

[ERC RESOLUTION NO. 24, S. 2010, December 06, 2010]

A RESOLUTION SUSPENDING THE TIMELINES FOR THE FILING OF THE MULTI-YEAR CAPITAL EXPENDITURE (CAPEX) APPLICATIONS OF ELECTRIC COOPERATIVES PRESCRIBED IN SECTION 6.2 (TRANSITORY PROVISION) OF THE AMENDED RULES FOR THE APPROVAL OF REGULATED ENTITIES' CAPITAL EXPENDITURE PROJECTS

WHEREAS, on December 9, 2009, the Energy Regulatory Commission (Commission) issued Resolution No. 26, Series of 2009, entitled "Resolution Amending the Rules for the Approval of Regulated Entities' Capital Expenditure Projects" (Amended CAPEX Rules);

WHEREAS, Section 6.2 (Transitory Provision) of the Amended CAPEX Rules provides for the timelines for the filing of the initial and regular CAPEX applications and prescribes the groupings of the Electric Cooperatives (ECs) based on geographical regions;

WHEREAS, records of the Commission disclosed that out of the fifty-eight (58) ECs that were required to file their applications from June 2010 to November 2010, only fifteen (15) ECs were able to file their respective multi-year CAPEX applications. Thus, most ECs requested for extension of the period within which to file their respective applications;

WHEREAS, on April 19, 2010, the Philippine Rural Electric Cooperatives Association, Inc. (PHILRECA) filed a petition to initiate rule-making on the "Rules Governing the Tariff Glide Path Pursuant to Article VII of the RSEC-WR (Tariff Glide Path Rules)";

WHEREAS, on various dates, expository presentations and public consultations on the said Rules were conducted in every locality of all the on-grid ECs;

WHEREAS, after considering all the comments received from various industry stakeholders, the Commission issued the Revised Tariff Glide Path Rules which was set for public consultations from December 6, 2010 to December 8, 2010 for the Luzon, Visayas and Mindanao Groups. The Final Tariff Glide Path Rules is scheduled for public consultations on January 21, 2011;

WHEREAS, the Commission sees the possibility of requiring the ECs to file their respective CAPEX applications simultaneously with their applications under the Tariff Glide Path Rules;

WHEREAS, under the Tariff Glide Path Rules, the regulatory period covers six (6) years for each group and the groupings are based on size and consumption. The Amended CAPEX Rules covers five (5) years and the groupings are based on