

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



**IN THE MATTER OF THE APPLICATION FOR APPROVAL OF OVER/UNDER RECOVERIES BASED ON THE FORMULA ON THE VARIOUS AUTOMATIC COST ADJUSTMENT AND TRUE UP MECHANISMS AND CORRESPONDING CONFIRMATION PROCESS 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 -065 CF**

**PAMPANGA II ELECTRIC COOPERATIVE, INC. (PELCO II),**

**Applicant.**

X-----X

**DOCKETED**  
Date: JUL 13 2017  
By: [Signature]

**NOTICE OF PUBLIC HEARING**

**TO ALL INTERESTED PARTIES:**

Notice is hereby given that on 25 April 2017, Pampanga II Electric Cooperative, Inc. (PELCO II) filed an Application dated 07 April 2017 (*Application*) seeking the Commission's approval of its over/under recoveries based on the formula of the various Automatic Cost Adjustment and True Up Mechanisms and corresponding confirmation process 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.

PELCO II alleged the following in its *Application*:

**ERC CASE NO. 2017-065 CF**  
**NOTICE OF PUBLIC HEARING/ 04 JULY 2017**  
**PAGE 2 OF 5**

---

1. Applicant is an electric cooperative duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at San Roque, Guagua, Pampanga 2003, where it may be served with summons and other legal processes, represented in this instance by its General Manager, Amador T. Guevarra, of legal age, Filipino, and with office address also at PELCO II Main Office;
2. Herein applicant is the exclusive franchise holder issued by the National Electrification Administration (NEA) to operate an electric light and power services in the city and municipalities of the province of Pampanga, namely: Guagua, Bacolor, Porac, Sasmuan, Lubao, Sta. Rita, and City of Mabalacat;
3. Pursuant to ERC Resolution No. 16, Series of 2009, as amended by ERC Resolution No. 21, Series of 2010, more specifically Article 5, Section 1 (Filing) thereof, and ERC Resolution No. 23, Series of 2010, 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. Subsequently, the DUs shall file their respective consolidated applications every three (3) years following the sequence of period of prescribed filing;
4. For purposes of compliance with the said ERC Resolution No. 16, Series of 2009, as amended, herein applicant adopted the formulae on Generation Rate (GR), Transmission Rate (TR), System Loss Rate (SLR), Lifeline Rate (LR) and Senior Citizen Subsidy Rate (SCSR), together with the specific definitions and sub-formulae for each item thereof;
5. Applicant PELCO II hereby submits its proposed application for approval of automatic cost adjustments and true-up mechanisms and corresponding confirmation process pursuant to the aforesaid resolution, as amended, as well as the attached summary of computations and actual calculations of (over)/under recoveries for 2014 to 2016, duly marked as Annex "A", and form as part and parcel of this application;
6. In support of this application, herein applicant attached the following required documents covering the period 2014 – 2016 contained in the guidelines issued by the Honorable Energy Regulatory Commission as Annex "B", and also form as part and parcel of this application, to wit:
  - a. Supplier and Transmission Data Sheet;
  - b. Statistical Data Sheet;
  - c. Actual Implemented Rates;
  - d. Actual Lifeline Rate Discounts;

**ERC CASE NO. 2017-065 CF**  
**NOTICE OF PUBLIC HEARING/ 04 JULY 2017**  
**PAGE 3 OF 5**

---

- e. Actual Senior Citizen Rate Discounts;
- f. Generation and Transmission Bills of Power Suppliers of SMEC, 1590EC, and NGCP;
- g. Debit/Credit Memorandum of Power Suppliers;
- h. Official Receipts issued by NGCP as Proofs of Payment;
- i. Official Receipts issued by SMEC as Proofs of Payment;
- j. Official receipts issued by 1590EC as Proofs of Payment;
- k. Sections B and E of the Monthly and Financial Statistical Reports (MFSR);
- l. Sample Bills of Lifeline Consumers;
- m. Sample Bills of All Types of Consumers;
- n. Sample Bills of Senior Citizen Consumers;
- o. Summary of Pilferage Costs Recoveries;
- p. URR Computation of Generation Rate (GR);
- q. URR Computation of Transmission Rate (TR);
- r. URR Computation of System Loss Rate (SLR);
- s. URR Computation of Lifeline Rate (LR);
- t. URR Computation of Senior Citizen Subsidy Rate (SCSR);
- u. Computation and Summary of (Over)/Under Recoveries of GR, TR, SLR, SCSR, and LR;
- v. 2014 URR Reports Submitted in 2015;
- w. 2015 URR Reports Submitted in 2016;
- x. 2015 URR Reports Submitted in 2017;
- y. Proposed Scheme of Refund, and;
- z. Letters of Justification of Implemented Rates other than the URR Computed Rates.

7. The summary of Actual Revenue vis-à-vis allowed Cost of Recoveries and (Over)/Under Recoveries for Generation, Transmission, System Loss, Lifeline, and Senior Citizen Rates as follows, to wit:

| <b>PARTICULARS</b> | <b>PASSED THROUGH CHARGES (Php)</b> | <b>ACTUAL REVENUE (Php)</b> | <b>(OVER)UNDER RECOVERIES (Php)</b> |
|--------------------|-------------------------------------|-----------------------------|-------------------------------------|
| GENERATION         | 6,130,258,562.75                    | 6,180,671,640.73            | (50,413,077.99                      |
| TRANSMISSION       | 1,062,737,556.86                    | 1,067,041,082.74            | (4,303,525.89)                      |
| SYSTEM LOSS        | 933,612,942.73                      | 1,026,251,609.03            | (92,638,666.30                      |
| LIFELINE           | 64,459,874.76                       | 62,957,451.62               | (1,502,423.14)                      |
| SENIOR CITIZEN     | 164,874.15                          | 159,277.32                  | (5,596.83)                          |
| <b>GRAND TOTAL</b> | <b>8,191,233,811.25</b>             | <b>8,337,081,061.45</b>     | <b>(148,863,290.15)</b>             |

**PRAYER**

**WHEREFORE**, premises considered, applicant Pampanga II Electric Cooperative, Inc. (PELCO II) respectfully prays of this Honorable Commission that, after due notice and hearing and consideration, this application be approved and,

upon approval thereof, the applicant be directed to submit the scheme on how to implement the said approval.

Other relief, just or equitable, is 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 **17 August 2017 (Thursday) at two o'clock in the afternoon (2:00 P.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:

- 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 concludes the presentation of its evidence, 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.

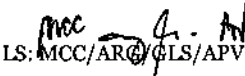
All such persons who wish to have a copy of the *Application* may request from Applicant that they be furnished with the same, prior to the date of the initial hearing. Applicant is hereby directed to

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 *Application* and other pertinent records filed with the Commission during the standard office hours.

**WITNESS**, the Honorable Officer-In-Charge of ERC **ALFREDO J. NON**, and the Honorable Commissioners **GLORIA VICTORIA C. YAP-TARUC** and **GERONIMO D. STA. ANA**, Energy Regulatory Commission, this 04<sup>th</sup> day of July 2017 in Pasig City.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

  
**JOSEFINA PATRICIA A. MAGPALE-ASIRIT**  
*Oversight Commissioner for Legal*

  
LS: MCC/ARC/FLS/APV