

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



**IN THE MATTER OF THE  
APPLICATION FOR THE  
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  
RESOLUTION NO. 23,  
SERIES OF 2010,**

**D O C K E T E D**  
Date: FEB 10 2017  
By: W

**ERC CASE NO. 2014-043 CF**

**NUEVA ECIJA II ELECTRIC  
COOPERATIVE, INC. -  
AREA 2 (NEECO II-AREA 2),  
Applicant.  
X-----X**

**NOTICE OF PUBLIC HEARING**

**TO ALL INTERESTED PARTIES:**

Notice is hereby given that on 2 April 2014, Nueva Ecija II Electric Cooperative, Inc. - Area II (NEECO II - AREA II) filed an application dated 31 March 2014 for the confirmation and approval of its calculation of (over)/under recoveries in the implementation of automatic cost adjustments and true-up mechanisms for 2011 to 2013, pursuant to the Commission's Resolution No. 16, Series of 2009, as amended by Resolution No. 21, Series of 2010, and Resolution No. 23, Series of 2010.

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NEECO II – AREA 2 alleged the following in its Application:

1. Applicant is a non-stock, non-profit electric cooperative (EC) duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal offices at Maharlika Highway, Barangay Diversion, San Leonardo, Nueva Ecija;
2. It is engaged in the distribution of electric light and power in the City of Palayan and certain municipalities in the Province of Nueva Ecija, namely: San Leonardo, Sta. Rosa, Papaya (Gen. Tinio), Penaranda, Bongabon, Laur, Gabaldon, Rizal, Lianera and Gen. M. Natividad;
3. ERC 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 Honorable 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 (DUs) 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. The Commission's Resolution 23, Series of 2010, on the other hand, adopted the rules for implementing the discounts to qualified senior citizen end-users and subsidy from subsidizing end-users on their respective electricity consumption;
4. Applying 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, applicant made calculations of the over recoveries charges 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. The results of its calculations are presented hereunder, as follows:

<b>Particulars</b>	<b>Pass Through Cost (PhP)</b>	<b>Actual Revenue (PhP)</b>	<b>(Over)/Under Recovery (PhP)</b>
Generation Rate (GR)	1,827,491,249.24	1,858,216,441.06	(30,725,191.82)
Transmission Rate (TR)	444,793,944.14	402,284,187.62	42,509,756.52
System Loss Rate (SLR)	240,772,024.41	209,982,896.67	30,789,127.74
Lifeline Rate (LR)	13,937,574.10	(11,872,848.36)	(2,064,725.74)
Senior Citizen Discount	368,537.03	(273,817.92)	(94,719.11)
<b>Net Results</b>	-	-	<b>40,414,247.59</b>

Summaries of the results of individual computations on the foregoing pass through charges are attached hereto and made integral parts hereof as Annexes "A" to "E";

6. In support of the computations made, applicant is submitting the following data and documents, labeled together and made 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 (ORs) issued by Power Suppliers;
  - f. Breakdown of Payments with Official Receipts;
  - g. Debit/Credit Memo of Power Suppliers;
  - h. National Grid Corporation of the Philippines (NGCP) Invoices;
  - i. Official Receipts issued by NGCP;
  - j. Breakdown of Payments with ORs;
  - k. Debit/Credit Memo issued by NGCP;
  - l. Monthly Financial and Statistical Report (MFSR) (Sections B and E); and
  - m. Consumer Bills of Lifeliners (per level), Senior Citizens (per level) and Non-Lifeliners per customer class
  
7. Considering the foregoing, it is respectfully prayed that the cooperative's calculations of its over or under-recoveries be confirmed and approved by the Honorable Commission.

**Prayer**

**WHEREFORE**, premises considered, it is respectfully prayed that after due notice and hearing, NEECO II – AREA 2's calculations of over or under-recoveries in the implementation of automatic cost adjustments and true-up mechanisms covering the period January 2011 to December 2013, made pursuant to ERC Resolution 16, Series of 2009 as amended by Resolution 21, Series of 2010 and Resolution 23, Series of 2011, be confirmed and approved, and the cooperative be allowed to refund the over recoveries of collect the under recoveries as the case maybe, to or from its customers, summarized as follows, to wit:

<b>Particulars</b>	<b>Pass Through Cost (PhP)</b>	<b>Actual Revenue (PhP)</b>	<b>(Over)/Under Recovery (PhP)</b>
Generation Rate (GR)	1,827,491,249.24	1,858,216,441.06	(30,725,191.82)
Transmission Rate (TR)	444,793,944.14	402,284,187.62	42,509,756.52
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<b>Net Results</b>	-	-	<b>40,414,247.59</b>

The Commission has set the *Application* for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on **6 March 2017 (Monday) 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 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:

- 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 case may file their Opposition or Comment thereon at any stage of the proceeding before Applicant rests 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:

- 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

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*Application* and other pertinent records filed with the Commission during the standard 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 2<sup>nd</sup> day of February 2017 in Pasig City.

  
**ATTY. NATHAN J. MARASIGAN**  
*Chief of Staff*  
Office of the Chairman and CEO

  
LS: RSP/ PAR/APV