

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



IN THE MATTER OF THE
APPLICATION FOR
CONFIRMATION AND
APPROVAL OF CALCULATION
OF OVER/UNDER
RECOVERIES IN THE
IMPLEMENTATION OF
AUTOMATIC COST
ADJUSTMENTS AND TRUE UP
MECHANISMS FOR 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. 2014-059 CF

PAMPANGA II ELECTRIC
COOPERATIVE, INC. (PELCO
II),

Applicant.

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D O C K E T E D
Date: SEP 15 2014
By: *WV*

ORDER

On May 28, 2014, the Pampanga II Electric Cooperative, Inc. (PELCO II) filed an application for confirmation and approval of its calculations of over/under recoveries in the implementation of Automatic Cost Adjustments and True Up Mechanisms pursuant to Commission's Resolution No. 16¹, Series of 2009 as amended by Resolution No. 21², Series of 2010, and ERC Resolution No. 23, Series of 2010.

¹ "A Resolution Adopting the Rules Governing the Automatic Cost Adjustment and True-Up Mechanisms and Corresponding Confirmation Process for Distribution Utilities."

² "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."

In the said application, PELCO II alleged, among others, that:

1. It is an electric cooperative (EC) duly recognized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at San Roque, Guagua, Pampanga, where it may be served with summons and other legal processes. It is represented in this instance by its General Manager, Mr. Amador T. Guevarra, who is of legal age, Filipino and with office address at San Roque, Guagua, Pampanga;
2. It is the exclusive franchise holder issued by the National Electrification Administration (NEA) to operate an electric light and power services in the Municipalities of Guagua, Mabalacat, Lubao, Sta. Rita, Bacolor, Porac, and Sasmuan, all in the Province of Pampanga;
3. Pursuant to the Commission's Resolution No. 16, Series of 2009, as amended by Resolution No. 21, Series of 2010, more specifically Article 5, Section 1(Filing) thereof, 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;
4. For purposes of compliance with the said Resolution No. 16, Series of 2009, as amended, and Resolution No. 23, Series of 2010, 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. It hereby submits its proposed application for approval of automatic cost adjustments and true-up mechanisms and corresponding confirmation process pursuant to the aforesaid resolutions, as Annex "A," and form as part and parcel of this application;

6. In support of this application, it attached the following required documents covering the period 2011 – 2013 contained in the guidelines issued by the Commission, as Annex “B” , and also form as part and parcel of this application, to wit:
 - a. Uniform Reportorial Requirements Reports
 - i. Submitted Supplier and Transmission Data Sheet;
 - ii. Statistical Data Sheet;
 - iii. Actual Implemented Rates;
 - iv. Actual Implemented Lifeline Rates;
 - v. Actual Implemented Lifeline Discounts;
 - b. Sections A, B, D, E, and F of MFSR ;
 - c. DU MO 1 and MO 2;
 - d. Billing Demand- KW Sales;
 - e. Meter Facilities Inspection Reports;
 - f. Summary of Monthly Pilferage Recoveries;
 - g. Computation of Generation System Rates;
 - h. Computation of Transmission System Rates;
 - i. Computation of System Loss Rates;
 - j. Computation of Lifeline Subsidy/Discount Rates;
 - k. Computation of Senior Citizen Subsidy/Discount Rates;
 - l. Sample Electric Bills for all Types of Customers;
 - m. Sample Electric Bills for Lifeline Customers;
 - n. Sample Electric Bills for Senior Citizen Customers;
 - o. Generation Power Bills from San Miguel Energy Corporation including Credit/Debit Memo;
 - p. Transmission Power Bills from the National Grid Corporation of the Philippines;
 - q. Photocopies of Official Receipts (ORs) of Payments of Power Bills from SMEC and NGCP;
 - r. Photocopies of Official Receipts (ORs) of Payments of Restructured Power Bills from PSALM;
 - s. Photocopies of Official Receipts (ORs) of Payments of VAT Distribution to BIR;
 - t. Summary of Payments of Power Bills, Restructured Power Accounts and VAT Distribution; and

7. The summary Pass True-cost vis-à-vis, the actual collection for Generation, Transmission, System Loss, Lifeline and Senior Citizen Subsidy Rates are as follows, to wit:

Particulars	Passed Through Charges (PhP)	Actual Billing (PhP)	Difference (PhP) (Over) Under Recoveries
Generation	4,891,386,527.35	4,848,122,081.47	43,264,445.88
Transmission	946,066,318.74	991,002,923.62	(44,936,604.88)
System Loss	875,362,118.29	868,754,529.63	6,607,588.66
Lifeline	63,494,285.03	63,405,001.47	(89,283.56)
Senior Citizen	285,419.00	292,883	7,464.31
Total (PhP)	6,776,594,668.41	6,771,577,419.50	4,853,610.41

8. It prays that the Commission, after due notice and hearing, approve its application and, upon approval, it be directed to submit the scheme on how to implement the said approval.

Finding the said application to be sufficient in form and in substance with the required fees having been paid, the same is hereby set for jurisdictional hearing, expository presentation, pre-trial conference and evidentiary hearing on **October 2, 2014 (Thursday) 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.**

PELCO II is hereby directed to 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 scheduled date of initial hearing. It is also directed to inform the consumers within its franchise area, by any other means available and appropriate, of the filing of the instant application, its reasons therefor and of the scheduled hearing thereon.

Let copies of the application, this Order, and the attached Notice of Public Hearing be furnished 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 hearings.

Likewise, let copies of this Order and the attached Notice of Public Hearing be furnished the Offices of the Governor of Pampanga and the Mayors of the Municipalities within the franchise area of PELCO II for the appropriate posting thereof on their respective bulletin boards.

PELCO II is hereby directed to furnish all those making requests therefor with copies of the application and its attachments, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing, PELCO II must submit to the Commission its written Compliance with the jurisdictional requirements attaching therewith, methodically arranged and duly marked, the evidences of the actual posting and publication of the Notice of Public Hearing consisting of certifications issued to that effect, signed by the afore-mentioned Governor and Mayors or their duly authorized representatives, bearing the seals of their offices, and the affidavit of the Editor or Business Manager of the newspaper where said Notice of Public Hearing was published together with the complete issue of the said newspaper, and such other proofs of compliance with the requirements of the Commission.

PELCO II and all interested parties are directed 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:

- (a) A summary of admitted facts and proposed stipulation of facts;
- (b) The issues to be tried or resolved;
- (c) The documents or exhibits to be presented, stating the purposes thereof and proposed markings therefore; and
- (d) The number and names of the witnesses, with their written testimonies in an individual affidavit form, to be attached to the Pre-Trial Brief.

Failure of PELCO II 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 said date of cancellation.

As part of the pre-trial conference, PELCO II must also be prepared to make an expository presentation of its 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, September 8, 2014.

FOR AND BY AUTHORITY
OF THE COMMISSION:


ZENAIDA G. CRUZ-DUCUT
Chairperson ✓

Copy Furnished:

1. **ATTY. ARNIDO O. INUMERABLE**
Counsel for Applicant PELCO II
405 Elisa Street, U.E. Village, Cainta, Rizal
2. **PAMPANGA II ELECTRIC COOPERATIVE, INC. (PELCO II)**
San Roque, Guagua, Pampanga
3. **THE OFFICE OF THE SOLICITOR GENERAL**
134 Amorsolo Street, Legaspi Village, Makati City
Metro Manila
4. **THE COMMISSION ON AUDIT**
Don Mariano Marcos Avenue
Diliman, Quezon City, Metro Manila
5. **THE SENATE COMMITTEE ON ENERGY**
Senate of the Philippines
GSIS Building, Roxas Blvd., Pasay City, Metro Manila
6. **THE HOUSE COMMITTEE ON ENERGY**
House of Representatives
Batasan Hills, Quezon City, Metro Manila
7. **OFFICE OF THE PRESIDENT OF PCCI**
Philippine Chamber of Commerce and Industry (PCCI)
3rd Floor, ECC Building, Sen. Gil Puyat Avenue
Makati City
8. **Office of the Provincial Governor**
Province of Pampanga
9. **Office of the Municipal Mayor**
Guagua, Pampanga
10. **Office of the Municipal Mayor**
Mabalacat, Pampanga
11. **Office of the Municipal Mayor**
Lubao, Pampanga
12. **Office of the Municipal Mayor**
Sta. Rita, Pampanga
13. **Office of the Municipal Mayor**
Bacolor, Pampanga
15. **Office of the Municipal Mayor**
Porac, Pampanga
16. **Office of the Municipal Mayor**
Sasmuan, Pampanga