

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



**IN THE MATTER OF THE APPLICATION FOR THE APPROVAL OF THE CALCULATIONS FOR THE AUTOMATIC COST ADJUSTMENT AND TRUE-UP MECHANISMS FOR THE a) GENERATION RATE, b) TRANSMISSION RATE, c) SYSTEM LOSS RATE, d) LIFELINE SUBSIDY RATE, AND e) SENIOR CITIZEN DISCOUNT, UNDER ERC RESOLUTION NO. 16, SERIES OF 2009 AS AMENDED**

**ERC CASE NO. 2014-052 CF**

**DAGUPAN ELECTRIC CORPORATION  
(DECORP),**

**Applicant.**

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**DOCKETED**  
Date: AUG 26 2015  
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**NOTICE OF PUBLIC HEARING**

**TO ALL INTERESTED PARTIES:**

Notice is hereby given that on April 1, 2014, Dagupan Electric Corporation (DECORP) filed an application for the approval of its calculations for the automatic cost adjustment and true-up mechanisms for the a) generation rate; b) transmission rate; c) system loss rate; d) lifeline subsidy rate, and e) senior citizen discount, under ERC Resolution No. 16, Series of 2009, as amended.

In the said application, DECORP alleged, among others, the following:

1. It is a private corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at Veria II Building, AB West,

Dagupan City, where it may be served with summons and other legal processes;

2. It has an exclusive franchise issued by the Congress of the Philippines, to operate an electric light and power services in the Cities and Municipalities of Dagupan, Calasiao, San Fabian, Sta. Barbara, San Jacinto, manaoag, Barangays Cruz and Bolingit of San Carlos City, all in the Province of Pangasinan;
3. The ERC adopted Resolution No. 16, Series of 2009, ("A Resolution Adopting the Rules Governing the Automatic Cost Adjustment and True-Up Mechanisms and Corresponding Confirmation Process for Distribution Utilities") (the "rules" for brevity) on July 13, 2009 which establish 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 ERC;
4. The ERC also adopted Resolution No. 23, Series of 2009 ("A Resolution Adopting the Template for the Distribution Utilities' (DUS) Filing Pursuant to the "Rules Governing the Automatic Cost Adjustment and True-Up Mechanisms and Corresponding Confirmation Process for Distribution Utilities) on October 12, 2009 which directed "all DU's to adopt the template on the Uniform Over/under Recovery in the filing of their respective over/under recoveries which was posted on the ERC's website and available upon request from the ERC's Investigation and Enforcement Division";
5. The ERC also adopted Resolution No. 21, Series of 2010 ("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") on October 18, 2010.

The amendments to Section 1 of Article 5 state that Luzon DUs, shall file their consolidated application under the Commission's Resolution No. 16, Series of 2009 on March 31, 2014. The application shall cover the period of January 2011 to December 2013;

6. The ERC also adopted Resolution No. 23,, Series of 2010 ("A Resolution Adopting the Rules Implementing the Discounts to Qualified Senior Citizen End-Users and Subsidy from the Subsidizing End-Users on Electricity consumption Under Sections 4 and 5 of Republic Act No. 9994) on December 15, 2010. Section 3 of Article 7 of the aforementioned Resolution states that the Commission shall verify the over or under recovery in the Senior Citizen Discount and Subsidy Rates once every three (3) years to coincide and in accordance with the time frames as set forth under Article 5 of the Rules;
  
7. Based on the rules and using the prescribed template, it calculated the over and under recoveries on the: a) Generation Rate; b) Transmission Rate, c) System Loss Rate, d) Lifeline Subsidy Rate and, g) Senior Citizen Discount and Subsidy Rate for the period January 2011 to December 2013; as follows:

<b>Categories</b>	<b>Allowable Cost/Discount Granted (PhP)</b>	<b>Actual Revenue/Subsidy Collected (PhP)</b>	<b>(Over)/Under Recoveries (PhP)</b>
Generation Rate	4,134,156,083.20	3,998,970,634.85	135,185,448.36
Transmission Rate	837,959,669.69	835,591,042.30	2,368,627.38
System Loss Rate	361,395,446.71	345,857,081.14	15,538,365.56
Lifeline Subsidy Rate	(80,433,815.39)	81,742,373.51	(1,308,558.12)
Senior Citizen Discount Subsidy Rates	(398,121.16)	398,406.78	(285.62)
<b>TOTAL</b>			<b>151,783,597.56</b>

The over or under recovery is due to the limitation of the prescribed formula in the Rules, whereby the previous month's data was used in the calculation of the above mentioned charges while the current month's actual data was employed to determine the allowable recoverable cost.

8. In support of its application, it is submitting the following documents, to wit:

<b>REFERENCE</b>	<b>INFORMATION PROVIDED</b>
Schedule A	Calculation: Generation Rate Over/Under Recovery

Schedule B	Calculation: Transmission Rate Over/Under Recovery
Schedule C	Calculation: System Loss Rate Over/Under Recovery
Schedule D	Calculation: Lifeline Subsidy Rate Over/Under Recovery
Schedule E	Calculation and Supporting Documents: Senior Citizen Discount and Subsidy Rates Over/Under Recoveries
Schedule F	Calculation: Summary of Over/Under Recoveries
Annex A	Official Receipts, Power Bills & Debit/Credit Memo
Annex B	ERC Form DU-M01 & DU-M02
Annex C	Consumer Bills
Annex D	Lifeline Rates Calculation and Sample Bills
Annex E	Senior Citizens Calculations and Sample Bills
Annex F	Discount and Recoveries
Annex G	Monthly Revenue Generated
Annex H	ERC Decisions and Resolutions
Annex I	Uniform Reportorial Requirement Data

9. It prays for the approval of its application to allow for the timely recovery/refund of the calculated under or over recoveries and that after due notice and hearing and consideration, the application be approved following the over and under recoveries calculations:

The Commission has set the application for jurisdictional hearing, expository presentation, pre-trial conference and evidentiary hearing on **September 16, 2015 (Wednesday) 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 Chairman, **JOSE VICENTE B. SALAZAR**, and the Honorable Commissioners, **ALFREDO J. NON**, **GLORIA VICTORIA C. YAP-TARUC**, **JOSEFINA PATRICIA A. MAGPALE-ASIRIT**, and **GERONIMO D. STA. ANA**, Energy Regulatory Commission, this 17<sup>th</sup> day of August, 2015 at Pasig City.

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

  
Mtco/GLO/NJS/2014-052CF/OU/DECORP.NPH