

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



**IN THE MATTER OF THE APPLICATION FOR APPROVAL OF THE OVER/UNDER RECOVERIES BASED ON THE FORMULA 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, AND ERC RESOLUTION NO. 23, SERIES OF 2010,**

**ERC CASE NO. 2014-030 CF**

**NUEVA ECIJA II AREA 1  
ELECTRIC COOPERATIVE,  
INC. (NEECO II AREA 1),  
Applicant.**

X-----X

**D O C K E T E D**  
Date: MAY 16 2017  
By: W

**ORDER**

On 31 March 2014, an *Application* dated 26 March 2014 was filed by applicant Nueva Ecija II Area 1 Electric Cooperative, Inc. (NEECO II Area 1) seeking the Commission's approval of the (over)/under recoveries based on the formula 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 ERC Resolution No. 21, Series of 2010 and ERC Resolution No. 23, Series of 2010.

On 28 April 2015, NEECO II Area 1 filed an *Urgent Motion to Allow Applicant to Correct Paragraph 7 of the Application, with Leave of Court.*

NEECO II Area 1 alleged the following in its Application, as amended:

1. Applicant is an electric cooperative duly recognized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at Calipahan, Talavera, Nueva Ecija, where it may be served with summons and other legal processes, represented in this instance by its General Manager, Eulalia M. Castro, of legal age, Filipino and with office address also at NEECO II Area 1 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 municipalities of Nueva Ecija, namely: Talavera, Lupao, Carranglan, Aliaga, Quezon, Licab, Sto Domingo, Munoz, Guimba, and Talugtug;
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, 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;
4. For purposed of compliance with the said ERC Resolution No. 16, as amended, and ERC Resolution No. 23, herein applicant adopted the formulae on Generation Rate, Transmission Rate, System Loss Rate, Lifeline Subsidy Rate and Senior Citizen Subsidy Rate, together with the specific definitions and sub-formulae for each item thereof;
5. Applicant NEECO II Area 1 hereby submit its proposed application for approval of automatic cost adjustment true-up mechanisms and corresponding confirmation process pursuant to the aforesaid resolutions, 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 contained in the guidelines issued by the Honorable Energy Regulatory Commission, to wit:
  - a. Power Supply Data Sheet;
  - b. Statistical Data Sheet;
  - c. Implemented Rates;
  - d. Power Bills of Power Suppliers;
  - e. Officials Receipts issued by Power Suppliers;
  - f. Debit/Credit Memo of Power Suppliers;
  - g. TRANSCO/NGCP Invoices;
  - h. Official Receipts issued by TRANSCO/NGCP
  - i. Debit/Credit Memo of TRANSCO/NGCP
  - j. DU-MO1 and DU-MO2, MFSR;
  - k. Consumer Bills of Lifelines (per level) and Non- lifelines per customer class;
  - l. URR Computation of Generation Rate;

- m. URR Computation of Transmission Rate;
  - n. URR Computation of System Loss Rate;
  - o. URR Computation of Lifeline Rate;
  - p. URR Computation of Senior Citizen Subsidy Rate;
  - q. Computation of (Over)/Under Recoveries;
  - r. Summary of Over and Under Recoveries; and
  - s. Summary of implementation of approved other charges.
7. The summary Past True-up vis-à-vis, the actual collection for Generation , Transmission, System Loss, Lifeline and Senior Citizen Subsidy Rate are as follows, to wit:

PARTICULARS	PASS TRUE-COST	ACTUAL BILLINGS	(OVER)/ UNDER RECOVERIES
GENERATION	<u>P 1,718,755,307.75</u>	<u>P 1,705,249,076.89</u>	P13,506,230.86
TRANSMISSION	P 453,769,968.71	P 458,756,691.57	P(4,986,722.85)
SYSTEM LOSS	P 311,582,974.04	P 279,662,217.06	P31,920,756.98
LIFELINE	P 34,897,924.91	P 31,721,182.54	P 3,176,742.37
SENIOR CITIZENS	P 388,452.34	P 542,316.00	P (153,863.66)
<b><u>GRAND TOTAL</u></b>	<b><u>P 2,519,394,627.77</u></b>	<b><u>P 2,475,931,484.06</u></b>	<b><u>P43,463,143.70</u></b>

PRAYER

WHEREFORE, foregoing premises considered, it is most respectfully prayed on this Honorable Commission, after due notice and hearing, to approve the herein application and upon approval thereof, the applicant be directed to submit the scheme on how to implement the said approval.

Other relief just and equitable in the premises are likewise prayed for.

On 17 March 2017, an *Urgent Motion to Set the Application for Hearing* was filed by the Applicant.

The Commission issued an *Order* dated 21 March 2017, setting the instant Application for initial hearing on 4 May 2017.

On 20 April 2017, NEECO II Area 1 filed a *Motion to Re-Set Hearing* dated 18 April 2017, through its counsel, Atty. Arnido O. Inumerable due to conflict of scheduled hearings.

Finding the said motion meritorious, the same is hereby **GRANTED**. The hearing set on 4 May 2017 is hereby cancelled.

NOW THEREFORE, the said hearing is hereby reset on **29 June 2017 at two o' clock in the afternoon (2:00 P.M.) at the ERC Hearing Room, 15<sup>th</sup> Floor, Pacific Center Building, San Miguel Avenue, Pasig City**, for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence.

NEECO II Area 1 is hereby directed to:

- 1) Cause the publication of the attached Notice of Public Hearing once (1x) in a newspaper of nationwide circulation in the Philippines at its own expense, the date of the last publication to be made not later than ten (10) days before the scheduled initial hearing;
- 2) Furnish with copies of this Order and the attached Notice of Public Hearing the Offices of the Provincial Governor, and Municipal Mayors, and the Local Government Unit (LGU) legislative bodies within the affected franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform of the filing of the Application, its reasons therefor, and of the scheduled hearing thereon, the consumers within the affected franchise area, by any other means available and appropriate;
- 4) Furnish with copies of this Order and the attached Notice of Public Hearing, the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress. They are hereby requested, if they so desire to send their duly authorized representatives at the scheduled hearing; and
- 5) Furnish with copies of the Application and its attachments all those making requests therefor, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing, Applicant must submit to the Commission its written compliance with the aforementioned jurisdictional requirements attaching therewith, methodically arranged and duly marked the following:

- 1) The evidence of publication of the attached Notice of Public Hearing consisting of affidavit of the Editor or Business Manager of the newspaper where the said Notice of Public

Hearing was published, and the complete issue of the said newspaper;

- 2) The evidence of actual posting of this Order and the attached Notice of Public Hearing consisting of certifications issued to that effect, signed by the aforementioned Governor, Mayors, and LGU legislative bodies or their duly authorized representatives, bearing the seals of their offices;
- 3) The evidence of other means employed by Applicant to inform of the filing of the Application, its reasons therefore, and of the scheduled hearing thereon, the consumers within the affected franchise area;
- 4) The evidence of receipt of copies of this Order and the attached Notice of Public Hearing by the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress;
- 5) The evidence of receipt of copies of the Application and its attachments by all those making requests therefor, if any; and
- 6) Such other proofs of compliance with the requirements of the Commission.

Applicant and all interested parties are also required to submit, at least five (5) days before the date of the initial hearing and Pre-Trial Conference, their respective Pre-Trial Briefs containing, among others:

- 1) A summary of admitted facts and proposed stipulation of facts;
- 2) The issues to be tried or resolved;
- 3) The documents or exhibits to be presented, stating the purposes and proposed markings therefore; and
- 4) The number and names of the witnesses, with their written testimonies in a Judicial Affidavit form attached to the Pre-trial Brief.

Failure of Applicant to comply with the above requirements within the prescribed period shall be a ground for cancellation of the

scheduled hearing, and the resetting of which shall be six (6) months from the said date of cancellation.

NEECO II Area 1 must also be prepared to make an expository presentation of the instant Application, aided by whatever communication medium that it may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned parties, what the Application is all about and the reasons and justifications being cited in support thereof.

**SO ORDERED.**

Pasig City, 10 May 2017.

FOR AND BY AUTHORITY  
OF THE COMMISSION:



**ALFREDO J. NON**  
*Officer-in-Charge of ERC*

  
LS/SLAN/ARG/PAR/APV

**COPY FURNISHED:**

1. Nueva Ecija II Area 1 Electric Cooperative, Inc. (NEECO II Area 1)  
*Applicant*  
Calipahan, Talavera, Nueva Ecija
2. Atty. Arnido O. Inumberable  
*Counsel for Applicant*  
405 Elisa Street, U.E. Village, Cainta, Rizal
3. Office of the Mayor  
Talavera, Nueva Ecija
4. Office of the LGU legislative body  
Talavera, Nueva Ecija
5. Office of the Mayor  
Lupao, Nueva Ecija
6. Office of the LGU legislative body  
Lupao, Nueva Ecija
7. Office of the Mayor  
Carranglan, Nueva Ecija
8. Office of the LGU legislative body  
Carranglan, Nueva Ecija

9. Office of the Mayor  
Aliaga, Nueva Ecija
10. Office of the LGU legislative body  
Aliaga, Nueva Ecija
11. Office of the Mayor  
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15. Office of the Mayor  
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16. Office of the LGU legislative body  
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17. Office of the Mayor  
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18. Office of the LGU legislative body  
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19. Office of the Mayor  
Guimba, Nueva Ecija
20. Office of the LGU legislative body  
Guimba, Nueva Ecija
21. Office of the Mayor  
Talugtug, Nueva Ecija
22. Office of the LGU legislative body  
Talugtug, Nueva Ecija
23. Office of the Governor  
Province of Nueva Ecija
24. Office of the LGU legislative body  
Province of Nueva Ecija
25. Office of the Solicitor General  
134 Amorsolo Street, Legaspi Village, Makati City
26. Commission on Audit (COA)  
Commonwealth Avenue, Quezon City
27. Senate Committee on Energy  
GSIS Bldg. Roxas Blvd., Pasay City
28. House Committee on Energy  
Batasan Hills, Quezon City
29. Philippine Chamber of Commerce and Industry (PCCI)  
3<sup>rd</sup> Floor, Chamber and Industry Plaza (CIP), 1030 Campus Avenue corner Park Avenue,  
McKinley Town Center, Fort Bonifacio, Taguig City
30. Investigation & Enforcement Division (IED)  
Energy Regulatory Commission (ERC)  
17<sup>th</sup> Floor, Pacific Center Bldg., San Miguel Avenue, Pasig City