

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



IN THE MATTER OF
THE APPLICATION FOR
CONFIRMATION AND
APPROVAL OF
CALCULATIONS 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 23, SERIES OF
2010

ERC CASE NO. 2014-017 CF

ILOCOS NORTE ELECTRIC
COOPERATIVE, INC. (INEC),

Applicant.

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BOOKED
Date: JAN 26 2015
[Signature]

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on March 26, 2014, the Ilocos Norte Electric Cooperative, Inc. (INEC) 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 for the period 2011 to 2013, pursuant to the

Commission's Resolution No. 16¹, Series of 2009 as amended by Resolution No. 21², Series of 2010 and Resolution No. 23³, Series of 2010.

In the said application, INEC alleged, among others, that:

1. It is a non-stock, non-profit electric cooperative, organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at Suyo, Dingras, Ilocos Norte;
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 the Municipalities of Adams, Bacarra, Badoc, Bangui, Banna, Burgos, Carasi, Currimao, Dingras, Dumalneg, Marcos, Nueva Era, Pagudpod, Paoay, Pasuquin, Piddig, Pinili, San Nicolas, Sarrat, Solsona and Vintar and the Cities of Loag and Batac, all in the Province of Ilocos Norte;
3. The Commission's Resolution No. 16, Series of 2009, as amended by Resolution No. 21, Series of 2010 established 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, System Loss Rate, Transmission Rate, Lifeline Rate Recovery, Inter-Class Cross-Subsidy Removal, Treatment of Prompt Payment Discount, as the case may be. The Commission's Resolution No. 23, Series of 2010, on the other hand,

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."

³ "A Resolution Adopting the Rules Implementing the Discounts to Qualified Senior Citizens and End-Users and Subsidy from the Subsidizing End-Users on Electricity Consumption Under Sections 4&5 of Republic Act No. 9994."

adopts the rules implementing the discounts to qualified senior citizen end-users and subsidy from subsidizing end-users on electricity consumption;

4. It applied the formulas provided under Resolution No. 16, Series of 2009, as amended by Resolution No. 21, Series of 2010 and Resolution No. 23, Series of 2010, in determining the over or under-recoveries charged or incurred in the implementation of the foregoing automatic cost adjustments and true-up mechanisms, covering period January 2011 to December 2013;
5. The results of its calculations are presented hereunder as follows:

	Allowable Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Rate (GR)	2,924,180,166.10	2,913,254,939.80	10,925,226.30
Transmission Rate (TR)	661,799,096.78	671,907,446.90	(10,108,350.12)
System Loss Rate (SLR)	497,438,277.90	496,287,912.95	1,150,364.95
Lifeline Rate (LR)	42,929,482.45	42,034,583.94	894,898.51
Senior Citizen Discount	1,074,984.27	1,071,366.35	3,617.92
Net Results	4,127,422,007.50	4,124,556,249.94	2,865,757.56

6. Summaries of the results of individual computations on the foregoing pass through charges are attached hereto and made an integral part hereof as Annexes "A" to "E", respectively;
7. In support of the computations made, it is submitting the following data and documents, labeled together and made an integral part hereof as Annex "F", 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 (O.R.) issued by Power Suppliers;
- f) Breakdown of Payments with O.R.;
- g) Debit/Credit Memo of Power Suppliers;
- h) NGCP Invoices;
- i) Official Receipts issued by NGCP;
- j) Debit/Credit Memo issued by NGCP;
- k) MFSR (Sections B and E); and
- l) Consumer Bills of Lifeliners (per level) and Non-Lifeliners per customer class; and

8. It prays that its calculations of over/under recoveries presented in the instant application be confirmed and approved.

The Commission has set the application for jurisdictional hearing, expository presentation, pre-trial conference and evidentiary on **February 10, 2015 (Tuesday) at two o'clock in the afternoon (2:00 P.M.) at the ERC Hearing Room, 15th Floor, Pacific Center Building, San Miguel Avenue, Pasig City.**

All persons who have an interest in the subject matter of the proceeding may become a party by filing, at least five (5) days prior to the initial hearing and subject to the requirements in the ERC's Rules of Practice and Procedure, a verified petition with the Commission giving the docket number and title of the proceeding and stating: (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 proceeding may file their opposition to the application or comment thereon at any stage of the proceeding before the applicant concludes the presentation of its evidence. No particular form of opposition or comment is required, but the document, letter or writing should contain the name and address of such person and a concise statement of the opposition or comment and the grounds relied upon.

All such persons who may wish to have a copy of the application may request the applicant, prior to the date of the initial hearing, that they be furnished with a copy of the application. The applicant is hereby directed to furnish all those making a request with copies of the application and its attachments, subject to reimbursement of reasonable photocopying costs. Likewise, any

such person may examine the application and other pertinent records filed with the Commission during the usual office hours.

WITNESS, the Honorable Chairperson, **ZENAIDA G. CRUZ-DUCUT**, and the Honorable Commissioners, **ALFREDO J. NON**, **GLORIA VICTORIA C. YAP-TARUC**, and **JOSEFINA PATRICIA A. MAGPALE-ASIRIT**, Energy Regulatory Commission, this 12th day of January, 2015 at Pasig City.



ATTY. FRANCIS SATURNINO C. JUAN
Executive Director III



LBB/NJS