

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



**IN THE MATTER OF THE
APPLICATION FOR
AUTHORITY TO INCLUDE
IN CUSTOMER'S BILL A
TAX RECOVERY
ADJUSTMENT CLAUSE
(TRAC) FOR FRANCHISE
TAXES PAID IN THE
PROVINCE OF LAGUNA**

ERC CASE NO. 2018-034 CF

**FIRST LAGUNA ELECTRIC
COOPERATIVE, INC.
(FLECO),**

Applicant.

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DOCKETED
Date: AUG 02 2018
By: W

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 28 June 2018, First Laguna Electric Cooperative, Inc. (FLECO) filed an *Application* dated 31 May 2018, seeking approval of the authority to include in customer's bill a Tax Recovery Adjustment Clause (TRAC) for franchise taxes paid in the Province of Laguna.

FLECO alleged the following in its *Application*:

1. Applicant is an electric cooperative duly organized and existing under and by virtue of the laws of the Philippines, with the principal office at Barangay Lewin, Lumban, Laguna, where it may be served with summons and other legal processes, represented in this instance by its Board President, ALLAN S. GUALBERTO, of legal age, Filipino, and with office address also at FLECO main office;
2. FLECO is the exclusive franchise holder issued by the National Electrification Administration (NEA) to operate an electric light and power services in the municipalities of the province of Laguna, namely: Cavinti, Pagsanjan, Lumban, Kalayaan, Paete, Pakil, Pangil, Siniloan, Famy, Mabitac and Sta. Maria;

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3. That the Office of the Provincial Treasurer of Laguna assessed FLECO its arrears on its basic franchise tax liabilities for the following years:

TAXABLE YEAR	GROSS SALES (Php)	TAXABLE FRANCHISE TAX (Php)	GOVERNOR'S PERMIT FEE (Php)	PTO CERTIFICATION FEE	GRAND TOTAL (Php)
2012	82,186,497.52	100,834.42	100.00	50.00	100,984.42
2013	96,863,516.41	484,317.58	100.00	50.00	484,467.58
2014	98,652,231.85	493,261.16	100.00	50.00	493,411.16
2015	102,344,911.02	562,897.01	500.00	50.00	563,447.01
2016	112,996,322.34	621,479.77	500.00	50.00	622,029.77
2017	118,487,801.31	651,682.00	500.00	50.00	652,232.00
	611,531,280.45	2,914,471.94	1,800.00	300.00	2,916,571.94

4. That FLECO paid the basic franchise tax to the Province of Laguna in the total amount of **Php 2,916,571.94**, as follows:

DATE	PARTICULARS	AMOUNT	CV No. / JV No.	OR No.	TOTAL	GRAND TOTAL
February 27, 2013	Franchise Tax - Full Payment	100,984.42	129877	922650	100,984.42	
Franchise Tax for CY 2012						100,984.42
February 12, 2014	Franchise Tax - 1st Payment	121,229.40	131827	1661563	121,229.40	
April 1, 2014	Franchise Tax - 2nd Payment	121,079.40	132082	1665990	121,079.40	
July 1, 2014	Franchise Tax - 3rd Payment	121,079.40	132563	2256168	121,079.40	
October 15, 2014	Franchise Tax - 4th Payment	121,079.38	1333129	2260426	121,079.38	
Franchise Tax for CY 2013						484,467.58
January 8, 2015	Franchise Tax - 1st Payment	123,465.29	133518	2672728	123,465.29	
April 1, 2015	Franchise Tax - 2nd Payment	123,465.29	133953	2996320	123,465.29	
July 15, 2015	Franchise Tax - 3rd Payment	123,465.29	134486	3220158	123,465.29	
October 19, 2015	Franchise Tax - 4th Payment	123,015.29	134970	3394178	123,015.29	
Franchise Tax for CY 2014						493,411.16
January 18, 2016	Franchise Tax - 1st Payment	141,274.25	135480	3725596	141,274.25	
April 5, 2016	Franchise Tax - 2nd Payment	141,274.25	135946	3769102	141,274.25	
July 1, 2016	Franchise Tax - 3rd Payment	141,274.25	136425	4157069	141,274.25	
October 17, 2016	Franchise Tax - 4th Payment	139,624.26	136983	4339614	139,624.26	
Franchise Tax for CY 2015						563,447.01
January 16, 2017	Franchise Tax - 1st Payment	155,919.94	137475	4510304	155,919.94	
July 19, 2017	Franchise Tax - 2nd & 3rd Payment	310,739.88	138565	5218947	310,739.88	
January 19, 2018	Franchise Tax - 4th Payment	155,369.95	139505	5742606	155,369.95	
Franchise Tax for CY 2016						622,029.77
January 15, 2018	Franchise Tax - Full Payment	652,232.00	139560	5743578	652,232.00	
Franchise Tax for CY 2017						652,232.00
TOTAL PAID FRANCHISE TAX						2,916,571.94

5. That FLECO proposes to recover the franchise tax paid in six (6) months recovery period using a projected KWH sales of **60,321,049 kWh**, to wit:

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SUMMARY OF THE PROJECTED KWH SALES FOR ELEVEN (11)
MUNICIPALITIES OF LAGUNA FOR THE YEAR 2019

FRANCHISE AREA	PROJECTED KWH SALES
	2019
CAVINTI	6,429,555.96
PAGSANJAN	24,181,573.72
LUMBAN	21,393,895.74
KALAYAAN	6,639,557.77
PAETE	11,045,747.05
PAKIL	7,050,183.34
PANGIL	7,688,244.11
SINILOAN	16,644,264.60
FAMY	4,523,670.43
MABITAC	7,254,647.71
STA MARIA	7,790,757.53
TOTAL	120,642,097.95

Six Months Projected KWH Sales =
60,321,049 kWh

Copy of the Summary of Projected KWH Sales per Area and Projected KWH Sales per Municipality is hereto attached and duly marked as Annex "A", collectively;

That the proposed Tax Recovery Adjustment Charge (TRAC) is 0.0484 Php/kWh computed as follows:

Total Paid Franchise Tax = Php 2,916,571.94

Projected Semi-annual KWH Sales for 11 Municipalities in Laguna, within the franchise area of the applicant = 60,321,049 kWh

TRAC = 0.0484 Php/kWh

6. That herein applicant is requesting the Honorable Commission to approve the above proposed recovery of the franchise tax; and
7. That this application is being filed pursuant to Formula 5.B, Section 6, Article 2 of ERC Resolution No. 16, Series of 2009.

PRAYER

WHEREFORE, premises considered, applicant First Laguna Electric Cooperative, Inc. (FLECO) respectfully prays of this Honorable Commission that, after due notice and hearing and consideration, this application be approved and authorizing FLECO to include in its bills to customers in the Province of Laguna a Tax Adjustment Clause (TRAC) of **Php 0.0484 per kWh** until such time that the franchise tax paid in the amount of **Php 2,916,571.94** has been fully recovered.

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 **08 October 2018 (Monday) at two o'clock in the afternoon (2:00 PM) 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 ERC 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 ERC 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.

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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.

Pasig City, 23 July 2018.

FOR AND BY AUTHORITY
OF THE COMMISSION:


AGNES VST DEVANADERA
Chairperson & CEO


LS: TB/ARG/GLS/APV

