

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



IN THE MATTER OF THE
APPLICATION FOR
CONFIRMATION AND
APPROVAL OF
CALCULATIONS OF OVER OR
UNDER RECOVERIES IN THE
IMPLEMENTATION OF
AUTOMATIC COST
ADJUSTMENTS AND TRUE-UP
MECHANISMS COVERING
THE PERIOD 2011 TO 2013,
PURSUANT TO ERC
RESOLUTION NO. 16, SERIES
OF 2009 AS AMENDED BY
RESOLUTION NO. 21, SERIES
OF 2010, AND ERC
RESOLUTION NO. 23, SERIES
OF 2010,

ERC CASE NO. 2017-047 CF

PAMPANGA III ELECTRIC
COOPERATIVE, INC. (PELCO
III),

Applicant.

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DOCKETED
Date: OCT 03 2017
By: 

ORDER

On 31 March 2017, Pampanga III Electric Cooperative, Inc. (PELCO III) filed an *Application* dated 21 March 2017 (*Application*) seeking the Commission's confirmation and approval of its calculations of over or under recoveries in the implementation of automatic cost adjustments and true up mechanisms covering the period 2011 to 2013.

In the said *Application*, PELCO III alleged the following:

THE APPLICANT

1. PELCO III is a non-stock, non-profit electric cooperative, duly organized and existing under Philippine laws, with principal office at Sampaloc, Apalit, Pampanga;
2. It holds an exclusive franchise from the National Electrification Commission to operate an electric light and power distribution service in certain municipalities of the Province of Pampanga, namely: Apalit, Macabebe, Masantol, San Simon, Sto. Tomas and Minalin;

LEGAL BASES FOR THE APPLICATION

3. ERC Resolution No. 16, Series of 2009 as amended by Resolution No. 21, Series of 2010 established the procedure for the automatic recovery or refund of pass through costs and the confirmation process that would govern the automatic cost adjustment and true-up mechanisms approved by the Commission, with the objective of ensuring appropriate recovery of the pass through costs in an efficient manner and to put in place a fair and transparent process for the confirmation of the automatic cost adjustments implemented by Distribution Utilities and the true-up of other pass-through charges, involving Generation Rate, Transmission Rate, System Loss Rate, Lifeline Rate Recovery, Inter-Class Cross-Subsidy Removal, or Treatment of Prompt Payment Discount, as the case may be;
4. On the other hand, ERC Resolution No. 23, Series of 2010, adopts the rules implementing the discounts to qualified senior citizen end-users and subsidy from subsidizing end-users on electricity consumption;
5. Foregoing resolutions further require the distribution utilities to file their respective consolidated applications once every three (3) years. Hence, the filing of the application, covering the period January 2011 to December 2013;

OVER OR UNDER RECOVERIES OF ALLOWABLE COSTS

6. Applying the formulas provided under Resolution No. 16, Series of 2009 as amended by Resolution No. 21, Series of 2010 and Resolution No. 23, Series of 2010, PELCO III made calculations of the over recoveries charged or under-recoveries incurred as against its customers, in the implementation of certain automatic cost adjustments and true-up mechanisms, covering the period January 2011 to December 2013;

7. The results of its calculations are presented hereunder, as follows:

	Allowable Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Rate (GR)	1,854,772,911.95	1,891,621,316.01	(36,848,404.06)
Transmission Rate (TR)	400,581,407.83	410,662,264.98	(10,080,857.16)
System Loss Rate (SLR)	395,698,268.49	358,720,801.72	36,977,466.77
	Discount (PhP)	Subsidy (PhP)	
Lifeline Rate (LR)	(3,750,378.45)	5,845,058.78	(2,094,680.33)
Senior Citizen Discount and Subsidy	(55,045.65)	270,155.88	(215,110.23)
Net Results			(12,261,585.01)

SUPPORTING DATA AND DOCUMENTS

8. In support of the foregoing, PELCO III is submitting the following data and documents covering the period January 2011 to December 2013, attached to the Application and made integral parts thereof as follows:

FOLDER	ANNEX MARKINGS	NATURE OF DOCUMENT
Folder 1	Annex A	Summary of over/under recoveries computation for the entire period (Per charges and yearly basis)
	Annex B	Proposed scheme of refund/collect using the latest kWh sales
Folder 2	SUPPLIER AND TRANSMISSION DATA	
	Annex C	Fully accomplished Supplier and Transmission Data Sheet for the year
	Annex D	Power Bills from Suppliers (Power bill, proof of payment, Adjusted bill/Debit or Credit Memo)
Folder 3	STATISTICAL DATA	
	Annex E	Fully accomplished Statistical Data Sheet for the year
	Annex F	Summary of Pilferage Cost Recoveries/Manifestation if no PCR
	Annex G	Report of implemented Other Adjustments

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	Annex H	MFSR – Sections A, B and E
Folder 4	ACTUAL IMPLEMENTED RATES DATA	
	Annex I	Fully accomplished Actual implemented Rates Data Sheet for the year
	Annex J	Fully accomplished Lifeline Discount Sheet for the year
	Annex K	Fully accomplished Senior Citizen Discount Sheet for the year
	Annex L	Consumer bills per customer class (Non-Lifeline)
	Annex M	Consumer bills per lifeline bracket (Lifeline)
	Annex N	Senior Citizen consumer bills
Folder 5	OTHER DOCUMENTS	
	Annex O	Submitted URR for the year
	Annex P	Computation on how the computed pass-through charges were derived (if not implementing the URR-computed rates)

9. Additionally, PELCO III is submitting in support of the instant application, the required electronic copies of the Application and the foregoing data and documents which are attached to the Application;

10. Further, in compliance with the pre-filing requirements of the Honorable Commission, PELCO III is likewise submitting the following documents to form integral parts of the Application, to wit:

ANNEX MARKINGS	NATURE OF DOCUMENT
Annexes Q and series	Proof of furnishing copies of the Application to the Sangguniang Bayan of Apalit and Sangguniang Panlalawigan of Pampanga.
Annexes R and series	Proof of publication of the Application in a newspaper in circulation in the Applicant's franchise area or where it principally operates

11. Considering the foregoing, it is respectfully prayed that applicant's calculations of over or under recoveries in the implementation of subject automatic cost adjustments and true-up mechanisms be confirmed and approved, and PELCO III be

allowed to refund the over recoveries or collect the under recoveries, as the case maybe, to or from its customers.

PRAYER

WHEREFORE, premises considered, it is respectfully prayed of this Honorable Commission, that after due notice and hearing, PELCO III's calculations of over or under-recoveries in the implementation of subject automatic cost adjustments and true-up mechanisms covering the period January 2011 to December 2013, made pursuant to ERC Resolution 16, Series of 2009 as amended by Resolution 21, Series of 2010 and ERC Resolution 23, Series of 2011, be confirmed and approved, and PELCO III be allowed to refund the over recoveries or collect the under recoveries, as the case maybe, to or from its customers, summarized as follows, to wit:

	Allowable Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Rate (GR)	1,854,772,911.95	1,891,621,316.01	(36,848,404.06)
Transmission Rate (TR)	400,581,407.83	410,662,264.98	(10,080,857.16)
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Senior Citizen Discount and Subsidy	(55,045.65)	270,155.88	(215,110.23)
Net Results			(12,261,585.01)

Other reliefs, just and equitable in the premises are likewise prayed for.

Finding the said *Application* sufficient in substance with the required fees having been paid, the same is hereby set for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on **29 November 2017 (Wednesday) at ten o'clock in the morning (10:00 A.M.), at the ERC Hearing Room, 15th Floor, Pacific Center Building, San Miguel Avenue, Pasig City.**

Accordingly, PELCO III is hereby directed to:

- 1) Cause the publication of the attached Notice of Public Hearing once (1x) in a newspaper of nationwide circulation in the Philippines at its own expense, to be made not later than ten (10) days before the date of the scheduled initial hearing;
- 2) Furnish with copies of this Order and the attached Notice of Public Hearing the Offices of the Provincial Governor, the City Municipal Mayors, and the Local Government Unit (LGU) legislative bodies within the affected franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform of the filing of the *Application*, the reasons therefor, and of the scheduled hearing thereon, the consumers within the affected franchise area, by any other means available and appropriate;
- 4) Furnish with copies of this Order and the attached Notice of Public Hearing, 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; and
- 5) Furnish with copies of the *Application* and the attachments all those making requests therefor, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing, Applicant must submit to the Commission its written compliance with the aforementioned jurisdictional requirements attaching therewith, methodically arranged and duly marked the following:

- 1) The evidence of publication of the attached Notice of Public Hearing consisting of affidavit of the Editor or Business Manager of the newspaper where the said Notice of Public Hearing was published, and the complete issue of the said newspaper;

- 2) The evidence of actual posting of this Order and the attached Notice of Public Hearing consisting of certifications issued to that effect, signed by the aforementioned Governor, Mayors, and LGU legislative bodies or their duly authorized representatives, bearing the seals of their offices;
- 3) The evidence of other means employed by Applicant to inform of the filing of the *Application*, the reasons therefore, and of the scheduled hearing thereon, the consumers within the affected franchise area;
- 4) The evidence of receipt of copies of this Order and the attached Notice of Public Hearing by the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress;
- 5) The evidence of receipt of copies of the *Application*, and the attachments by all those making requests therefor, if any; and
- 6) Such other proofs of compliance with the requirements of the Commission.

Applicant and all interested parties are also required 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:

- 1) A summary of admitted facts and proposed stipulation of facts;
- 2) The issues to be tried or resolved;
- 3) The documents or exhibits to be presented, stating the purposes and proposed markings therefore; and
- 4) The number and names of the witnesses, with their written testimonies in a Judicial Affidavit form attached to the Pre-trial Brief.

Failure of Applicant to comply with the above requirements 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 the said date of cancellation.

PELCO III must also be prepared to make an expository presentation of the instant *Application* 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 *Application* is all about and the reasons and justifications being cited in support thereof.

SO ORDERED.

Pasig City, 29 September 2017.

FOR AND BY AUTHORITY
OF THE COMMISSION:



ALFREDO J. NON
OIC, Chairman and CEO

Copy Furnished:

1. Atty. Jeremiah D. Francisco
DECHAVEZ & EVANGELISTA LAW OFFICES
Counsel for Applicant DASURECO
Unit 2008 Tycoon Centre
Pearl Drive, Ortigas Center, Pasig City 1605
2. Pampanga III Electric Cooperative, Inc. (PELCO)
Sampaloc, Apalit, Pampanga
3. **Office of the Solicitor General**
134 Amorsolo Street, Legaspi Village
Makati City, Metro Manila
4. **Commission on Audit**
Commonwealth Avenue
Quezon City, Metro Manila
5. **Senate Committee on Energy**
GSIS Bldg., Roxas Blvd., Pasay City
Metro Manila
6. **House Committee on Energy**
Batasan Hills, Quirino City, Metro Manila
7. **Office of the City Mayor**
Apalit, Pampanga
8. **Office of the Local Government Legislative Body**
Apalit, Pampanga
9. **Office of the Municipal Mayor**
Macabebe, Pampanga
10. **Office of the Local Government Legislative Body**
Macabebe, Pampanga
11. **Office of the Municipal Mayor**
Masantol, Pampanga
12. **Office of the Local Government Legislative Body**
Masantol, Pampanga
13. **Office of the Municipal Mayor**
San Simon, Pampanga
14. **Office of the Local Government Legislative Body**
San Simon, Pampanga
15. **Office of the Municipal Mayor**
Sto. Tomas, Pampanga

- 16. Office of the Local Government Legislative Body**
Sto. Tomas, Pampanga
- 17. Office of the Municipal Mayor**
Sto. Tomas, Pampanga
- 18. Office of the Local Government Legislative Body**
Minalin, Pampanga
- 19. Office of the Municipal Mayor**
Minalin, Pampanga
- 20. Office of the Governor**
Province of Pampanga
- 21. Office of the Governor**
Province of Pampanga
- 22. President**
Philippine Chamber of Commerce and Industry (PCCI)
3rd Floor, Chamber and Industry Plaza (CIP)
1030 Campus Avenue corner Park Avenue
McKinley Town Center, Fort Bonifacio, Taguig City
- 23. Investigation and Enforcement Division (IED)**
Energy Regulatory Commission
17th Floor, Pacific Center, San Miguel Avenue, Pasig City