

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.

X- ----- X

DOCKETED
Date: SEP 18 2014
[Signature]

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that 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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Net Results			(117,563,314.15)

The Commission has set the application 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.**

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 15th day of September 2014 at Pasig City.


ATTY. FRANCIS SATURNINO C. JUAN
Executive Director III