

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



IN RE: APPLICATION FOR APPROVAL OF OVER/UNDER RECOVERIES FOR CY 2014 TO 2016 BASED ON THE FORMULAE ON THE VARIOUS AUTOMATIC COST ADJUSTMENTS AND TRUE-UP MECHANISMS AND CORRESPONDING CONFIRMATION PROCESS PURSUANT TO ERC RESOLUTION NO. 16, SERIES OF 2009 AS AMENDED BY RESOLUTION NO. 21, SERIES OF 2010,

ERC Case No. 2017-062 CF

ALBAY POWER AND ENERGY CORPORATION (APEC), as the Concessionaire for ALBAY ELECTRIC COOPERATIVE, INC. (ALECO),

D O C K E T E D
Date: APR 25 2018
By: [Signature]

Applicant.

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NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 12 April 2017, Albay Power and Energy Corporation (APEC), as concessionaire for Albay Electric Cooperative, Inc. (ALECO), filed an *Application* dated 29 March 2017 (Application) for the confirmation and approval of the calculation of its over/under recoveries in the implementation of automatic cost adjustment and true-up mechanisms covering the period 2014 to 2016.

In its *Application*, APEC alleged the following:

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1. ALECO is a rural electric cooperative duly created and organized under the laws of the Republic of the Philippines, with principal address at W. Vinzons St., Old Albay, Legazpi City. It is registered with the National Electrification Administration (“NEA”) and holds the exclusive franchise to distribute and supply electricity in the province of Albay.
2. APEC is a corporation duly created and organized under the laws of the Republic of the Philippines, with principal address at W. Vinzons St., Old Albay District, Legazpi City, Albay where it may be served with orders and other process of the Honorable Commission. APEC is represented in this application by its General Manager Elenita D. Go.
3. After open and competitive bidding, ALECO selected APEC to be its Concessionaire for the operations and management of ALECO’s distribution business. On October 29, 2013, ALECO and APEC signed and executed a Concession Agreement, whereby ALECO granted to APEC all the powers, rights, privileges and authority attendant to the operation of the Franchise of ALECO. Further, APEC shall act as the sole and exclusive agent of ALECO in the compliance with all regulatory requirements, and representation of ALECO. On February 26, 2014 APEC formally assumed the operations and management of ALECO’s distribution business.
4. This is a compliance filing pursuant to ERC Resolution No. 16 Series of 2009 as amended by Resolution No. 21 Series of 2010. For purposes of compliance filings, the Interim Board of Directors (IBOD) of ALECO issued Resolution No.045 Series of 2014 designating APEC as its agent to file all for compliance with regulatory requirements before the ERC and the National Electrification Administration. A certified true copy of the IBOD Resolution 045 Series of 2014 is attached as Annex “A”.
5. The Board of Directors of APEC have also approved the filing of this application, per Secretary’s Certificate attached hereto as Annex “B”.
6. The Commission’s Resolution No. 16, Series of 2009 as amended by Resolution No. 21 Series of 2010, establish the procedure for the automatic recovery or refund of pass-through costs and the confirmation process that governs the automatic cost adjustment and true-up mechanisms approved by the Commission, with the objective of ensuring appropriate recovery of the pass through charges 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, System Loss Rate, Transmission Rate, Lifeline Rate Recovery, Inter-Class Cross-subsidy Removal, Treatment of Prompt Payment Discount and Senior Citizen Discount as the case may be. The Commission’s Resolution No. 23, Series

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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.

7. In coordination with ALECO and based on available records, APEC applied the formula provided under Resolution No. 16, Series of 2009 as amended by Resolution No. 21 and 23, both Series of 2010, in determining the over or under-recoveries incurred in the implementation of the foregoing automatic cost adjustments and true-up mechanisms.
8. The true-up is revenue-neutral and does not result in any income or profit for the applicant, and is intended to confirm the automatic cost adjustments for pass-through charges implemented by ALECO from 2014 to 2016.
9. The results of its (over)/under recoveries for the years 2014 to 2016 are as follows:

TOTAL

Particulars	Pass Through Cost (Php)	Actual Billed (Php)	(Over)/Under Recovery (Php)
Generation Rate (GR)	4,507,345,869	4,482,272,604	25,073,264
Transmission Rate (TR)	933,475,598	1,000,430,444	(66,954,846)
Systems Loss (SLR)	956,919,974	943,258,769	13,661,205
Lifeline Rate (LR)*	94,935,407	88,745,775	6,189,632
Senior Citizen Subsidy*	244,475	866,436	(621,962)
Total	6,492,921,322	6,515,574,028	(22,652,706)

**The discounts due to the Island were consolidated with the Mainland*

MAINLAND ALBAY

Particulars	Pass Through Cost (Php)	Actual Billed (Php)	(Over)/Under Recovery (Php)
Generation Rate (GR)	4,490,101,273	4,465,097,970	25,003,303
Transmission Rate (TR)	933,475,598	1,000,430,444	(66,954,846)
System Loss Rate (SLR)	954,345,551	939,207,765	15,137,786
Lifeline subsidy Rate (LR)	94,935,407	88,745,775	6,189,632
Senior Citizen subsidy	244,475	866,436	(621,962)
Total	6,473,102,304	6,494,348,391	(21,246,087)

ISLAND

Particulars	Pass Through Cost (Php)	Actual Billed (Php)	(Over)/Under Recovery (Php)
Generation Rate (GR)	17,244,596	17,174,634	69,962
Transmission Rate (TR)			
System Loss Rate (SLR)	2,574,423	4,051,003	(1,476,581)
Lifeline subsidy Rate (LR)			
Senior Citizen subsidy			
Total	19,819,019	21,225,638	(1,406,619)

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10. In support of the foregoing computations, applicant is submitting the following data and documents, labelled together and made an integral part of the instant application as Annexes "C" and submarkings, to wit:
- a. Summary of GR, TR, SLR, LR, Sr.Cit computations
 - b. Summary of the O/U computation
 - c. Proposed scheme of refund/collect
 - d. Supplier and Transmission Data Sheets
 - e. Power Bills from Suppliers
 - f. Official Receipts from suppliers
 - g. Breakdown of Payments with O.R., and Debit/Credit memo
 - h. Invoices from National Grid Corporation of the Philippines ("NGCP");
 - i. O.R. issued by /NGCP
 - j. Breakdown of Payments with O.R., and Debit/Credit memo
 - k. Statistical Data Sheet
 - l. Monthly Financial and Statistical Reports (MFSR) – Sections A and E only
 - m. Summary of Implemented OGA, OTCA, OSLA, OLRA, and OSrLA
 - n. Manifestation of No Pilferage Cost Recovery
 - o. Summary of kW sales per Customer Class
 - p. Summary of kWh sales (Itemized Low and Higher Voltage customers)
 - q. Summary of No. of Customers (Itemized Low and Higher Voltage customers)
 - r. Summary of Lifeline kWh sales
 - s. Summary of Lifeline No. of customers
 - t. Submitted URR
 - u. Actual Implemented Rates Sheet
 - v. Lifeline Discount Sheet
 - w. Senior Citizen Discount Sheet
 - x. Consumer bills of non-lifeliners, lifeliners (per level) and senior citizen per lifeline bracket.
11. Applicant prays that the calculations of over/under recoveries in the implementation of the automatic cost adjustments and true-up mechanisms pursuant to the Commission's Resolution No. 16, Series of 2009 as amended by Resolution No. 21 and 23, both Series of 2010, for CY 2014, 2015 and 2016 be confirmed and approved, and that it be allowed to refund to or collect from its customer said over/under recoveries.
12. As part of the pre-filing requirement, applicant further includes the following:

Annex	Document
D	Proof of Service on the Local Government Unit of the Province of Albay
E	Proof of Service on the Local Government Unit of Legazpi City
F	Proof of Publication of the Application in a newspaper of general circulation

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Affidavit of Publication

WHEREFORE, premises considered, applicant through undersigned counsel respectfully prays to the Honorable Commission that, after notice and hearing, the instant application be approved, and the applicant be allowed to recover from to refund to its customers the allowable over/under recoveries of the pass-through charges 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.

Applicant prays for other just and equitable relief.

The Commission has set the *Application* for determination of compliance with jurisdictional requirements, expository presentation, Pre-Trial Conference, and presentation of evidence on **15 May 2018 (Tuesday) 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 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;
- me*

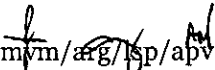
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- 2) A concise statement of the Opposition or Comment;
and
- 3) The grounds relied upon.

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 Honorable Commissioners **ALFREDO J. NON**, **GLORIA VICTORIA C. YAP-TARUC** and **GERONIMO D. STA. ANA**, Energy Regulatory Commission, this 16th day of April 2018 at Pasig City.


JOSEFINA PATRICIA A. MAGPALE-ASIRIT
Oversight Commissioner for Legal

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