

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



**IN THE MATTER OF THE APPLICATION FOR APPROVAL OF OVER/UNDER RECOVERIES BASED ON THE FORMULA ON THE VARIOUS AUTOMATIC COST ADJUSTMENT AND TRUE UP MECHANISMS AND CORRESPONDING CONFIRMATION PROCESS PURSUANT TO ERC RESOLUTION NO. 16, SERIES OF 2009, AS AMENDED BY ERC RESOLUTION NO. 21, SERIES OF 2010 AND ERC RESOLUTION NO. 23, SERIES OF 2010,**

**ERC CASE NO. 2017 -065 CF**

**PAMPANGA II ELECTRIC COOPERATIVE, INC. (PELCO II),**  
**Applicant.**  
X-----X

**DOCKETED**  
Date: JUL 13 2017  
By: [Signature]

**ORDER**

On 25 April 2017, Pampanga II Electric Cooperative, Inc. (PELCO II) filed an Application dated 07 April 2017 (Application) seeking the Commission's approval of its over/under recoveries based on the formula of the various Automatic Cost Adjustment and True Up Mechanisms and corresponding confirmation process pursuant to ERC Resolution No. 16, Series of 2009, as amended by ERC Resolution No. 21, Series of 2010 and ERC Resolution No. 23, Series of 2010.

PELCO II alleged the following in its *Application*:

1. Applicant is an electric cooperative duly organized and existing under and by virtue of the laws of the Republic of

the Philippines, with principal office address at San Roque, Guagua, Pampanga 2003, where it may be served with summons and other legal processes, represented in this instance by its General Manager, Amador T. Guevarra, of legal age, Filipino, and with office address also at PELCO II Main Office;

2. Herein applicant is the exclusive franchise holder issued by the National Electrification Administration (NEA) to operate an electric light and power services in the city and municipalities of the province of Pampanga, namely: Guagua, Bacolor, Porac, Sasmuan, Lubao, Sta. Rita, and City of Mabalacat;
3. Pursuant to ERC Resolution No. 16, Series of 2009, as amended by ERC Resolution No. 21, Series of 2010, more specifically Article 5, Section 1 (Filing) thereof, and ERC Resolution No. 23, Series of 2010, all Luzon Distribution Utilities (DUs) shall file their respective consolidated applications, on or before March 31, 2014, for the (over)/under recoveries on their implementation of various automatic cost adjustment and true-up mechanisms. Subsequently, the DUs shall file their respective consolidated applications every three (3) years following the sequence of period of prescribed filing;
4. For purposes of compliance with the said ERC Resolution No. 16, Series of 2009, as amended, herein applicant adopted the formulae on Generation Rate (GR), Transmission Rate (TR), System Loss Rate (SLR), Lifeline Rate (LR) and Senior Citizen Subsidy Rate (SCSR), together with the specific definitions and sub-formulae for each item thereof;
5. Applicant PELCO II hereby submits its proposed application for approval of automatic cost adjustments and true-up mechanisms and corresponding confirmation process pursuant to the aforesaid resolution, as amended, as well as the attached summary of computations and actual calculations of (over)/under recoveries for 2014 to 2016, duly marked as Annex "A", and form as part and parcel of this application;
6. In support of this application, herein applicant attached the following required documents covering the period 2014 – 2016 contained in the guidelines issued by the Honorable Energy Regulatory Commission as Annex "B", and also form as part and parcel of this application, to wit:
  - a. Supplier and Transmission Data Sheet;
  - b. Statistical Data Sheet;
  - c. Actual Implemented Rates;
  - d. Actual Lifeline Rate Discounts;
  - e. Actual Senior Citizen Rate Discounts;

- f. Generation and Transmission Bills of Power Suppliers of SMEC, 1590EC, and NGCP;
- g. Debit/Credit Memorandum of Power Suppliers;
- h. Official Receipts issued by NGCP as Proofs of Payment;
- i. Official Receipts issued by SMEC as Proofs of Payment;
- j. Official receipts issued by 1590EC as Proofs of Payment;
- k. Sections B and E of the Monthly and Financial Statistical Reports (MFSR);
- l. Sample Bills of Lifeline Consumers;
- m. Sample Bills of All Types of Consumers;
- n. Sample Bills of Senior Citizen Consumers;
- o. Summary of Pilferage Costs Recoveries;
- p. URR Computation of Generation Rate (GR);
- q. URR Computation of Transmission Rate (TR);
- r. URR Computation of System Loss Rate (SLR);
- s. URR Computation of Lifeline Rate (LR);
- t. URR Computation of Senior Citizen Subsidy Rate (SCSR);
- u. Computation and Summary of (Over)/Under Recoveries of GR, TR, SLR, SCSR, and LR;
- v. 2014 URR Reports Submitted in 2015;
- w. 2015 URR Reports Submitted in 2016;
- x. 2015 URR Reports Submitted in 2017;
- y. Proposed Scheme of Refund, and;
- z. Letters of Justification of Implemented Rates other than the URR Computed Rates.

7. The summary of Actual Revenue vis-à-vis allowed Cost of Recoveries and (Over)/Under Recoveries for Generation, Transmission, System Loss, Lifeline, and Senior Citizen Rates as follows, to wit:

<b>PARTICULARS</b>	<b>PASSED THROUGH CHARGES (Php)</b>	<b>ACTUAL REVENUE (Php)</b>	<b>(OVER)UNDER RECOVERIES (Php)</b>
GENERATION	6,130,258,562.75	6,180,671,640.73	(50,413,077.99)
TRANSMISSION	1,062,737,556.86	1,067,041,082.74	(4,303,525.89)
SYSTEM LOSS	933,612,942.73	1,026,251,609.03	(92,638,666.30)
LIFELINE	64,459,874.76	62,957,451.62	(1,502,423.14)
SENIOR CITIZEN	164,874.15	159,277.32	(5,596.83)
<b>GRAND TOTAL</b>	<b>8,191,233,811.25</b>	<b>8,337,081,061.45</b>	<b>(148,863,290.15)</b>

**PRAYER**

**WHEREFORE**, premises considered, applicant Pampanga II Electric Cooperative, Inc. (PELCO II) respectfully prays of this Honorable Commission that, after due notice and hearing and consideration, this application be approved and,

upon approval thereof, the applicant be directed to submit the scheme on how to implement the said approval.

Other relief, just or equitable, is 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 **17 August 2017 (Thursday) at two o'clock in the afternoon (2:00 P.M.), at the ERC Hearing Room, 15<sup>th</sup> Floor, Pacific Center Building, San Miguel Avenue, Pasig City.**

Accordingly, PELCO II 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, and the date of the last publication 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 Governors, the City and Municipal Mayors, and the Local Government Unit (LGU) legislative bodies within PELCO II's franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform of the filing of the *Application*, its reasons therefor, and of the scheduled hearing thereon the consumers within PELCO II's franchise area, by any other means available and appropriate;
- 4) Furnish with copies of the *Application*, 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 its 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 the 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 Governors, Mayors, and LGU legislative bodies or their duly authorized representatives, bearing the seals of their offices;
- 3) The evidence of the means employed by Applicant to inform of the filing of the *Application*, its reasons therefore, and of the scheduled hearing thereon, the consumers within the affected franchise area;
- 4) The evidence of receipt of copies of the *Application*, 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 its 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 submit the required Pre-Trial Brief and Judicial Affidavits of its witnesses 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 II 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, 04 July 2017.

FOR AND BY AUTHORITY  
OF THE COMMISSION:



**ALFREDO J. NON**  
*Officer-In-Charge of ERC*

LS: /MCC/ARQ/CLS/APV

COPY FURNISHED:

1. Pampanga II Electric Cooperative, Inc. (PELCO II)  
Applicant San Roque  
Guagua, Pampanga
2. Atty. Arnido O. Inumerable  
Counsel/or Applicant  
405 Elisa Street, U.E. Village  
Cainta, Rizal
3. Office of the Mayor  
City of Mabalacat, Pampanga
4. Office of the Local Government Unit (LGU) legislative body  
City of Mabalacat, Pampanga

5. Office of the Mayor  
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6. Office of the LGU legislative body  
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16. Office of the LGU legislative body  
Sta. Rita, Pampanga
17. Office of the Governor  
Pampanga
18. Office of the LGU legislative body  
Pampanga
19. Office of the Solicitor General  
134 Amorsolo Street, Legaspi Village  
Makati City
20. Commission on Audit  
Commonwealth Avenue, Quezon City
21. Senate Committee on Energy  
GSIS Bldg. Roxas Blvd., Pasay City
22. House Committee on Energy  
Batasan Hills, Quezon City
23. Investigation and Enforcement Division  
Energy Regulatory Commission  
17<sup>th</sup> Floor, Pacific Center, San Miguel Avenue, Pasig City