

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



**IN THE MATTER OF THE
APPLICATION FOR
CONFIRMATION AND
APPROVAL OF
OVER/UNDER-
RECOVERIES FOR THE
YEARS 2014 TO 2016
PURSUANT TO ERC
RESOLUTION NO. 16, SERIES
OF 2009, AS AMENDED BY
ERC RESOLUTION NO. 21,
SERIES OF 2010, AND ERC
RESOLUTION NO. 23,
SERIES OF 2010,**

ERC CASE NO. 2017 -037 CF

**SAN FERNANDO ELECTRIC
LIGHT AND POWER
COMPANY, INC.
(SFELAPCO),**

Applicant.

X-----X

D O C K E T E D
Date: **DEC 19 2017**
By: **[Signature]**

NOTICE OF PUBLIC HEARING

Notice is hereby given that on 30 March 2017, San Fernando Electric Light and Power Company (SFELAPCO) filed an *Application* dated 28 March 2017 (Application) for the confirmation and approval of its over/under-recoveries for the years 2014 to 2016.

In its *Application*, SFELAPCO alleged the following:

1. SFELAPCO is a private corporation duly organized and existing under the laws of the Philippines, with principal office at Limjoco Street, Barangay Lourdes, Teopaco, City of San Fernando, Pampanga. It is the grantee of legislative franchise under Republic Act No. 9967 to construct, operate and maintain a distribution system for the conveyance of electric power to end-users in the City of San Fernando, the

Municipality of Floridablanca and Barangays Talang and Ligaya in the Municipality of Guagua, all in the Province of Pampanga. It may be served with the orders, notices and processes of the Honorable Commission through undersigned counsel at the address indicated below.

2. On July 13, 2009, the Honorable Commission promulgated Resolution No. 16, series of 2009, entitled "A Resolution Adopting The Rules Governing The Automatic Cost Adjustment And True Up Mechanisms And Corresponding Confirmation Process For Distribution Utilities" (the "True-Up Guidelines").
 - 2.1. The True-Up Guidelines provided the formulas for the determination of the Generation, Transmission, System Loss, Lifeline Subsidy, and Franchise and Business Taxes Rates.¹
 - 2.2. It likewise provided for the calculation of over- and under-recoveries on the said rates due to the variance in the allowable cost and the revenues billed using the applicable formula.²
3. On October 18, 2010, the Honorable Commission promulgated ERC Resolution No. 21, Series of 2010,³ wherein the Honorable Commission amended the formula for the calculation of over- and under-recovery for System Loss and updated the timelines set in Article 5 of the True-Up Guidelines.
4. On December 15, 2010, the Honorable Commission promulgated ERC Resolution No. 23, Series of 2010.⁴
 - 4.1. Said Resolution provided the formulas for the calculation of the senior citizen discount rates,⁵ the calculation of the subsidy rate to be charged to subsidizing end-users,⁶ and the over- and under-recovery in the implementation of the senior citizen discount and subsidy rates.⁷

¹ Article 2 of ERC Resolution No 16, Series of 2009.

² Article 4, Ibid.

³ Entitled "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".

⁴ Entitled "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".

⁵ Article 4 of ERC Resolution No. 23, Series of 2010.

⁶ Article 5, Ibid.

⁷ Article 7, Id.

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- 4.2. The said Resolution also provides that the ERC shall verify the over- and under-recovery in the senior citizen discount and subsidy rates once every three (3) years to coincide with the time frames set forth under Article 5 of the True-up Guidelines.⁸
5. The instant Application is being filed pursuant to the above Resolutions. Based on the formulas on the various automatic cost adjustments and true-up mechanisms, SFELAPCO incurred over- and under-recoveries for the period from January 2014 until December 2016, summarized as follows:

	2014	2015	2016	(Over) / Under Recoveries
Generation	36,888,353.34	(20,790,258.12)	(1,926,900.34)	14,171,194.88
Transmission	5,002,848.26	(840,793.42)	(5,503,989.09)	(1,341,934.24)
System Loss	(6,637,808.66)	(12,453,350.55)	(1,779,875.42)	(20,871,034.63)
Lifeline	1,264,798.06	(768,797.9)	1,110,116.96	1,606,117.11
Senior Citizen	(114.34)	8,662.47	438.63	8,986.76
Total (Over)/ Under Recovery	36,518,076.66	(34,844,537.53)	(8,100,209.26)	(6,426,670.13)

6. Based on the foregoing, SFELAPCO has incurred a net over-recovery in the amount of PhP6,426,670.13 for the billing periods from January 2014 to December 2016.
7. In support of the foregoing are the following documents covering the period January 2014 to December 2016, attached as Annexes of the instant Application, to wit:

- Annex A: Summary of the breakdown of over and under-recoveries from January 2014 to December 2016;
- Annex B: Computation of Generation Rates, Transmission Rates; System Loss Rates, Lifeline Subsidy Rates and Senior Citizen Subsidy Rates;
- Annex C: Computation of Over/Under Recoveries;
- Annex D: URR – Supplier and Transmission Data;
- Annex E: URR – Statistical Data;
- Annex F: URR – Actual Implemented Rate;
- Annex G: ERC form DU-MO1/MO2;
- Annex H: Power Bills; Official Receipts and Debit/Credit Memos;
- Annex I: Sample Consumer Bills per Customer Class;

⁸ Section 3, Article 7, Id.

PRAYER

WHEREFORE, it is respectfully prayed that the Honorable Commission, after due notice, hearing and examination, confirm and approve Applicant's over- and under-recoveries for the January 2014 to December 2016 billing periods and authorize SFELAPCO to refund the amount of PhP6,426,670.13 as net over-recovery.

Other reliefs just and equitable under the premises are likewise prayed for.

The Commission has set the Application for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on **11 January 2018 (Thursday) 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 instant case may become a party by filing with the Commission a verified Petition to Intervene at least five (5) days prior to the initial hearing and subject to the requirements under Rule 9 of the 2006 Rules of Practice and Procedure, indicating therein the docket number and title of the case and stating the following:

- i. The petitioner's name and address;
- ii. 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
- iii. 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 case may file their Opposition or Comment thereon at any stage of the proceeding before Applicant rest its case, subject to the requirements under Rule 9 of the 2006 Rules of Practice and Procedure. No particular form of Opposition or Comment is required, but the document, letter, or writing should contain the following:

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- 1) The name and address of such person;
- 2) A concise statement of the Opposition or Comment; and
- 3) The grounds relied upon.

All such persons who wish to have a copy of the *Application* may request from Applicant that they be furnished with the same, prior to the date of the initial hearing. Applicant is hereby directed to furnish all those making such request with copies of the *Application* and its attachments, subject to the reimbursement of reasonable photocopying costs. Any such person may likewise examine the *Application* and other pertinent records filed with the Commission during the standard office hours.

WITNESS, the Honorable Chairperson and CEO, **AGNES VST DEVANADERA**, and the Honorable Commissioners, **ALFREDO J. NON**, **GLORIA VICTORIA C. YAP-TARUC**, and **GERONIMO D. STA. ANA**, Energy Regulatory Commission, this 8th day of December 2017 in Pasig City.

FOR AND BY AUTHORITY
OF THE COMMISSION:


JOSEFINA PATRICIA A. MAGPALE-ASIRIT
Oversight Commissioner for Legal