

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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DOCKETED  
Date: SEP 15 2014  
By: *[Signature]*

## NOTICE OF PUBLIC HEARING

### TO ALL INTERESTED PARTIES:

Notice is hereby given that 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. 16<sup>1</sup>, Series of 2009 as amended by Resolution No. 21<sup>2</sup>, Series of 2010, and ERC Resolution No. 23, Series of 2010.

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

<sup>2</sup> "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; and
    - 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:

| <b>Particulars</b> | <b>Passed Through Charges (PhP)</b> | <b>Actual Billing (PhP)</b> | <b>Difference (PhP) (Over) Under Recoveries</b> |
|--------------------|-------------------------------------|-----------------------------|---|
| 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  |
| <b>Total (PhP)</b> | <b>6,776,594,668.41</b>             | <b>6,771,577,419.50</b>     | <b>4,853,610.41</b>                             |

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.

The Commission has set the application 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, 15<sup>th</sup> 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 8<sup>th</sup> day of September 2014 at Pasig City.

  
**ATTY. FRANCIS SATURNINO C. JUAN**  
Executive Director III