

**ERC Resolution No. 16,
Series of 2009 and
Resolution No. 21, Series
of 2010**

2. On July 13, 2009, the Commission issued Resolution No. 16, Series of 2009, entitled "A Resolution Adopting The Rules Governing The Automatic Cost Adjustment And True Up Mechanisms And Corresponding Confirmation Process For Distribution Utilities";
 - 2.1 Resolution No. 16, Series of 2009 provided the formula for the determination of the Generation, Transmission, System Loss,¹ Lifeline Subsidy, and Franchise and Business Taxes Rates.² Likewise, it provided for the calculation of Over- and Under-Recoveries on said rates due to the variance in the allowable cost and the revenues billed using the applicable formula³;
 - 2.2 Under Resolution No. 21, Series of 2010⁴, Luzon distribution Utilities (DUs) were given until March 31, 2014 to file their applications for adjustments implemented for the billing months January 2011 to December 2013;

The Instant Application

3. The instant application is being filed pursuant to the above Resolutions of the Commission. Based on the formula on the various automatic cost adjustments and true-up mechanisms under Resolution No. 16, Series of 2009, as amended by Resolution No. 21, Series of 2010, it incurred Over- and Under-Recoveries, for the period January 2011 until December 2013;

¹ Resolution No. 21, Series of 2010 issued on October 18, 2010 modified the formula for the determination of the Systems Loss Rate Over/Under Recovery

² Article 2 of Resolution No. 16, Series of 2009

³ Article 4 of Resolution No. 16, Series of 2009

⁴ "A Resolution Amending Section 4 of Article 4 and Section 1 of Article 5 of the Rules Governing the Automatic Cost Adjustment and True-Up Mechanisms and Corresponding Confirmation Process for Distribution Utilities" (issued on October 18, 2010)

4. The breakdown of the Over- and Under-Recoveries are attached to the application, and may be summarized as follows:

Particulars	Under/(Over) Recoveries (PhP)
Generation	29,845,453.42
Transmission	(13,204,026.60)
System Loss	4,531,283.44
Lifeline	(35,780.07)
Total	21,136,930.19

5. Hence, it is entitled to recover the amount of PhP21,136,930.19 as Net Under-Recovery for the billing periods January 2011 to December 2013; and

Prayer

6. Thus, it prays that after due notice, hearing, and examination, the application be approved and it be authorized to recover the amount of **PhP21,136,930.19** as Net Under-Recovery, resulting from the following:

Particulars	Under/(Over) Recoveries (PhP)
Generation	29,845,453.42
Transmission	(13,204,026.60)
System Loss	4,531,283.44
Lifeline	(35,780.07)
Total	21,136,930.19

Finding the said application to be sufficient in form and in substance with the required fees having been paid, the same is hereby set for initial hearing, expository presentation, pre-trial conference and evidentiary hearing on **July 8, 2014 (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.**

SEZ is hereby directed to cause the publication of the attached Notice of Public Hearing, at its own expense, once (1x) in a newspaper of general circulation in the Philippines, at least ten (10) days before the scheduled date of initial hearing. It is also directed to inform the consumers within its franchise area, by any other means available and appropriate, of the filing of the instant application, its reasons therefor, and of the scheduled hearings thereon.

Let copies of the application, this Order and the attached Notice of Public Hearing be furnished 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 hearings.

Likewise, let copies of this Order and the attached Notice of Public Hearing be furnished the Office of the SBMA Administrator for the appropriate posting thereof on its bulletin board.

SEZ is hereby directed to furnish all those making requests therefor with copies of the application and its attachments, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing and pre-trial conference, SEZ must submit to the Commission its written Compliance with the jurisdictional requirements attaching therewith, methodically arranged and duly marked, the evidences on the actual posting and publication of the Notice of Public Hearing consisting of certifications issued to that effect, signed by the afore-mentioned Administrator or his duly authorized representative, bearing the seal of his office, and the affidavit of the Editor or Business Manager of the newspaper where the said Notice of Public Hearing was published together with the complete issue of the said newspaper, and such other proofs of compliance with the requirements of the Commission.

SEZ and all interested parties are directed to submit, at least five (5) days before the date of initial hearing and pre-trial conference, their respective Pre-trial Briefs containing, among others:

- (a) a summary of admitted facts and proposed stipulation of facts;
- (b) the issues to be tried or resolved;

- (c) the documents or exhibits to be presented, stating the purposes and proposed markings thereof; and
- (d) the number and names of the witnesses, with their written testimonies in an individual affidavit form, to be attached to the Pre-trial Brief.

Failure of SEZ to submit the required Pre-trial Brief and Judicial Affidavits of its witnesses 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 said date of cancellation.

As part of the pre-trial conference, SEZ must also be prepared to make an expository presentation of its 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, June 16, 2014.

FOR AND BY AUTHORITY
OF THE COMMISSION:


ZENAIDA G. CRUZ-DUCUT
Chairperson

Copy Furnished:

1. Atty. Katrina M. Platon
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4. Commission on Audit (COA)
Commonwealth Avenue,
Quezon City 1121
5. Senate Committee on Energy
GSIS Building, Roxas Boulevard,
Pasay City 1300
6. House of Representatives Committee on Energy
Batasan Hills, Quezon City 1126
7. Office of the Administrator/Responsible Officers
Subic Bay Metropolitan Authority (SBMA)
Province of Zambales and Bataan
8. Philippine Chamber of Commerce and Industry (PCCI)
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