

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 COSTS 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. 2017-063 CF

NUEVA ECIJA II ELECTRIC COOPERATIVE, INC. – AREA 1 (NEECO II- AREA 1), Applicant.

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D O C K E T E D
Date: AUG 31 2017
By: _____

ORDER

On 20 April 2017, Nueva Ecija II Electric Cooperative, Inc. – Area 1 (NEECO II- AREA 1) filed an *Application* dated 07 April 2017 seeking the Commission's approval of its proposed over or under recoveries in the implementation of automatic cost adjustments and true-up mechanisms covering the period 2014 to 2016.

NEECO II- AREA 1 alleged the following in its *Application*:

Applicant Nueva Ecija II Electric Cooperative, Inc. – Area 1 (NEECO II – AREA 1, for brevity), by and through the undersigned counsel, and unto this Honorable Commission most respectfully states:

1. Applicant is an electric cooperative duly organized and existing under and by virtue of the laws of the Philippines, with principal office at Calipahan, Talavera, Nueva Ecija, where it may be served with summons and other legal processes, represented in this instance by its OIC - General Manager, Engr. Nelson M. Dela Cruz, of legal age, Filipino, and with office address also at NEECO II – AREA 1 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 municipalities and city of the province of Nueva Ecija, namely: Talavera, Lupao, Carranglan, Aliaga, Quezon, Licab, Sto. Domingo, Science City of Muñoz, Guimba, and Talugtug;
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 (DU's) 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, Transmission Rate, System Loss Rate, Lifeline Subsidy Rate and Senior Citizen Subsidy Rate, together with the specific definitions and sub-formulae for each item thereof;
5. Applicant NEECO II – AREA 1 hereby submits its proposed application for approval of automatic cost adjustment 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 contained in the guidelines issued by the Honorable Energy Regulatory Commission, to wit:
 - a. Power Supply Data Sheet;
 - b. Statistical Data Sheet;
 - c. Implemented Rates;
 - d. Power Bills of Power Supplier/s;
 - e. Official Receipts issued by Power Supplier/s;
 - f. NGCP Invoices;
 - g. Official Receipts issued by NGCP;
 - h. Consumer bills of Lifeliners (per level) and Non-Lifeliners per customers class;
 - i. URR Computation of Generation Rate;

- j. URR Computation of Transmission Rate;
 - k. URR Computation of System Loss Rate;
 - l. URR Computation of Lifeline Rate;
 - m. URR Computation of Senior Citizen Subsidy Rate;
 - n. Computation of (Over)/Under Recoveries;
 - o. Summary of Implementation of approved other charges; and
 - p. Summary of Pilferage Cost Recoveries);
7. The summary of Actual Revenue vis-à-vis allowed Cost Recoveries and (Over)/Under Recoveries for Generation, Transmission, System Loss, Lifeline, and Senior Citizen Rates as follows, to wit:

<u>PARTICULARS</u>	<u>PASS THROUGH COST</u>	<u>ACTUAL REVENUE</u>	<u>(OVER)/ UNDER RECOVERIES</u>
GENERATION	2,322,961,671.78	2,373,334,153.26	(50,372,481.48)
TRANSMISSION	542,715,641.80	540,379,737.35	2,335,904.45
SYSTEM LOSS	396,453,255.47	359,362,953.44	37,090,302.03
LIFELINER	29,224,455.36	14,108,076.76	15,116,378.60
SENIOR CITIZEN	22,668.86	18,106.55	4,562.31
GRAND TOTAL	3,291,377,693.27	3,287,203,027.36	4,174,665.91

PRAYER

WHEREFORE, premises considered, applicant Nueva Ecija II Electric Cooperative, Inc. – Area 1 (NEECO II Area-1) 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 **05 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.**

Accordingly, NEECO II- AREA 1 is hereby directed to:

- 1) Cause the publication of the attached Notice of Public Hearing at its own expense, once (1x) in a newspaper of general circulation in the Philippines, at least 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 and City and 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 the consumers within the affected franchise area of the filing of the *Application*, its reasons therefor, and of the scheduled hearing thereon, 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 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 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 other means employed by Applicant to inform the consumers within the affected franchise area of the filing of the *Application*, its reasons therefor, and of the scheduled hearing thereon;

- 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 its attachments by all those making requests therefor, if any; and
- 6) Such other proof of compliance with the requirements of the Commission.

Applicant and all other 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.

NEECO II- AREA 1 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 to 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.

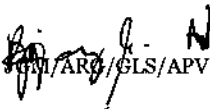
SO ORDERED.

Pasig City, 27 July 2017.

FOR AND BY AUTHORITY
OF THE COMMISSION:



ALFREDO J. NON
Officer-in-Charge of the ERC


LS: JGM/ARG/GLS/APV

COPY FURNISHED:

1. **Nueva Ecija II Electric Cooperative, Inc.- Area 1 (NEECO II- AREA 1)**
Applicant
Calipahan, Talavera, Nueva Ecija
2. **Atty. Arnido O. Inumerable**
Counsel for Applicant NEECO II- AREA 1
405 Elisa Street, U.E. Village,
Cainta, Rizal
3. **Office of the Solicitor General**
134 Amorsolo Street, Legaspi Village, Makati City
4. **Commission on Audit**
Commonwealth Avenue, Quezon City
5. **Senate Committee on Energy**
GSIS Bldg. Roxas Blvd., Pasay City
6. **House Committee on Energy**
Batasan Hills, Quezon City
7. **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
8. **Office of the Governor**
Province of Nueva Ecija
9. **Local Government Unit (LGU) legislative body**
Province of Nueva Ecija
10. **Office of the City Mayor**
Science City of Muñoz, Nueva Ecija
11. **Office of the LGU legislative body**
Science City of Muñoz, Nueva Ecija
12. **Office of the Municipal Mayor**
Talavera, Nueva Ecija
13. **Office of the LGU legislative body**
Talavera, Nueva Ecija
14. **Office of the Municipal Mayor**
Lupao, Nueva Ecija

- 15. Office of the LGU legislative body**
Lupao, Nueva Ecija
- 16. Office of the Municipal Mayor**
Carranglan, Nueva Ecija
- 17. Office of the LGU legislative body**
Carranglan, Nueva Ecija
- 18. Office of the Municipal Mayor**
Aliaga, Nueva Ecija
- 19. Office of the LGU legislative body**
Aliaga, Nueva Ecija
- 20. Office of the Municipal Mayor**
Quezon, Nueva Ecija
- 21. Office of the LGU legislative body**
Quezon, Nueva Ecija
- 22. Office of the Municipal Mayor**
Licab, Nueva Ecija
- 23. Office of the LGU legislative body**
Licab, Nueva Ecija
- 24. Office of the Municipal Mayor**
Sto. Domingo, Nueva Ecija
- 25. Office of the LGU legislative body**
Sto. Domingo, Nueva Ecija
- 26. Office of the Municipal Mayor**
Guimba, Nueva Ecija
- 27. Office of the LGU legislative body**
Guimba, Nueva Ecija
- 28. Office of the Municipal Mayor**
Talugtug, Nueva Ecija
- 29. Office of the LGU legislative body**
Talugtug, Nueva Ecija
- 30. Investigation and Enforcement Division (IED)**
17th Floor, Pacific Center Building, San Miguel Avenue,
Ortigas Center, Pasig City