

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 PURSUANT TO
ERC RESOLUTION NO. 16,
SERIES OF 2009 AND
RESOLUTION NO. 21, SERIES
OF 2010

ERC CASE NO. 2014-040 CF

SUBIC CORPORATION (SEZ),
ENERZONE
Applicant.
X -----X

DOCKETED
Date: JUN 20 2014
By: *m*

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on March 31, 2014, Subic Enerzone Corporation (SEZ) filed an application for approval of its over/under recoveries pursuant to ERC Resolution No. 16, Series of 2009 and Resolution No. 21, Series of 2010.

In the said application, SEZ alleged, among others, that:

1. It is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at Canal Road corner Labitan Street, Central Business District, Subic Bay Freeport Zone, Olongapo City. It is the duly authorized operator of the power distribution system of the Subic Freeport Zone, located in the Provinces of Zambales and Bataan, by virtue of the Distribution Management Service Agreement (DMSA) entered into with the Subic Bay Metropolitan Authority (SBMA) on May 15, 2003;

**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

The Commission has set the application 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.

All persons who have an interest in the subject matter of the proceeding may become a party by filing, at least five (5) days prior to the initial hearing and subject to the requirements in the ERC's Rules of Practice and Procedure, a verified petition with the Commission giving the docket number and title of the proceeding and stating: (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 proceeding may file their opposition to the application or comment thereon at any stage of the proceeding before the applicant concludes the presentation of its evidence. No particular form of opposition or comment is required, but the document, letter or writing should contain the name and address of such person and a concise statement of the opposition or comment and the grounds relied upon.

All such persons who may wish to have a copy of the application may request the applicant, prior to the date of the initial hearing, that they be furnished with a copy of the application. The applicant is hereby directed to furnish all those making such request with copies of the application and its attachments, subject to reimbursement of reasonable photocopying costs. Likewise, any such person may examine the application and other pertinent records filed with the Commission during the usual office hours.

WITNESS, the Honorable Chairperson, **ZENaida G. CRUZ-DUCUT**, and the Honorable Commissioners, **GLORIA VICTORIA C. YAP-TARUC**, and **JOSEFINA PATRICIA A. MAGPALE-ASIRIT**, Energy Regulatory Commission, this 16th day of June, 2014 at Pasig City.


ATTY. FRANCIS SATURNINO C. JUAN
Executive Director III