commercial	5.78%	4.46%
Industrial	3.59%	2.61%
Residential	3.02%	(1.86%)
<b>TOTAL</b>	<b>4.20%</b>	<b>1.80%</b>



# Self Generation

Self generating customers increased grid consumption driven by the high cost of fuel.

**June 2008**

- Mariwasa
- Solid Cement

Add'l gwh to the grid

2.2 }  
2.5 } **4.7gwh**

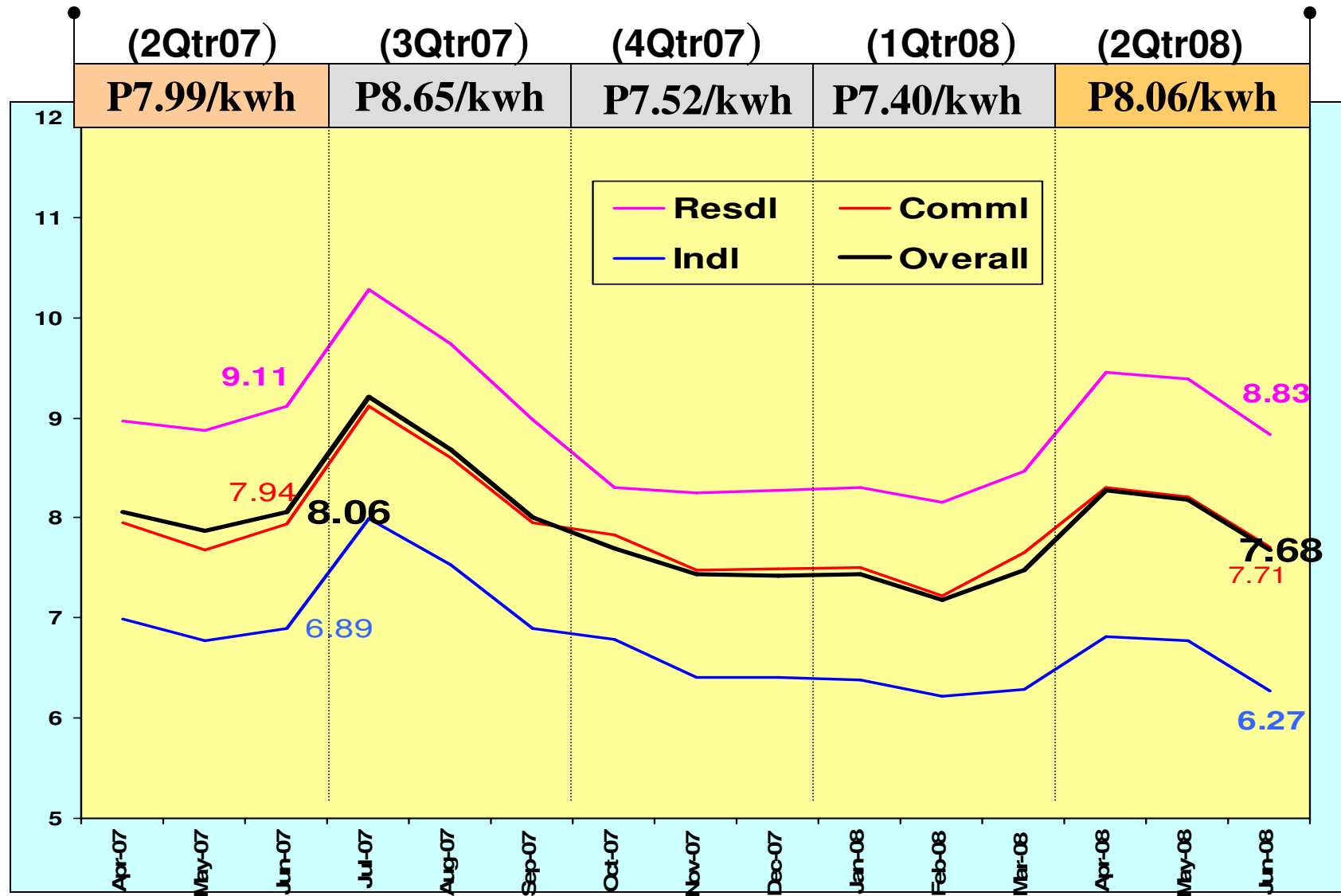
**July 2008**

- Hoya
- FR Cement
- Goodyear
- URC
- Wyeth
- Indophil

Add'l gwh to the grid

0.29 }  
0.50 }  
1.70 }  
5.50 } **13 gwh**  
0.93 }  
3.8 }

# AVERAGE RATES (2Q 2007 – 2Q 2008)



# PURCHASED POWER COST (PPC) BY SUPPLIER (2<sup>nd</sup> Qtr 2007 vs 2<sup>nd</sup> Qtr 2008)



Purchased Power Cost dropped 17.9% to P5.28/kwh in the 2<sup>nd</sup> Quarter 2008 due to the significant decline in NPC/WESM PPC. IPPs PPC continued to be lower than that of NPC/WESM.

Energy Source	gwh Volume		Average Generation Cost (P/kwh)		Transmission Cost (P/kwh)		Purchased Power Cost (P/kwh)	
	2007	2008	2007	2008	2007	2008	2007	2008
<b>NPC-Programs*</b>	233	1,140	4.54	3.67	1.06	0.84	5.59	4.51
<b>NPC/WESM</b>								
NPC-TSC	2,337	2,368	5.73	4.44	1.12	0.88	6.84	5.32
WESM	1,617	692	8.47	5.37	1.19	0.88	9.66	6.25
<b>Subtotal</b>	<b>3,954</b>	<b>3,060</b>	<b>6.85</b>	<b>4.65</b>	<b>1.15</b>	<b>0.88</b>	<b>8.00</b>	<b>5.53</b>
<b>IPPs</b>								
Quezon Power	722	627	4.32	4.47	0.77	0.82	5.09	5.29
First Gas-Sta. Rita	1,795	1,942	4.10	4.74	0.68	0.60	4.78	5.33
First Gas-San Lorenzo	1,022	1,015	3.89	4.78	0.56	0.52	4.45	5.29
<b>Subtotal</b>	<b>3,540</b>	<b>3,585</b>	<b>4.08</b>	<b>4.70</b>	<b>0.66</b>	<b>0.61</b>	<b>4.75</b>	<b>5.31</b>
<b>Total</b>	<b>7,728</b>	<b>7,785</b>	<b>5.51</b>	<b>4.53</b>	<b>0.92</b>	<b>0.75</b>	<b>6.43</b>	<b>5.28</b>

\*NPC-Programs include Ecozone Rate, ODPS, etc

# PURCHASED POWER COST (PPC) BY SUPPLIER (YTD June 2007 vs YTD June 2008)



Likewise, Purchased Power Cost from January-June 2008 declined to P5.50/kwh or by 12%.

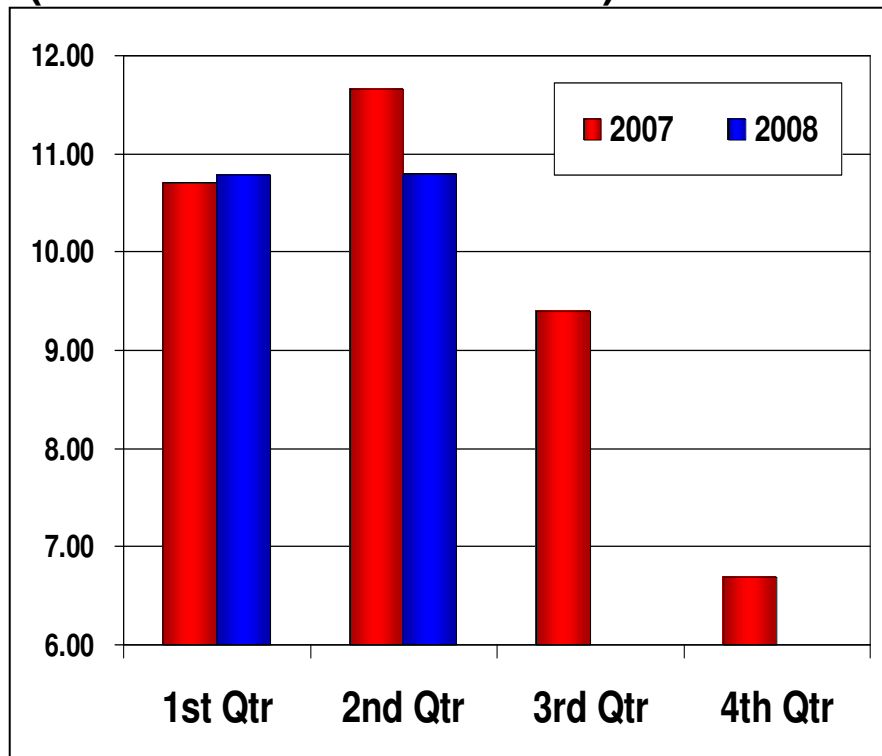
Energy Source	gwh Volume		Average Generation Cost (P/kwh)		Transmission Cost (P/kwh)		Purchased Power Cost (P/kwh)	
	2007	2008	2007	2008	2007	2008	2007	2008
<b>NPC-Programs*</b>	465	2,343	4.52	3.83	1.17	1.20	5.68	5.03
<b>NPC/WESM</b>								
NPC-TSC	4,076	3,927	5.83	4.57	1.21	1.14	7.04	5.70
WESM	2,897	1,306	7.34	5.68	1.33	1.23	8.67	6.90
<b>Subtotal</b>	<b>6,973</b>	<b>5,233</b>	<b>6.46</b>	<b>4.84</b>	<b>1.26</b>	<b>1.16</b>	<b>7.72</b>	<b>6.00</b>
<b>IPPs</b>								
Quezon Power	1,580	1,239	4.20	4.56	0.73	0.86	4.92	5.43
First Gas-Sta. Rita	3,494	3,875	4.30	4.45	0.69	0.62	4.99	5.07
First Gas-San Lorenzo	2,020	2,018	4.08	4.47	0.56	0.53	4.64	5.00
<b>Subtotal</b>	<b>7,096</b>	<b>7,134</b>	<b>4.22</b>	<b>4.48</b>	<b>0.66</b>	<b>0.64</b>	<b>4.88</b>	<b>5.11</b>
<b>Total</b>	<b>14,535</b>	<b>14,697</b>	<b>5.30</b>	<b>4.49</b>	<b>0.96</b>	<b>1.00</b>	<b>6.27</b>	<b>5.50</b>

\* include Ecozone Rate, ODPS, etc

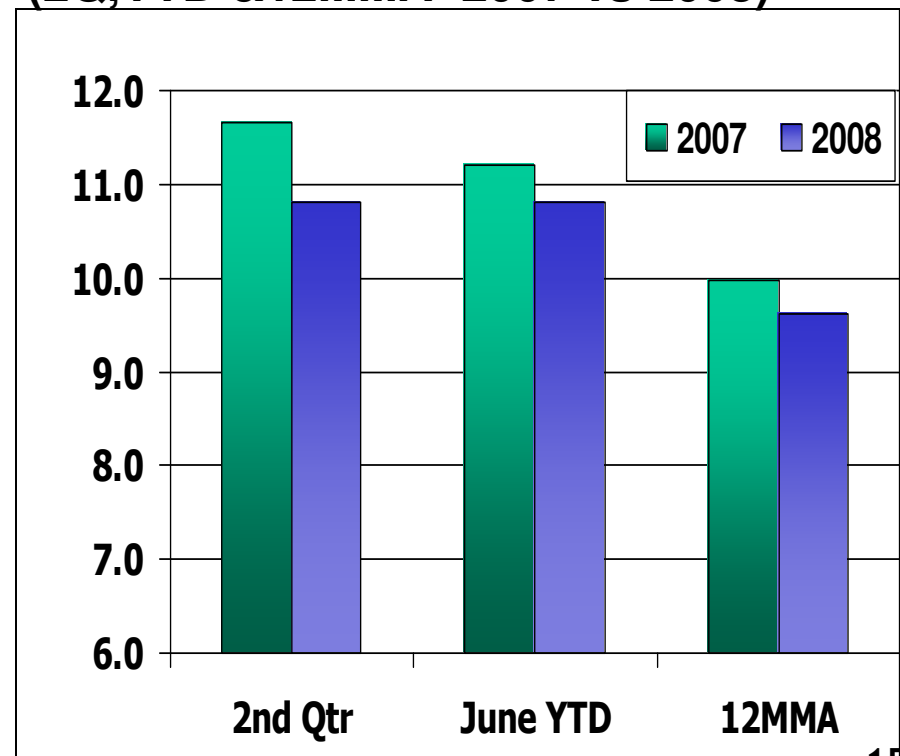
# System Loss

- Seasonality dictates higher losses during the first two quarters of the year.
- **2<sup>nd</sup> Qtr 2008** improvement to **10.8%** from 11.65% last year.
- **YTD** improvement from 11.21% in June 2007 to **10.8%** in 2008.
- **12MMA** improvement from 9.98% as of June 2007 to **9.61%** this year.

**% Quarterly System Loss  
(from 1Q 2007 to 2Q 2008)**



**% System Loss  
(2Q, YTD & 12MMA- 2007 vs 2008)**



# System Loss

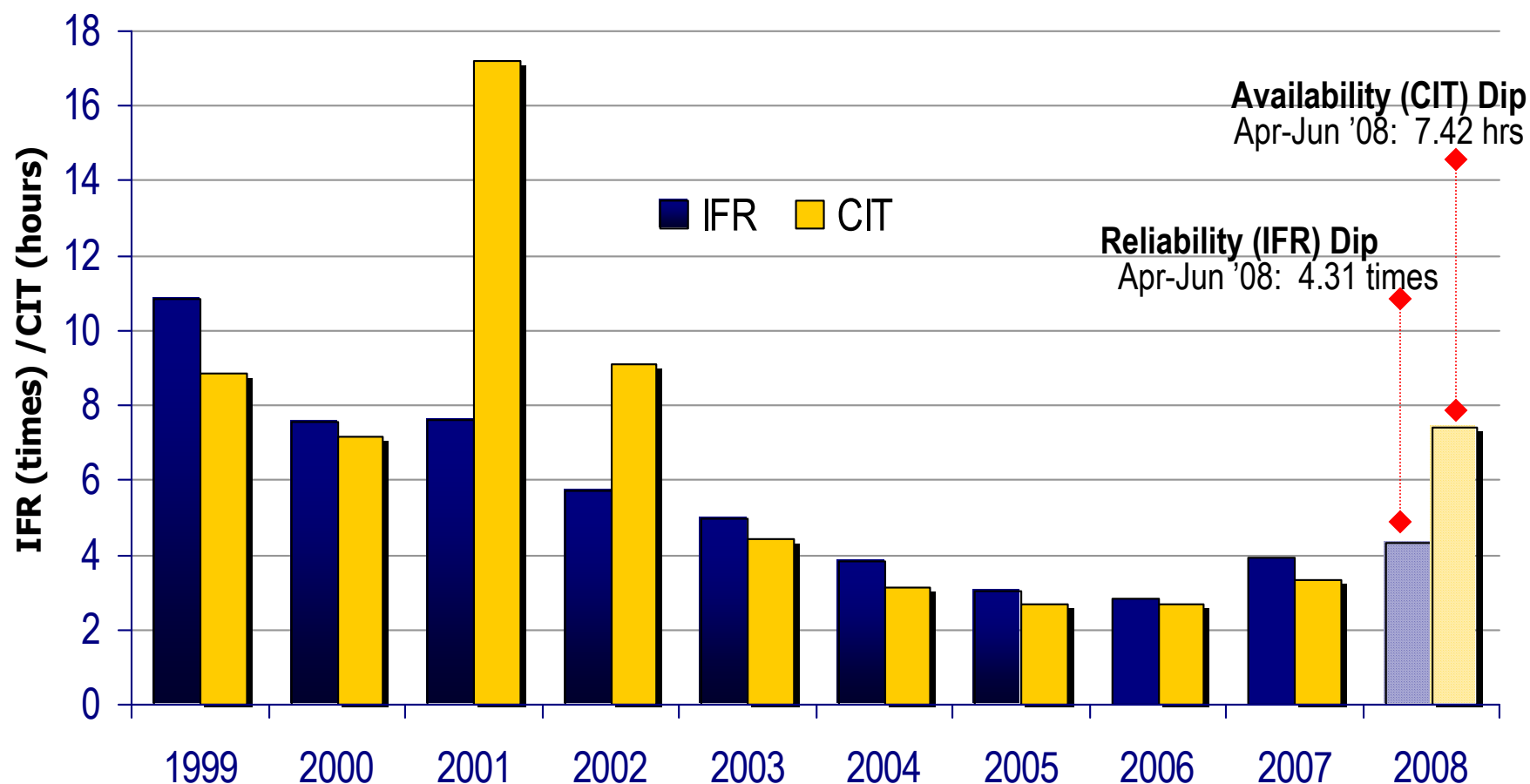
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## 2<sup>nd</sup> Qtr Improvements attributed to:

- Continuous enhancements in the distribution & customer service systems & processes.
- Stepped-up operations against various forms of electricity pilferage.
  - 13,181 services apprehended (24,793 total for 1<sup>st</sup> semester)
  - 155 persons arrested (242 total for 1<sup>st</sup> semester)
  - P176 million recovered
- Support of Government Agencies
  - DILG
  - LGUs
  - Bureau of Fire Protection
  - PNP

# 2Q 2008 System Performance

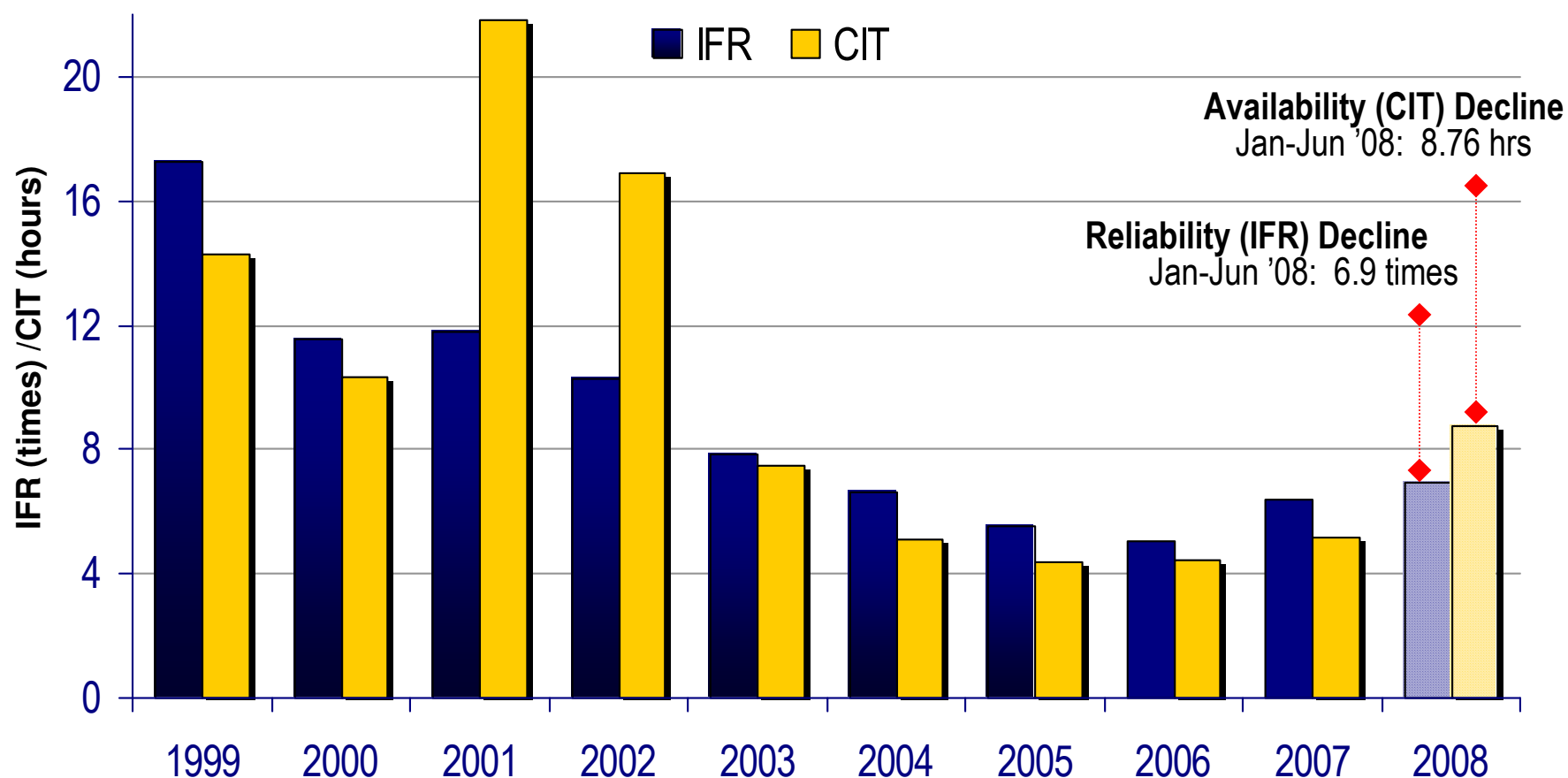
System reliability (IFR) and system availability (CIT) dipped to 4.31 times and 7.42 hours, respectively, due to widespread power interruptions caused by typhoon Frank on June 22.



NOTE: Service Interruption includes Forced, Pre-arranged, & Genco/Transco-caused outages

# 1H 2008 System Performance

**1<sup>st</sup> Half 2008 System Reliability (IFR) & Availability (CIT) declined to 6.9 times and 8.76 hours, respectively.**



*NOTE: Service Interruption includes Forced, Pre-arranged, & Genco/Transco-caused outages*

# Financials



# Income Statements

For the Quarters Ended June 30, 2008 and 2007

(Amounts in Million Pesos)



	2008	2007	% Change
<b>REVENUES</b>	<b>49,115</b>	<b>59,193</b>	<b>(17.0)</b>
<b>EXPENSES (INCOME)</b>			
Purchased power	40,762	50,124	(18.7)
Operations and maintenance	3,505	3,728	(6.0)
Depreciation and amortization	1,081	1,194	(9.5)
Interest and other financial charges - net	863	1,217	(29.1)
Interest and other financial income	(117)	(186)	(37.1)
Present value impact on customers' refund	212	274	(22.6)
Various provisions	102	50	104.0
Taxes other than income tax	53	27	96.3
	<b>46,461</b>	<b>56,428</b>	<b>(17.7)</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>2,654</b>	<b>2,765</b>	<b>(4.0)</b>
Provision for income tax	832	956	(13.0)
<b>NET INCOME</b>	<b>1,822</b>	<b>1,809</b>	<b>0.7</b>

# Income Statements

For the 6-months Ended June 30, 2008 and 2007

(Amounts in Million Pesos)



	2008	2007	% Change
<b>REVENUES</b>	<b>92,751</b>	<b>107,392</b>	<b>(13.6)</b>
<b>EXPENSES (INCOME)</b>			
Purchased power	78,707	92,848	(15.2)
Operations and maintenance	6,585	6,561	0.4
Depreciation and amortization	2,149	2,232	(3.7)
Interest and other financial charges - net	1,622	1,863	(12.9)
Foreign exchange losses - net	6	-	100.0
Interest and other financial income	(470)	(381)	23.4
Present value impact on customers' refund	423	548	(22.8)
Various Provisions	102	101	1.0
Taxes other than income tax	97	58	67.2
	<b>89,221</b>	<b>103,830</b>	<b>(14.1)</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>3,530</b>	<b>3,562</b>	<b>(0.9)</b>
Provision for income tax	1,053	1,221	(13.8)
<b>NET INCOME</b>	<b>2,477</b>	<b>2,341</b>	<b>5.8</b>

# Balance Sheet Highlights

As of June 30, 2008 and 2007

(Amounts in Million Pesos)



	2008	2007	% Change
<b>ASSETS</b>			
Utility plant and others - net	95,941	94,806	1.2
Other noncurrent assets	35,017	39,604	(11.6)
Total noncurrent assets	130,959	134,410	(2.6)
Current assets	38,623	42,910	(10.0)
<b>Total Assets</b>	<b>169,582</b>	<b>177,320</b>	<b>(4.4)</b>

<b>EQUITY AND LIABILITIES</b>			
Stockholders' Equity	50,780	47,394	7.1
Non current liabilities	71,808	74,287	(3.3)
Current liabilities	46,994	55,639	(15.5)
Total liabilities	118,801	129,926	(8.6)
<b>Total Equities and Liabilities</b>	<b>169,582</b>	<b>177,320</b>	<b>(4.4)</b>

# Cash Flow Highlights

For the Quarters Ended June 30, 2008 and 2007

(Amounts in Million Pesos)



	2008	2007	% change
<b>CASH BALANCE, BEGINNING (Apr 1)</b>	<b>3,525</b>	<b>3,793</b>	<b>(7.1)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating and other income	3,522	4,513	(22.0)
Depreciation and amortization	1,081	1,194	(9.5)
Increase (decrease) in other assets and liabilities	2,119	(3,588)	159.1
<b>Net Cash from Operations</b>	<b>6,722</b>	<b>2,120</b>	<b>217.1</b>
Add : Equity issues	-	-	0.0
Short-term borrowings	500	1,750	-
Long-term borrowings	-	-	-
<b>TOTAL SOURCES OF FUNDS</b>	<b>7,222</b>	<b>3,870</b>	<b>86.6</b>
Less : Short-term debt service	2,911	26	11,155.96
Long-term debt service	527	282	1937.7
Other interest expense	45	33	37.0
<b>Total Debt Service</b>	<b>3,483</b>	<b>340</b>	<b>923.4</b>
Unrecoverable purchased power	530	1,277	(58.5)
Capital expenditures	2,103	2,187	(3.8)
Preferred equity redemptions	30	20	53.2
Refund to customers	325	670	(51.4)
Dividends - Common	534	-	100.0
<b>TOTAL USES OF FUNDS</b>	<b>7,006</b>	<b>4,494</b>	<b>55.9</b>
<b>NET DECREASE IN CASH</b>	<b>216</b>	<b>(625)</b>	<b>134.5</b>
<b>CASH BALANCE, END (June 30)</b>	<b>3,741</b>	<b>3,169</b>	<b>18.1</b>

# Cash Flow Highlights

For the 6-months Ended June 30, 2008 and 2007

(Amounts in Million Pesos)

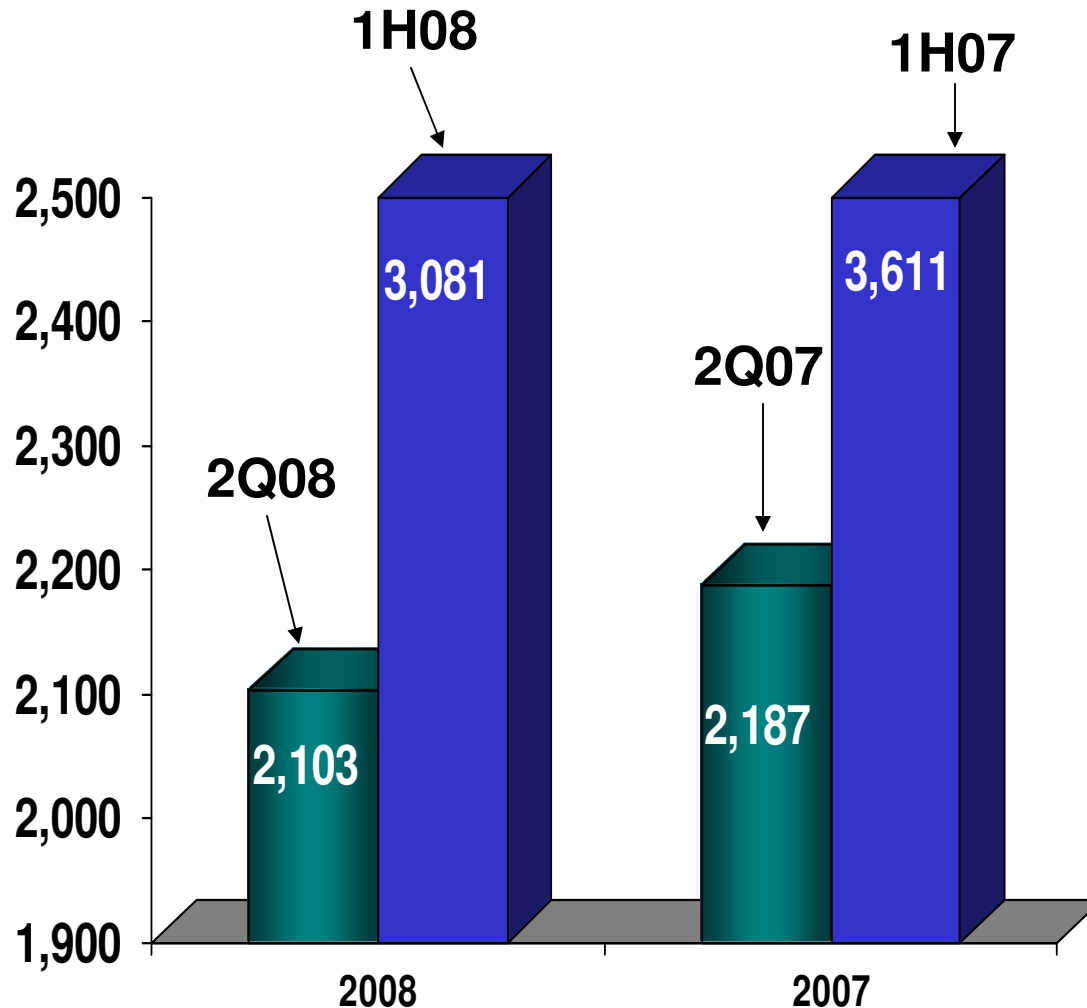


	2008	2007	% change
<b>CASH BALANCE, BEGINNING (Jan 1)</b>	<b>4,062</b>	<b>5,866</b>	<b>(30.8)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating and other income	5,645	6,664	(15.3)
Depreciation and amortization	2,149	2,232	(3.7)
Increase (decrease) in other assets and liabilities	1,401	(7,460)	118.8
<b>Net Cash from Operations</b>	<b>9,195</b>	<b>1,436</b>	<b>540.5</b>
Add : Equity issues	-	-	0.0
Short-term borrowings	4,500	4,000	-
Long-term borrowings	-	-	-
<b>TOTAL SOURCES OF FUNDS</b>	<b>13,695</b>	<b>5,436</b>	<b>152.0</b>
Less : Short-term debt service	7,313	283	2,486.47
Long-term debt service	998	535	252.9
Other interest expense	91	70	30.7
<b>Total Debt Service</b>	<b>8,402</b>	<b>887</b>	<b>846.9</b>
Unrecoverable purchased power	1,022	1,925	(46.9)
Capital expenditures	3,081	3,611	(14.7)
Preferred equity redemptions	56	33	69.8
Refund to customers	922	671	37.5
Dividends - Common	534	1,006	(46.9)
<b>TOTAL USES OF FUNDS</b>	<b>14,016</b>	<b>8,133</b>	<b>72.3</b>
<b>NET DECREASE IN CASH</b>	<b>(321)</b>	<b>(2,698)</b>	<b>(88.1)</b>
<b>CASH BALANCE, END (June 30)</b>	<b>3,741</b>	<b>3,169</b>	<b>18.1</b>

# Capital Expenditures

As of June 30, 2008 and 2007

(in million pesos)



↓ **2<sup>nd</sup> Qtr CAPEX**  
decreased by 4%

↓ **YTD CAPEX**  
decreased by 15%

↓ **Areas of concern**

- customer growth,
- correction of overloaded facilities
- satisfying customer service requirement
- reducing system loss.

# Debt Profile

As of June 30, 2008 and 2007



	2008			2007		
	Foreign	Local	Total	Foreign	Local	Total
Long Term	0.18	11.65	11.83	0.26	12.15	12.41
Short Term		3.75	3.75		3.75	3.75
Total	0.18	15.4	15.58	0.26	15.9	16.16
	1.16%	98.8%	100.0%	1.6%	98.4%	100.0%

# **Review and updates on Major Regulatory Developments**



# Outline

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- Meralco's first PBR-based rate petition
- Government rate reduction initiatives
  - DTI amended petition of May 19, 2008
  - On reducing system loss caps
  - Case vs. PEZA Guidelines at the Pasig-Regional Trial Court
- Interim Open Access Rules
- Meter Deposit Refund

# Implementation of PBR-based rates (1/2)



- Implementation of PBR-based rates has been delayed. Meralco awaiting ERC decision rate translation applications

	Original (RDWR Position Paper of ERC)	Revised (Per ERC Draft & Final Determination)	Actual
Issuance of Final Determination	May 16, 2007	August 31, 2007	August 31, 2007
Rate structure application (MAP <sub>2008</sub> )	-	October 15, 2007	January 11, 2008
Public hearings	-	December 3 & 4, 2007	Completed March 6, 2008
ERC approval of rate structure	-	January 14, 2008	<i>(Pending)</i>
<b>Initial</b> implementation of PBR-based rates	July 2007 (MAP <sub>2008</sub> )	February 2008 (MAP <sub>2008</sub> )	<i>(Pending)</i>
Rate structure application (MAP <sub>2009</sub> )	-	End of April 2008	April 1, 2008
Public hearings	-	-	Completed April 29, 2008
ERC approval of rate structure	-	-	<i>(Pending)</i>
Implementation for 2 <sup>nd</sup> regulatory yr	July 2008 (MAP <sub>2009</sub> )	July 2008 (MAP <sub>2009</sub> )	<i>(Pending)</i>

# Implementation of PBR-based rates (2/2)

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- Last August 6, 2008, ERC's Regulatory Operations Service met with PBR first entrant DUs (Meralco, CEPALCO, & DECORP). ERC briefed DUs on preparations for implementing PBR tariffs
  - ERC prepared a three page newspaper ad that will describe the mechanics & benefits of PBR to consumers
    - Ad will carry ERC logo
    - Ad will indicate "Paid advertisement by ....(DU)"
  - ERC will direct DUs to publish the ad before implementation of the PBR-based rates
- No indication was given on the date of implementation of the new rates

# Amended DTI Petition (May 19, 2008)

- Last June 3, 2008, the initial hearing on DTI's amended petition was held at ERC. DTI's petition, amended last May 19, 2008, seeks to:
  - *Expand the coverage or increase the discounts under the lifeline rate* within the Meralco area only. Meralco to absorb the lifeline discounts
  - Direct Meralco to *buy more from WESM during off-peak* hours
  - Direct Meralco to *extend preferential treatment to poor households and power-intensive industries* in the allocation of transmission charges
  - Direct Meralco to *stop billing system losses to customers* and customers are entitled to a refund
  - Direct Meralco to *charge distribution rates equal to or lower than* those of Visayan Electric, Cagayan Electric, or Davao Light
- Last August 6, 2008, the ERC completed hearings on the DTI's amended petition of May 19, 2008

# Draft guidelines on lower system loss caps



- During the August 5 House Energy Cte hearing, ERC Chair Ducut announced that they are proposing:
  - Reductions of system loss caps
  - Change in treatment of company use, from component of system loss charge to part of O&M expenses
- Proposed guidelines will be subjected to public consultations
  - Visayas & Mindanao – August 26, 2008
  - Luzon – September 3, 2008

	<b>Current Caps</b>	<b>Proposed Caps</b>	<b>Reduction</b>
Private DUs	9.5%	8%	1.5%-age pts
Electric Coops	14%	11%	3%-age pts

# Laws on the setting of system loss caps

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- EPIRA (Sec. 43f)
  - “... the cap on the recoverable rate of system losses prescribed in Section 10 of Republic Act No. 7832, is hereby amended and shall be replaced by caps which shall be determined by ERC based on load density, sales mix, cost of service, delivery voltage and other technical considerations it may promulgate.”
- RA 7832 (Sec. 10)
  - “... the ERB is hereby authorized to determine ...whether the caps ... shall be reduced further which shall in no case be lower than nine percent (9% ) and accordingly fix the date of the effectivity of the new caps.”

# Proposed amendments to RA 7832



- During the House Energy Cte hearing, the bills were referred to a Technical Working Group, headed by Association of Philippine Electric Cooperatives (APEC) Partylist Rep. Valdez
  - Initial meeting was held August 11, 2008

House Bill No. 1245 (Romualdo)	<ul style="list-style-type: none"> <li>• Changed the reward system from “a minimum of P5,000” to “20% of the recovered stolen lines or materials”</li> <li>• Increased the penalty for theft of electric power transmission lines and materials</li> </ul>
House Bill No. 2590 (Slingson)	Increased the penalty for illegal use of electricity and theft of electric power transmission lines and materials
House Bill No. 4073 (Bagatsing)	An act repealing RA 7832
<b>House Bill No. 4074 (Suarez)</b>	<b>Reduced the system loss cap from 9.5 % to 5 %</b>
<b>House Bill No. 4204 (Golez)</b>	<b>Reduced the cap for private power utilities at 1% every year from the present 9.5%, until it reaches 4.5%</b>

# Updates: Case vs. PEZA's Guidelines (1/2)

- In separate letters to Meralco & PEPOA dated June 6, 2008, PEZA Director General Lilia B. de Lima stated their proposals to address DU's concerns, following Meralco's announcement to withdraw the case against PEZA's Guidelines.
  - “In the case of power utilities or entities currently operating a power distribution system inside the ecozone, the PEZA Board ***shall approve the registration ... upon compliance of all registration requirements***”
  - “The franchised DU operating immediately outside a newly proclaimed ecozone shall have ***the right of first refusal*** to operate a power distribution system ...” subject to registration requirements
  - Until such time that PEZA has fixed the distribution charge, “... the ***current distribution and other distribution related charges shall prevail***”

# Updates: Case vs. PEZA's Guidelines (2/2)

- On June 30, 2008, Meralco wrote PEZA:
  - Informed PEZA of Meralco Board's approval of Meralco's withdrawal from the PEZA case
  - Clarified concern on regulatory boundaries (ERC vs. PEZA) and rate-setting
- In a July 3, 2008 letter, PEZA generally agreed to Meralco's counter-proposals, in particular, that:
  - ***“Until such time that PEZA and ERC have agreed on principles of asset recognition and boundaries for rate-setting and PEZA has fixed the appropriate distribution charge, the prevailing distribution and other distribution-related charges, such as system losses, as may be adjusted in accordance with ERC's guideline, shall apply.”***
- Subsequently, Meralco and PEPOA filed their motions to withdraw as plaintiffs. The motions are currently being heard at the Pasig Regional Trial Court.

# Interim Open Access updates

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- Hearings on the Interim Open Access petition commenced last June 16 and is still ongoing
- In the meantime, ERC issued an Order last July 15, provisionally allowing:
  - Meralco to put up the needed metering facilities for potential contestable customers
  - Licensed suppliers to begin marketing activities
- Further, ERC is already drafting the mechanics of implementing Interim Open Access, releasing its draft “Interim Open Access Rules” last August 11. Highlights include:
  - **Single billing policy.** Retail Electricity Suppliers (RES) shall contract with other service providers on behalf of end-user
  - **TSC volumes may be reduced** due to transfer of end-user to a RES
  - **DU is sole metering service provider.** WESM-compliant meters should be completely installed at the start of IOA
  - Threshold of end-user eligibility will be **1MW for the duration of IOA**
- Deadline for comments is August 28, 2008. Draft rules will be subjected to public consultation on September 4, 2008

# Update on the Refund of Meter Deposits

- ERC issued the *Rules to Govern the Refund of Meter Deposits for Residential and Nonresidential Customers*, dated June 4, 2008.

## Salient Points:

<b>Start of Refund</b>	not later than 6 months after effectivity of rules
<b>Duration of Refund</b>	not longer than 5 years
<b>Mode of Refund</b>	Options given to customer: cash, check, monthly credit to bills, or an offset to payables to the DU
<b>Phase of Refund</b>	Refund by phases allowed (eg, residential, non-industrials)
<b>Interest</b>	6%-10% depending on when the customer paid the meter deposit

- The rules took effect on July 5, 2008. Thus, the refund of meter deposits should commence no later than January 5, 2009 and should be completed by January 2014.
- Total meter deposit principal amount for refund as of June 30, 2008 totaled P1.507B.

# 2008 Operating Results

For the quarter ended June 30, 2008

## Investors' Briefing & Teleconference



**End of presentation**

**Thank you !**

