

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

**IN THE MATTER OF THE 17th
APPLICATION FOR THE
RECOVERY OF THE
INCREMENTAL COSTS ON
FOREIGN CURRENCY
EXCHANGE RATE
FLUCTUATIONS UNDER
THE INCREMENTAL
CURRENCY EXCHANGE
RATE ADJUSTMENT (ICERA)
WITH PRAYER FOR
PROVISIONAL AUTHORITY
(PA),**

ERC CASE NO. 2018-007 RC

**NATIONAL POWER
CORPORATION (NPC),**

Applicant.

X-----X

DOCKETED
Date: JUN 22 2018
By: 

ORDER

On 15 February 2018, the National Power Corporation (NPC) filed an *Application* dated 01 February 2018, for the recovery of the incremental costs on foreign currency exchange rate fluctuations under the Incremental Currency Exchange Rate Adjustment (ICERA), with prayer for provisional authority.

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NPC alleged the following in its *Application*:

1. NPC is a government-owned and controlled corporation, created and existing under and by virtue of Republic Act No. 6395, as amended, (otherwise known as the NPC Charter), with principal office address at NPC-Office Building Complex (NPC-OBC), corner Quezon Avenue and BIR Road, East Triangle, Diliman, Quezon City.

2. Pursuant to Section 70 of R.A. 9136, otherwise known as the Electric Power Industry Reform Act (EPIRA) of 2001, NPC through its Small Power Utilities Group (NPC-SPUG), with the same principal office address stated above, is responsible for providing power generation and its associated power delivery systems in areas that are not connected to the transmission system.
3. In the performance of its missionary electrification function, NPC-SPUG incurs additional operating costs/savings as a result of the fluctuation of foreign exchange which affects the costs of servicing foreign currency debts (excluding interest) and/or foreign exchange-related expenses such as insurance and imported power plant/transmission parts.
4. In the Order dated 24 February 2003, this Honorable Commission issued and adopted the Implementing Rules for the Incremental Currency Exchange Rate Adjustment (ICERA) providing for, among others, the mechanisms for the recovery/(refund) of the deferred incremental costs/(savings) on foreign currency exchange rate fluctuations and carrying charges.
5. This Application is being filed consistent with Section 4(e) Rule 3 of the Implementing Rules and Regulations (IRR), as amended, of EPIRA dated June 8, 2001.
6. The Application covers the billing period from January 2016 to December 2016. Further, Applicant has fully complied with the ICERA's monthly reportorial requirements in support of the calculated allowable costs covering the billing period, as evidenced by the submitted reports/compliances duly received by this Honorable Commission and hereto attached as **Annexes "A" and series**.
7. Applicant proposes to recover the Deferred Accounting Adjustments (DAAs) corresponding to additional costs from foreign exchange fluctuations in the settlement of Debt Service (principal repayment portion) and Operating Expenses (OPEX), as well as the corresponding carrying charges for the billing period January 2016 to December 2016 for Luzon, Visayas and Mindanao.
8. Considering the foregoing, and pursuant to all the relevant Decisions and Orders issued by the Honorable Commission, the Applicant has calculated the total deferred costs for recovery under this instant Application comprising of the deferred debt service, OPEX and the corresponding carrying charges for Luzon, Visayas and Mindanao covering the billing period from January 2016 to December 2016, as shown below:

Table 1. Total Deferred FOREX Costs, in PhP

	Principal	Carrying Charges	TOTAL DAA
TOTAL	17,597,774	67,028	17,664,802

9. This application seeks the Honorable Commission’s approval for the recovery of the above-stated total deferred FOREX costs for the billing period January 2016 to December 2016 through the imposition of the following proposed DAA charges:

Table 2. Total Deferred FOREX Costs, in PhP/kWh

Deferred Costs (PhP)	Recovery Period	Projected Energy Sales (MWh)	ICERA DAA Rate (Php/kWh)
17,664,802	12 months	726.753	0.0243

10. Applicant NPC proposes a recovery period of twelve (12) months as approved by its Board of Directors. If this application is approved as filed, the proposed rate above shall be billed to island grid customers for twelve months.
11. As authorized under the Implementing Rules of the ICERA, Applicant utilized the carrying charge interest rates, as shown in Table 3:

Table 3. Allowable Carrying Charge Interest Rates

Test/Billing Months	Prevailing 91-day T-Bill Rate ^{1/}	Authorized Allowance ^{2/}	Allowable Rate
JAN 2016	1.684	3.00	4.684
FEB	1.513	3.00	4.513
MAR	1.469	3.00	4.469
APR	1.551	3.00	4.551
MAY	1.674	3.00	4.674
JUN	1.588	3.00	4.588
JUL	1.447	3.00	4.447
AUG	1.479	3.00	4.479
SEP	1.321	3.00	4.321
OCT	1.281	3.00	4.281
NOV	1.484	3.00	4.484
DEC	1.555	3.00	4.555

- 1- Source: *Bangko Sentral ng Pilipinas*
(www.bsp.gov.ph/statistics/sdds/tbillsdds.htm)
- 2- As authorized in the ICERA Implementing Rules

12. The proposed ICERA DAA is fair and reasonable as it is computed in line with the ICERA Guidelines.
13. In support of the proposed 17th ICERA DAA, Applicant respectfully submits the following documents annexed herewith to form part of this Application:

Calculation of Deferred Cost and Proposed Charges **Annex "B"**

Calculation of Deferred Debt Service/OPEX and corresponding carrying charges **Annex "C" and series**

The Projected Energy Sales (in MWh) used to calculate the proposed DAA charges in P/kWh **Annex "D"**

91-day Treasury Bill Rates **Annex "E"**

14. The proposed ICERA was approved for filing by the Board of Directors of Applicant on 30 January 2018, a certified true copy of Secretary's Certificate is hereto attached as Annex "F and series" and made an integral part hereof.

ALLEGATIONS IN SUPPORT OF THE PRAYER FOR PROVISIONAL AUTHORITY

15. Consistent with the principle of structural and functional unbundling of the electric power industry participants, the proposed ICERA is based on foreign exchange-related adjustments attributable only to NPC-SPUG operations, i.e. excluding those associated with NPC's operation in the main grids.
16. The existing approved based foreign exchange rates used in the calculation are based on the 1993 levels of P27.40 to US1.00 and P0.2329 to Japanese Y1.
17. Since these expenses were incurred in the year 2016 immediate recovery of this adjustment through a provisional authority would help alleviate the operational funding of applicant, without prejudice to the authority of the Honorable Commission to approve the recovery of this adjustment as part of the applicant's True Cost Generation Rate (TCGR).
18. Moreover, pursuant to Rule 15, Section 3 of the Commission's Rules of Practice and Procedure, the Honorable Commission has the authority to grant a provisional authority pending final approval of the instant petition, it states, as follows:

“Section 3. Action and Motion. – Motions for provisional authority or interim relief may be acted upon with or without hearing. The Commission shall act on the motion on the basis of the allegations of the application or petition and supporting documents and other evidences that applicant or petitioner has submitted and the comments or oppositions filed by any interested person, if any there be any.”
(Emphasis supplied)

19. Based on the foregoing justifications, NPC finds it proper to respectfully request the Honorable Commission for a provisional authority pending the hearing on the merits of the subject application and the final approval of the proposed ICERA DAA and the corresponding rate for CY 2016.
20. With due respect, the proposed 17th ICERA DAA adjustment, once approved, should be implemented or applied on top of the SAGR in both NPC-SPUG and delegated NPC-SPUG areas, or upon entry of NPPs thereof to level the rates in the said areas and consistent with Resolution 21 and with the clarification letter of ERC dated 05 March 2012 issued to NPC during the implementation of the 4th to 6th GRAM and ICERA DAA, copy of which is hereto attached as **Annex “G and series”** hereof.

PRAYER

WHEREFORE, PREMISES CONSIDERED, it is most respectfully prayed that this Honorable Commission issue an Order, as follows:

1. Approving the deferred cost of **PhP17,664,802** and the corresponding proposed ICERA DAA of **Po.0243/kWh** for NPC-SPUG areas;
2. Imposing/charging the ICERA directly to consumers in NPC-SPUG areas as per the ICERA rules, subject to the discretion of the Honorable Commission in line with ERC Resolution No. 21.
3. Allowing the continued collection of the ICERA even with the entry of private sector players in a specific NPC-SPUG area;
4. Approving the implementation of the proposed rates on top of the existing Subsidized Approved Generation Rates (SAGR) of NPC-SPUG and SAGR of Delegated NPC-SPUG Areas where NPPs operate for the purpose of determining the level of subsidy; and
5. Granting NPC a Provisional Authority for the implementation of the proposed rates and DAAs for the immediate recovery of deferred FOREX adjustments

within the above proposed twelve (12) months recovery period.

Other just and equitable reliefs are likewise prayed for from the Honorable Commission.

Finding the said *Application* sufficient in substance with the required fees having been paid, the same is hereby set for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on the following dates:

Date and Time	Venue	Hearing Coverage
21 September 2018 (Friday), at ten o'clock in the morning (10:00 AM)	ERC Hearing Room 15 th Floor, Pacific Center Bldg. San Miguel Ave. Pasig City	Jurisdictional and Expository Presentation for Luzon Stakeholders.
27 September 2018 (Thursday), at two o'clock in the afternoon (2:00 PM)	ERC Visayas Field Office St. Mary's Drive Banilad, Cebu City	Expository Presentation for Visayas Stakeholders.
04 October 2018 (Thursday), at two o'clock in the afternoon (2:00 PM)	ERC Mindanao Field Office Mintrade Bldg. Monteverde Ave. cor. Sales St. Davao City	Expository Presentation for Mindanao Stakeholders.
10 October 2018 (Wednesday), at ten o'clock in the morning (10:00 AM)	ERC Hearing Room 15 th Floor, Pacific Center Bldg. San Miguel Ave. Pasig City	Pre-trial Conference and Presentation of Evidence.

Accordingly, NPC is hereby directed to:

- 1) Cause the publication of the attached Notice of Public Hearing in two (2) newspapers of nationwide circulation in the Philippines at its own expense, twice (2x) within two (2) successive weeks, the dates of publication not being less than seven (7) days apart and the date of the last publication to be made not later than ten (10) days before the date of the scheduled initial hearing;

- 2) Furnish with copies of this Order and the attached Notice of Public Hearing, the Offices of the Provincial Governors, the City and Municipal Mayors, and the Local Government Unit (LGU) legislative bodies covered by the franchise area of the distribution utilities where the National Power Corporation-Small Power Utilities Group (NPC-SPUG) principally operates for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform of the filing of the *Application*, its reasons therefor, and of the scheduled hearing thereon, the consumers within the affected franchise area, by any other means available and appropriate;
- 4) Furnish with copies of this Order and the attached Notice of Public Hearing, 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; and
- 5) Furnish with copies of the *Application* and its attachments all those making requests therefor, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing, Applicant NPC must submit to the Commission its written compliance with the aforementioned jurisdictional requirements attaching therewith, methodically arranged and duly marked the following:

- 1) The evidence of publication of the attached Notice of Public Hearing consisting of affidavits of the Editors or Business Managers of the newspapers where the said Notice of Public Hearing was published, and the complete issues of the said newspapers;
- 2) The evidence of actual posting of this Order and the attached Notice of Public Hearing consisting of certifications issued to that effect, signed by the aforementioned Governors, Mayors, and LGU legislative bodies or their duly authorized representatives, bearing the seals of their offices;

- 3) The evidence of other means employed by Applicant to inform of the filing of the *Application*, its reasons therefore, and of the scheduled hearing thereon, the consumers within the affected franchise area;
- 4) The evidence of receipt of copies of this Order and the attached Notice of Public Hearing by the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress;
- 5) The evidence of receipt of copies of the *Application* and its attachments by all those making requests therefor, if any; and
- 6) Such other proofs of compliance with the requirements of the Commission.

Applicant and all interested parties are also required 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:

- 1) A summary of admitted facts and proposed stipulation of facts;
- 2) The issues to be tried or resolved;
- 3) The documents or exhibits to be presented, stating the purposes and proposed markings therefore; and
- 4) The number and names of the witnesses, with their written testimonies in a Judicial Affidavit form attached to the Pre-trial Brief.

Failure of Applicant to comply with the above requirements 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 the said date of cancellation.

NPC must also be prepared to make an expository presentation of the instant *Application*, aided by whatever communication medium that it may deem appropriate for the purpose, in order to put

in plain words and explain, for the benefit of the consumers and other concerned parties, what the *Application* is all about and the reasons and justifications being cited in support thereof.

SO ORDERED.

Pasig City, 13 June 2018.

FOR AND BY AUTHORITY
OF THE COMMISSION:


JOSEFINA PATRICIA A. MAGPALE- ASIRIT
Commissioner


CRC/LSP/APV ord.2018-007 RC NPC-ICERA IO

Copy Furnished:

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5. House of Representatives Committee on Energy
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6. Office of the City Mayor
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7. Sangguniang Panlungsod ng Quezon
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8. Provincial Governor
Bulacan
9. Sangguniang Panlalawigan ng Bulacan
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10. Office of the City Mayor
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11. Sangguniang Panlungsod ng Cebu
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12. Office of the City Mayor
Davao City
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16. Provincial Governor
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17. Sangguniang Panlalawigan ng Batanes
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18. Office of the Municipal Mayor
Basco, Batanes
19. Sangguniang Bayan ng Basco
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20. Office of the Municipal Mayor
Itbayat, Batanes
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22. Office of the Municipal Mayor
Sabtang, Batanes
23. Sangguniang Bayan ng Sabtang
Sabtang, Batanes
24. Office of the Municipal Mayor
Mahatao, Batanes
25. Sangguniang Bayan ng Mahatao
Mahatao, Batanes
26. Office of the Municipal Mayor
Ivana, Batanes
27. Office of the Municipal Mayor
Uyugan, Batanes
28. Sangguniang Bayan ng Ivana
Ivana, Batanes
29. General Manager
Batanes Electric Cooperative, Inc. (BATANELCO)
30. Provincial Governor
Cagayan
31. Sangguniang Panlalawigan ng Cagayan
Cagayan
32. Office of the Municipal Mayor
Calayan, Cagayan

33. Sangguniang Bayan ng Calayan
Calayan, Cagayan
34. General Manager
Cagayan II Electric Cooperative, Inc. (CAGELCO II)
35. Provincial Governor
Apayao
36. Sangguniang Panlalawigan ng Apayao
Apayao
37. Office of the Municipal Mayor
Kabugao, Apayao
38. Sangguniang Bayan ng Kabugao
Kabugao, Apayao
39. Provincial Governor
Kalinga
40. Sangguniang Panlalawigan ng Kalinga
Kalinga
41. Office of the Municipal Mayor
Lubuagan, Kalinga
42. Sangguniang Bayan, Lubuagan
Lubuagan, Kalinga
43. General Manager
Kalinga-Apayao Electric Cooperative, Inc. (KAELCO)
44. Provincial Governor
Isabela
45. Sangguniang Panlalawigan ng Isabela
Isabela
46. Office of the Municipal Mayor
Palanan, Isabela
47. Sangguniang Bayan, Palanan
Palanan, Isabela
48. Office of the Municipal Mayor
Maconacon, Isabela
49. Sangguniang Bayan, Maconacon
Maconacon, Isabela
50. Office of the Municipal Mayor
Dinapigue, Isabela
51. Sangguniang Bayan, Dinapigue
Dinapigue, Isabela
52. General Manager
Isabela II Electric Cooperative, Inc. (ISELCO II)
53. Provincial Governor
Aurora
54. Sangguniang Panlalawigan ng Aurora
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55. Office of the Municipal Mayor
Casiguran, Aurora
56. Sangguniang Bayan Casiguran
Casiguran, Aurora
57. Office of the Municipal Mayor
Dingalan, Aurora
58. Sangguniang Bayan Dingalan
Dingalan, Aurora
59. Office of the Municipal Mayor
Dilasag, Aurora
60. Sangguniang Bayan Dilasag
Dilasag, Aurora
61. Office of the Municipal Mayor
Dinalungan, Aurora
62. Sangguniang Bayan Dinalungan
Dinalungan, Aurora
63. General Manger
Aurora Electric Cooperative, Inc. (AURELCO)
64. Provincial Governor
Quezon
65. Sangguniang Panlalawigan ng Quezon
Quezon
66. Office of the Municipal Mayor
Jomalig, Quezon
67. Sangguniang Bayan Jomalig
Jomalig, Quezon
68. Office of the Municipal Mayor
Patnanungan, Quezon
69. Sangguniang Bayan Patnanungan
Patnanungan, Quezon
70. Office of the Municipal Mayor
Polilio, Quezon
71. Sangguniang Bayan Polilo
Polilio, Quezon
72. General Manager
Quezon II Electric Cooperative, Inc. (QUEZELCO II)
73. Provincial Governor
Batangas
74. Sangguniang Panlalwigan ng Batangas
Batangas
75. Office of the Municipal Mayor
Tingloy, Batangas
76. Sangguniang Bayan Tingloy
Tingloy, Batangas

77. General Manager
Batangas II Electric Cooperative, Inc. (BATELEC II)
78. Provincial Governor
Marinduque
79. Sangguniang Panlalwigan ng Marinduque
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80. Office of the Municipal Mayor
Boac, Marinduque
81. Sangguniang Bayan Boac
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82. Office of the Municipal Mayor
Mogpog, Marinduque
83. Sangguniang Bayan Mogpog .
Mogpog, Marinduque
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91. Sangguniang Bayan Gasan .
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94. Sangguniang Panlalawigan ng Occidental Mindoro
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95. Office of the City Mayor
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96. Sangguniang Panlunsod Lubang
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Mamburao, Occidental Mindoro
98. Sangguniang Bayan Mamburao
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99. Office of the Municipal Mayor
Paluan, Occidental Mindoro
100. Sangguniang Bayan Paluan
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101. Office of the Municipal Mayor
San Jose, Occidental Mindoro
102. Sangguniang Bayan San Jose
San Jose, Occidental Mindoro
103. Office of the Municipal Mayor
Abra de Ilog, Occidental Mindoro
104. Sangguniang Bayan Abra de Ilog
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Calintaan, Occidental Mindoro
106. Sangguniang Bayan Calintaan
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107. Office of the Municipal Mayor
Looc, Occidental Mindoro
108. Sangguniang Bayan Looc
Looc, Occidental Mindoro
109. Office of the Municipal Mayor
Magsaysay, Occidental Mindoro
110. Sangguniang Bayan Magsaysay
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Rizal, Occidental Mindoro
112. Sangguniang Bayan Rizal
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Sablayan, Occidental Mindoro
114. Sangguniang Bayan Sablayan
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118. General Manager
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120. Sangguniang Panlalawigan ng Oriental Mindoro
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121. Office of the City Mayor
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122. Sangguniang Panlungsod Calapan
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123. Office of the Municipal Mayor
Baco, Oriental Mindoro
124. Sangguniang Bayan Baco
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125. Office of the Municipal Mayor
San Teodoro, Oriental Mindoro
126. Sangguniang Bayan San Teodoro
San Teodoro, Oriental Mindoro
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Puerto Galera, Oriental Mindoro
128. Sangguniang Bayan Puerto Galera
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129. Office of the Municipal Mayor
Naujan, Oriental Mindoro
130. Sangguniang Bayan Naujan
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131. Office of the Municipal Mayor
Victoria, Oriental Mindoro
132. Sangguniang Bayan Victoria
Victoria, Oriental Mindoro
133. Office of the Municipal Mayor
Socorro, Oriental Mindoro
134. Sangguniang Bayan Socorro
Socorro, Oriental Mindoro
135. Office of the Municipal Mayor
Pola, Oriental Mindoro
136. Sangguniang Bayan Pola
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137. Office of the Municipal Mayor
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139. Office of the Municipal Mayor
Gloria, Oriental Mindoro
140. Sangguniang Bayan Gloria
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141. Office of the Municipal Mayor
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142. Sangguniang Bayan Bansud
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145. Office of the Municipal Mayor
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146. Sangguniang Bayan Roxas
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147. Office of the Municipal Mayor
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148. Sangguniang Bayan Mansalay
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149. Office of the Municipal Mayor
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150. Sangguniang Bayan Bulalacao
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151. General Manager
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152. Provincial Governor
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153. Sangguniang Panlalawigan ng Palawan
Palawan
154. Office of the City Mayor
Puerto Prinsesa City, Palawan
155. Sangguniang Panlunsod ng Puerto Prinsesa
Puerto Prinsesa City, Palawan
156. Office of the Municipal Mayor
Agulaya, Palawan
157. Sangguniang Bayan Agulaya
Agulaya, Palawan
158. Office of the Municipal Mayor
Araceli, Palawan
159. Sangguniang Bayan Araceli
Araceli, Palawan
160. Office of the Municipal Mayor
Batabac, Palawan
161. Sangguniang Bayan Batabac
Batabac, Palawan
162. Office of the Municipal Mayor
Busuanga, Palawan
163. Sangguniang Bayan Busuanga
Busuanga, Palawan
164. Office of the Municipal Mayor
Coron, Palawan

165. Sangguniang Bayan Coron
Coron, Palawan
166. Office of the Municipal Mayor
Cagayancillo, Palawan
167. Sangguniang Bayan Cagayancillo
Cagayancillo, Palawan
168. Office of the Municipal Mayor
Cullion, Palawan
169. Sangguniang Bayan Cullion
Cullion, Palawan
170. Office of the Municipal Mayor
Cuyo, Palawan
171. Sangguniang Bayan Cuyo
Cuyo, Palawan
172. Office of the Municipal Mayor
El Nido, Palawan
173. Sangguniang Bayan El Nido
El Nido, Palawan
174. Office of the Municipal Mayor
Linapacan, Palawan
175. Sangguniang Bayan Linapacan
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176. Office of the Municipal Mayor
Magsaysay, Palawan
177. Sangguniang Bayan Magsaysay
Magsaysay, Palawan
178. Office of the Municipal Mayor
Narra, Palawan
179. Sangguniang Bayan Narra
Narra, Palawan
180. Office of the Municipal Mayor
Rizal, Palawan
181. Sangguniang Bayan Rizal
Rizal, Palawan
182. Office of the Municipal Mayor
Roxas, Palawan
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Roxas, Palawan
184. Office of the Municipal Mayor
San Vicente, Palawan
185. Sangguniang Bayan San Vicente
San Vicente, Palawan
186. Office of the Municipal Mayor
Taytay, Palawan

187. Sangguniang Bayan Taytay
Taytay, Palawan
188. Office of the Municipal Mayor
Aborlan, Palawan
189. Sangguniang Bayan Aborlan
Aborlan, Palawan
190. Office of the Municipal Mayor
Brooke's Point, Palawan
191. Sangguniang Bayan Brooke's Point
Brooke's Point, Palawan
192. Office of the Municipal Mayor
Española, Palawan
193. Sangguniang Bayan Española
Española, Palawan
194. Office of the Municipal Mayor
Quezon, Palawan
195. Sangguniang Bayan Quezon
Quezon, Palawan
196. Office of the Municipal Mayor
Bataraza, Palawan
197. Sangguniang Bayan Bataraza
Bataraza, Palawan
198. Office of the Municipal Mayor
Dumaran, Palawan
199. Sangguniang Bayan Dumaran
Dumaran, Palawan
200. General Manager
Main Office
Palawan Electric Copperative, Inc. (PALECO)
201. Manager
Sub-Office
Palawan Electric Copperative, Inc. (PALECO)
202. General Manager
Busuanga Island Electric Cooperative, Inc. (BISELCO)
203. Provincial Governor
Romblon
204. Sangguniang Panlalawigan ng Romblon
Romblon
205. Office of the Municipal Mayor
Banton, Romblon
206. Sangguniang Bayan ng Banton
Banton, Romblon
207. Office of the Municipal Mayor
Concepcion, Romblon

208. Sangguniang Bayan ng Concepcion
Concepcion, Romblon
209. Office of the Municipal Mayor
Corcuera, Romblon
210. Sangguniang Bayan ng Corcuera
Corcuera, Romblon
211. Office of the Municipal Mayor
Odiongan, Romblon
212. Sangguniang Bayan ng Odiongan
Odiongan, Romblon
213. Office of the City Mayor
Romblon City, Romblon
214. Sangguniang Panlungsod ng Romblon
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215. Office of the Municipal Mayor
San Fernando, Romblon
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Calatrava, Romblon
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Ferrol, Romblon
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Ferrol, Romblon
225. Office of the Municipal Mayor
Looc, Romblon
226. Sangguniang Bayan ng Looc
Looc, Romblon
227. Office of the Municipal Mayor
San Agustin, Romblon
228. Sangguniang Bayan ng San Agustin
San Agustin, Romblon
229. Office of the Municipal Mayor
San Andres, Romblon

230. Sangguniang Bayan ng San Andres
San Andres, Romblon
231. Office of the Municipal Mayor
Santa Fe, Romblon
232. Sangguniang Bayan ng Santa Fe
Santa Fe, Romblon
233. Office of the Municipal Mayor
Sta. Maria (Imelda), Romblon
234. Sangguniang Bayan ng Sta. Maria (Imelda)
Sta. Maria (Imelda), Romblon
235. Office of the Municipal Mayor
Magdiwang, Romblon
236. Sangguniang Bayan ng Magdiwang
Magdiwang, Romblon
237. Office of the Municipal Mayor
Cadidiocan, Romblon
238. Sangguniang Bayan ng Cadidiocan
Cadidiocan, Romblon
239. General Manager
Romblon Electric Cooperative, Inc. (ROMELCO)
240. General Manager
Tablas Island Electric Cooperative, Inc. (TIELCO)
241. Provincial Governor
Camarines Sur
242. Sangguniang Panlalawigan ng Camarines Sur
Camarines Sur
243. Office of the Municipal Mayor
Caramoan, Camarines Sur
244. Sangguniang Bayan ng Caramoan
Caramoan, Camarines Sur
245. Office of the Municipal Mayor
Garchitorena, Camarines Sur
246. Sangguniang Bayan ng Garchitorena
Garchitorena, Camarines Sur
247. Office of the Municipal Mayor
Sagnay, Camarines Sur
248. Sangguniang Bayan ng Sagnay
Sagnay, Camarines Sur
249. General Manager
Camarines Sur IV Electric Cooperative, Inc. (CASURECO IV)
250. Provincial Governor
Catanduanes

251. Sangguniang Panlalawigan ng Catanduanes
Catanduanes
252. Office of the Municipal Mayor
Bato, Catanduanes
253. Sangguniang Bayan ng Bato
Bato, Catanduanes
254. Office of the Municipal Mayor
Caramoran, Catanduanes
255. Sangguniang Bayan ng Caramoran
Caramoran, Catanduanes
256. Office of the Municipal Mayor
Viga, Catanduanes
257. Sangguniang Bayan ng Viga
Viga, Catanduanes
258. Office of the Municipal Mayor
Pandan, Catanduanes
259. Sangguniang Bayan ng Pandan
Pandan, Catanduanes
260. Office of the Municipal Mayor
Bagamanoc, Catanduanes
261. Sangguniang Bayan ng Bagamanoc
Bagamanoc, Catanduanes
262. Office of the Municipal Mayor
Panganiban (Payo), Catanduanes
263. Sangguniang Bayan ng Panganiban (Payo)
Panganiban (Payo), Catanduanes
264. Office of the Municipal Mayor
Gigmoto, Catanduanes
265. Sangguniang Bayan ng Gigmoto
Gigmoto, Catanduanes
266. Office of the Municipal Mayor
San Miguel, Catanduanes
267. Sangguniang Bayan ng San Miguel
San Miguel, Catanduanes
268. Office of the Municipal Mayor
San Miguel, Catanduanes
269. Sangguniang Bayan ng San Miguel
San Miguel, Catanduanes
270. Office of the Municipal Mayor
San Andres, Catanduanes
271. Sangguniang Bayan ng San Andres
San Andres, Catanduanes
272. Office of the Municipal Mayor
Virac, Catanduanes

- 273. Sangguniang Bayan ng Virac
Virac, Catanduanes
- 274. Office of the Municipal Mayor
Baras, Catanduanes
- 275. Sangguniang Bayan ng Baras
Baras, Catanduanes
- 276. General Manager
First Catanduanes Electric Cooperative, Inc. (FICELCO)
- 277. Provincial Governor
Albay
- 278. Sangguniang Panlalawigan ng Albay
Albay
- 279. Office of the Municipal Mayor
Rapu-rapu, Albay
- 280. Sangguniang Bayan ng Rapu-rapu
Rapu-rapu, Albay
- 281. General Manager
Albay Power and Energy Corp. (APEC)/Albay Electric Cooperative, Inc. (ALECO)
- 282. Provincial Governor
Masbate
- 283. Sangguniang Panlalawigan ng Masbate
Masbate
- 284. Office of the Municipal Mayor
Aroroy, Masbate
- 285. Sangguniang Bayan ng Aroroy
Aroroy, Masbate
- 286. Office of the Municipal Mayor
Baleno, Masbate
- 287. Sangguniang Bayan ng Baleno
Baleno, Masbate
- 288. Office of the Municipal Mayor
Balud, Masbate
- 289. Sangguniang Bayan ng Balud
Balud, Masbate
- 290. Office of the Municipal Mayor
Batuan, Masbate
- 291. Sangguniang Bayan ng Batuan
Batuan, Masbate
- 292. Office of the Municipal Mayor
Cataingan, Masbate
- 293. Sangguniang Bayan ng Cataingan
Cataingan, Masbate
- 294. Office of the Municipal Mayor
Cawayan, Masbate

295. Sangguniang Bayan ng Cawayan
Cawayan, Masbate
296. Office of the Municipal Mayor
Dimasalang, Masbate
297. Sangguniang Bayan ng Dimasalang
Dimasalang, Masbate
298. Office of the Municipal Mayor
Esperanza, Masbate
299. Sangguniang Bayan ng Esperanza
Esperanza, Masbate
300. Office of the Municipal Mayor
Mandaon, Masbate
301. Sangguniang Bayan ng Mandaon
Mandaon, Masbate
302. Office of the Municipal Mayor
Milagros, Masbate
303. Sangguniang Bayan ng Milagros
Milagros, Masbate
304. Office of the Municipal Mayor
Mobo, Masbate
305. Sangguniang Bayan ng Mobo
Mobo, Masbate
306. Office of the Municipal Mayor
Monreal, Masbate
307. Sangguniang Bayan ng Monreal
Monreal, Masbate
308. Office of the Municipal Mayor
Palanas, Masbate
309. Sangguniang Bayan ng Palanas
Palanas, Masbate
310. Office of the Municipal Mayor
Pio V. Corpuz, Masbate
311. Sangguniang Bayan ng Pio V. Corpuz
Pio V. Corpuz, Masbate
312. Office of the Municipal Mayor
Placer, Masbate
313. Sangguniang Bayan ng Placer
Placer, Masbate
314. Office of the Municipal Mayor
San Fernando, Masbate
315. Sangguniang Bayan ng San Fernando
San Fernando, Masbate
316. Office of the Municipal Mayor
San Jacinto, Masbate

- 317. Sangguniang Bayan ng San Jacinto
San Jacinto, Masbate
- 318. Office of the Municipal Mayor
San Pascual, Masbate
- 319. Sangguniang Bayan ng San Pascual
San Pascual, Masbate
- 320. Office of the Municipal Mayor
Uson, Masbate
- 321. Sangguniang Bayan ng Uson
Uson, Masbate
- 322. Office of the City Mayor
Masbate City, Masbate
- 323. Sangguniang Panlungsod ng Masbate
Masbate City, Masbate
- 324. General Manager
Masbate Electric Cooperative, Inc. (MASELCO)
- 325. General Manager
Ticao Island Electric Cooperative (TISELCO)
- 326. Provincial Governor
Iloilo
- 327. Sangguniang Panlalawigan ng Iloilo
Iloilo
- 328. Office of the Municipal Mayor
Carles, Iloilo
- 329. Sangguniang Bayan ng Carles
Carles, Iloilo
- 330. Provincial Governor
Guimaras
- 331. Sangguniang Panlalawigan ng Guimaras
Guimaras
- 332. Office of the Municipal Mayor
Nueva Valencia, Guimaras
- 333. Sangguniang Bayan ng Nueva Valencia
Nueva Valencia, Guimaras
- 334. Provincial Governor
Antique
- 335. Sangguniang Panlalawigan ng Antique
Antique
- 336. Office of the Municipal Mayor
Caluya, Antique
- 337. Sangguniang Bayan ng Caluya
Caluya, Antique
- 338. Office of the Municipal Mayor
Culasi, Antique

- 339. Sangguniang Bayan ng Culasi
Culasi, Antique
- 340. General Manager
Antique Electric Cooperative, Inc. (ANTECO)
- 341. Provincial Governor
Cebu
- 342. Sangguniang Panlalawigan ng Cebu
Cebu
- 343. Office of the Municipal Mayor
Bantayan, Cebu
- 344. Sangguniang Bayan ng Bantayan
Bantayan, Cebu
- 345. Office of the Municipal Mayor
Pilar, Cebu
- 346. Sangguniang Bayan ng Pilar
Pilar, Cebu
- 347. Office of the Municipal Mayor
Poro, Cebu
- 348. Sangguniang Bayan ng Poro
Poro, Cebu
- 349. Office of the Municipal Mayor
Santa Fe, Cebu
- 350. Sangguniang Bayan ng Santa Fe
Santa Fe, Cebu
- 351. General Manager
Bantayan Electric Cooperative, Inc. (BANELCO)
- 352. General Manager
Camotes Electric Cooperative, Inc. (CELCO)
- 353. Provincial Governor
Siquijor
- 354. Sangguniang Panlalawigan ng Siquijor
Siquijor
- 355. Office of the Municipal Mayor
Larena, Siquijor
- 356. Sangguniang Bayan ng Larena
Larena, Siquijor
- 357. Office of the Municipal Mayor
Lazi, Siquijor
- 358. Sangguniang Bayan ng Lazi
Lazi, Siquijor
- 359. Office of the Municipal Mayor
Siquijor, Siquijor
- 360. Sangguniang Bayan ng Siquijor
Siquijor, Siquijor

- 361. General Manager
Province of Siquijor Electric Cooperative, Inc. (PROSIELCO)
- 362. Provincial Governor
Biliran
- 363. Sangguniang Panlalawigan ng Biliran
Biliran
- 364. Office of the Municipal Mayor
Maripipi, Biliran
- 365. Sangguniang Bayan ng Maripipi
Maripipi, Biliran
- 366. General Manger
Maripipi Multi-Purpose Cooperative, Inc. (MMPC)
- 367. Provincial Governor
Southern Leyte
- 368. Sangguniang Panlalawigan ng Southern Leyte
Southern Leyte
- 369. Office of the Municipal Mayor
Limasawa, Southern Leyte
- 370. Sangguniang Bayan ng Limasawa
Limasawa, Southern Leyte
- 371. General Manager
Southern Leyte Electric Cooperative, Inc (SOLECO).
- 372. Provincial Governor
Samar
- 373. Sangguniang Panlalawigan ng Samar
Samar
- 374. Office of the Municipal Mayor
Almagro, Samar
- 375. Sangguniang Bayan ng Almagro
Almagro, Samar
- 376. Office of the Municipal Mayor
Santo Niño, Samar
- 377. Sangguniang Bayan ng Santo Niño
Santo Niño, Samar
- 378. Office of the Municipal Mayor
Tagapul-an, Samar
- 379. Sangguniang Bayan ng Tagapul-an
Tagapul-an, Samar
- 380. Office of the Municipal Mayor
Zumarraga, Samar
- 381. Sangguniang Bayan ng Zumarraga
Zumarraga, Samar
- 382. General Manager
Samar I Electric Cooperative, Inc. (SAMECO I)

- 383. General Manager
Samar II Electric Cooperative, Inc. (SAMECO II)
- 384. Provincial Governor
Northern Samar
- 385. Sangguniang Panlalawigan ng Norther Samar
Northern Samar
- 386. Office of the Municipal Mayor
Biri, Northern Samar
- 387. Sangguniang Bayan ng Biri
Biri, Northern Samar
- 388. Office of the Municipal Mayor
Capul, Northern Samar
- 389. Sangguniang Bayan ng Capul
Capul, Northern Samar
- 390. Office of the Municipal Mayor
San Antonio, Northern Samar
- 391. Sangguniang Bayan ng San Antonio
San Antonio, Northern Samar
- 392. Office of the Municipal Mayor
San Vicente, Northern Samar
- 393. Sangguniang Bayan ng San Vicente
San Vicente, Northern Samar
- 394. General Manager
Northern Samar Electric Cooperative, Inc. (NORSAMELCO)
- 395. Provincial Governor
Bohol
- 396. Sangguniang Panlalawigan ng Bohol
Bohol
- 397. Office of the Municipal Mayor
Baclayon, Bohol
- 398. Sangguniang Bayan ng Baclayon
Baclayon, Bohol
- 399. Office of the Municipal Mayor
Calape, Bohol
- 400. Sangguniang Bayan ng Calape
Calape, Bohol
- 401. Office of the Municipal Mayor
Inabanga, Bohol
- 402. Sangguniang Bayan ng Inabanga
Inabanga, Bohol
- 403. Office of the Municipal Mayor
Loon, Bohol
- 404. Sangguniang Bayan ng Loon
Loon, Bohol

- 405. Office of the Municipal Mayor
Panglao, Bohol
- 406. Sangguniang Bayan ng Panglao
Panglao, Bohol
- 407. Office of the Municipal Mayor
Tubigon, Bohol
- 408. Sangguniang Bayan ng Tubigon
Tubigon, Bohol
- 409. Provincial Governor
Zamboanga Del Sur
- 410. Sanggunianang Panlalawigan ng Zamboanga Del Sur
Zamboanga Del Sur
- 411. Provincial Governor
Davao Del Sur
- 412. Sanggunianang Panlalawigan ng Davao Del Sur
Davao Del Sur
- 413. Office of the Municipal Mayor
Jose Abad Santos, Davao Del Sur
- 414. Sangguniang Bayan ng Jose Abad Santos
Jose Abad Santos, Davao Del Sur
- 415. Office of the Municipal Mayor
Sarangani, Davao Del Sur
- 416. Sangguniang Bayan ng Sarangani
Sarangani, Davao Del Sur
- 417. Provincial Governor
Davao Del Norte
- 418. Sanggunianang Panlalawigan ng Davao Del Norte
Davao Del Norte
- 419. Office of the City Mayor
Samal City, Davao Del Norte
- 420. Sangguniang Panlunsod ng Samal
Samal City, Davao Del Norte
- 421. General Manager
Davao Del Norte Electric Cooperative, Inc. (DANECO)
- 422. Provincial Governor
Sultan Kudarat
- 423. Sangguniang Panlalawigan ng Sultan Kudarat
Sultan Kudarat
- 424. Office of the Municipal Mayor
Kalamansig, Sultan Kudarat
- 425. Sangguniang Bayan ng Kalamansig
Kalamansig, Sultan Kudarat
- 426. Office of the Municipal Mayor
Lebak, Sultan Kudarat

- 427. Sangguniang Bayan ng Lebak
Lebak, Sultan Kudarat
- 428. Office of the Municipal Mayor
Palimbang, Sultan Kudarat
- 429. Sangguniang Bayan ng Palimbang
Palimbang, Sultan Kudarat
- 430. Office of the Municipal Mayor
Sen. Ninoy Aquino, Sultan Kudarat
- 431. Sangguniang Bayan ng Sen. Ninoy Aquino
Sen. Ninoy Aquino, Sultan Kudarat
- 432. General Manager
Sultan Kudarat Electric Cooperative, Inc. (SUKELCO)
- 433. Provincial Governor
Basilan
- 434. Sangguniang Panlalawigan ng Basilan
Basilan
- 435. Office of the City Mayor
Isabela City, Basilan
- 436. Sangguniang Panlungsod ng Isabela
Isabela City, Basilan
- 437. Provincial Governor
Sulu
- 438. Sangguniang Panlalawigan ng Sulu
Sulu
- 439. Office of the Municipal Mayor
Jolo, Sulu
- 440. Sangguniang Bayan ng Jolo
Jolo, Sulu
- 441. Office of the Municipal Mayor
Luuk, Sulu
- 442. Sangguniang Bayan ng Luuk
Luuk, Sulu
- 443. Office of the Municipal Mayor
Siasi, Sulu
- 444. Sangguniang Bayan ng Siasi
Siasi, Sulu
- 445. Office of the Municipal Mayor
Bangulngi (Tongkil), Sulu
- 446. Sangguniang Bayan ng Bangulngi (Tongkil)
Bangulngi (Tongkil), Sulu
- 447. Office of the Municipal Mayor
Hadji Pangalima Tabil (Marungas), Sulu
- 448. Sangguniang Bayan ng Hadji Pangalima Tabil (Marungas)
Hadji Pangalima Tabil (Marungas), Sulu

- 449. Office of the Municipal Mayor
Lugus, Sulu
- 450. Sangguniang Bayan ng Lugus
Lugus, Sulu
- 451. Office of the Municipal Mayor
Pangutaran, Sulu
- 452. Sangguniang Bayan ng Pangutaran
Pangutaran, Sulu
- 453. Office of the Municipal Mayor
Pata, Sulu
- 454. Sangguniang Bayan ng Pata
Pata, Sulu
- 455. Office of the Municipal Mayor
Tapul, Sulu
- 456. Sangguniang Bayan ng Tapul
Tapul, Sulu
- 457. General Manager
Sulu Electric Cooperative, Inc. (SULECO)
- 458. General Manager
Siasi Electric Cooperative, Inc. (SIASELCO)
- 459. Provincial Governor
Tawi-tawi
- 460. Sangguniang Panlalawigan ng Tawi-tawi
Tawi-tawi
- 461. Office of the Municipal Mayor
Bongao, Tawi-tawi
- 462. Sangguniang Bayan ng Bongao
Bongao, Tawi-tawi
- 463. Office of the Municipal Mayor
Mapun, Tawi-tawi
- 464. Sangguniang Bayan ng Mapun
Mapun, Tawi-tawi
- 465. Office of the Municipal Mayor
Panglima Sugala, Tawi-tawi
- 466. Sangguniang Bayan ng Panglima Sugala
Panglima Sugala, Tawi-tawi
- 467. Office of the Municipal Mayor
Simunul, Tawi-tawi
- 468. Sangguniang Bayan ng Simunul
Simunul, Tawi-tawi
- 469. Office of the Municipal Mayor
Sitangkai, Tawi-tawi
- 470. Sangguniang Bayan ng Sitangkai
Sitangkai, Tawi-tawi

- 471. Office of the Municipal Mayor
Tandubas, Tawi-tawi
- 472. Sangguniang Bayan ng Tandubas
Tandubas, Tawi-tawi
- 473. Office of the Municipal Mayor
Sapa-sapa, Tawi-tawi
- 474. Sangguniang Bayan ng Sapa-sapa
Sapa-sapa, Tawi-tawi
- 475. Office of the Municipal Mayor
South Ubian, Tawi-tawi
- 476. Sangguniang Bayan ng South Ubian
South Ubian, Tawi-tawi
- 477. General Manager
Tawi-tawi Electric Cooperative, Inc. (TAWELCO)
- 478. General Manager
Cagayan de Sulu Electric Cooperative, Inc. (CASELCO)
- 479. Provincial Governor
Dinagat Islands
- 480. Sangguniang Panlalawigan ng Dinagat Islands
Dinagat Islands
- 481. Office of the Municipal Mayor
San Jose, Dinagat Islands
- 482. Sangguniang Bayan ng San Jose
San Jose, Dinagat Islands
- 483. Office of the Municipal Mayor
Loreto, Dinagat Islands
- 484. Sangguniang Bayan ng Loreto
Loreto, Dinagat Islands
- 485. General Manager
Dinagat Islands Electric Cooperative, Inc. (DIELCO)
- 486. Provincial Governor
Surigao Del Norte
- 487. Sangguniang Panlalawigan ng Surigao Del Norte
Surigao Del Norte
- 488. Office of the City Mayor
Surigao City, Surigao Del Norte
- 489. Sangguniang Panlungsod ng Surigao
Surigao City, Surigao Del Norte
- 490. General Manager
Surigao Del Norte Electric Cooperative, Inc. (SURNECO)

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

**IN THE MATTER OF THE 17th
APPLICATION FOR THE
RECOVERY OF THE
INCREMENTAL COSTS ON
FOREIGN CURRENCY
EXCHANGE RATE
FLUCTUATIONS UNDER
THE INCREMENTAL
CURRENCY EXCHANGE
RATE ADJUSTMENT (ICERA)
WITH PRAYER FOR
PROVISIONAL AUTHORITY
(PA),**

ERC CASE NO. 2018-007 RC

**NATIONAL POWER
CORPORATION (NPC),
Applicant.**

X-----X

RECEIVED
Date: JUN 22 2018
By: 

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 15 February 2018, National Power Corporation (NPC) filed an *Application* dated 01 February 2018, for the recovery of the incremental costs on foreign currency exchange rate fluctuations under the Incremental Currency Exchange Rate Adjustment (ICERA), with prayer for provisional authority.

NPC alleged the following in its *Application*:

1. NPC is a government-owned and controlled corporation, created and existing under and by virtue of Republic Act No. 6395, as amended, (otherwise known as the NPC Charter), with principal office address at NPC-Office Building Complex (NPC-OBC), corner Quezon Avenue and BIR Road, East Triangle, Diliman, Quezon City.

2. Pursuant to Section 70 of R.A. 9136, otherwise known as the Electric Power Industry Reform Act (EPIRA) of 2001, NPC through its Small Power Utilities Group (NPC-SPUG), with the same principal office address stated above, is responsible for providing power generation and its associated power delivery systems in areas that are not connected to the transmission system.
3. In the performance of its missionary electrification function, NPC-SPUG incurs additional operating costs/savings as a result of the fluctuation of foreign exchange which affects the costs of servicing foreign currency debts (excluding interest) and/or foreign exchange-related expenses such as insurance and imported power plant/transmission parts.
4. In the Order dated 24 February 2003, this Honorable Commission issued and adopted the Implementing Rules for the Incremental Currency Exchange Rate Adjustment (ICERA) providing for, among others, the mechanisms for the recovery/(refund) of the deferred incremental costs/(savings) on foreign currency exchange rate fluctuations and carrying charges.
5. This Application is being filed consistent with Section 4(e) Rule 3 of the Implementing Rules and Regulations (IRR), as amended, of EPIRA dated June 8, 2001.
6. The Application covers the billing period from January 2016 to December 2016. Further, Applicant has fully complied with the ICERA's monthly reportorial requirements in support of the calculated allowable costs covering the billing period, as evidenced by the submitted reports/compliances duly received by this Honorable Commission and hereto attached as **Annexes "A" and series.**
7. Applicant proposes to recover the Deferred Accounting Adjustments (DAAs) corresponding to additional costs from foreign exchange fluctuations in the settlement of Debt Service (principal repayment portion) and Operating Expenses (OPEX), as well as the corresponding carrying charges for the billing period January 2016 to December 2016 for Luzon, Visayas and Mindanao.
8. Considering the foregoing, and pursuant to all the relevant Decisions and Orders issued by the Honorable Commission, the Applicant has calculated the total deferred costs for recovery under this instant Application comprising of the deferred debt service, OPEX and the corresponding carrying charges for Luzon, Visayas and Mindanao covering the billing period from January 2016 to December 2016, as shown below:

Table 1. Total Deferred FOREX Costs, in PhP

	Principal	Carrying Charges	TOTAL DAA
TOTAL	17,597,774	67,028	17,664,802

9. This application seeks the Honorable Commission’s approval for the recovery of the above-stated total deferred FOREX costs for the billing period January 2016 to December 2016 through the imposition of the following proposed DAA charges:

Table 2. Total Deferred FOREX Costs, in PhP/kWh

Deferred Costs (PhP)	Recovery Period	Projected Energy Sales (MWh)	ICERA DAA Rate (Php/kWh)
17,664,802	12 months	726.753	0.0243

10. Applicant NPC proposes a recovery period of twelve (12) months as approved by its Board of Directors. If this application is approved as filed, the proposed rate above shall be billed to island grid customers for twelve months.
11. As authorized under the Implementing Rules of the ICERA, Applicant utilized the carrying charge interest rates, as shown in Table 3:

Table 3. Allowable Carrying Charge Interest Rates

Test/Billing Months	Prevailing 91-day T-Bill Rate ^{1/}	Authorized Allowance ^{2/}	Allowable Rate
JAN 2016	1.684	3.00	4.684
FEB	1.513	3.00	4.513
MAR	1.469	3.00	4.469
APR	1.551	3.00	4.551
MAY	1.674	3.00	4.674
JUN	1.588	3.00	4.588
JUL	1.447	3.00	4.447
AUG	1.479	3.00	4.479
SEP	1.321	3.00	4.321
OCT	1.281	3.00	4.281
NOV	1.484	3.00	4.484
DEC	1.555	3.00	4.555

1- Source: *Bangko Sentral ng Pilipinas*
(www.bsp.gov.ph/statistics/sdds/tbillsdds.htm)

2- As authorized in the ICERA Implementing Rules

12. The proposed ICERA DAA is fair and reasonable as it is computed in line with the ICERA Guidelines.
13. In support of the proposed 17th ICERA DAA, Applicant respectfully submits the following documents annexed herewith to form part of this Application:

Calculation of Deferred Cost and Proposed Charges **Annex "B"**

Calculation of Deferred Debt Service/OPEX and corresponding carrying charges **Annex "C" and series**

The Projected Energy Sales (in MWh) used to calculate the proposed DAA charges in P/kWh **Annex "D"**

91-day Treasury Bill Rates **Annex "E"**

14. The proposed ICERA was approved for filing by the Board of Directors of Applicant on 30 January 2018, a certified true copy of Secretary's Certificate is hereto attached as Annex "F and series" and made an integral part hereof.

ALLEGATIONS IN SUPPORT OF THE PRAYER FOR PROVISIONAL AUTHORITY

15. Consistent with the principle of structural and functional unbundling of the electric power industry participants, the proposed ICERA is based on foreign exchange-related adjustments attributable only to NPC-SPUG operations, i.e. excluding those associated with NPC's operation in the main grids.
16. The existing approved based foreign exchange rates used in the calculation are based on the 1993 levels of P27.40 to US1.00 and Po.2329 to Japanese Y1.
17. Since these expenses were incurred in the year 2016 immediate recovery of this adjustment through a provisional authority would help alleviate the operational funding of applicant, without prejudice to the authority of the Honorable Commission to approve the recovery of this adjustment as part of the applicant's True Cost Generation Rate (TCGR).
18. Moreover, pursuant to Rule 15, Section 3 of the Commission's Rules of Practice and Procedure, the Honorable Commission has the authority to grant a provisional authority pending final approval of the instant petition, it states, as follows:

“Section 3. Action and Motion. – Motions for provisional authority or interim relief may be acted upon with or without hearing. The Commission shall act on the motion on the basis of the allegations of the application or petition and supporting documents and other evidences that applicant or petitioner has submitted and the comments or oppositions filed by any interested person, if any there be any.”
(Emphasis supplied)

19. Based on the foregoing justifications, NPC finds it proper to respectfully request the Honorable Commission for a provisional authority pending the hearing on the merits of the subject application and the final approval of the proposed ICERA DAA and the corresponding rate for CY 2016.
20. With due respect, the proposed 17th ICERA DAA adjustment, once approved, should be implemented or applied on top of the SAGR in both NPC-SPUG and delegated NPC-SPUG areas, or upon entry of NPPs thereof to level the rates in the said areas and consistent with Resolution 21 and with the clarification letter of ERC dated 05 March 2012 issued to NPC during the implementation of the 4th to 6th GRAM and ICERA DAA, copy of which is hereto attached as **Annex “G and series”** hereof.

PRAYER

WHEREFORE, PREMISES CONSIDERED, it is most respectfully prayed that this Honorable Commission issue an Order, as follows:

1. Approving the deferred cost of **PhP17,664,802** and the corresponding proposed ICERA DAA of **Po.0243/kWh** for NPC-SPUG areas;
2. Imposing/charging the ICERA directly to consumers in NPC-SPUG areas as per the ICERA rules, subject to the discretion of the Honorable Commission in line with ERC Resolution No. 21.
3. Allowing the continued collection of the ICERA even with the entry of private sector players in a specific NPC-SPUG area;
4. Approving the implementation of the proposed rates on top of the existing Subsidized Approved Generation Rates (SAGR) of NPC-SPUG and SAGR of Delegated NPC-SPUG Areas where NPPs operate for the purpose of determining the level of subsidy; and
5. Granting NPC a Provisional Authority for the implementation of the proposed rates and DAAs for the immediate recovery of deferred FOREX adjustments

within the above proposed twelve (12) months recovery period.

Other just and equitable reliefs are likewise prayed for from the Honorable Commission.

The Commission has set the *Application* for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on the following dates:

Date and Time	Venue	Hearing Coverage
21 September 2018 (Friday), at ten o'clock in the morning (10:00 AM)	ERC Hearing Room 15 th Floor, Pacific Center Bldg. San Miguel Ave. Pasig City	Jurisdictional and Expository Presentation for Luzon Stakeholders.
27 September 2018 (Thursday), at two o'clock in the afternoon (2:00 PM)	ERC Visayas Field Office St. Mary's Drive Banilad, Cebu City	Expository Presentation for Visayas Stakeholders.
04 October 2018 (Thursday), at two o'clock in the afternoon (2:00 PM)	ERC Mindanao Field Office Mintrade Bldg. Monteverde Ave. cor. Sales St. Davao City	Expository Presentation for Mindanao Stakeholders.
10 October 2018 (Wednesday), at ten o'clock in the morning (10:00 AM)	ERC Hearing Room 15 th Floor, Pacific Center Bldg. San Miguel Ave. Pasig City	Pre-trial Conference and Presentation of Evidence.

All persons who have an interest in the subject matter of the instant case may become a party by filing with the Commission a verified Petition to Intervene at least five (5) days prior to the initial hearing and subject to the requirements under Rule 9 of the 2006 ERC Rules of Practice and Procedure, indicating therein the docket number and title of the case and stating the following:

- i. The petitioner's name and address;

- ii. 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
- iii. A statement of the relief desired.

All other persons who may want their views known to the Commission with respect to the subject matter of the case may file their Opposition or Comment thereon at any stage of the proceeding before Applicant rests its case, subject to the requirements under Rule 9 of the 2006 ERC Rules of Practice and Procedure. No particular form of Opposition or Comment is required, but the document, letter, or writing should contain the following:

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

All such persons who wish to have a copy of the *Application* may request from Applicant that they be furnished with the same, prior to the date of the initial hearing. Applicant is hereby directed to furnish all those making such request with copies of the *Application* and its attachments, subject to the reimbursement of reasonable photocopying costs. Any such person may likewise examine the *Application* and other pertinent records filed with the Commission during the standard office hours.

WITNESS, the Honorable Chairperson and CEO, **AGNES VST DEVANADERA** and the Honorable Commissioners **ALFREDO J. NON**, **GLORIA VICTORIA C. YAP-TARUC**, and **GERONIMO D. STA. ANA**, Energy Regulatory Commission, this 13th day of June 2018 in Pasig City.


JOSEFINA PATRICIA A. MAGPALE-ASIRIT
Oversight Commissioner for Legal