

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



IN THE MATTER OF THE APPLICATION FOR THE CONFIRMATION AND APPROVAL OF CALCULATIONS OF OVER/ UNDER RECOVERIES FOR THE YEARS 2014 TO 2016, PURSUANT TO ERC RESOLUTION NO. 16, SERIES OF 2009, AS AMENDED BY ERC RESOLUTION NO. 21, SERIES OF 2010,

ERC CASE NO. 2017-048 CF

**SUBIC ENERZONE CORPORATION (SEZ),
Applicant.**

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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, Subic Enerzone Corporation (SEZ) filed an *Application* dated 22 March 2017 seeking the Commission's approval of its proposed over or under recoveries covering the period of 2014 to 2016.

SEZ alleged the following in its *Application*:

Applicant **SUBIC ENERZONE CORPORATION ("SEZ")**,
by counsel, respectfully states:

1. SEZ is a corporation existing under the laws of the Republic of the Philippines, with business address at Canal Road corner Labitan Street, Central Business District, Subic Bay Freeport Zone, Olongapo City. It is the duly authorized operator of the power distribution system of the Subic Bay Freeport Zone located in the provinces of Zambales and Bataan by virtue of the Distribution Management Service Agreement (DMSA)

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entered into with the Subic Bay Metropolitan Authority (SBMA) on May 15, 2003.

2. On July 13, 2009, the Honorable Commission promulgated 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" (the "True-Up Guidelines").
 - 2.1. The True-Up Guidelines provided the formulas for the determination of the Generation, Transmission, System Loss, Lifeline Subsidy, and Franchise and Business Taxes Rates.¹
 - 2.2. It likewise provided for the calculation of over- and under-recoveries on the said rates due to the variance in the allowable cost and the revenues billed using the applicable formula.²
3. On October 18, 2010, the Honorable Commission promulgated ERC Resolution No. 21, Series of 2010,³ wherein the Honorable Commission amended the formula for the calculation of over- and under-recovery for System Loss and updated the timelines set in Article 5 of the True-Up Guidelines.
4. The instant Application is being filed pursuant to the above Resolutions. Based on the formulas on the various automatic cost adjustments and true-up mechanisms, SEZ incurred over- and under-recoveries for the period from January 2014 until December 2016, summarized as follows:

	2014	2015	2016	(Over)/ Under Recoveries
Generation	1,347.35	240.75	15,352,925.91	15,354,514.01
Transmission	(250,060.05)	1,549,587.58	624,953.83	1,924,481.36
System Loss	(3,805,762.90)	41,169.97	(3,719,638.06)	(7,484,230.99)
Lifeline	(999.85)	37,885.60	7,076.03	43,961.78
Total (Over)/ Under Recovery	(4,055,475.46)	1,628,883.90	12,265,317.72	9,838,726.16

5. Based on the foregoing, SEZ has incurred a net under-recovery in the amount of PhP 9,838,726.16 for the billing periods from January 2014 to December 2016.
6. In support of the foregoing are the following documents covering the period January 2014 to December 2016, attached as Annexes of the instant Application, to wit:

¹ Article 2 of ERC Resolution No 16, Series of 2009.

² Article 4, *Ibid*.

³ 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".

- Annex A: Summary of the Over/Under Recoveries Computation (per charges and yearly basis);
- Annex B: Proposed Scheme of Refund/Collect using the latest kWh sales;
- Annex C: Fully Accomplished Supplier and Transmission Data Sheet;
- Annex D: Power Bills from Suppliers, Proof of Payment and Debit/Credit Memo;
- Annex E: Fully Accomplished Statistical Data Sheet;
- Annex F: Report on Other Implemented Adjustments;
- Annex G: Fully Accomplished Actual Implemented Rates Sheet;
- Annex H: Fully Accomplished Lifeline Discount Sheet;
- Annex I: Consumers Bills per Customer Class (Non-Lifeline);
- Annex J: Consumer Bills per Lifeline Bracket;
- Annex K: Fully Accomplished Uniform Reportorial Requirement (URR) Template; and
- Annex L: Rate Computations (Generation, Transmission, System Loss and Lifeline Rate)

PRAYER

WHEREFORE, it is respectfully prayed that the Honorable Commission, after due notice, hearing and examination, confirm and approve Applicant's over- and under-recoveries for the January 2014 to December 2016 billing periods and authorize SEZ to recover from its customers the amount of PhP 9,838,726.16 as net under-recovery.

Other reliefs 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 **04 October 2017 at ten o'clock in the morning (10:00 A.M.), at 15th Floor, ERC Hearing Room, Pacific Center Building, San Miguel Ave., 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:

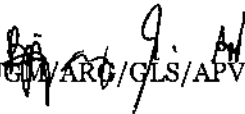
- 1) The name and address of such person;
- 2) A concise statement of the Opposition or Comment; and
- 3) The grounds relied upon.

All such persons who wish to have a copy of the *Application* may request from Applicant that 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 Honorable Officer in Charge of ERC, **ALFREDO J. NON**, and the Honorable Commissioners, **GLORIA VICTORIA C. YAP-TARUC** and **GERONIMO D. STA. ANA**, Energy Regulatory Commission, this 17th day of July 2017 in Pasig City.

FOR AND BY AUTHORITY
OF THE COMMISSION:


JOSEFINA PATRICIA A. MAGPALE-ASIRIT
Oversight Commissioner for Legal


LS: JEM/ARG/GLS/APV