

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. 2014-061 CF

CENTRAL PANGASINAN
ELECTRIC COOPERATIVE,
INC. (CENPELCO),

Applicant.

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BOOKETED

Date: SEP 18 2014

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ORDER

On July 1, 2014, the Central Pangasinan Electric Cooperative, Inc. (CENPELCO) 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, CENPELCO alleged, among others, that:

1. It is a non-stock, non-profit electric cooperative, duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at Padilla Street, San Carlos City, Pangasinan;
2. It is the holder of an exclusive franchise issued by the National Electrification Commission (NEC), to operate an electric light and power distribution service in San Carlos City and certain Municipalities of Aguilar, Alcala, Basita, Bautista, Bayambang, Binmaley, Bugallon, Labrador, Lingayen, Malasiqui, Mangaldan, Mangatarem, Sual and Urbiztondo, all in the Province of Pangasinan;
3. The Commission's Resolution No. 16, Series of 2009 as amended by Resolution No. 21, Series of 2010 establishes 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, Treatment of Prompt Payment Discount, as the case may be. ERC Resolution 23, Series of 2010, on the other hand, adopts the rules implementing the discounts to qualified senior citizen end-users and subsidy from subsidizing end-users on electricity consumption.
4. Applying the formulas provided under Resolution 16, Series of 2009 as amended by Resolution 21, Series of 2010 and Resolution 23, Series of 2010, applicant made calculations of the over recoveries charged or under-recoveries incurred as against its customers, in the implementation of the foregoing automatic cost adjustments and true-up mechanisms, covering the period January 2011 to December 2013;

5. Results of its calculations are presented hereunder, as follows:

	Allowable Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Rate (GR)	3,660,591,248.25	3,726,714,169.34	(66,122,921.09)
Transmission Rate (TR)	827,207,956.28	842,964,812.88	(15,756,856.60)
System Loss Rate (SLR)	684,827,092.86	717,863,006.81	(33,035,913.95)
	Discount (PhP)	Subsidy (PhP)	
Lifeline Rate (LR)	(34,038,012.35)	36,669,473.89	(2,631,461.54)
Senior Citizen Discount and Subsidy	(736,439.96)	752,600.93	(16,160.97)
Net Results			(117,563,314.15)

A summary of the results of individual computations on the foregoing pass through charges is attached hereto and made an integral part hereof as Annex "A";

6. In support of the computations made, applicant is submitting the following data and documents, labelled together and made integral part hereof as Annex "B", to wit:

- a) Supplier and Transmission Data Sheet;
- b) Statistical Data Sheet;
- c) Implemented Rates Data Sheet;
- d) Power Bills of Power Suppliers;
- e) Official Receipts issued by Power Suppliers;
- f) Breakdown of Payments with Official Receipts;
- g) Debit/Credit Memo of Power Suppliers;
- h) NGCP Invoices;
- i) Official Receipts issued by NGCP;
- j) Breakdown of Payments with Official Receipts;
- k) Debit/Credit Memo issued by NGCP;
- l) MFSR (Sections B and E); and
- m) Consumer Bills of Lifeliners (per level), Non-Lifeliners per customer class, and Senior Citizens (per level); and

7. It prays that, after due notice and hearing, its calculations of over or under-recoveries in the implementation of certain automatic cost adjustments and true-up mechanisms covering the period January 2011 to December 2013 pursuant to the Commission's Resolution 16, Series of 2009 as amended by Resolution 21, Series of 2010 and Resolution 23, Series of 2011, be confirmed and approved

and, it be allowed to refund the over recoveries or collect the under recoveries, as the case maybe, to or from its customers, to wit:

	Allowable Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Rate (GR)	3,660,591,248.25	3,726,714,169.34	(66,122,921.09)
Transmission Rate (TR)	827,207,956.28	842,964,812.88	(15,756,856.60)
System Loss Rate (SLR)	684,827,092.86	717,863,006.81	(33,035,913.95)
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Senior Citizen Discount and Subsidy	(736,439.96)	752,600.93	(16,160.97)
Net Results			(117,563,314.15)

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 8, 2014 (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.**

CENPELCO 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 Pangasinan and the Mayors of the City and Municipalities within the franchise area of CENPELCO for the appropriate posting thereof on their respective bulletin boards.

CENPELCO 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, CENPELCO 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.

CENPELCO 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 CENPELCO 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, CENPELCO 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 15, 2014.

FOR AND BY AUTHORITY
OF THE COMMISSION:


ZENAIDA G. CRUZ-DUCUT
Chairperson ✓

Copy Furnished:

1. **LERIOS AMBOY PINGOL AND GONZALES LAW OFFICES**
Counsel for CENPELCO
Units 1609-1610, Tycoon Centre
Pearl Drive, Ortigas Center, Pasig City 1605
2. **CENTRAL PANGASINAN ELECTRIC COOPERATIVE, INC. (CENPELCO)**
Padilla Street, San Carlos City, Pangasinan
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 Pangasinan
9. **Office of the Municipal Mayor**
Sual, Pangasinan
10. **Office of the Municipal Mayor**
Labrador, Pangasinan
11. **Office of the Municipal Mayor**
Bugallon, Pangasinan
12. **Office of the Municipal Mayor**
Lingayen, Pangasinan
13. **Office of the Municipal Mayor**
Binmaley, Pangasinan
14. **Office of the Municipal Mayor**
Mangatarem, Pangasinan
15. **Office of the Municipal Mayor**
Aguilar, Pangasinan

16. **Office of the Municipal Mayor**
Urbiztondo, Pangasinan
17. **Office of the Municipal Mayor**
Basista, Pangasinan
18. **Office of the Municipal Mayor**
Bayambang, Pangasinan
19. **Office of the Municipal Mayor**
Malasiqui, Pangasinan
20. **Office of the Municipal Mayor**
Alcala, Pangasinan
21. **Office of the Municipal Mayor**
Bautista, Pangasinan
22. **Office of the City Mayor**
City of San Carlos, Pangasinan