

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

IN THE MATTER OF THE
PETITION FOR THE APPROVAL
OF THE PROPOSED NEW
SUBSIDIZED APPROVED
GENERATION RATE (SAGR)
AND THE UNIVERSAL CHARGE
FOR MISSIONARY
ELECTRIFICATION (UCME) FOR
THE YEARS 2015-2016

Received By: *[Signature]*

14 NOV 12 4:44

OFFICE OF THE GENERAL COUNSEL
NATIONAL POWER CORPORATION

ERC CASE NO. 2014-135 RC

NATIONAL POWER
CORPORATION (NPC),
Petitioner.

X- - - - - X

DOCK E T E D
Date: NOV 12 2014
[Signature]

ORDER

On September 15, 2014, the National Power Corporation (NPC) filed a petition for the approval of the proposed Subsidized Approved Generation Rate (SAGR) and the Universal Charge for Missionary Electrification for years 2015 to 2016.

In the said petition, NPC alleged, among others, that:

1. Pursuant to Section 70 of Republic Act No. 9136 (R.A. 9136), otherwise known as the Electric Power Industry Reform Act (EPIRA) of 2001, it shall remain as a National Government owned and controlled corporation to perform the missionary electrification function through its Small Power Utilities Group (SPUG) and shall be responsible for providing power generation and its associated power delivery systems in areas that are not connected to the transmission system;
2. On August 22, 2011, the Commission approved and issued Resolution No. 21 Series of 2011 entitled "*Amended Guidelines for the Setting and Approval of Electricity Generation Rates and Subsidies for Missionary*

Electrification Areas", which provides for the guidelines for the setting and approval of electricity generation rates and subsidies for Missionary Electrification areas and for the fixing of and availment of subsidies for Missionary Electrification areas as well as the cash incentives for the Renewable Energy (RE) Developers for Missionary Electrification from the Universal Charge for Missionary Electrification (UC-ME). The said resolution is also in line with Chapter VII Section 15 (b) of the Republic Act No. 9153 or otherwise known as "Renewable Act of 2008" or RE Act of 2008" providing for the basis in the calculation of Cash Incentive of Renewable Energy Developers for Missionary Electrification;

3. Article V, Section 1 (c) of the said Resolution provides that the SAGR for the NPC-SPUG Areas and Delegated NPC SPUG Areas may be adjusted at the next UCME filing by NPC as provided under Section 2 thereof (UC-ME Filing Requirements and Procedures);
4. Pursuant to Section 4 of Republic Act No. 6395 (R.A. 6395), as amended, and Executive Order No. 86¹, issued by virtue of the authority granted to the President of the Republic of the Philippines under R.A. 7684², it is duly authorized to charge twelve percent (12%) return on its rate base composed of the sum of its net assets in operation plus two (2) months operating capital;
5. It filed the instant petition in its capacity as the implementing agency for Missionary Electrification (ME), which function shall be funded from the revenue from sales in missionary areas and from the Universal Charge (UC) to be collected from all electricity end-users as determined by the Commission and as provided under Section 2 (a) of the EPIRA Implementing Rules and Regulations (IRR);
6. The instant petition is likewise filed in compliance with the Order of the Commission issued in ERC Case No. 2012-085 RC mandating NPC to re-file the UCME for Calendar Years 2015 to 2016 and to include a study and assessment of the existing SAGR of each NPC-SPUG Areas;

¹ Fixing the Rate of Return on Rate Base of the National Power Corporation at twelve percent (12%) of the Rate Base as Defined in Section 4 of Republic Act No. 6395, as Amended

² Electric Power Crises Act of 1993

The Revised SAGR for the SPUG Areas

7. The existing SAGR is based on CY 2003 cost level which was approved by the Commission on December 16, 2005 under ERC CASE No. 2004-449 RC for the First Wave Areas and on March 7, 2011 under ERC CASE No. 2006-020 for the remaining NPC-SPUG areas;
8. It is not gainsaid that the fuel cost has already increased or soared to about 200% from the year 2003. Specifically, the fuel cost in CY 2003 was about PhP13.8291/liter or PhP3.9094/kWh while as of CY 2012, the fuel cost was already about PhP40.7347/liter or PhP11.7541/kWh. Attached in the instant petition is the table of the Historical fuel cost from CYs 2003 to 2012;
9. This rise of the fuel cost as mentioned is tantamount to an increase in the operating cost in the SPUG areas effectively contributing to the increase of the UCME, which the main grid customers also pay along with the off-grid customers. Thus, there had been clamors, time and again, from the main grid customers to address this issue;
10. In response thereto, and in line with the Commission's directive as above-cited, several economic parameters were looked into with various simulations considered to come up with or determine the most appropriate parameter that can be used in the revision of the SAGR. Since there has been no existing approved guideline on UCME graduation, the increase in fuel cost is found to be the most reasonable basis in the revision of the SAGR. Hence, after considering the impact to the customers and the nearby main grid rates, the NPC adopted the existing effective rate or the existing SAGR plus 3rd Generation Rate Adjustment Mechanism (GRAM) and Incremental Currency Exchange Rate Adjustment (ICERA) to be proposed as the new SAGR in the SPUG areas;
11. However, since the approved 3rd GRAM will still have to be collected until CY 2018, and in order to have a simultaneous implementation of the revised SAGR, the uncollected 3rd GRAM is proposed for inclusion in the UCME for the years 2015 and 2016;

12. Shown below is the proposed revised SAGR by regions and areas with corresponding increases under the instant petition:

LUZON			
Area Classification ¹	CY 2014	Proposed CY 2015 SAGR ²	Increase (Decrease) ³
Luzon Large Areas	5.6404	6.5896	0.9492
Luzon NPPs	5.6404	6.5896	0.9492
Busuanga DPP	4.8024	5.7516	0.9492
Luzon Medium Areas	5.6404	6.5896	0.9492
Ticao DPP	4.8024	5.7516	0.9492
Luzon Small Areas Group 1	4.8024	5.7516	0.9492
Luzon Small Areas Group 2	5.6404	6.5896	0.9492
¹ Refers to the composition of plants per area in Annex "B" of the instant petition			
² The existing 3rd GRAM and ICERA			
³ Exclusive of TDSR of P0.1481/kWh in case of Palawan and PhP0.1958/kWh for Mindoro			
VISAYAS			
Area Classification ¹	CY 2014	Proposed CY 2015 SAGR	Increase (Decrease) ²
Visayas Large	6.2553	7.4503	1.1950
Visayas NPP	6.2553	7.4503	1.1950
Visayas Small Areas	5.6404	6.8354	1.1950
¹ Refers to composition of plants per area in Annex "B" of the instant petition.			
² The existing 3rd GRAM and ICERA			
MINDANAO			
Area Classification ¹	CY 2014	Proposed CY 2015 SAGR	Increased (Decreased) ²
Mindanao Large Areas	5.1167	6.5847	1.4680
Mindanao Medium	4.8024	6.2704	1.4680
Mindanao Small	4.8024	6.2704	1.4680
¹ Refers to composition of plants per area in Annex "B" of the instant petition.			
² The existing 3rd GRAM and ICERA			

13. The said proposed SAGR does not include the Transmission Rates (TDSR) component as the proposal pertains only to generation costs. If approved, as proposed, the existing TDSR will be collected over and above the new SAGR;

14. As basis for future GRAM applications, shown below is the calculated average per component of the revised SAGR following the ratio of variable and fixed cost of the calculated revenue requirement for the entire SPUG areas for CY 2015 based on CY 2012 Result of Operations which is attached as ANNEX "C" of the instant petition:

Particular	Existing				Proposed			
	Luz	Vis	Min		Luz	Vis	Min	Phils
Total SAGR	4,166,559.53	450,343.55	796,004.40		4,880,095.92	537,633.58	1,028,423.61	6,446,153.11
Projected Energy Sales	751,723.97	73,046.05	158,323.72		751,723.97	73,046.05	158,323.72	983,093.73
PhP/kWh	5.5427	6.1652	5.0277		6.4919	7.3602	6.4957	6.5570
Fuel	2.0282	3.8942	3.2787		4.5443	5.1521	4.5470	4.1965
Fixed Cost	3.5145	2.2710	1.7490		1.9476	2.2081	1.9487	2.3605

15. The proposed increase in SAGR averaging at PhP1.1311/kWh (net of TDSR, when applicable) will result in a projected additional SAGR revenue amounting to PhP517 Million for NPC and PhP594 Million for New Power Providers (NPPs)/Qualified Third Party (QTP) or total of PhP1.112 Billion additional SAGR revenues. This is about 20% of the existing SAGR level. In effect, this increase in SAGR revenue has a corresponding reduction in the UCME requirement for the years 2015 and 2016;

Proposed UCME for Calendar Years 2015-2016

16. The calculation of the total UCME, as proposed, is based on the formula provided in Article V Section 2 of Resolution No. 21 series of 2011, as amended. The total UCME includes not only the NPC plants but also private entities that have taken in full or part the generation function of NPC-SPUG in certain missionary areas. The operating costs in mini-grids and QTPs including the fixed cost of transmission/substations, etc., which do not use the SAGR are included in the UCME;
17. As manifested earlier, the UCME for the years 2015 to 2016 under ERC Case No. 2012-085 RC was not approved by the Commission and instead, NPC was directed to re-file the UCME to include a study and assessment of the SAGR for each of the SPUG areas. It must be recalled that

the UCME, as prayed for in the said petition was PhP22.268 Billion and PhP15.613 Billion for the years 2015 to 2016, respectively. Those were based on projections calculated by it and approved by the Department of Energy (DOE). It also included the proposed recovery for the Capital Investments (CAPEX);

18. In this instant petition, petitioner has utilized the authorized RORB methodology using the year 2012 based rate being the most recent Audited Financial Statement available during the calculation stage. Hence, different amounts and rates are being proposed albeit covering the same years as will be shown or explained below;
19. In the calculation of its revenue requirements, the following accounts and actual cost were considered:
 - a. Actual Fuel Costs as of December 2012;
 - b. Other Operating Expenses, which includes Personal Services and Maintenance and other Operating Expenses as of December 2012;
 - c. Depreciation as of December 2012;
 - d. Rate Base as of December 2012; and
 - e. Revenues from Revised SAGR;
20. The amount of NPPs and QTP subsidies considered were based on the actual disbursements and payment made for CY 2012 consistent with the Subsidy Agreement (SA) between NPC and respective power providers and calculated based on the minimum off-take as provided in their respective ERC-Approved Power Supply Agreement;
21. The renewable energy cash incentive, on the other hand, is based on the submitted projected energy sales of the RE Developers in several areas and their corresponding approved True Cost Generation Charge (TCGR) to arrive at the average amount as proposed;
22. Hence, the total UCME requirement for the missionary electrification considering the revised SAGR as proposed will amount to PhP12.093 Billion for CY 2015 and PhP11.371 Billion for CY 2016 inclusive of the Cash Incentive for Renewable Energy, to wit:

Proposed UCME Requirement for CYs 2015 and 2016

ITEM	PARTICULARS	Proposed UCME	Proposed UCME
		2015	2016
	Total Cost of Service	8,352,010,486	9,298,281,705
	Variable Cost	5,358,177,058	5,924,272,786
	Fixed Cost	2,993,833,428	3,374,008,919
	Return on Rate Base	1,159,739,552	1,243,519,737
	Total Revenue Requirement	9,511,750,038	10,541,801,442
	Less: Revenue from Proposed SAGR	2,929,117,099	3,138,869,016
	ME Subsidy for NPC SPUG Ares	6,582,632,939	7,402,932,426
	Add:		
	3rd GRAM	478,588,771	450,702,821
	CY 2010 Shortfall	1,377,566,729	
1	Total ME Subsidy for NPC SPUG	8,438,788,439	7,853,635,247
	NPP True Cost Generation Rate	6,837,720,354	6,837,720,354
	Less: Revenue from Proposed SAGR	3,661,327,478	3,661,327,478
2	ME Subsidy for Delegated NPC SPUG Areas	3,176,392,875	3,176,392,875
	QTP True Cost Generation Rate	97,882,176	97,882,176
	Less: Revenue from Proposed SAGR	31,316,048	31,316,048
3	ME Subsidy Served by Qualified Third Party	66,566,128	66,566,128
	UC-ME FOR NPC/NPP/QTP	11,681,747,443	11,096,594,250
4	Renewable Energy Developer Cash Incentive	412,140,427	274,408,306
	Total UC-ME	12,093,887,870	11,371,002,556

23. The remaining 3rd GRAM as earlier mentioned is proposed to be recovered through the UCME so as the revised SAGR can be implemented to SPUG simultaneously. The existing approved shortfall adjustment will still have a balance to be collected also in the year 2015 and proposed to be spread for the whole year so as to give way to the increase in basic UCME and, at the same time, consider the lesser impact in PhP/kWh to the consumers;
24. The proposed increase in the basic UCME of PHP0.0454/kWh (exclusive of the PhP0.0709/kWh shortfall) to PhP0.1419/kWh and PhP0.1430/kWh, or PhP0.1476/kWh and PhP0.1467/kWh inclusive of Cash Incentive to RE Developer, for CYs 2015 and 2016, respectively, purposely to finance the operation for the years 2015 to 2016 does not necessarily result, when imposed, in the increase of the rate for UCME in view of the proposal to spread the CYs 2015 and 2016 UCME for a period of fourteen (14) months. This, in effect, would yield a reduction in the UCME billing rate by PhP0.0125/kWh and PhP0.0114/kWh, or PhP0.0085/kWh and PhP0.0094/kWh with RE Cash Incentive, respectively, as compared to the existing UCME of PhP0.1544/kWh, or

PhP0.1561/kWh with RE Cash Incentive. Shown below is the rate calculation of the proposed rates:

PARTICULARS	CY 2015 UCME Requirement	P/kWh	CY2016 Requirement with balance from CY2015	P/kWh
	2015	Jan 2015 - Feb 2016	2016	Jan 2016- Feb 2017
Total Cost of Service	8,352,010,486	0.0987	10,529,080,060	0.1200
Variable Cost	5,358,177,058	0.0633	6,713,883,326	0.0765
Fixed Cost	2,993,833,428	0.0354	3,815,196,734	0.0435
Return on Rate Base	1,159,739,552	0.0137	1,414,425,357	0.0161
Total Revenue Requirement	9,511,750,038	0.1124	11,943,505,417	0.1361
Less: Revenue from Proposed SAGR	2,929,117,099	0.0346	3,570,519,876	0.0407
ME Subsidy for NPC SPUG Ares	6,582,632,939	0.0778	8,372,985,541	0.0954
Add:				
3rd GRAM	478,588,771	0.0066	450,702,821	0.0051
CY 2010 Shortfall	1,377,566,729	0.0191		
Total ME Subsidy for NPC SPUG	8,438,788,439	0.1035	8,823,688,362	0.1006
NPP True Cost Generation Rate	6,837,720,354	0.0808	7,845,364,558	0.0894
Less: Revenue from Proposed SAGR	3,661,327,478	0.0433	4,200,880,900	0.0479
ME Subsidy for Delegated NPC SPUG Areas	3,176,392,875	0.0376	3,644,483,658	0.0415
QTP True Cost Generation Rate	97,882,176	0.0012	112,306,634	0.0013
Less: Revenue from Proposed SAGR	31,316,048	0.0004	35,930,954	0.0004
ME Subsidy Served by Qualified Third Party	66,566,128	0.0008	76,375,680	0.0009
UC-ME FOR NPC/NPP/QTP	11,681,747,443	0.1419	12,544,547,700	0.1430
Renewable Energy Developer Cash Incentive	412,140,427	0.0057	274,408,306	0.0037
Total UC-ME	12,093,887,870	0.1476	12,818,956,006	0.1467
Forecasted National Electricity Sales (kWh)	84,589,485,954		87,724,109,794	
UC - ME for NPC/NPP/QTP		0.1419		0.1430
UC-ME for NPC/NPP/QTP/RE		0.1476		0.1467

25. To reduce the gap of the basic UCME of PhP0.0454/kWh and the shortfall of PhP0.0709/kWh, which is about 150%, it proposes to replace the existing basic UCME of PhP0.0454/kWh to PhP0.1419/kWh and PhP0.1430/kWh for CY 2015 and CY 2016 or PhP0.1476/kWh and PhP0.1467/kWh with RE Cash Incentive, respectively, in order to minimize the effect of the overlapping of the funding requirements. Anyway, the UCME shortfall formula has no provisions for the carrying charges;

26. The proposed increase in basic UCME rate considered its commitment to reduce the burden of the UC to the consumers while ensuring that:

- The required volume of fuel will be timely paid to its suppliers to avoid non-delivery of fuel supply;

- b. The guaranteed payments of NPPs and QTP subsidy are timely made for avoidance of interest charges for late payments due to lack of funds, and
 - c. Continuous plant operations of both NPC-SPUG and NPPs/QTP;
27. The National Power Board approved the filing of this instant petition pursuant to NP Board Resolution No. 2014-34 dated September 4, 2014;
28. The proposed revised SAGR and UCME for CYs 2015 and 2016 are also based on the following pertinent documents attached to the instant petition and correspondingly marked, as follows:
- a. **Annex "H"** - Projected Results of Operation for CY 2015
 - b. **Annex "I"** - Projected Results of Operation for CY 2016
 - c. **Annex "J"** - NPC Income Statement CY 2012
 - d. **Annex "K"** - NPC Balance Sheet CY 2012
 - e. **Annex "L"** - Summary of NPC Revenue Requirements
 - f. **Annex "M"** - Projected Philippines Electricity Sales Forecast (PDP 2011-2030)
 - g. **Annex "N"** - NPC-SPUG Projected Energy Sales for CYs 2015-2016

**Allegations In Support for the Approval and Issuance
of a Provisional Authority of the New SAGR and 2015
to 2016 UCME**

29. The issuance of a provisional authority under the instant petition is appropriate based on the following justifications:
- a. The fuel cost has increased to about 200% since the last level of SAGR approval in CY2003;
 - b. Adjusting the level of SAGR will address the clamor of the main grid consumers and likewise encourage the off-grid consumer to be part in conserving the electricity supply by being prudent in their use of electricity;
 - c. The existing approved level of subsidy for NPP and QTP in the amount of Php359 Million per year is way below the actual disbursement made;

- d. The proposed UCME rate adjustment from PhP0.0454/kWh to PhP0.1419/kWh and PhP0.1430/kWh or PhP0.1476/kWh and PhP0.1467/kWh including RE Cash Incentive, for CY 2015 and CY 2016, respectively, is necessary in order to cover the subsidy requirement and at the same time, maintain the reliability and stability of sufficient funding source for its fuel and other costs requirements including guaranteed sufficient subsidy payment for NPP and RE Developers;
 - e. Further, the cascading impact of the delayed implementation of projects that were included in the program and that supposedly funded by UCME subsidy hampered the development in the off-grid areas;
 - f. The lack of funding from the UCME Subsidy and from supposedly transitory funds sourced thru loans (which the Department of Justice (DOJ) has rendered an opinion that limits and suspends NPC the authority to borrow funds or enter into a loan agreement) affects its flexibility in its funding and operation; and
 - g. In order to guarantee continuous power supply and sustainable development of the off-grid areas and to support improvement of their lives and be able to connect electricity to the unserved communities in the far-flung areas, it is necessary to limit the disparity between Subsidy being granted for the year and actual UCME subsidy required based on the proposed requirements;
30. The issuance of a provisional authority is allowed under Section 3 Rule 14 of the Rules of Practice and Procedure. Likewise, the authority of the Commission to issue a provisional authority is confirmed by the Supreme Court in the case of Freedom from Debt Coalition, et. al. vs. ERC, et. al., G.R. No. 161113 (June 15, 2004), when it held that "the power to approve provisional rate increases is included among the powers transferred to the ERC by virtue of Section 44 since the grant of that authority is not inconsistent with the EPIRA; rather, it is in full harmony with the thrust of the law which is to strengthen the ERC as the new regulatory body."

Consolidated Compliance

31. In support of the instant petition and in compliance with Rule 6 of the Rules of Practice and Procedures under ERC Resolution No. 38, Series of 2006 as well as Section 4(e) Rule 3 of the EPIRA IRR, it attaches and submits herewith the following:
- a. Proof of Publication of the petition once in a newspaper of general circulation; and
 - b. Proof of service of the instant petition to the Legislative Bodies of the Local Government Units where NPC principally operate;

Prayer

32. It prays that:
- a. Pending the hearing on the merits that an Order be issued granting a provisional authority for the adoption of the revised SAGR and the SAGR component and the proposed UCME for CY 2015 amounting to PhP12,093,887,870.00 spread out to fourteen (14) months recovery based on equivalent rate of PhP0.1476/kWh and CY 2016 amounting to PhP11,371,002,556.00 spread out to fourteen (14) months recovery based on equivalent rate of PhP0.1467/kWh;
 - b. The approval of the proposed UCME for CYs 2015 and 2016 be on a per item basis as identified in the table above;
 - c. If the proposed new SAGR is granted, an Order be also issued authorizing the collection of the existing approved TDSR to Palawan and Mindoro over and above the duly approved new SAGR;
 - d. After the hearing on the merits, the instant petition be granted by the Commission; and
 - e. In order to have simultaneous implementation of the revised SAGR, the uncollected 3rd GRAM proposed for inclusion in the UCME for the years 2015 and 2016 be likewise granted.

Finding the said petition to be sufficient in form and substance with the required fees having been paid, the same is hereby set for jurisdictional hearing, expository presentation, pre-trial conference and evidentiary hearing on the following dates and venues:

Date and Time	Venue	Particulars
	Luzon	
November 27, 2014 (Thursday) at nine o'clock in the morning (9:00 A.M.)	Quezon II Electric Cooperative, Inc.'s (QUEZELCO II) Main Office, Brgy. Gumian, Infanta, Quezon	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing for SPUG areas within the franchise area of QUEZELCO II
November 28, 2014 (Friday) at nine o'clock in the morning (9:00 A.M.)	Batangas II Electric Cooperative, Inc.'s (BATELEC II) Main Office, Antipolo, Lipa City Batangas	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing for SPUG areas within the franchise area of BATELEC I
January 12, 2015 (Monday) at two o'clock in the afternoon (2:00 P.M.)	ERC Hearing Room, 15 th Floor, Pacific Center Building, San Miguel Avenue, Pasig City	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing
January 14, 2015 (Wednesday) at nine o'clock in the morning (9:00 A.M.)	Kalinga-Apayao Electric Coop., Inc.'s (KAELCO) Main Office, Magsaysay, Tabuk, Kalinga	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing for SPUG areas within the franchise area of KAELCO
January 15, 2015 (Thursday) at nine o'clock in the morning (9:00 A.M.)	Isabela II Electric Cooperative, Inc.'s (ISELCO II) Main Office, Alibagu, Ilagan, Isabela	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing for SPUG areas within the franchise area of ISELCO II
January 21, 2015 (Wednesday) at ten o'clock in the morning (10:00 A.M.)	Camarines Sur IV Electric Cooperative, Inc.'s (CASURECO IV) Main Office, Talojongon, Tigaon, Camarines Sur	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing for SPUG areas within the franchise area of

		CASURECO IV
January 22, 2015 (Thursday) at nine o'clock in the morning (9:00 A.M.)	Jennifer's Kabayan Hotel, Inc., J. Esteves Street, Guevarra Subdivision, Legaspi City	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing for SPUG areas within the franchise area of ALECO
February 25, 2015 (Wednesday) at nine o'clock in the morning (9:00 A.M.)	Batanes Electric Cooperative, Inc.'s (BATANELCO) Main Office, Basco, Batanes	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing
March 12, 2015 (Thursday) at nine o'clock in the morning (9:00 A.M.)	First Catanduanes Electric Cooperative, Inc.'s (FICELCO) Main Office, Marinawa, Bato, Catanduanes	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing
March 25, 2015 (Wednesday) at nine o'clock in the morning (9:00 A.M.)	Occidental Mindoro Electric Cooperative, Inc. (OMECO) Main Office, San Jose, Occidental Mindoro	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing for OMECO and Lubang Island Electric Cooperative, Inc. (LUBELCO)
March 26, 2015 (Thursday) at nine o'clock in the morning (9:00 A.M.)	Oriental Mindoro Electric Cooperative, Inc. (ORMECO) Main Office, Simaron, Calapan City, Mindoro	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing
April 8, 2015 (Wednesday) at nine o'clock in the morning (9:00 A.M.)	Aurora Electric Cooperative, Inc.'s (AURELCO) Main Office, Brgy. Reserva, Baler, Aurora	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing for SPUG areas within the franchise area of AURELCO
April 16, 2015 (Thursday) at nine o'clock in the morning (9:00 A.M.)	Legend Hotel, Malvar Street, Puerto Princesa City, Palawan	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing for PALECO

April 23, 2015 (Thursday) at nine o'clock in the morning (9:00 A.M.)	Busuanga Island Electric Cooperative, Inc.'s (BISELCO) Main Office, Coron Palawan	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing
April 30, 2015 (Thursday) at two o'clock in the afternoon (2:00 P.M.)	Marinduque Electric Cooperative, Inc.'s (MARELCO) Main Office, Boac, Marinduque	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing
May 6, 2015 (Wednesday) at nine o'clock in the morning (9:00 A.M.)	Tablas Island Electric Cooperative, Inc.'s (TIELCO) Main Office, Odiongan, Romblon	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing
May 14, 2015 (Thursday) at nine o'clock in the morning (9:00 A.M.)	Romblon Electric Cooperative, Inc.'s (ROMELCO) Main Office, Romblon, Romblon	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing
Visayas		
January 28, 2015 (Wednesday) at ten o'clock in the morning (10:00 A.M.)	Northern Samar Electric Cooperative, Inc.'s (NORSAMELCO) Main Office, Cataraman, Northern Samar	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing for SPUG areas within the franchise area of NORSAMELCO
January 29, 2015 (Thursday) at nine o'clock in the morning (9:00 A.M.)	Marju Krisel Hotel, Pan-Philippine Highway, Calbayog City, Samar	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing for SPUG areas within the franchise area of SAMELCO I
January 29, 2015 (Thursday) at two o'clock in the afternoon (2:00 P.M.)	Samar II Electric Cooperative, Inc.'s (SAMELCO II) Main Office, Barangay Arado, Paranas, Samar	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing for SPUG areas within the franchise area of SAMELCO II
February 11, 2015 (Wednesday) at ten o'clock in the morning	Biliran Electric Cooperative, Inc.'s (BILECO), Main	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and

(10:00 A.M.)	Office, Caray-Caray, Naval, Biliran	Evidentiary Hearing for SPUG areas within the franchise area of BILECO and Maripipi Multi-Purpose Cooperative, Inc. (MMPC)
February 12, 2015 (Thursday) at ten o'clock in the morning (10:00 A.M.)	Southern Leyte Electric Cooperative, Inc.'s (SOLECO) Main Office, Nasaug, Maasin City, Southern Leyte	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing for SPUG areas within the franchise area of SOLECO
March 5, 2015 (Thursday) at nine o'clock in the morning (9:00 A.M.)	Masbate Electric Cooperative, Inc.'s (MASELCO) Main Office, Pinamarbuan, Mobo, Masbate	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing for SPUG areas within the franchise areas of MASELCO and Ticao Island Electric Cooperative, Inc. (TISELCO)
March 18, 2015 (Wednesday) at nine o'clock in the morning (9:00 A.M.)	Bantayan Island Electric Cooperative, Inc.'s (BANELCO) Main Office, Bantayan Island, Cebu	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing
March 19, 2015 (Thursday) at ten o'clock in the morning (10:00 A.M.)	Camotes Island Electric Cooperative, Inc.'s (CELCO) Main Office, Poblacion, Poro, Camotes, Cebu	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing
May 28, 2015 (Thursday) at nine o'clock in the morning (9:00 A.M.)	Bohol I Electric Cooperative, Inc.'s (BOHECO I) Main Office, Cabulijan, Tubigon, Bohol	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing for SPUG areas within the franchise area of BOHECO I
June 4, 2015 (Thursday) at ten o'clock in the morning (10:00 A.M.)	Antique Electric Cooperative, Inc.'s (ANTECO) Main Office, Brgy. Funda, San Jose, Antique	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing

June 10, 2015 (Wednesday) at nine o'clock in the morning (9:00 A.M.)	Province of Siquijor Electric Cooperative, Inc.'s (PROSIELCO) Main Office, Brgy. Nonoc, Larena, Siquijor	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing
	Mindanao	
February 5, 2015 (Thursday) at one o'clock in the afternoon (1:00 P.M.)	Garden Orchid Hotel, Governor Camins Avenue, Zamboanga City	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing for SPUG Areas within the franchise area of Zamboanga City Electric Cooperative, Inc. (ZAMCELCO), Basilan Electric Cooperative, Inc. (BASELCO), Sulu Electric Cooperative, Inc. (SULECO), Siasi Electric Cooperative, Inc. (SIASELCO), Tawi-Tawi Electric Cooperative, Inc. (TAWELCO) and Cagayan de Sulu Electric Cooperative, Inc. (CASELCO)
February 18, 2015 (Wednesday) at ten o'clock in the morning (10:00 A.M.)	Davao del Norte Electric Cooperative, Inc.'s (DANEKO) Main Office, Tagum City, Davao del Norte	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing for SPUG areas within the franchise area of DANEKO
February 19, 2015 (Thursday) at ten o'clock in the morning (10:00 A.M.)	Davao del Sur Electric Cooperative, Inc.'s (DASURECO) Main Office, Cogon, Digos, Davao del Sur	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing for SPUG areas within the franchise area of DASURECO
April 10, 2015 (Friday) at two o'clock in the afternoon (2:00 P.M.)	Sultan Kudarat Electric Cooperative, Inc.'s (SUKELCO) Main Office, Tacurong, Sultan Kudarat	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing for SPUG areas within the franchise area of

		SUKELCO
May 21, 2015 (Thursday) at two o'clock in the afternoon (2:00 P.M.)	Dinagat Island Electric Cooperative, Inc.'s (DIELCO) Main Office, Justiniana, San Jose, Dinagat Island	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing for SPUG areas within the franchise areas of DIELCO and Surigao Del Norte Electric Cooperative, Inc. (SURNECO)

NPC is hereby directed to cause the publication of the attached Notice of Public Hearing, at its own expense, twice (2x) for two (2) successive weeks in two (2) newspapers of general circulation in the Philippines, with the date of the last publication to be made not later than five (5) days before the scheduled date of initial hearing. NPC and all electric cooperatives (ECs) concerned are directed to inform their consumers within the SPUG areas, by any other means available and appropriate, of the filing of the instant application, its reasons therefor, and of the scheduled hearing 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 hearing.

Likewise, let copies of this Order and the attached Notice of Public Hearing be furnished the Offices of the Mayors of Quezon City, the Municipalities, Cities and the Provincial Governors where NPC SPUG principally operates for the appropriate posting thereof on their respective bulletin boards.

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

On the date of the initial hearing and pre-trial conference, NPC must submit to the Commission their 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 Governors and Mayors or their duly authorized representatives, bearing the seals of their

offices, and the affidavits of the Editors or Business Managers of the newspapers where the said Notice of Public Hearing were published together with the complete issues of the said newspapers, and such other proofs of compliance with the requirements of the Commission.

NPC 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 thereof and proposed markings therefore; 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 NPC 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, NPC must also be prepared to make an expository presentation of its petition, 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 petition is all about and the reasons and justifications being cited in support of the approval prayed for.

SO ORDERED.

Pasig City, November 3, 2014.

FOR AND BY AUTHORITY
OF THE COMMISSION:


ZENAIDA G. CRUZ-DUCUT
Chairperson *gnd*

Copy Furnished:

1. **Atty. Melchor P. Ridulme**
Counsel for Petitioner
National Power Corporation
Quezon Avenue cor. BIR Road
Diliman, Quezon City, Metro Manila
2. **Commission on Audit**
Commonwealth Avenue
Quezon City 1121
3. **Senate Committee on Energy**
GSIS Building, Roxas Boulevard
Pasay City 1307
4. **House Committee on Energy**
Batasan Hills, Quezon City 1126
5. **The City Mayor**
Quezon City
6. **The General Manager**
Quezon II Electric Cooperative Inc. (QUEZELCO II)
Gen. Nakar, Quezon
7. **Office of the Municipal Mayor**
Municipality of Polillo
Province of Quezon
8. **The Municipal Mayor**
Municipality of Jomalig
9. **The Municipal Mayor**
Municipality of Patnanungan
10. **The Provincial Governor**
Province of Quezon
11. **The General Manager**
Batangas II Electric Cooperative, Inc. (BATELEC II)
Lipa City, Batangas
12. **Office of the Municipal Mayor**
Municipality of Tingloy
Province of Batangas
13. **The Provincial Governor**
Province of Batangas
14. **The General Manager**
Isabela II Electric Cooperative, Inc. (ISELCO II)
Alibagu, Ilagan, Isabela

- 15. Office of the Provincial Governor**
Province of Isabela
- 16. Office of the Municipal Mayor**
Municipality of Palanan
Province of Isabela
- 17. The General Manager**
Kalinga- Apayao Electric Cooperative, Inc. (KAELCO)
City of Tabuk
- 18. The Municipal Mayor**
Municipality of Kabugao
- 19. The Municipal Mayor**
Municipality of Calayan, Cagayan
- 20. General Manager**
Camarines Sur IV Electric Coop., Inc. (CASURECO IV)
Brgy. Cau-yan, Potatan, Iloilo
- 21. The Municipal Mayor**
Municipality of Caramoan
- 22. The Municipal Mayor**
Quinalasag Island
- 23. The General Manager**
ALBAY ELECTRIC COOPERATIVE, INC. (ALECO)
Legazpi City
- 24. Office of the Municipal Mayor**
Municipality of Rapu-Rapu
Province of Albay
- 25. The General Manager**
BATANES ELECTRIC COOPERATIVE, INC. (BATANELCO)
Barangay San Antonio, Basco, Batanes
- 26. Office of the Municipal Mayor**
Municipality of Basco
Province of Batanes
- 27. Office of the Municipal Mayor**
Municipality of Mahatao
Province of Batanes
- 28. Office of the Municipal Mayor**
Municipality of Ivana
Province of Batanes
- 29. Office of the Municipal Mayor**
Municipality of Uyugan
Province of Batanes

- 30. Office of the Municipal Mayor**
Municipality of Sabtang
Province of Batanes
- 31. Office of the Municipal Mayor**
Municipality of Itbayat
Province of Batanes
- 32. The General Manager**
FIRST CATANDUANES ELECTRIC COOPERATIVE, INC.
(FICELCO)
Bato, Catanduanes
- 33. Office of the Provincial Governor**
Province of Catanduanes
- 34. Office of the Municipal Mayor**
Pandan, Catanduanes
- 35. Office of the Municipal Mayor**
Bagamanoc, Catanduanes
- 36. Office of the Municipal Mayor**
Panganiban (Payo), Catanduanes
- 37. Office of the Municipal Mayor**
Viga, Catanduanes
- 38. Office of the Municipal Mayor**
Caramoran, Catanduanes
- 39. Office of the Municipal Mayor**
Gigmoto, Catanduanes
- 40. Office of the Municipal Mayor**
San Miguel, Catanduanes
- 41. Office of the Municipal Mayor**
San Andres, Catanduanes
- 42. Office of the Municipal Mayor**
Virac, Catanduanes
- 43. Office of the Municipal Mayor**
Baras, Catanduanes
- 44. Office of the Municipal Mayor**
Bato, Catanduanes
- 45. The General Manager**
Occidental Mindoro Electric Cooperative, Inc. (OMECO)
San Jose, Occidental Mindoro

- 46. Office of the Municipal Mayor**
Municipality of Abra de Ilog
Province of Occidental Mindoro
- 47. Office of the Municipal Mayor**
Municipality of Calintaan
Province of Occidental Mindoro
- 48. Office of the Municipal Mayor**
Municipality of Magsaysay
Province of Occidental Mindoro
- 49. Office of the Municipal Mayor**
Municipality of Mamburao
Province of Occidental Mindoro
- 50. Office of the Municipal Mayor**
Municipality of Paluan
Province of Occidental Mindoro
- 51. Office of the Municipal Mayor**
Municipality of Rizal
Province of Occidental Mindoro
- 52. Office of the Municipal Mayor**
Municipality of Sablayan
Province of Occidental Mindoro
- 53. Office of the Municipal Mayor**
Municipality of San Jose
Province of Occidental Mindoro
- 54. Office of the Municipal Mayor**
Municipality of Sta. Cruz
Province of Occidental Mindoro
- 55. Mr. Romeo N. Cuasay**
General Manager
Oriental Mindoro Electric Cooperative, Inc. (ORMECO)
Barangay Sta. Isabel, Calapan City, Oriental Mindoro
- 56. Office of the City Mayor**
Calapan City
Province of Oriental Mindoro
- 57. Office of the Municipal Mayor**
Municipality of Baco
Province of Oriental Mindoro
- 58. Office of the Municipal Mayor**
Municipality of San Teodoro
Province of Oriental Mindoro
- 59. Office of the Municipal Mayor**
Municipality of Puerto Galera
Province of Oriental Mindoro

- 60. Office of the Municipal Mayor**
Municipality of Naujan
Province of Oriental Mindoro
- 61. Office of the Municipal Mayor**
Municipality of Victoria
Province of Oriental Mindoro
- 62. Office of the Municipal Mayor**
Municipality of Socorro
Province of Oriental Mindoro
- 63. Office of the Municipal Mayor**
Municipality of Pola
Province of Oriental Mindoro
- 64. Office of the Municipal Mayor**
Municipality of Pinamalayan
Province of Oriental Mindoro
- 65. Office of the Municipal Mayor**
Municipality of Gloria
Province of Oriental Mindoro
- 66. Office of the Municipal Mayor**
Municipality of Bansud
Province of Oriental Mindoro
- 67. Office of the Municipal Mayor**
Municipality of Bongabong
Province of Oriental Mindoro
- 68. Office of the Municipal Mayor**
Municipality of Roxas
Province of Oriental Mindoro
- 69. Office of the Municipal Mayor**
Municipality of Mansalay
Province of Oriental Mindoro
- 70. Office of the Municipal Mayor**
Municipality of Bulalacao
Province of Oriental Mindoro
- 71. The General Manager**
Aurora Electric Cooperative, Inc. (AURELCO)
Barangay Reserva, Baler, Aurora
- 72. Office of the Municipal Mayor**
Municipality of Dingalan
Province of Aurora

- 73. Office of the Municipal Mayor**
Municipality of Dilasag
Province of Aurora
- 74. Office of the Municipal Mayor**
Municipality of Casiguran
Province of Aurora
- 75. Office of the Municipal Mayor**
Municipality of Dinalungan
Province of Aurora
- 76. Office of the Municipal Mayor**
Municipality of Dipaculao
Province of Aurora
- 77. Office of the Municipal Mayor**
Municipality of Dinapigue
Province of Isabela
- 78. The General Manager**
Palawan Electric Cooperative, Inc. (PALECO)
Tiniguiban, Puerto Princesa, Palawan
- 79. The City Mayor**
Puerto Princesa City
Palawan
- 80. The Municipal Mayor**
Municipality of Aborlan
Palawan
- 81. The Municipal Mayor**
Municipality of Narra
Palawan
- 82. The Municipal Mayor**
Municipality of Brookes' Point
Palawan
- 83. The Municipal Mayor**
Municipality of Española
Palawan
- 84. The Municipal Mayor**
Municipality of Cuyo
Palawan
- 85. The Municipal Mayor**
Municipality of Magsaysay
Palawan
- 86. The Municipal Mayor**
Municipality of Quezon
Palawan

- 87. The Municipal Mayor**
Municipality of Roxas
Palawan
- 88. The Municipal Mayor**
Municipality of Taytay
Palawan
- 89. The Municipal Mayor**
Municipality of El Nido
Palawan
- 90. The Municipal Mayor**
Municipality of Araceli
Palawan
- 91. The Municipal Mayor**
Municipality of San Vicente
Palawan
- 92. The Municipal Mayor**
Municipality of Bataraza
Palawan
- 93. The Municipal Mayor**
Municipality of Rizal
Palawan
- 94. The Municipal Mayor**
Municipality of Balabac
Palawan
- 95. The Municipal Mayor**
Municipality of Cagayancillo
Palawan
- 96. The Municipal Mayor**
Municipality of Agutuya
Palawan
- 97. The Municipal Mayor**
Municipality of Dumarán
Palawan
- 98. The General Manager**
Busuanga Electric Cooperative, Inc. (BISELCO)
Coron, Palawan
- 99. The Municipal Mayor**
Coron, Palawan
- 100. The Municipal Mayor**
Busuanga, Palawan
- 101. Office of the Governor**
Province of Palawan

- 102. The Municipal Mayor**
Culion, Palawan
- 103. The General Manager**
Marinduque Electric Cooperative, Inc. (MARELCO)
Ihatub, Boac, Marinduque
- 104. Office of the Municipal Mayor**
Boac, Marinduque
- 105. Office of the Municipal Mayor**
Buenavista, Marinduque
- 106. Office of the Municipal Mayor**
Gasán, Marinduque
- 107. Office of the Municipal Mayor**
Mogpog, Marinduque
- 108. Office of the Municipal Mayor**
Sta. Cruz, Marinduque
- 109. Office of the Municipal Mayor**
Torrijos, Marinduque
- 110. The General Manager**
Lubang Island Electric Cooperative, Inc. (LUBELCO)
Lubang, Occidental Mindoro
- 111. The Municipal Mayor**
Municipality of Looc
Province of Occidental Mindoro
- 112. The City Mayor**
City of Lubang
Province of Occidental Mindoro
- 113. The General Manager**
Tablas Island Electric Cooperative, Inc. (TIELCO)
Odiongan, Romblon
- 114. The City Mayor**
Romblon City
Province of Romblon
- 115. The Municipal Mayor**
Municipality of Alcantara
Province of Romblon
- 116. The Municipal Mayor**
Municipality of Calatrava
Province of Romblon
- 117. The Municipal Mayor**
Municipality of Ferrol
Province of Romblon

- 118. The Municipal Mayor**
Municipality of Looc
Province of Romblon
- 119. The Municipal Mayor**
Municipality of Odiongan
Province of Romblon
- 120. The Municipal Mayor**
Municipality of San Agustin
Province of Romblon
- 121. The Municipal Mayor**
Municipality of San Andres
Province of Romblon
- 122. The Municipal Mayor**
Municipality of Santa Fe
Province of Romblon
- 123. The Municipal Mayor**
Municipality of Sta. Maria (Imelda)
Province of Romblon
- 124. Mr. Rene M. Fajilagutan**
General Manager
Romblon Electric Cooperative, Inc. (ROMELCO)
Romblon, Romblon
- 125. The Municipal Mayor**
Municipality of San Fernando
Province of Romblon
- 126. The Municipal Mayor**
Municipality of Magdiwang
Province of Romblon
- 127. The Municipal Mayor**
Municipality of Cadidiocan
Province of Romblon
- 128. The General Manager**
Acting General Manager
Masbate Electric Coop., Inc. (MASELCO)
Pinamarbuan, Mobo 5401, Masbate
- 129. Municipal Mayor**
Dimasalang, Masbate
- 130. Municipal Mayor**
Masbate City, Masbate
- 131. Municipal Mayor**
Milagros, Masbate

- 132. Municipal Mayor**
Mobo, Masbate
- 133. Municipal Mayor**
Palanas, Masbate
- 134. Municipal Mayor**
Uson, Masbate
- 135. Municipal Mayor**
Cataingan, Masbate
- 136. Municipal Mayor**
Aroroy, Masbate
- 137. Municipal Mayor**
Baleno, Masbate
- 138. Municipal Mayor**
Balud, Masbate
- 139. Municipal Mayor**
Cawayan, Masbate
- 140. Municipal Mayor**
Esperanza, Masbate
- 141. Municipal Mayor**
Mandaon, Masbate
- 142. Municipal Mayor**
Pio V. Corpuz
- 143. Municipal Mayor**
Placer, Masbate
- 144. City Mayor**
Masbate City
- 145. The General Manager**
Northern Samar Electric Cooperative, Inc. (NORSAMELCO)
Bobon, Northern Samar
- 146. Office of the Provincial Governor**
Province of Northern Samar
- 147. Office of the Municipal Mayor**
Municipality of San Vicente
Province of Northern Samar
- 148. Office of the Municipal Mayor**
Municipality of San Antonio
Province of Northern Samar

- 149. Office of the Municipal Mayor**
Municipality of Capul
Province of Northern Samar
- 150. Local Government Executive of the Islands of Biri, San Juan, and Cabaun, Province of Northern Samar**
- 151. The General Manager**
Samar I Electric Cooperative, Inc. (SAMELCO I)
Brgy. Carayman, Calbayog City, Samar
- 152. The Office of the Governor**
Province of Samar
- 153. The Office of the Municipal Mayor**
Sto. Nino, Samar
- 154. The Office of the Municipal Mayor**
Almagro, Samar
- 155. The Office of the Municipal Mayor**
Tagapul-an, Samar
- 156. The General Manager**
Samar II Electric Cooperative, Inc. (SAMELCO II)
- 157. The Municipal Mayor**
Zumarraga, Samar
- 158. The Provincial Governor**
Province of Samar
- 159. The General Manager**
Maripipi Multi-Purpose Cooperative (MMPC)
Maripipi Island, Province of Biliran
- 160. Municipal Mayor**
Municipality of Maripipi
Province of Biliran
- 161. The General Manager**
Biliran Electric Cooperative, Inc.
Caraycaray, Biliran
- 162. The General Manager**
Southern Leyte Electric Cooperative, Inc. (SOLECO)
Nasaug, Maasin City, Southern Leyte
- 163. The Municipal Mayor**
Limasawa Island
- 164. The General Manager**
BANTAYAN ELECTRIC COOPERATIVE, INC. (BANELCO)
Barangay Balintawak, Bantayan
Province of Cebu

- 165. Office of the Municipal Mayor**
Municipality of Madridejos
Province of Cebu
- 166. Office of the Municipal Mayor**
Municipality of Bantayan
Province of Cebu
- 167. Office of the Municipal Mayor**
Municipality of Santa Fe
Province of Cebu
- 168. The General Manager**
Camotes Electric Coop., Inc. (CELCO)
Poblacion, Poro, Camotes, Cebu
- 169. The Municipal Mayor**
Poro, Camotes, Cebu
- 170. The Municipal Mayor**
San Francisco, Camotes, Cebu
- 171. The Municipal Mayor**
Tudela, Camotes, Cebu
- 172. The Municipal Mayor**
Pilar, Camotes, Cebu
- 173. The General Manager**
Bohol I Electric Cooperative, Inc. (BOHECO I)
Loon, Bohol
- 174. Office of the Municipal Mayor**
Cuaming Island
Bohol
- 175. The Provincial Governor**
Province of Bohol
- 176. The General Manager**
ANTIQUE ELECTRIC COOPERATIVE, INC. (ANTECO)
San Jose, Antique
- 177. The Provincial Governor**
Province of Antique
- 178. The Municipal Mayor**
Municipality of Caluya
Province of Antique
- 179. The General Manager**
PROVINCE OF SIQUIJOR ELECTRIC COOPERATIVE, INC. (PROSIELCO)
Larena, Siquijor

- 180. Office of the Municipal Mayor**
Municipality of Siquijor
Province of Siquijor
- 181. Office of the Municipal Mayor**
Municipality of San Juan
Province of Siquijor
- 182. Office of the Municipal Mayor**
Municipality of Lazi
Province of Siquijor
- 183. Office of the Municipal Mayor**
Municipality of Maria
Province of Siquijor
- 184. Office of the Municipal Mayor**
Municipality of Larena
Province of Siquijor
- 185. Office of the Municipal Mayor**
Municipality of Enrique Villanueva
Province of Siquijor
- 186. The General Manager**
ZAMBOANGA CITY ELECTRIC COOPERATIVE, INC.
(ZAMCELCO)
Maria Clara L. Lobregat Highway
Putik, Zamboanga City
- 187. Office of the City Mayor**
Zamboanga City
- 188. The Municipal Mayor**
Jolo, Sulu
- 189. The Municipal Mayor**
Kalingalan Caluang, Sulu
- 190. The Municipal Mayor**
Lugus, Sulu
- 191. The Municipal Mayor**
Luuk, Sulu
- 192. The Municipal Mayor**
Maimbung, Sulu
- 193. The General Manager**
Basilan Electric Coop., Inc. (BASELCO)
Km 3 Binuangan, Isabela City
Province of Basilan

- 194. The City Mayor**
Isabela City
Province of Basilan
- 195. The Municipal Mayor**
Municipality of Lamitan
Province of Basilan
- 196. The Municipal Mayor**
Municipality of Lantawan
Province of Basilan
- 197. The Municipal Mayor**
Municipality of Maluso
Province of Basilan
- 198. The Municipal Mayor**
Municipality of Sumisip
Province of Basilan
- 199. The General Manager**
Sulu Electric Cooperative, Inc. (SULECO)
Jolo, Sulu
- 200. The Municipal Mayor**
Hadji Panglima Tahil, Suli
- 201. The Municipal Mayor**
Indanan, Sulu
- 202. The Municipal Mayor**
Old Panamao, Sulu
- 203. The Municipal Mayor**
Omar, Sulu
- 204. The Municipal Mayor**
Pandami, Sulu
- 205. The Municipal Mayor**
Panglima Estino, Sulu
- 206. The Municipal Mayor**
Pangutaran, Sulu
- 207. The Municipal Mayor**
Parang, Sulu
- 208. The Municipal Mayor**
Pata, Sulu
- 209. The Municipal Mayor**
Patikul, Sulu
- 210. The Municipal Mayor**
Siasi, Sulu

- 211. The Municipal Mayor**
Talipao, Sulu
- 212. The Municipal Mayor**
Tapul, Sulu
- 213. The Municipal Mayor**
Municipality of Tipo-Tipo
Province of Basilan
- 214. The Municipal Mayor**
Municipality of Tuburan
Province of Basilan
- 215. The General Manager**
Tawi-Tawi Electric Cooperative, Inc. (TAWELCO)
Tubig-Boh, Bongao, Tawi-Tawi
- 216. The Municipal Mayor**
Balimbing, Tawi-Tawi
- 217. The Municipal Mayor**
Languyan, Tawi-Tawi
- 218. The Municipal Mayor**
Manuk Mangkaw, Tawi-Tawi
- 219. The Municipal Mayor**
Mapun, Tawi-Tawi
- 220. The Municipal Mayor**
Panglima Sugala, Tawi-Tawi
- 221. The Municipal Mayor**
Sapa-Sapa, Tawi-Tawi
- 222. The Municipal Mayor**
Sibutu, Tawi-Tawi
- 223. The Municipal Mayor**
Sitangkai, Tawi-Tawi
- 224. The Municipal Mayor**
South Ubian, Tawi-Tawi
- 225. The Municipal Mayor**
Tandubas, Tawi-Tawi
- 226. The Municipal Mayor**
Tandubanak, Tawi-Tawi
- 227. The Municipal Mayor**
Bongao, Tawi-Tawi

- 228. The General Manager**
Siasi Electric Cooperative, Inc. (SIASELCO)
Siasi, Sulu

- 229. Office of the Provincial Governor**
Siasi, Sulu

- 230. Municipal Mayor**
Siasi, Sulu

- 231. The General Manager**
Cagayan de Sul Electric Cooperative, Inc. (CASELCO)
Mapun, Cagayan de Sulu, Tawi-Tawi

- 232. The Maunicipal Mayor**
Mapun, Cagayan de Sulu, Tawi-Tawi

- 233. The Municipal Mayor**
Cagayan de Tawi-Tawi, Tawi-Tawi

- 234. The General Manager**
Davo Del Norte Electric Cooperative, Inc. (DANECO)
Tagum City, Davao Del Norte

- 235. The City/Municipal Mayor**
Island Garden City of Samal, Davao Del Norte

- 236. The General Manager**
Davao del Sur Electric Cooperative, Inc. (DASURECO)
Digos, Davao del Sur

- 237. Office of the Municipal Mayor**
Municipality of Jose Abad Santos (Trinidad), Davao del Sur

- 238. The Municipal Mayor**
Abad Santos, Davao del Sur

- 239. The General Manager**
Sultan Kudarat Electric Cooperative, Inc. (SUKELCO)
National Highway, Tacurong City, Sultan Kudarat

- 240. Office of the Provincial Governor**
Province of Sultan Kudarat

- 241. Office of the Provincial Governor**
Province of Maguindano

- 242. Office of the Municipal Mayor**
Palimbang, Sultan Kudarat

- 243. Office of the Municipal Mayor**
Senator Ninoy Aquino, Sultan Kudarat

- 244. Office of the Municipal Mayor**
Kalamansig, Sultan Kudarat

- 245. The General Manager**
Surigao del Norte Electric Cooperative, Inc. (SURNECO)
Surigao City
Province of Surigao del Norte
- 246. Office of the Local Chief Executive/Punong Barangay**
Hikdop Island
Province of Surigao del Norte
- 247. The General Manager**
Dinagat Island Electric Cooperative, Inc. (DIELCÓ)
Justiniana, San Jose, Dinagat Island
- 248. The Provincial Governor**
Province of Dinagat Island
- 249. The Municipal Mayor**
San Jose, Dinagat Island
- 250. The Municipal Mayor**
Dinagat, Dinagat Island
- 251. The Municipal Mayor**
Cagdianao, Dinagat Island
- 252. The Municipal Mayor**
Basilisa, Dinagat Island
- 253. The Municipal Mayor**
Libjo, Dinagat Island
- 254. The Municipal Mayor**
Loreto, Dinagat Island
- 255. The Municipal Mayor**
Tubajon, Dinagat Island

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

IN THE MATTER OF THE
PETITION FOR THE APPROVAL
OF THE PROPOSED NEW
SUBSIDIZED APPROVED
GENERATION RATE (SAGR)
AND THE UNIVERSAL CHARGE
FOR MISSIONARY
ELECTRIFICATION (UCME) FOR
THE YEARS 2015-2016

ERC CASE NO. 2014-135 RC

NATIONAL POWER
CORPORATION (NPC),
Petitioner.

X-----X

DOCKETED
Date: NOV 12 2014
By: *W*

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on September 15, 2014, the National Power Corporation (NPC) filed a petition for the approval of the proposed Subsidized Approved Generation Rate (SAGR) and the Universal Charge for Missionary Electrification for years 2015 to 2016.

In the said petition, NPC alleged, among others, that:

1. Pursuant to Section 70 of Republic Act No. 9136 (R.A. 9136), otherwise known as the Electric Power Industry Reform Act (EPIRA) of 2001, it shall remain as a National Government owned and controlled corporation to perform the missionary electrification function through its Small Power Utilities Group (SPUG) and shall be responsible for providing power generation and its associated power delivery systems in areas that are not connected to the transmission system;
2. On August 22, 2011, the Commission approved and issued Resolution No. 21 Series of 2011 entitled "*Amended Guidelines for the Setting and Approval of Electricity Generation Rates and Subsidies for Missionary Electrification Areas*", which provides for the guidelines for the setting and approval of electricity generation rates and subsidies for Missionary Electrification areas and for the

fixing of and availment of subsidies for Missionary Electrification areas as well as the cash incentives for the Renewable Energy (RE) Developers for Missionary Electrification from the Universal Charge for Missionary Electrification (UC-ME). The said resolution is also in line with Chapter VII Section 15 (b) of the Republic Act No. 9153 or otherwise known as "Renewable Act of 2008" or RE Act of 2008" providing for the basis in the calculation of Cash Incentive of Renewable Energy Developers for Missionary Electrification;

3. Article V, Section 1 (c) of the said Resolution provides that the SAGR for the NPC-SPUG Areas and Delegated NPC SPUG Areas may be adjusted at the next UCME filing by NPC as provided under Section 2 thereof (UC-ME Filing Requirements and Procedures);
4. Pursuant to Section 4 of Republic Act No. 6395 (R.A. 6395), as amended, and Executive Order No. 86¹, issued by virtue of the authority granted to the President of the Republic of the Philippines under R.A. 7684², it is duly authorized to charge twelve percent (12%) return on its rate base composed of the sum of its net assets in operation plus two (2) months operating capital;
5. It filed the instant petition in its capacity as the implementing agency for Missionary Electrification (ME), which function shall be funded from the revenue from sales in missionary areas and from the Universal Charge (UC) to be collected from all electricity end-users as determined by the Commission and as provided under Section 2 (a) of the EPIRA Implementing Rules and Regulations (IRR);
6. The instant petition is likewise filed in compliance with the Order of the Commission issued in ERC Case No. 2012-085 RC mandating NPC to re-file the UCME for Calendar Years 2015 to 2016 and to include a study and assessment of the existing SAGR of each NPC-SPUG Areas;

The Revised SAGR for the SPUG Areas

7. The existing SAGR is based on CY 2003 cost level which was approved by the Commission on December 16, 2005 under ERC CASE No. 2004-449 RC for the First Wave

¹ Fixing the Rate of Return on Rate Base of the National Power Corporation at twelve percent (12%) of the Rate Base as Defined in Section 4 of Republic Act No. 6395, as Amended

² Electric Power Crises Act of 1993

Areas and on March 7, 2011 under ERC CASE No. 2006-020 for the remaining NPC-SPUG areas;

8. It is not gainsaid that the fuel cost has already increased or soared to about 200% from the year 2003. Specifically, the fuel cost in CY 2003 was about PhP13.8291/liter or PhP3.9094/kWh while as of CY 2012, the fuel cost was already about PhP40.7347/liter or PhP11.7541/kWh. Attached in the instant petition is the table of the Historical fuel cost from CYs 2003 to 2012;
9. This rise of the fuel cost as mentioned is tantamount to an increase in the operating cost in the SPUG areas effectively contributing to the increase of the UCME, which the main grid customers also pay along with the off-grid customers. Thus, there had been clamors, time and again, from the main grid customers to address this issue;
10. In response thereto, and in line with the Commission's directive as above-cited, several economic parameters were looked into with various simulations considered to come up with or determine the most appropriate parameter that can be used in the revision of the SAGR. Since there has been no existing approved guideline on UCME graduation, the increase in fuel cost is found to be the most reasonable basis in the revision of the SAGR. Hence, after considering the impact to the customers and the nearby main grid rates, the NPC adopted the existing effective rate or the existing SAGR plus 3rd Generation Rate Adjustment Mechanism (GRAM) and Incremental Currency Exchange Rate Adjustment (ICERA) to be proposed as the new SAGR in the SPUG areas;
11. However, since the approved 3rd GRAM will still have to be collected until CY 2018, and in order to have a simultaneous implementation of the revised SAGR, the uncollected 3rd GRAM is proposed for inclusion in the UCME for the years 2015 and 2016;
12. Shown below is the proposed revised SAGR by regions and areas with corresponding increases under the instant petition:

LUZON			
Area Classification ¹	CY 2014	Proposed CY 2015 SAGR ²	Increase (Decrease) ³
Luzon Large Areas	5.6404	6.5896	0.9492
Luzon NPPs	5.6404	6.5896	0.9492
Busuanga DPP	4.8024	5.7516	0.9492
Luzon Medium Areas	5.6404	6.5896	0.9492
Ticao DPP	4.8024	5.7516	0.9492
Luzon Small Areas Group 1	4.8024	5.7516	0.9492
Luzon Small Areas Group 2	5.6404	6.5896	0.9492
¹ Refers to the composition of plants per area in Annex "B" of the instant petition			
² The existing 3rd GRAM and ICERA			
³ Exclusive of TDSR of P0.1481/kWh in case of Palawan and PhP0.1958/kWh for Mindoro			
VISAYAS			
Area Classification ¹	CY 2014	Proposed CY 2015 SAGR	Increase (Decrease) ²
Visayas Large	6.2553	7.4503	1.1950
Visayas NPP	6.2553	7.4503	1.1950
Visayas Small Areas	5.6404	6.8354	1.1950
¹ Refers to composition of plants per area in Annex "B" of the instant petition.			
² The existing 3rd GRAM and ICERA			
MINDANAO			
Area Classification ¹	CY 2014	Proposed CY 2015 SAGR	Increased (Decreased) ²
Mindanao Large Areas	5.1167	6.5847	1.4680
Mindanao Medium	4.8024	6.2704	1.4680
Mindanao Small	4.8024	6.2704	1.4680
¹ Refers to composition of plants per area in Annex "B" of the instant petition.			
² The existing 3rd GRAM and ICERA			

13. The said proposed SAGR does not include the Transmission Rates (TDSR) component as the proposal pertains only to generation costs. If approved, as proposed, the existing TDSR will be collected over and above the new SAGR;

14. As basis for future GRAM applications, shown below is the calculated average per component of the revised SAGR following the ratio of variable and fixed cost of the

calculated revenue requirement for the entire SPUG areas for CY 2015 based on CY 2012 Result of Operations which is attached as ANNEX "C" of the instant petition:

Particular	Existing				Proposed			
	Luz	Vis	Min		Luz	Vis	Min	Phils
Total SAGR	4,166,559.53	450,343.55	796,004.40		4,880,095.92	537,633.58	1,028,423.61	6,446,153.11
Projected Energy Sales	751,723.97	73,046.05	158,323.72		751,723.97	73,046.05	158,323.72	983,093.73
PhP/kWh	5.5427	6.1652	5.0277		6.4919	7.3602	6.4957	6.5570
Fuel	2.0282	3.8942	3.2787		4.5443	5.1521	4.5470	4.1965
Fixed Cost	3.5145	2.2710	1.7490		1.9476	2.2081	1.9487	2.3605

15. The proposed increase in SAGR averaging at PhP1.1311/kWh (net of TDSR, when applicable) will result in a projected additional SAGR revenue amounting to PhP517 Million for NPC and PhP594 Million for New Power Providers (NPPs)/Qualified Third Party (QTP) or total of PhP1.112 Billion additional SAGR revenues. This is about 20% of the existing SAGR level. In effect, this increase in SAGR revenue has a corresponding reduction in the UCME requirement for the years 2015 and 2016;

Proposed UCME for Calendar Years 2015-2016

16. The calculation of the total UCME, as proposed, is based on the formula provided in Article V Section 2 of Resolution No. 21 series of 2011, as amended. The total UCME includes not only the NPC plants but also private entities that have taken in full or part the generation function of NPC-SPUG in certain missionary areas. The operating costs in mini-grids and QTPs including the fixed cost of transmission/substations, etc., which do not use the SAGR are included in the UCME;
17. As manifested earlier, the UCME for the years 2015 to 2016 under ERC Case No. 2012-085 RC was not approved by the Commission and instead, NPC was directed to re-file the UCME to include a study and assessment of the SAGR for each of the SPUG areas. It must be recalled that the UCME as prayed for in the said petition was PhP22.268 Billion and PhP15.613 Billion for the years 2015 to 2016, respectively. Those were based on projections calculated by it and approved by the Department of Energy (DOE). It

also included the proposed recovery for the Capital Investments (CAPEX);

18. In this instant petition, petitioner has utilized the authorized RORB methodology using the year 2012 based rate being the most recent Audited Financial Statement available during the calculation stage. Hence, different amounts and rates are being proposed albeit covering the same years as will be shown or explained below;
19. In the calculation of its revenue requirements, the following accounts and actual cost were considered:
 - a. Actual Fuel Costs as of December 2012;
 - b. Other Operating Expenses, which includes Personal Services and Maintenance and other Operating Expenses as of December 2012;
 - c. Depreciation as of December 2012;
 - d. Rate Base as of December 2012; and
 - e. Revenues from Revised SAGR;
20. The amount of NPPs and QTP subsidies considered were based on the actual disbursements and payment made for CY 2012 consistent with the Subsidy Agreement (SA) between NPC and respective power providers and calculated based on the minimum off-take as provided in their respective ERC-Approved Power Supply Agreement;
21. The renewable energy cash incentive, on the other hand, is based on the submitted projected energy sales of the RE Developers in several areas and their corresponding approved True Cost Generation Charge (TCGR) to arrive at the average amount as proposed;
22. Hence, the total UCME requirement for the missionary electrification considering the revised SAGR as proposed will amount to PhP12.093 Billion for CY 2015 and PhP11.371 Billion for CY 2016 inclusive of the Cash Incentive for Renewable Energy, to wit:

Proposed UCME Requirement for CYs 2015 and 2016

ITEM	PARTICULARS	Proposed UCME	Proposed UCME
		2015	2016
	Total Cost of Service	8,352,010,486	9,298,281,705
	Variable Cost	5,358,177,058	5,924,272,786
	Fixed Cost	2,993,833,428	3,374,008,919
	Return on Rate Base	1,159,739,552	1,243,519,737
	Total Revenue Requirement	9,511,750,038	10,541,801,442
	Less: Revenue from Proposed SAGR	2,929,117,099	3,138,869,016
	ME Subsidy for NPC SPUG Ares	6,582,632,939	7,402,932,426
	Add:		
	3rd GRAM	478,588,771	450,702,821
	CY 2010 Shortfall	1,377,566,729	
1	Total ME Subsidy for NPC SPUG	8,438,788,439	7,853,635,247
	NPP True Cost Generation Rate	6,837,720,354	6,837,720,354
	Less: Revenue from Proposed SAGR	3,661,327,478	3,661,327,478
2	ME Subsidy for Delegated NPC SPUG Areas	3,176,392,875	3,176,392,875
	QTP True Cost Generation Rate	97,882,176	97,882,176
	Less: Revenue from Proposed SAGR	31,316,048	31,316,048
3	ME Subsidy Served by Qualified Third Party	66,566,128	66,566,128
	UC-ME FOR NPC/NPP/QTP	11,681,747,443	11,096,594,250
4	Renewable Energy Developer Cash Incentive	412,140,427	274,408,306
	Total UC-ME	12,093,887,870	11,371,002,556

23. The remaining 3rd GRAM as earlier mentioned is proposed to be recovered through the UCME so as the revised SAGR can be implemented to SPUG simultaneously. The existing approved shortfall adjustment will still have a balance to be collected also in the year 2015 and proposed to be spread for the whole year so as to give way to the increase in basic UCME and, at the same time, consider the lesser impact in PhP/kWh to the consumers;

24. The proposed increase in the basic UCME of PHP0.0454/kWh (exclusive of the PHP0.0709/kWh shortfall) to PHP0.1419/kWh and PHP0.1430/kWh, or PHP0.1476/kWh and PHP0.1467/kWh inclusive of Cash Incentive to RE Developer, for CYs 2015 and 2016, respectively, purposely to finance the operation for the years 2015 to 2016 does not necessarily result, when imposed, in the increase of the rate for UCME in view of the proposal to spread the CYs 2015 and 2016 UCME for a period of fourteen (14) months. This, in effect, would yield a reduction in the UCME billing rate by PHP0.0125/kWh and PHP0.0114/kWh, or PHP0.0085/kWh and PHP0.0094/kWh with RE Cash Incentive, respectively, as compared to the existing UCME of PHP0.1544/kWh, or

PhP0.1561/kWh with RE Cash Incentive. Shown below is the rate calculation of the proposed rates:

PARTICULARS	CY 2015 UCME Requirement	P/kWh	CY2016 Requirement with balance from CY2015	P/kWh
	2015	Jan 2015 - Feb 2016	2016	Jan 2016- Feb 2017
Total Cost of Service	8,352,010,486	0.0987	10,529,080,060	0.1200
Variable Cost	5,358,177,058	0.0633	6,713,883,326	0.0765
Fixed Cost	2,993,833,428	0.0354	3,815,196,734	0.0435
Return on Rate Base	1,159,739,552	0.0137	1,414,425,357	0.0161
Total Revenue Requirement	9,511,750,038	0.1124	11,943,505,417	0.1361
Less: Revenue from Proposed SAGR	2,929,117,099	0.0346	3,570,519,876	0.0407
ME Subsidy for NPC SPUG Ares	6,582,632,939	0.0778	8,372,985,541	0.0954
Add:				
3rd GRAM	478,588,771	0.0066	450,702,821	0.0051
CY 2010 Shortfall	1,377,566,729	0.0191		
Total ME Subsidy for NPC SPUG	8,438,788,439	0.1035	8,823,688,362	0.1006
NPP True Cost Generation Rate	6,837,720,354	0.0808	7,845,364,558	0.0894
Less: Revenue from Proposed SAGR	3,661,327,478	0.0433	4,200,880,900	0.0479
ME Subsidy for Delegated NPC SPUG Areas	3,176,392,875	0.0376	3,644,483,658	0.0415
QTP True Cost Generation Rate	97,882,176	0.0012	112,306,634	0.0013
Less: Revenue from Proposed SAGR	31,316,048	0.0004	35,930,954	0.0004
ME Subsidy Served by Qualified Third Party	66,566,128	0.0008	76,375,680	0.0009
UC-ME FOR NPC/NPP/QTP	11,681,747,443	0.1419	12,544,547,700	0.1430
Renewable Energy Developer Cash Incentive	412,140,427	0.0057	274,408,306	0.0037
Total UC-ME	12,093,887,870	0.1476	12,818,956,006	0.1467
Forecasted National Electricity Sales (kWh)	84,589,485,954		87,724,109,794	
UC - ME for NPC/NPP/QTP		0.1419		0.1430
UC-ME for NPC/NPP/QTP/RE		0.1476		0.1467

25. To reduce the gap of the basic UCME of PhP0.0454/kWh and the shortfall of PhP0.0709/kWh, which is about 150%, it proposes to replace the existing basic UCME of PhP0.0454/kWh to PhP0.1419/kWh and PhP0.1430/kWh for CY 2015 and CY 2016 or PhP0.1476/kWh and PhP0.1467/kWh with RE Cash Incentive, respectively, in order to minimize the effect of the overlapping of the funding requirements. Anyway, the UCME shortfall formula has no provisions for the carrying charges;

26. The proposed increase in basic UCME rate considered its commitment to reduce the burden of the UC to the consumers while ensuring that:

- The required volume of fuel will be timely paid to its suppliers to avoid non-delivery of fuel supply;

- b. The guaranteed payments of NPPs and QTP subsidy are timely made for avoidance of interest charges for late payments due to lack of funds, and
 - c. Continuous plant operations of both NPC-SPUG and NPPs/QTP;
27. The National Power Board approved the filing of this instant petition pursuant to NP Board Resolution No. 2014-34 dated September 4, 2014;
28. The proposed revised SAGR and UCME for CYs 2015 and 2016 are also based on the following pertinent documents attached to the instant petition and correspondingly marked, as follows:
- a. **Annex "H"** - Projected Results of Operation for CY 2015
 - b. **Annex "I"** - Projected Results of Operation for CY 2016
 - c. **Annex "J"** - NPC Income Statement CY 2012
 - d. **Annex "K"** - NPC Balance Sheet CY 2012
 - e. **Annex "L"** - Summary of NPC Revenue Requirements
 - f. **Annex "M"** - Projected Philippines Electricity Sales Forecast (PDP 2011-2030)
 - g. **Annex "N"** - NPC-SPUG Projected Energy Sales for CYs 2015-2016

**Allegations In Support for the Approval and Issuance
of a Provisional Authority of the New SAGR and 2015
to 2016 UCME**

29. The issuance of a provisional authority under the instant petition is appropriate based on the following justifications:
- a. The fuel cost has increased to about 200% since the last level of SAGR approval in CY2003;
 - b. Adjusting the level of SAGR will address the clamor of the main grid consumers and likewise encourage the off-grid consumer to be part in conserving the electricity supply by being prudent in their use of electricity;
 - c. The existing approved level of subsidy for NPP and QTP in the amount of PhP359 Million per year is way below the actual disbursement made;

- d. The proposed UCME rate adjustment from PhP0.0454/kWh to PhP0.1419/kWh and PhP0.1430/kWh or PhP0.1476/kWh and PhP0.1467/kWh including RE Cash Incentive, for CY 2015 and CY 2016, respectively, is necessary in order to cover the subsidy requirement and at the same time, maintain the reliability and stability of sufficient funding source for its fuel and other costs requirements including guaranteed sufficient subsidy payment for NPP and RE Developers;
 - e. Further, the cascading impact of the delayed implementation of projects that were included in the program and that supposedly funded by UCME subsidy hampered the development in the off-grid areas;
 - f. The lack of funding from the UCME Subsidy and from supposedly transitory funds sourced thru loans (which the Department of Justice (DOJ) has rendered an opinion that limits and suspends NPC the authority to borrow funds or enter into a loan agreement) affects its flexibility in its funding and operation; and
 - g. In order to guarantee continuous power supply and sustainable development of the off-grid areas and to support improvement of their lives and be able to connect electricity to the unserved communities in the far-flung areas, it is necessary to limit the disparity between Subsidy being granted for the year and actual UCME subsidy required based on the proposed requirements;
30. The issuance of a provisional authority is allowed under Section 3 Rule 14 of the Rules of Practice and Procedure. Likewise, the authority of the Commission to issue a provisional authority is confirmed by the Supreme Court in the case of Freedom from Debt Coalition, et. al. vs. ERC, et. al., G.R. No. 161113 (June 15, 2004), when it held that "the power to approve provisional rate increases is included among the powers transferred to the ERC by virtue of Section 44 since the grant of that authority is not inconsistent with the EPIRA; rather, it is in full harmony with the thrust of the law which is to strengthen the ERC as the new regulatory body."

Consolidated Compliance

31. In support of the instant petition and in compliance with Rule 6 of the Rules of Practice and Procedures under ERC Resolution No. 38, Series of 2006 as well as Section 4(e) Rule 3 of the EPIRA IRR, it attaches and submits herewith the following:
- a. Proof of Publication of the petition once in a newspaper of general circulation; and
 - b. Proof of service of the instant petition to the Legislative Bodies of the Local Government Units where NPC principally operate;

Prayer

32. It prays that:
- a. Pending the hearing on the merits that an Order be issued granting a provisional authority for the adoption of the revised SAGR and the SAGR component and the proposed UCME for CY 2015 amounting to PhP12,093,887,870.00 spread out to fourteen (14) months recovery based on equivalent rate of PhP0.1476/kWh and CY 2016 amounting to PhP11,371,002,556.00 spread out to fourteen (14) months recovery based on equivalent rate of PhP0.1467/kWh;
 - b. The approval of the proposed UCME for CYs 2015 and 2016 be on a per item basis as identified in the table above;
 - c. If the proposed new SAGR is granted, an Order be also issued authorizing the collection of the existing approved TDSR to Palawan and Mindoro over and above the duly approved new SAGR;
 - d. After the hearing on the merits, the instant petition be granted by the Commission; and
 - e. In order to have simultaneous implementation of the revised SAGR, the uncollected 3rd GRAM proposed for inclusion in the UCME for the years 2015 and 2016 be likewise granted.

ERC CASE NO. 2014-135 RC

Notice of Public Hearing/November 3, 2014

Page 12 of 17

The Commission has set the instant petition for jurisdictional hearing, expository presentation, pre-trial conference and evidentiary hearing on the following dates and venues:

Date and Time	Venue	Particulars
	Luzon	
November 27, 2014 (Thursday) at nine o'clock in the morning (9:00 A.M.)	Quezon II Electric Cooperative, Inc.'s (QUEZELCO II) Main Office, Brgy. Gumian, Infanta, Quezon	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing for SPUG areas within the franchise area of QUEZELCO II
November 28, 2014 (Friday) at nine o'clock in the morning (9:00 A.M.)	Batangas II Electric Cooperative, Inc.'s (BATELEC II) Main Office, Antipolo, Lipa City Batangas	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing for SPUG areas within the franchise area of BATELEC I
January 12, 2015 (Monday) at two o'clock in the afternoon (2:00 P.M.)	ERC Hearing Room, 15 th Floor, Pacific Center Building, San Miguel Avenue, Pasig City	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing
January 14, 2015 (Wednesday) at nine o'clock in the morning (9:00 A.M.)	Kalinga-Apayao Electric Coop., Inc.'s (KAELCO) Main Office, Magsaysay, Tabuk, Kalinga	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing for SPUG areas within the franchise area of KAELCO
January 15, 2015 (Thursday) at nine o'clock in the morning (9:00 A.M.)	Isabela II Electric Cooperative, Inc.'s (ISELCO II) Main Office, Alibagu, Ilagan, Isabela	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing for SPUG areas within the franchise area of ISELCO II
January 21, 2015 (Wednesday) at ten o'clock in the morning (10:00 A.M.)	Camarines Sur IV Electric Cooperative, Inc.'s (CASURECO IV) Main Office, Talojongon, Tigaon, Camarines Sur	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing for SPUG areas within the franchise area of CASURECO IV

ERC CASE NO. 2014-135 RC

Notice of Public Hearing/November 3, 2014

Page 13 of 17

January 22, 2015 (Thursday) at nine o'clock in the morning (9:00 A.M.)	Jennifer's Kabayan Hotel, Inc., J. Esteves Street, Guevarra Subdivision, Legaspi City	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing for SPUG areas within the franchise area of ALECO
February 25, 2015 (Wednesday) at nine o'clock in the morning (9:00 A.M.)	Batanes Electric Cooperative, Inc.'s (BATANELCO) Main Office, Basco, Batanes	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing
March 12, 2015 (Thursday) at nine o'clock in the morning (9:00 A.M.)	First Catanduanes Electric Cooperative, Inc.'s (FICELCO) Main Office, Marinawa, Bato, Catanduanes	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing
March 25, 2015 (Wednesday) at nine o'clock in the morning (9:00 A.M.)	Occidental Mindoro Electric Cooperative, Inc. (OMECO) Main Office, San Jose, Occidental Mindoro	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing for OMECO and Lubang Island Electric Cooperative, Inc. (LUBELCO)
March 26, 2015 (Thursday) at nine o'clock in the morning (9:00 A.M.)	Oriental Mindoro Electric Cooperative, Inc. (ORMECO) Main Office, Simaron, Calapan City, Mindoro	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing
April 8, 2015 (Wednesday) at nine o'clock in the morning (9:00 A.M.)	Aurora Electric Cooperative, Inc.'s (AURELCO) Main Office, Brgy. Reserva, Baler, Aurora	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing for SPUG areas within the franchise area of AURELCO
April 16, 2015 (Thursday) at nine o'clock in the morning (9:00 A.M.)	Legend Hotel, Malvar Street, Puerto Princesa City, Palawan	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing for PALECO
April 23, 2015 (Thursday) at nine o'clock in the morning (9:00 A.M.)	Busuanga Island Electric Cooperative, Inc.'s (BISELCO) Main Office, Coron	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing

ERC CASE NO. 2014-135 RC

Notice of Public Hearing/November 3, 2014

Page 14 of 17

	Palawan	
April 30, 2015 (Thursday) at two o'clock in the afternoon (2:00 P.M.)	Marinduque Electric Cooperative, Inc.'s (MARELCO) Main Office, Boac, Marinduque	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing
May 6, 2015 (Wednesday) at nine o'clock in the morning (9:00 A.M.)	Tablas Island Electric Cooperative, Inc.'s (TIELCO) Main Office, Odiongan, Romblon	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing
May 14, 2015 (Thursday) at nine o'clock in the morning (9:00 A.M.)	Romblon Electric Cooperative, Inc.'s (ROMELCO) Main Office, Romblon, Romblon	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing
	Visayas	
January 28, 2015 (Wednesday) at ten o'clock in the morning (10:00 A.M.)	Northern Samar Electric Cooperative, Inc.'s (NORSAMELCO) Main Office, Catarman, Northern Samar	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing for SPUG areas within the franchise area of NORSAMELCO
January 29, 2015 (Thursday) at nine o'clock in the morning (9:00 A.M.)	Marju Krisel Hotel, Pan-Philippine Highway, Calbayog City, Samar	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing for SPUG areas within the franchise area of SAMELCO I
January 29, 2015 (Thursday) at two o'clock in the afternoon (2:00 P.M.)	Samar II Electric Cooperative, Inc.'s (SAMELCO II) Main Office, Barangay Arado, Paranas, Samar	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing for SPUG areas within the franchise area of SAMELCO II
February 11, 2015 (Wednesday) at ten o'clock in the morning (10:00 A.M.)	Biliran Electric Cooperative, Inc.'s (BILECO), Main Office, Caray-Caray, Naval, Biliran	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing for SPUG areas within the franchise area of BILECO and Maripipi Multi-

ERC CASE NO. 2014-135 RC

Notice of Public Hearing/November 3, 2014

Page 15 of 17

		Purpose Cooperative, Inc. (MMPC)
February 12, 2015 (Thursday) at ten o'clock in the morning (10:00 A.M.)	Southern Leyte Electric Cooperative, Inc.'s (SOLECO) Main Office, Nasaug, Maasin City, Southern Leyte	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing for SPUG areas within the franchise area of SOLECO
March 5, 2015 (Thursday) at nine o'clock in the morning (9:00 A.M.)	Masbate Electric Cooperative, Inc.'s (MASELCO) Main Office, Pinamarbuan, Mobo, Masbate	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing for SPUG areas within the franchise areas of MASELCO and Ticao Island Electric Cooperative, Inc. (TISELCO)
March 18, 2015 (Wednesday) at nine o'clock in the morning (9:00 A.M.)	Bantayan Island Electric Cooperative, Inc.'s (BANELCO) Main Office, Bantayan Island, Cebu	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing
March 19, 2015 (Thursday) at ten o'clock in the morning (10:00 A.M.)	Camotes Island Electric Cooperative, Inc.'s (CELCO) Main Office, Poblacion, Poro, Camotes, Cebu	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing
May 28, 2015 (Thursday) at nine o'clock in the morning (9:00 A.M.)	Bohol I Electric Cooperative, Inc.'s (BOHECO I) Main Office, Cabulijan, Tubigon, Bohol	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing for SPUG areas within the franchise area of BOHECO I
June 4, 2015 (Thursday) at ten o'clock in the morning (10:00 A.M.)	Antique Electric Cooperative, Inc.'s (ANTECO) Main Office, Brgy. Funda, San Jose, Antique	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing
June 10, 2015 (Wednesday) at nine o'clock in the morning (9:00 A.M.)	Province of Siquijor Electric Cooperative, Inc.'s (PROSIELCO) Main Office, Brgy.	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing

ERC CASE NO. 2014-135 RC

Notice of Public Hearing/November 3, 2014

Page 16 of 17

	Nonoc, Larena, Siquijor	
	Mindanao	
February 5, 2015 (Thursday) at one o'clock in the afternoon (1:00 P.M.)	Garden Orchid Hotel, Governor Camins Avenue, Zamboanga City	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing for SPUG Areas within the franchise area of Zamboanga City Electric Cooperative, Inc. (ZAMCELCO), Basilan Electric Cooperative, Inc. (BASELCO), Sulu Electric Cooperative, Inc. (SULECO), Siasi Electric Cooperative, Inc. (SIASELCO), Tawi-Tawi Electric Cooperative, Inc. (TAWELCO) and Cagayan de Sulu Electric Cooperative, Inc. (CASELCO)
February 18, 2015 (Wednesday) at ten o'clock in the morning (10:00 A.M.)	Davao del Norte Electric Cooperative, Inc.'s (DANEKO) Main Office, Tagum City, Davao del Norte	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing for SPUG areas within the franchise area of DANEKO
February 19, 2015 (Thursday) at ten o'clock in the morning (10:00 A.M.)	Davao del Sur Electric Cooperative, Inc.'s (DASURECO) Main Office, Cogon, Digos, Davao del Sur	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing for SPUG areas within the franchise area of DASURECO
April 10, 2015 (Friday) at two o'clock in the afternoon (2:00 P.M.)	Sultan Kudarat Electric Cooperative, Inc.'s (SUKELCO) Main Office, Tacurong, Sultan Kudarat	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and Evidentiary Hearing for SPUG areas within the franchise area of SUKELCO
May 21, 2015 (Thursday) at two o'clock in the	Dinagat Island Electric Cooperative, Inc.'s (DIELCO) Main	Jurisdictional Hearing, Expository Presentation, Pre-trial Conference and

afternoon (2:00 P.M.)	Office, Justiniana, San Jose, Dinagat Island	Evidentiary Hearing for SPUG areas within the franchise areas of DIELCO and Surigao Del Norte Electric Cooperative, Inc. (SURNECO)
-----------------------	--	--

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 petition or comment thereon at any stage of the proceeding before the petitioner 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 petition may request the petitioner, prior to the date of the initial hearing, that they be furnished with a copy of the petition. The petitioner is hereby directed to furnish all those making such request with copies of the petition and its attachments, subject to reimbursement of reasonable photocopying costs. Likewise, any such person may examine the petition 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, **ALFREDO J. NON** and **JOSEFINA PATRICIA A. MAGPALE-ASIRIT**, Energy Regulatory Commission, this 3rd day of November, 2014 at Pasig City.

ATTY. NOEL J. SALVANERA
Director III