

Republic of the Philippines
ENERGY REGULATORY COMMISSION www.erc.gov.ph
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.

X-----X

D O C K E T E D
Date: OCT 03 2017
By: [Signature]

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 31 March 2017, Pampanga III Electric Cooperative, Inc. (PELCO III) filed with the Commission its *Application* dated 21 March 2017 (Application) for 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.

PELCO III alleged the following in its *Application*:

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;

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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 | |

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| | | |
|----------|--------------------------------------|--|
| | G | Report of implemented Other Adjustments |
| | 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 |

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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) |
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| 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) |

Other reliefs, just and equitable in 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 **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.

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:

- i. The petitioner's name and address;
- ii. 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
- iii. 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 they 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 Officer-In-Charge (OIC), Chairman and CEO **ALFREDO J. NON**, and the Honorable Commissioners **GLORIA VICTORIA C. YAP-TARUC** and **GERONIMO D. STA. ANA**, Energy Regulatory Commission, this 29th day of September 2017 at Pasig City.


JOSEFINA PATRICIA A. MAGPALE-ASIRIT
Oversight Commissioner for Legal Service