

**[ERC RESOLUTION NO. 10-04, SERIES OF 2004,
October 27, 2004]**

**IN THE MATTER OF AMENDING THE GUIDELINES FOR THE
AUTOMATIC ADJUSTMENT OF GENERATION RATES AND SYSTEM
LOSS RATES BY DISTRIBUTION UTILITIES**

This is to **AMEND** Section 1 of Article IV of the **GUIDELINES FOR THE AUTOMATIC ADJUSTMENT OF GENERATION RATES AND SYSTEM LOSS RATES BY DISTRIBUTION UTILITIES** ("Guidelines") approved on 13 October 2004 which read as follows:

**"ARTICLE IV
MONTHLY ADJUSTMENT OF THE SYSTEM LOSS RATE**

Section 1. Adjustment Formula - On the tenth (10) day of each calendar month, Distribution Utilities shall calculate new System Loss Rates based on the following formula:

$$SLR = (GR * U) + (ATR * U)$$

Where:

SLR = System Loss Rate

GR = Generation Rate calculated in
accordance with Article III

ATR = Average Transmission Rate
based on the most recent
unbundling decision in Peso per
kWh, computed as Transmission
Costs per unbundling divided by
the Annualized Sales in kWh per
unbundling

U = Gross Up Factor = (% System
Loss / [1- %System Loss])

The % System Loss is based on the actual System Loss or the System Loss cap whichever is lower plus actual company use or the company use cap of 1% whichever is lower. The actual System Loss and company use are based on the previous month figures to be submitted by the DU.