

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF
OVER/UNDER RECOVERIES
BASED ON THE FORMULA
ON THE VARIOUS
AUTOMATIC COST
ADJUSTMENT 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, ERC RESOLUTION
NO. 23, SERIES OF 2010, AND
RESOLUTION NO. 2, SERIES
OF 2021

ERC CASE NO. 2023-032 CF

NUEVA ECIJA II ELECTRIC
COOPERATIVE, INC. – AREA
1 (NEECO II-AREA 1)

Applicant.

X-----X

Promulgated:
May 29, 2023

NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 22 May 2023, Nueva Ecija II Electric Cooperative, Inc. – Area 1 (NEECO II – Area 1) filed an *Application* dated 29 March 2023, seeking the Commission's approval of its over/under recoveries based on the formula on the various automatic cost adjustment and true-up mechanisms and corresponding confirmation process pursuant to the Commission's Resolution No. 16, Series of 2009, as amended by Commission's Resolution No. 21, Series of 2010, Commission's Resolution No. 23, Series of 2010, and Commission's Resolution No. 2, Series of 2021.

The pertinent allegations of the *Application* are hereunder quoted as follows:

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 Calipahan, Talavera, Nueva Ecija, where it may be served with summons and other legal processes, represented in this instance by its General Manager, ENGR. NELSON M. DELA CRUZ, 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 following city and municipalities in the province of Nueva Ecija, namely: Talavera, Lupao, Carranglan, Aliaga, Quezon, Licab, Sto. Domingo, Science City of 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, ERC Resolution No. 23, Series of 2010, and ERC Resolution No. 2, Series of 2021, all Luzon Distribution Utilities (DU's) 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. Subsequently, the DUs shall file their respective consolidated applications every three (3) years following the sequence of period of prescribed filing;
4. For purposes of compliance with the said ERC Resolution No. 16, Series of 2009, as amended, ERC Resolution No. 23, Series of 2010, and ERC Resolution No. 2, Series of 2021, herein applicant adopted the formulae on Generation Rate, Transmission Rate, System Loss Rate, Lifeline Subsidy Rate, Senior Citizen Subsidy Rate, and Rate on the Recovery of Pass-through Taxes, together with the specific definitions and sub-formulae for each item thereof;
5. Applicant NEECO II – AREA 1 hereby submits its proposed application for approval of automatic cost adjustment and true-up mechanisms and corresponding confirmation process pursuant to the aforesaid resolution, as amended, as well as the attached summary of computations and actual calculations of (over)/under recoveries for 2020 to 2022, duly marked 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. Verification and Certification of Non-Forum Shopping;
 - b. Board Resolution No. 03-12-23, Series of 2023;
 - c. Supplier and Transmission Data Sheet for the Year;
 - d. Statistical Data Sheet for the Year;
 - e. Actual Implemented Rates Sheet for the Year;
 - f. Lifeline Discount Sheet for the Year;
 - g. Additional Statistical Data Sheet for the Year;
 - h. Senior Citizen Discount Sheet for the Year;
 - i. Summary of O/U Recoveries Computation;
 - j. Proposed Refund/Collect Scheme;
 - k. Power Bills from Supplier;
 - l. Proof of Payment of Power Bills;
 - m. Adjusted Bill/Debit/Credit Memo from Power Supplier;
 - n. NGCP Bills;
 - o. Proof of Payment issued by NGCP;
 - p. Summary of Pilferage Cost Recoveries
 - q. Monthly Financial and Statistical Report (Sections B and E);
 - r. Demand (kW) Sales Summary Report;
 - s. Two (2) Consumer Bills Per Customer Class (non-lifeline);
 - t. One (1) Consumer Bill per Lifeline Bracket (lifeline);
 - u. One (1) Senior Citizen Consumer Bill per Level;
 - v. Submitted Monthly URR;
 - w. Submitted Monthly URR Addendum;
 - x. Single Line Diagram;
 - y. Local Franchise Tax and Business Tax;
 - z. Real Property Tax
 - aa. Reason for not implementing the URR and URR Addendum
7. The summary of Actual Revenue vis-à-vis allowed Cost Recoveries and (Over)/Under Recoveries for Generation, Transmission, System Loss, Lifeline, Senior Citizen, and Recovery on Pass-through Taxes are as follows, to wit:

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PARTICULARS	ESTIMATED COST (PhP)	ACTUAL BILLED (PhP)	ESTIMATED (OVER)/UNDER RECOVERIES (PhP)
GENERATION	3,630,291,370.25	3,525,392,500.00	104,898,870.25
TRANSMISSION	791,186,949.34	800,524,876.58	(9,337,927.24)
SYSTEMS LOSS	453,279,289.49	479,097,569.84	(25,818,280.35)
LIFELINE SUBSIDY	21,018,118.67	21,178,437.43	(160,318.76)
SENIOR CITIZEN SUBSIDY	59,267.28	64,902.07	(5,634.79)
LOCAL FRANCHISE TAX <ul style="list-style-type: none"> Science City of Muñoz Provincial Capitol (Talavera, Aliaga, Sto. Domingo, Quezon, Licab, Lupao, Talugtug, 	3,473,271.27 987,231.17	2,559,754.87 742,165.77	913,516.40 245,065.40
BUSINESS TAX <ul style="list-style-type: none"> Talavera 	1,131,779.52	829,367.56	302,411.96
<ul style="list-style-type: none"> Aliaga Sto. Domingo Quezon Licab Science City of Muñoz Lupao Talugtug Guimba Carranglan 	536,881.02 403,594.16 235,474.00 128,430.79 2,004,519.81 382,969.02 120,215.28 651,968.35 131,201.16	380,022.53 311,416.22 171,405.91 91,202.39 1,508,021.57 297,439.31 91,052.56 473,465.49 93,368.24	156,858.49 92,177.94 64,068.09 37,228.40 496,498.24 85,529.71 29,162.72 178,502.86 37,832.92
REAL PROPERTY TAX	940,456.00	676,377.79	264,078.21
GRAND TOTAL	4,906,962,986.58	4,834,483,346.13	72,479,640.45

PRAYER

WHEREFORE, premises considered, applicant Nueva Ecija II Electric Cooperative, Inc. – Area 1 (NEECO II – AREA 1) respectfully prays of this Honorable Commission that, after due notice and hearing and consideration, this application be approved and, upon approval thereof, the applicant be directed to submit the scheme on how to implement the said approval.

Other relief, just or equitable, is likewise prayed for.

The Commission hereby sets the instant *Application* for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on the following dates and online platforms for the conduct thereof, pursuant to Resolution No. 09, Series of 2020¹ and Resolution No. 01, Series of 2021² (ERC Revised Rules of Practice and Procedure):

Date	Platform	Activity
01 August 2023 (Tuesday) at nine o'clock in the morning (9:00 A.M.)	Microsoft Teams or Zoom Application	Determination of compliance with the jurisdictional requirements and expository presentation
08 August 2023 (Tuesday) at nine o'clock in the morning (9:00 A.M.)		Pre-trial Conference and presentation of evidence

Any interested stakeholder may submit its comments and/or clarifications **at least one (1) calendar day** prior to the scheduled initial virtual hearing, via electronic mail (e-mail) at doCKET@erc.ph, and copy furnish the Legal Service through legal@erc.ph. The Commission shall give priority to the stakeholders who have duly submitted their respective comments and/or clarifications, to discuss the same and propound questions during the course of the expository presentation.

Moreover, any persons who have an interest in the subject matter of the instant case may become a party by filing with the Commission via e-mail at doCKET@erc.ph, and copy furnishing the Legal Service through legal@erc.ph, a verified Petition to Intervene **at least five (5) calendar days** prior to the date of the initial virtual hearing. The verified Petition to Intervene must follow the requirements under Rule 9 of the ERC Revised Rules of Practice and Procedure, indicate therein the docket number and title of the case, and state the following:

- 1) The petitioner's name, mailing address, and e-mail address;

¹ A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.

² A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.

- 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.

Likewise, all other persons who may want their views known to the Commission with respect to the subject matter of the case may file through e-mail at docket@erc.ph, and copy furnish the Legal Service through legal@erc.ph, their Opposition or Comment thereon **at least five (5) calendar days** prior to the initial virtual hearing. Rule 9 of the ERC Revised Rules of Practice and Procedure shall govern. No particular form of Opposition or Comment is required, but the document, letter, or writing should contain the following:

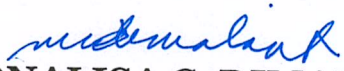
- 1) The name, mailing address, and e-mail address of such person;
- 2) A concise statement of the Opposition or Comment; and
- 3) The grounds relied upon.

All interested parties filing their Petition to Intervene, Opposition or Comment are required to submit the hard copies thereof through personal service, registered mail or ordinary mail/private courier, **within five (5) working days** from the date that the same were electronically submitted, as reflected in the acknowledgment receipt e-mail sent by the Commission.

Any of the persons mentioned in the preceding paragraphs may access the copy of the *Application* on the Commission's official website at www.erc.gov.ph.

Finally, all interested persons may be allowed to join the scheduled initial virtual hearings by providing the Commission, thru legal.virtualhearings@erc.ph, their respective e-mail addresses and indicating therein the case number of the instant *Application*. The Commission will send the access link/s to the aforementioned hearing platform within five (5) working days prior to the scheduled hearings.

WITNESS, the Honorable Commissioners **ALEXIS M. LUMBATAN**, **CATHERINE P. MACEDA**, **FLORESINDA G. BALDO-DIGAL**, and **MARKO ROMEO L. FUENTES**, Energy Regulatory Commission, this 29th day of May 2023 in Pasig City.


MONALISA C. DIMALANTA
Chairperson and CEO_M

LS: JTB/LSP/MCCG 