

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

**IN THE MATTER OF THE
APPLICATION FOR THE
APPROVAL OF THE
CONTRACT FOR SUPPLY OF
ELECTRIC ENERGY (CSEE)
WITH AURORA ELECTRIC
COOPERATIVE, INC.
(AURELCO) AND LETTERS
OF AGREEMENT (LOA)
WITH PAMPANGA II
ELECTRIC COOPERATIVE,
INC. (PELCO II), LOCATED
IN THE LUZON GRID, WITH
PRAYER FOR ISSUANCE OF
PROVISIONAL
AUTHORITY,**

ERC CASE NO. 2024-126 RC

**POWER SECTOR ASSETS
AND LIABILITIES
MANAGEMENT
CORPORATION (PSALM),**

Applicants.

X-----X

Promulgated:
October 14, 2024

ORDER

On 07 October 2024, Power Sector Assets and Liabilities Management Corporation (PSALM) filed an *Application* dated 29 August 2024, seeking the Commission's Approval of its Contract for Supply of Electric Energy (CSEE) with Aurora Electric Cooperative, Inc. (AURELCO) and Letters of Agreement (LOA) with Pampanga II Electric Cooperative, Inc. (PELCO II), located in the Luzon Grid, with Prayer for Issuance of Provisional Authority.

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

1. Pursuant to Section 67 of Republic Act No. 9136, otherwise known as the *Electric Power Industry Reform Act of 2001* ("EPIRA") and Section 5, Article III of the Energy Regulatory

Commission's ("ERC") Guidelines for the Recovery of Costs for the Generation Component of the Distribution Utilities' Rate, PSALM respectfully submits this Application for the approval of the Contract for the Supply of Electric Energy ("CSEE") with Aurora Electric Cooperative, Inc. ("AURELCO") and Letters of Agreement ("LOAs") entered into by PSALM with Pampanga II Electric Cooperative, Inc. ("PELCO II") ("AURELCO"), all located in the Luzon Grid.

2. PSALM is a government-owned and controlled corporation created by virtue of the EPIRA, with principal office address at 24th Floor Vertis North Corporate Center 1, Astra corner Lux Drives, North Avenue, Quezon City.
3. Section 67 of the EPIRA mandates the National Power Corporation ("NPC") to file before this Honorable Commission its Transition Supply Contracts ("TSCs") or CSEE duly negotiated with the Distribution Utilities ("DUs"). Notably, Section 49 of the same law created PSALM which took ownership of NPC's generation assets, liabilities, Independent Power Producer contracts, real estate and all other disposable assets.

4. Pursuant to the above-mentioned provisions, NPC sent PSALM an Assignment Letter dated 11 May 2009.

A copy of the NPC Assignment Letter is attached hereto as **Annex "A."**

5. In view of such assignment, PSALM (the present party to the CSEE/LOAs) is filing the instant Application.
6. In order to facilitate the approval of CSEEs, the ERC issued Resolution No. 8, Series of 2005 dated 07 July 2005, which adopted a template for the CSEEs. Said template was later on amended by the ERC in its Resolution No. 15, Series of 2005 dated 09 August 2005.
7. In ERC Resolution No. 33, Series of 2006, entitled "*Resolution Clarifying the Purpose of the Adoption of the Transition Supply Contract ("TSC") Template,*" the ERC clarified that the template should merely serve as a guide and should not be construed as the contract contemplated under Section 67 of the EPIRA.

THE CSEE and LOAs SUBJECT OF THIS APPLICATION

8. PSALM is filing the instant Application for the approval of the CSEE and LOAs with the following DUs:

| DU | CSEE/LOA | Covered Period/ Contract Duration | Annex |
|-----------------------------------------------------|--------------------------------------------------------------------|----------------------------------------------|--------------|
| Aurora Electric Cooperative, Inc. (“AURELCO”) | CSEE between PSALM and AURELCO ¹ dated 14 November 2023 | 26 December 2023 to 25 December 2024 | B |
| Pampanga II Electric Cooperative, Inc. (“PELCO II”) | LOA between PSALM and PELCO ² dated 22 December 2022 | 26 December 2022 to 25 June 2023 | B-1 |
| Pampanga II Electric Cooperative, Inc. (“PELCO II”) | LOA between PSALM and PELCO ³ dated 21 June 2023 | 26 June 2023 to 25 December 2023 | B-2 |

BACKGROUND OF THE CSEE AND LOAs SUBJECT OF THIS APPLICATION

9. The CSEE and LOAs subject of this Application were executed in consideration of the following requests by the abovementioned DUs:

| DU | Letter/Request | Annex |
|-----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| AURELCO | <i>AURELCO letter dated 11 April 2023 to PSALM expressing its intent to enter into a CSEE with PSALM to procure its 3MW power requirements from 26 December 2023 to 25 December 2024. On 26 April 2023, the PSALM Board of Directors, through Board Resolution No. 2023-0426-01, approved the execution of the above- mentioned CSEE.</i> | C |
| PELCO II | <i>PELCO II letter dated 27 October 2022 to PSALM expressing its intent to extend its CSEE for six (6) months covering the period 26 December 2022 to 25 June 2023. PSALM granted PELCO II’s request for the extension of the CSEE.</i> | C-1 |
| PELCO II | <i>PELCO II letter dated 28 April 2023 to PSALM expressing its intent to extend its contract under its existing LOA for six (6) months covering the period 26 June 2023 to 25 December 2023. PSALM granted PELCO II’s request for the extension of the contract.</i> | C-2 |

10. Copy of the Secretary’s Certificate attesting to the approval of the execution of the PSALM-AURELCO CSEE by the PSALM’s Board of Directors pursuant Board Resolution No. 2023-0426-01 is attached herein as **Annex “D”**.

¹ Hereinafter referred to as the “**PSALM-AURELCO CSEE**”.

² Hereinafter referred to as the “**1st PSALM-PELCO II LOA**”.

³ Hereinafter referred to as the “**2nd PSALM-PELCO II LOA**”.

Salient Provisions of the PSALM-AURELCO CSEE

11. The subject CSEE has the following salient provisions:

(i) CONTRACT ENERGY

4.1 Contract Energy and Equivalent Demand as indicated in Annex I may be changed by PSALM at any time during the Contract Duration due to: (a) a change in the projected available capacity of PSALM's power plants; or (b) the privatization of any of the assets of PSALM pursuant to the EPIRA.

4.1.1 CUSTOMER shall nominate: (i) its hourly month-ahead energy quantity requirements three (3) days before the start of the next billing period; and (ii) its day ahead energy requirements in a per 5- minute interval on or before 1400H. On a day-to-day transaction, the CUSTOMER shall confirm the schedule of hourly energy requirements to PSALM on the day ahead. PSALM shall declare to WESM the schedule of energy requirements delivered to customers immediately on the day after.

(ii) ASSIGNABILITY

4.8 PSALM may assign or transfer part or all of its rights and obligations in the supply of Contract Energy herein stated, to any such entity, provided that prior written notice is given to the CUSTOMER Ninety (90) days before the actual transfer. This Contract shall remain binding to Parties, their successors and assignees. PSALM warrants that any sale, assignments, transfer, or subcontracting of the Contract shall not affect or impair the CUSTOMER's rights and obligations with respect to quantity and price of electricity, Contract effectivity, incentives, discounts and other terms and conditions of this Contract. The assignee shall, by written instrument, assume the rights and obligations of PSALM to CUSTOMER. Should this Contract be assigned by PSALM to a Successor Generating Company (SGC) by virtue of the privatization of the PSALM Generating Plant pursuant to the EPIRA, the SGC has the option to renegotiate this Contract with the CUSTOMER within six (6) months from its actual transfer to the SGC. If the CUSTOMER and the SGC fail to reach an agreement, either Party shall have the right to terminate this Contract.

4.9 The CUSTOMER may assign, sell or transfer a part or all of its Contract Energy and/or Equivalent Demand either permanently or for a certain number of billing periods, subject to the written consent of PSALM under the following conditions, and which consent shall not be unreasonably withheld:

- a. If applicable, the CUSTOMER has obtained a certification from NGCP that the transmission, sub-transmission, substation and other facilities can accommodate the increase in the power requirements of the assignee/transferee.
- b. The buyer, assignee or transferee has no outstanding obligation to PSALM, and said buyer, assignee or transferee undertakes to assume the obligations of the CUSTOMER and to pay for the additional expenses necessary or incidental to the transfer.
- c. Assignment of CUSTOMER to buyer, assignee or transferee shall comply with the forms provided in Annex IV-A and Annex IV-B of this Contract.
- d. THE BUYER, ASSIGNEE OR TRANSFEEE SHALL ASSUME ALL OBLIGATIONS OF THE CUSTOMER related to Contract Energy that might arise in a pending suit with the ERC or in Arbitration proceedings.
- e. Payment of corresponding assignment fee equivalent to PhP500,000.00

(iii) SECURITY DEPOSIT AMOUNT

- 5.1** The Security Deposit shall stand as security for the faithful and proper compliance by the CUSTOMER of its obligations under this Contract and shall be procured and maintained by the CUSTOMER for the entire Contract Duration and any extension thereof. The Security Deposit shall be equivalent to 100% of the average monthly Contracted Energy, as may be amended, indicated in Annex I of the CSEE multiplied by the average TOU rate pursuant to Annex III of the CSEE and shall become valid and effective for the Contract Duration.

(iv) FORM AND TIME OF POSTING

- 5.2** The Security Deposit shall be required to be posted upon the effectivity of this Contract and it may be allocated or assigned as provided in Section 4.8 hereof if the prospective buyer, assignee, transferee or successor-in-interest so requires. It shall be in the form of cash, manager's or cashier's check, or irrevocable stand-by letter of credit. In the event the Security Deposit of the CUSTOMER becomes nil, PSALM reserves the right to refuse or discontinue supply of electric energy. Within five (5) business days from PSALM's service of the notice that it has drawn on the Security Deposit, the CUSTOMER shall replace,

replenish, or provide such additional security or securities acceptable to PSALM as may be sufficient to restore the original amount of the Security Deposit. PSALM reserves the right to continue supplying electric energy to the extent of the CUSTOMER's remaining Security Deposit.

(v) RELEASE OF SECURITY DEPOSIT

5.3 The Security Deposit shall be returned to the CUSTOMER within thirty (30) days upon expiration or termination of the Contract provided that the CUSTOMER shall have no outstanding obligation with PSALM. PSALM shall return or release the Security Deposit to CUSTOMER, subject to deductions for any amounts owed by the CUSTOMER to PSALM.

(vi) BASIC ENERGY CHARGE

6.1 The Basic Energy Charge (BEC) applied to the CUSTOMER's hourly energy consumption which shall be the ERC-approved NPC/PSALM's Time of Use (TOU) generation rates, Franchise and benefits to Host Communities (FBHC), plus adjustments in the tariff including but not limited to Deferred Accounting Adjustments (DAAs) and the Incremental Currency Exchange Rate Adjustments (ICERA), Automatic Cost Recovery Mechanism (ACRM), ACRM True Up Adjustments, which is attached as Annex III, and the RA 9136 Mandatory Rate Reduction Adjustments, if applicable. The BEC to be applied to the Contract Energy shall be in accordance with Section 7.1 (Price Settlement Mechanism During the WESM Operation).

Energy consumption higher than the contracted level shall be sourced and settled by the CUSTOMER in accordance with relevant WESM Rules.

6.1.1 The BEC shall be applied to the CUSTOMER's hourly energy consumption based on the hourly nominated energy quantity mentioned in Section 4.1.1 (Contract Energy).

(vii) MINIMUM CHARGES

6.2 CUSTOMER shall pay the Minimum Charges if it has not fully taken or failed to consume the Contract Energy. The calculation for the Minimum Charges shall be the difference between the Contract Energy as indicated in Section 4.1 of this Contract and the actual energy delivered per billing period, multiplied by the BEC which is the average TOU rate for the same billing period and FBHC, subject to deductions and adjustments as expressly provided for in this Contract.

(viii) FUTURE ADJUSTMENT

6.3 CUSTOMER shall be liable to pay (or be entitled for a refund on) any applicable ERC-approved cost/true-up adjustments for the period it was drawing power from PSALM.

(ix) SERVICE INTERRUPTION ADJUSTMENT

6.4 Should the supply of electricity be interrupted or curtailed to a level below the Contract Energy due to the fault or lack of generation capacity of PSALM, even if CUSTOMER was at that time unable to take or consume electricity, the Contract Energy shall be adjusted taking into account the ratio of the number of hours that electric service was interrupted to the total number of hours in the billing period. The adjusted Contract Energy shall be used in the calculation of Minimum Charge.

(x) MAINTENANCE SERVICE ADJUSTMENT

6.7 CUSTOMER may avail of the service adjustment during the scheduled maintenance of its facilities, not to exceed two (2) billing periods in one year. The Minimum Charge on the energy consumption shall be fifty percent (50%) of the Contract Energy. To be able to avail of this adjustment, the CUSTOMER must inform PSALM in writing at least thirty (30) days prior to the commencement of the scheduled maintenance.

(xi) PROMPT PAYMENT DISCOUNT

6.11 Subject to ERC's approval, the Prompt Payment Discount (PPD) shall be in accordance with PSALM's latest credit and collection policies duly approved by the PSALM Board as provided below, unless otherwise amended:⁴

(xii) DISPUTED BILLS

6.12 Should there be any dispute on bills, any such dispute would be considered as waived unless the CUSTOMER questions the same in writing within sixty (60) calendar days from the CUSTOMER's receipt thereof. On a "best-efforts basis", PSALM commits to resolve such dispute within a period of sixty (60) calendar days counted from PSALM receipt of the CUSTOMER's written dispute, the disputed bills and complete supporting documents.

(xiii) OVERDUE ACCOUNT

6.16 In the event that a power bill remains unpaid within five (5) days after its due date, PSALM has the option

⁴ Please see 6.11.a to 6.11.h. of the PSALM-AURELCO CSEE.

to call on or draw against the Security Deposit as provided for under Section 5 (Security Deposit).

- 6.17** The CUSTOMER shall pay its unpaid current power account within thirty (30) days from receipt of notice from PSALM. Any current power bill or account of the CUSTOMER not paid on the due date shall bear a floating interest rate computed from the first day after it becomes due and payable pursuant to PSALM's Credit and Collection Policy. The floating interest rate shall be based on the highest non-prime lending rate of PSALM's depository banks for every quarter ending March, June, September and December of each year. Interest on overdue accounts shall be computed based on a 360-day year.
- 6.18** A restructuring agreement and/or special payment arrangement of the overdue account shall be executed by PSALM and the CUSTOMER, subject to the PSALM's Credit and Collection Policy and such other terms and conditions which may be agreed upon by the Parties.

(xiv) DEDUCTION DUE TO FORCE MAJEURE

- 8.4** The Duties and responsibilities of the Party affected by the Force Majeure shall be temporarily suspended while the Force Majeure subsists. Moreover, the Parties shall be excused from performing their respective obligations under this Contract and shall not be liable for damages if and only to the extent that they are unable to so perform or are prevented from performing their respective obligations under this Contract by reason of the Event Force Majeure, provided that:
- a. The Party affected by the Force Majeure gives the other Party written notice describing the event, the effect thereof, the specific time it would need to recover from the Force Majeure (if known), and the actions being taken in response thereto.
 - b. The other Party shall have thirty (30) days to verify or deny in writing that such situation exists.
 - c. The Contract Energy and Equivalent Demand shall be adjusted to the actual off-take below contract level for all hours when service was suspended because of a Force Majeure.
 - d. No obligation of either Party, which arose before the occurrence of the event that caused the

suspension of performance, shall be excused as a result of the Force Majeure.

(xv) CONTRACT TERMINATION

8.7 Either party will have the right to terminate this Contract upon failure of the other to perform its obligation herein, provided that the party at fault will have to pay all its outstanding account and reimburse the costs incurred by the other party as a result of the termination.

(xvi) EFFECTIVITY

8.16 This Contract shall be executed in counterparts and shall be effective when at least one counterpart shall have been executed by one of the parties herein, and each set of counterparts shall constitute one single and binding agreement.

The PSALM-PELCO II LOAs

12. PELCO II previously executed a CSEE with PSALM covering the period from 26 March 2022 to 25 December 2022 (the "PSALM-PELCO II CSEE"). The PSALM-PELCO II CSEE was submitted for approval to the Honorable Commission in ERC Case No. 2022-072 RC⁵ and the same is already pending for resolution.

1st PSALM-PELCO II LOA

13. In a letter dated 27 October 2022, PELCO requested PSALM for an extension of six (6) months covering the period 26 December 2022 to 25 June 2023 with the same equivalent demand of 15MW.

14. PSALM presented the said request to the Board for its information and the corresponding *Letter of Agreement* was entered into by PSALM President and CEO in accordance with PSALM's Manual of Approvals.

15. This 1st PSALM-PELCO II LOA amended Section 3.1 on Contract Duration of the PSALM-PELCO II CSEE. Further, it is understood that the PSALM-PELCO II LOA shall be an integral part of the PSALM-PELCO II CSEE, and the terms and conditions not otherwise affected by the above-mentioned amendment shall remain valid and effective.

2nd PSALM-PELCO II LOA

16. In a letter dated 28 April 2023 to PSALM, PELCO II again expressed its intent to extend its contract under the existing LOA for six (6) months covering the period 26 June 2023 to

⁵ The PSALM-SIARELCO CSEE is Annex B-12 of the Application.

25 December 2023. PSALM granted PELCO II's request for the extension of the contract.

17. PSALM presented the said request for this 2nd PSALM-PELCO II LOA to the Board for its information and thus, the parties executed the 2nd PSALM-PELCO II LOA.
18. It is understood that this 2nd PSALM-PELCO II LOA shall be an integral part of the PSALM-PELCO II CSEE as well as the 1st PSALM-PELCO II LOA, and the terms and conditions not otherwise affected by the above-mentioned amendment shall remain valid and effective.
19. Summaries of the corresponding Equivalent Demand, Contracted Energy, and Load Factor computation are indicated in the subject CSEE and LOAs.

**PSALM'S EXEMPTION FROM JOINING THE
COMPETITIVE SELECTION PROCESS ("CSP")**

20. This Honorable Commission recognized that PSALM is exempted from joining the CSP in the procurement of power supply. In a letter dated 20 September 2016, the Honorable Commission said that PSALM need not participate in the CSP due to the nature of its operations.

A copy of the Honorable Commission's letter dated 20 September 2016 is attached hereto as **Annex "E"**.

21. This Honorable Commission also recognized PSALM's exemption from joining the CSP in its Decisions in ERC Case No. 2016-186 RC,⁶ ERC Case No. 2018-054 RC,⁷ and ERC Case No. 2019-040 RC.⁸ Moreover, in its Decision in ERC Case No. 2019-040 RC, the Honorable Commission referred to Section 2 of the Department of Energy's ("DOE") Department Circular No. 2018-02-0003⁹ to further justify PSALM's exemption from joining the CSP.
22. In relation to Section 2.2.1.5 of the DOE Department Circular No. 2021-09-0030¹⁰ relative to the provision of power supply by PSALM through bilateral contracts and submission of Certificate of Exemption ("COE") from the conduct of CSP, the DOE through its letter dated 07 March 2022, requested PSALM to include as one of its requirements in entering/renewing a CSEE, a letter from the DOE that the DU

⁶ Dated 24 October 2017.

⁷ Dated 20 September 2021.

⁸ Dated 21 July 2021.

⁹ Entitled "*Adopting and Prescribing the Policy for the Competitive Selection Process in the Procurement by the Distribution Utilities of Power Supply Agreement for the Captive Market.*"

¹⁰ Entitled, "*Amending Certain Provisions of and Supplementing Department Circular No. DC2018-02-0003 on the Competitive Selection Process in the Procurement by the Distribution Utilities of Power Supply Agreement for the Captive Market*"

has a pending application/request for the issuance of a COE” from the conduct of CSP.

Pursuant thereto, copies of the following COEs and letter are hereby submitted:

| DU | COE/Letter | Annex |
|-----------------------------------|---------------------------------------|--------------|
| AURELCO | COE issued by the DOE on 19 July 2023 | F |
| PELCO II (1 st LOA) | COE issued by the DOE on 25 May 2023 | F-1 |
| PELCO II (2 nd LOA) | DOE letter dated 19 October 2023 | F-2 |

23. For the 2nd PSALM-PELCO II LOA, the DOE in its letter dated 19 October 2023 to PELCO II, informed the latter that it will no longer accept COE-CSP Applications and advised PELCO II to directly apply the request for COE-CSP issuance to the Honorable Commission for review and approval.

**COMPLIANCE WITH THE HONORABLE COMMISSION’S
PRE-FILING REQUIREMENTS**

24. In compliance with Section 2, Rule 6 (Pre-Filing Requirements) of the Honorable Commission’s Resolution No. 01, Series of 2021 (the “ERC Revised Rules of Practice and Procedure”), a copy of the instant Application (including its Annexes) will be furnished to the offices of the City Mayor and the Sangguniang Panlungsod of Quezon City and be published (excluding its Annexes) in a newspaper of general circulation.
25. The proof of compliance with the Pre-Filing Requirements, particularly, the service to the Mayor and the Sangguniang Panlungsod of Quezon City as well as the publication of the instant Application, shall be attached to the instant Application as **Annexes “G” and series**, pursuant to Section 3, Rule 6 of the ERC Revised Rules of Practice and Procedure.

**ALLEGATIONS IN SUPPORT OF THE ISSUANCE OF
PROVISIONAL AUTHORITY**

26. PSALM acknowledges that the continued operation of the DUs subject of this Application is indispensable to the economic efficiency of the franchise areas they serve, not to mention the ripple effect of that efficiency to the economic growth of the entire country. In order for the DUs to continue lawfully drawing electricity from the grid, it is imperative that it enters into agreement/s with PSALM as Supplier for the supply of electricity, through a contract for the sale of electricity, hence the respective LOAs.

27. A grant of Provisional Authority (“PA”) or Interim Relief to implement the LOAs subject of this Application, will ultimately redound to the benefit of end consumers.
28. Attached as **Annex “H”** is the Affidavit of Engr. James Marvin A. Mamaradlo, the Corporate Staff Officer B of the Electricity Trading Department under PSALM’s Privatization and Asset Management Group, attesting to the truth of the above matters.
29. Pursuant to the ERC Revised Rules of Practice and Procedure, the Honorable Commission may exercise its discretion by granting a PA or an Interim Relief prior to a final decision.
30. It is understood that the PA or Interim Relief sought by PSALM, which may be granted by the Honorable Commission, shall be subject to adjustments and other conditions that the Honorable Commission may impose upon final evaluation of the Application.¹¹

PRAYER

WHEREFORE, Applicant POWER SECTOR ASSETS AND LIABILITIES MANAGEMENT CORPORATION (“PSALM”) most respectfully prays that the Honorable Commission **APPROVE** the following Contract for the Supply of Electric Energy (“CSEE”) and Letters of Agreement (“LOAs”):

- a) PSALM-AURELCO CSEE duly notarized on 14 November 2023
- b) PSALM-PELCO II LOA dated 22 December 2022; and
- c) PSALM-PELCO II LOA dated 21 June 2023

It is likewise prayed that a Provisional Authority **BE ISSUED** authorizing PSALM to implement the said LOA and CSEE.

Other reliefs just and equitable under the premises are likewise prayed for.

Finding the said *Application* to be sufficient in form and with the required fees having been paid, the Commission hereby sets the same for hearing for determination of compliance with the jurisdictional requirements, expository presentation, Pre-Trial Conference and presentation of evidence on the following dates and online platforms for the conduct thereof, pursuant to Resolution No. 09, Series of 2020¹² and Resolution No. 01, Series of 2021¹³ (ERC Revised Rules of Practice and Procedure):

¹¹ Section 4, Rule 14 of the ERC Revised Rules of Practice and Procedure.

¹² A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.

¹³ A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.

| Date | Platform | Activity |
|-------------------------------------------------------------------------------|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| 12 December 2024 (Thursday) at nine o'clock in the morning (9:00 A.M.) | Microsoft Teams Application | Determination of compliance with jurisdictional requirements, expository presentation, Pre-trial Conference and Presentation of Evidence |

Accordingly, PSALM, AURELCO and PELCO II are hereby directed to host the virtual hearings at **AURELCO's and PELCO II's Principal Office located at Brgy. Reserva, Baler, Aurora and San Roque, Guagua, Pampanga**, respectively as designated venue for the conduct thereof and ensure that the same is open to the public and the community quarantine guidelines are observed at all times. Moreover, PSALM, AURELCO and PELCO II shall guarantee that, during the conduct of the expository presentation, the participation of the public shall not be impaired.

RELATIVE THERETO, PSALM is hereby directed to:

- 1) Cause the publication of the attached *Notice of Virtual Hearing* in two (2) newspapers of nationwide circulation in the Philippines at their 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 virtual hearing;
- 2) Furnish with copies of this *Order* and the attached *Notice of Virtual Hearing* the Offices of the Provincial Governors, the City and Municipal Mayors, and their respective Local Government Unit (LGU) legislative bodies within AURELCO's and PELCO II's franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within AURELCO's and PELCO II's franchise area, by any other means available and appropriate, of the filing of the *Application*, their reasons therefor, and of the scheduled virtual hearings thereon;
- 4) Furnish with copies of this *Order* and the attached *Notice of Virtual 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, except those subject of a motion for confidential treatment of information, all those making requests therefor, subject to reimbursement of reasonable photocopying costs.

Within five (5) calendar days prior to the date of the initial virtual hearing, PSALM must submit to the Commission via electronic mail (e-mail) at docket@erc.ph, copy furnish the Legal Service through legal@erc.ph, the scanned copies of their 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 Virtual Hearing* consisting of affidavits of the Editors or Business Managers of the newspaper where the said *Notice of Virtual 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 Virtual Hearing* consisting of certifications issued to that effect, signed by the aforementioned Governor, Mayors and LGU legislative bodies or their duly authorized representatives, bearing the seals of their offices;
- 3) The evidence of other means employed by PSALM to inform the consumers within AURELCO's and PELCO II's franchise area of the filing of the *Application*, their reasons therefor, and of the scheduled hearings thereon;
- 4) The evidence of receipt of copies of this *Order* and the attached *Notice of Virtual Hearing* by the OSG, the COA, and the Committees on Energy of both Houses of Congress;
- 5) The evidence of receipt of copies of the *Application* and its attachments, except those subject of a motion for confidential treatment of information, if any, by all those making requests therefor; and

- 6) Such other proof of compliance with the requirements of the Commission.

Moreover, PSALM is hereby required to post on their respective bulletin boards, the scanned copies of the foregoing jurisdictional requirements, together with the newspaper publication and certifications issued by the concerned Offices of the Governor, Mayors and Local Legislative Bodies, and to submit proof of their posting thereof.

Applicant PSALM and all interested parties are also required to submit via e-mail at docket@erc.ph, copy furnish the Legal Service through legal@erc.ph, **at least five (5) calendar days** before the date of the scheduled virtual 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 therefor; and
- 4) The number and names of the witnesses, with their written testimonies in a Judicial Affidavit form attached to the Pre-trial Brief.

Applicant PSALM must ensure that all the documents or exhibits proposed to be presented have already been duly submitted to the Commission **at least five (5) calendar days** before the date of the scheduled initial virtual hearing and Pre-trial Conference pursuant to the preceding paragraph.

Failure of Applicant PSALM to comply with the above requirements within the prescribed period shall be a ground for cancellation of the scheduled hearings, and the resetting of which shall be six (6) months from the said date of cancellation.

Applicant PSALM must also be prepared to make an expository presentation of the instant *Application*, aided by whatever communication medium that they 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, the nature of the *Application*. Relevant information and pertinent details substantiating the reasons and justifications for the *Application* must be cited in support thereof.

Further, Applicant PSALM is hereby directed to file a copy of their Expository Presentations via e-mail at docket@erc.ph, copy furnish the Legal Service through legal@erc.ph, **at least five (5) calendar days** prior to the scheduled virtual hearing. Applicants shall also be required, upon the request of any stakeholder, to provide an advance copy of their expository presentations, **at least five (5) calendar days** prior to the scheduled virtual hearing.

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

PSALM is directed to submit, either through personal service, registered mail or ordinary mail/private courier, one (1) set of the original or certified true hard copies of their Jurisdictional Compliance, Expository Presentation, Pre-trial Brief, and Judicial Affidavits of witnesses, **within five (5) working days** from the date that the same were electronically submitted, as reflected in the acknowledgment receipt e-mail sent by the Commission. Similarly, all interested parties who filed their Petition for Intervention or Opposition are required to submit the hard copy thereof within the same period through any of the available modes of service.

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Finally, PSALM, including their authorized representatives and witnesses, are hereby directed to provide the Commission, through legal.virtualhearings@erc.ph, with their respective e-mail addresses upon receipt of this *Order*. The Commission will send the access link/s to the aforementioned hearing platform within five (5) working days prior to the scheduled hearing.

SO ORDERED.

Pasig City, 14 October 2024.

FOR AND BY AUTHORITY
OF THE COMMISSION:


ATTY. KRISHA MARIE T. BUELA
Director III, Legal Service


LS: KAA

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