

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



**IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF RECOVERY
OF FRANCHISE TAX
PAYMENTS TO THE
PROVINCE OF CAMARINES
SUR FOR ASSESSMENT
YEARS 2007 TO 2010 AND
2012 TO 2016**

ERC CASE NO. 2017-071 CF

**CAMARINES SUR I
ELECTRIC COOPERATIVE,
INC. (CASURECO I),
Applicant.**

D O C K E T E D
Date: APR 19 2018
By: [Signature]

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NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 15 December 2017, an *Application* dated 25 September 2017 was filed by applicant Camarines Sur I Electric Cooperative, Inc. (CASURECO I) seeking the Commission's approval of the recovery of its franchise tax payments to the Province of Camarines Sur for assessment years 2007 to 2010 and 2012 to 2016.

CASURECO I alleged the following in its *Application*:

THE APPLICANT

1. CASURECO I is a non-stock, non-profit electric cooperative duly organized and existing under and by virtue of Philippine laws, with principal office at Puro-batia, Libmanan, Camarines Sur;

2. It holds an exclusive franchise from the National Electrification Commission to operate an electric light and power distribution service in certain municipalities of the province of Camarines Sur, namely: Cabusao, Camaligan, Gainza, Libmanan, Lupi, Pamplona, Pasacao, Ragay, San Fernando and Sipocot.

NATURE OF THE APPLICATION

3. Pursuant to ERC Resolution No. 02, Series of 2006 and ERC Resolution No. 16, Series of 2009, this application is being submitted for review and approval of the Honorable Commission of CASURECO 1's proposed recovery of payments of franchise tax to the Province of Camarines Sur.

STATEMENT OF FACTS

4. Provincial Tax Ordinance No. 30, Series of 1992 entitled "*An Ordinance Enacting the Provincial Tax Code of 1992 of the Province of Camarines Sur*" provides in part, as follows:

"Article III
FRANCHISE TAX

Section 11. Franchise Tax. There is hereby imposed on businesses enjoying franchise a tax of fifty percent (50%) of one percent (1%) of the gross annual receipts from the preceding calendar year realized within the territorial jurisdiction of the Province of Camarines Sur. (Section 137, R.A. 7160)"

5. By virtue of said tax ordinance, the Province of Camarines Sur issued assessments to CASURECO I in 2007 to 2010 and 2012 to 2016 respectively, for the payment of franchise tax based on its gross receipts from the preceding calendar year, which CASURECO I paid, as summarized below, to wit:

Assessment Year	Distribution Revenue from Preceding Year	Franchise Tax Rate	Franchise Tax Assessed			Franchise Tax Paid (Surcharge & Interest were waived)	Principal Franchise Tax Paid and to be recovered
			Principal	25% Surcharge	Interest		
2007-2010	185,101,680.71	50% of 1%	514,171.20	128,542.8	228,520.47	514,171.20	514,171.20
2012	70,486,521.35		352,432.61			352,432.61	352,432.61
2013	70,816,374.32		354,081.87			354,081.87	354,081.87
2014	77,812,053.39		389,060.27			389,060.27	389,060.27
2015	91,398,408.12		456,992.04			456,992.04	456,992.04
2016	44,566,961.07		222,834.81			222,834.81	222,834.81
TOTAL	540,181,998.96			2,289,572.80	128,542.80	228,520.47	2,289,572.80

6. With respect to the franchise tax assessments for years 2007 to 2010, the total amount was PhP925,508.40. It is being paid by CASURECO I to the Province of Camarines Sur in installments over a period of thirty six (36) months at PhP25,708.56 per month, starting August 2012 and until April 2015. CASURECO I already recovered the payments from August 2012 to August 2013 through its previously approved application docketed as ERC Case No. 2013-040 CF. It is recovering in the instant application the

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remaining payments made from September 2013 to April 2015, in the total amount of PhP514,171.20.

On the other hand, the franchise tax payment for 2011 was also recovered through ERC Case No. 2013-040 CF.

PROPOSED RECOVERY

7. With the foregoing franchise tax payments made to the Province of Camarines Sur, CASURECO I now seeks approval from this Honorable Commission to recover from all its customers in its franchise area the total amount of PhP2,289,572.80 representing the principal amounts of the franchise taxes paid during the covered period and excluding surcharges and interests, applying the formula provided under ERC Resolution No. 16, Series of 2009;

8. Based on CASURECO I's forecasted kWh sales for the months of January to June 2017 with a total of 34,129,531.02 kWh, the cooperative proposes to recover from all its customers the franchise taxes paid to the Province of Camarines Sur in the total amount of PhP2,289,572.80, over a period of six (6) months or until the said amount is fully recovered, at the rate of PhP0.3612/kWh.

SUBMISSION OF SUPPORTING DOCUMENTS

9. In support of this application, CASURECO I is submitting herewith the following documents which are being made integral parts hereof, to wit:

Annex	Nature of Document
A	Provincial Tax Ordinance No. 30, Series of 1992
B	Camarines Sur Provincial Treasurer's Franchise Assessments for 2007-2010
C C-1 to C-4	Camarines Sur Provincial Treasurer's Franchise Assessments for 2012-2015 Schedules of Gross Receipts for 2012-2015
D D-1	Camarines Sur Provincial Treasurer's Franchise Assessments for 2016 Schedule of Gross Receipts for 2016
E	Breakdown of Gross Receipts for 2007 to 2010; 2012-2016
F to F-15	Official Receipts for Franchise Tax Payments
G	Summary of Franchise Tax Payments
H H-1	Calculation of TRAC in PhP/kWh Proposed recovery period with projected kWh sales for the proposed recovery period

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I	Projected MWH Sales Per Area
J	Tax Recovery Adjustment Charge for May 2017
K	Actual Distribution Revenue for May 2017

SUBMISSION OF PRE-FILING REQUIREMENTS

10. Finally, in compliance with the ERC Rules of Practice and Procedure, CASURECO I is further submitting herewith the following documents which are being made integral parts hereof, as follows, to wit:

Annex	Nature of Document
L and series	Proof of furnishing copies of the Application to the Sangguniang Bayan of Libmanan and Sangguniang Panlalawigan of Camarines Sur
M and series	Proof of publication of the Application in a newspaper in circulation in the franchise area of CASURECO I or where it principally operates, with Affidavit of Publication

PRAYER

WHEREFORE, premises considered, CASURECO I respectfully prays of this Honorable Commission that after due notice and hearing, it be authorized:

1) To recover from all its customers in its franchise area the franchise taxes paid to the Province of Camarines Sur in the total amount of PhP2,289,572.80 over a period of six (6) months or until said amount is fully recovered, at the rate of PhPo.3612/kWh; and

2) To include the amounts of recovery as separate Line Items in the electric bills to be issued to its customers.

Other reliefs, just and equitable in 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 **28 May 2018 at one o'clock in the afternoon (1:00 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 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 it 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.

(Intentionally left blank)

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 5th day of April 2018 in Pasig City.

FOR AND BY AUTHORITY
OF THE COMMISSION:


JOSEFINA PATRICIA A. MAGPALE-ASIRIT
Oversight Commissioner for Legal


LS:SLAN/RTB/APV