

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



IN THE MATTER OF THE APPLICATION FOR APPROVAL OF THE OVER/UNDER RECOVERIES BASED ON THE FORMULA ON THE VARIOUS AUTOMATIC COST ADJUSTMENTS AND TRUE-UP MECHANISMS AND CORRESPONDING CONFIRMATION PROCESS PURSUANT TO ERC RESOLUTION NO. 16, SERIES OF 2009 AND ERC RESOLUTION NO. 21, SERIES OF 2010,

ERC CASE NO. 2017-043 CF

**LA UNION ELECTRIC COMPANY, INC. (LUECO),
Applicant.**

X-----X

D O C K E T E D
Date: AUG 31 2017
By: [Signature]

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 31 March 2017, an *Application* dated 17 March 2017 was filed by applicant La Union Electric Company, Inc. (LUECO) seeking the Commission's approval of the (over)/under-recoveries based on the formula on the various automatic cost adjustments and true-up mechanisms and corresponding confirmation process, pursuant to ERC Resolution No. 16, Series of 2009 and ERC Resolution No. 21, Series of 2010.

LUECO alleged the following in its *Application*:

THE APPLICANT

Applicant, LA UNION ELECTRIC COMPANY, INC., is a domestic corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at LUECO Building, Quezon Avenue, San Fernando City, La Union.

LUECO is the duly authorized franchise holder to maintain and operate the electric light and power services in the City of San Fernando and the Municipalities of Bauang and San Juan all in the Province of La Union.

LUECO is represented in this Application by its President and Chairman of the Board, Mr. RUBEN L. VALERO, JR.. Attached and marked as Annex "A" is a copy of the Secretary's Certificate authorizing Mr. VALERO to sign the instant Application and the law firm of undersigned counsel to file the same and represent LUECO.

RESOLUTION NO. 16, SERIES OF 2009
AND
RESOLUTION NO. 21, SERIES OF 2010

On 13 July 2009, this Honorable Commission issued its Resolution No. 16, Series of 2009 entitled "A RESOLUTION ADOPTING THE RULES GOVERNING THE AUTOMATIC COST ADJUSTMENT AND TRUE-UP MECHANISMS AND CORRESPONDING CONFIRMATION PROCESS FOR DISTRIBUTION UTILITIES" directing Luzon DUs to file their respective consolidated applications on or before 30 October 2009.

On 18 October 2010, this Honorable Commission issued its Resolution No. 21, Series of 2010 entitled "A RESOLUTION AMENDING SECTION 4 OF ARTICLE 4 AND SECTION 1 OF ARTICLE 5 OF THE RULES GOVERNING THE AUTOMATIC COST ADJUSTMENT AND TRUE-UP MECHANISMS AND CORRESPONDING CONFIRMATION PROCESS FOR DISTRIBUTION UTILITIES". Said filing by Luzon DUs of the required consolidated application was moved to 31 March 2011 for adjustments implemented until the billing month of December 2010 and filing period of March 31, 2014 for adjustments covered by January 2011 to December 2013.

In compliance with the aforementioned Resolution, LUECO filed in ERC Case No. 2011-049 CF and ERC Case No. 2014-004 CF dated 03 June 2011 and 19 March 2014, respectively, its Application entitled "IN THE MATTER OF THE APPLICATION FOR APPROVAL OF (OVER)/UNDER RECOVERIES BASED ON THE FORMULA ON THE VARIOUS AUTOMATIC COST ADJUSTMENTS AND TRUE-UP MECHANISMS AND CORRESPONDING CONFIRMATION PROCESS PURSUANT TO ERC RESOLUTION NO. 16, SERIES OF 2009 AND RESOLUTION NO. 21, SERIES OF 2010".

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On 28 January 2013 and 02 September 2014, this Honorable Commission issued its Decision approving with modification LUECO's's Application in ERC Case No. 2011-049 CF and ERC Case No. 2014-004 CF, respectively.

Article 5, Section 1 of Resolution No. 21, Series of 2010 likewise mandates all Luzon Distribution Utilities (DUs) to file the respective consolidated application every three (3) years following the sequence of period of filing.

In compliance, therefore, with the aforementioned provision of the Resolution, LUECO herein submits for this Honorable Commission's confirmation/approval the following (over)/under recoveries for the period 2014 to 2016:

Category	Amounts
Generation Over recovery	PhP (12,502,361.80)
Transmission Over recovery	(10,729,237.77)
System Loss Over recovery	(2,900,279.76)
Lifeline Over recovery	(1,375,488.18)
Senior Citizen Under recovery	5,871.44
Total Over recovery	PhP (27,501,496.07)

Shown below is the breakdown of LUECO's (over)/under-recoveries per line item:

1. GENERATION

Generation Allowable Cost	P2,394,510,536.42
Generation Revenue	P2,407,012,898.22
Over Recovery	P (12,502,361.80)

2. TRANSMISSION

Transmission Allowable Cost	P455,592,829.92
Transmission Revenue	P466,322,067.69
Over Recovery	P(10,729,237.77)

3. SYSTEM LOSS

System Loss Allowable Cost	P263,348,345.19
System Loss Revenue	P266,248,624.95
Over Recovery	P (2,900,279.76)

4. **LIFELINE SUBSIDY**

Lifeline Charge	P 46,281,908.75
Lifeline Discount	P 44,906,420.57
Over Recovery	P (1,375,488.18)

5. **SENIOR CITIZEN**

Senior Citizen Discount	P 113,743.26
Senior Citizen Subsidy	P 107,871.82
Under Recovery	P 5,871.44

In compliance with the filing requirements of this Honorable Commission and in further support of the instant Application, LUECO herein submits the following:

- a. Summary of the breakdown of over and under-recoveries from January 2014 to December 2016
- b. Power Supplier Data Sheet
- c. Statistical Data Sheet
- d. Implemented Rates Data Sheet
- e. Power Bills of Power Suppliers
- f. Official Receipts issued by Power Suppliers
- g. Debit/Credit Memo of Power Suppliers
- h. NGCP Invoices
- i. Official Receipts issued by NGCP
- j. Uniform Reportorial Requirement (URR)
- k. Consumer Bills of Lifeliners (per level) and Non-Lifeliners per customer class

**APPLICANT'S COMPLIANCE WITH
THE PRE-FILING REQUIREMENTS**

In compliance with Rule 6, Section 2 of the Rules of Practice and Procedure of this Honorable Commission, LUECO has furnished the Sangguniang Panlungsod of San Fernando City and Sangguniang Panlalawigan of La Union with copies of its Application, inclusive of its Annexes (in CD).

Attached and marked as Annexes "B" and "C" are the Certifications issued by the Sangguniang Panlungsod of San Fernando City and Sangguniang Panlalawigan of La Union acknowledging receipt of the aforementioned documents.

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LUECO has likewise caused the publication of the Application (*sans* Annexes) in a newspaper of general circulation. The Affidavit of Publication and the newspaper issue containing the published Application are hereto attached as Annexes "D" and "E", respectively.

PRAYER

WHEREFORE, in view of all the foregoing, it is respectfully prayed that after due notice, hearing and evaluation, the (over)/under-recoveries of LA UNION ELECTRIC COMPANY, INC. for the period 2014 to 2016, as presented in the instant application, be confirmed and approved accordingly.

Category	Amounts
Generation Over recovery	PhP (12,502,361.80)
Transmission Over recovery	(10,729,237.77)
System Loss Over recovery	(2,900,279.76)
Lifeline Over recovery	(1,375,488.18)
Senior Citizen Under recovery	5,871.44
Total Over recovery	PhP (27,501,496.07)

Other relief just and equitable under the premises are likewise prayed for.

The Commission has set the *Application* for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on **5 October 2017 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.**

All persons who have an interest in the subject matter of the instant case may become a party by filing with the Commission a verified Petition to Intervene at least five (5) days prior to the initial hearing and subject to the requirements under Rule 9 of the 2006 Rules of Practice and Procedure, indicating therein the docket number and title of the case and stating the following:

- 1) The petitioner's name and address;
- 2) The nature of petitioner's interest in the subject matter of the proceeding and the way and manner in which such

interest is affected by the issues involved in the proceeding;
and

- 3) A statement of the relief desired.


All other persons who may want their views known to the Commission with respect to the subject matter of the case may file their Opposition or Comment thereon at any stage of the proceeding before Applicant rests its case, subject to the requirements under Rule 9 of the 2006 Rules of Practice and Procedure. No particular form of Opposition or Comment is required, but the document, letter, or writing should contain the following:

- 1) The name and address of such person;
- 2) A concise statement of the Opposition or Comment; and
- 3) The grounds relied upon.

All such persons who wish to have a copy of the *Application* may request from Applicant that it be furnished with the same, prior to the date of the initial hearing. Applicant is hereby directed to furnish all those making such request with copies of the *Application* and its attachments, subject to the reimbursement of reasonable photocopying costs. Any such person may likewise examine the *Application* and other pertinent records filed with the Commission during the standard office hours.

WITNESS, the Honorable Officer-In-Charge Chairman and CEO **ALFREDO J. NON**, and the Honorable Commissioners **GLORIA VICTORIA C. YAP-TARUC** and **GERONIMO D. STA. ANA**, Energy Regulatory Commission, this 10th day of August 2017 in Pasig City.

FOR AND BY AUTHORITY
OF THE COMMISSION:


JOSEFINA PATRICIA A. MAGPALE-ASIRIT
Oversight Commissioner for Legal


LS: SLAN/ARG/ELS/APV