

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



IN THE MATTER OF THE APPLICATION FOR CONFIRMATION AND APPROVAL OF CALCULATIONS OF OVER OR UNDER-RECOVERIES IN THE IMPLEMENTATION OF AUTOMATIC COST ADJUSTMENTS AND TRUE UP MECHANISMS FOR THE PERIOD 2011 TO 2013, PURSUANT TO ERC RESOLUTION NO. 16, SERIES OF 2009, AS AMENDED BY ERC RESOLUTION NO. 21, SERIES OF 2010, AND ERC RESOLUTION NO. 23, SERIES OF 2010

ERC CASE NO. 2014-021 CF

MARINDUQUE ELECTRIC COOPERATIVE, INC. (MARELCO),

Applicant.

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DOCKETED
Date: FEB 22 2014
By: [Signature]

ORDER

On 28 March 2014, Marinduque Electric Cooperative, Inc. (MARELCO) filed an Application seeking the Commission's approval of its calculation of over and under recoveries of automatic pass-thru cost adjustments.

In its Application, MARELCO alleged the following:

- (1) Applicant is a non-stock, non-profit electric cooperative duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at Brgy. Ihatub, Boac, Marinduque;

- (2) It is the holder of an exclusive franchise issued by the National Electrification Commission (NEC), to operate an electric light and power distribution service in the six (6) municipalities of the Province of Marinduque, namely; Boac, Mogpog, Sta. Cruz, Torrijos, Buenavista, and Gasan;
- (3) ERC Resolution No. 16, Series of 2009 as amended by Resolution No. 21, Series of 2010 establish the procedure for the automatic recovery or refund of pass through costs and the confirmation process that would govern the automatic cost adjustment and true-up mechanisms approved by the Honorable Commission, with the objective of ensuring appropriate recovery of the pass through costs in an efficient manner and to put in place a fair and transparent process for the confirmation of the automatic cost adjustments implemented by Distribution Utilities and the true-up of other pass-through charges, involving Generation Rate, Transmission Rate, System Loss Rate, Lifeline Rate Recovery, Inter-Class Cross-Subsidy Removal, and Treatment of Prompt Payment Discount, as the case may be. ERC Resolution 23, Series of 2010, on the other hand, adopts the rules implementing the discounts to qualified senior citizen end-users and subsidy from subsidizing end-users on electricity consumption;
- (4) Applying the formulas provided under Resolution 16, Series of 2009 as amended by Resolution 21, Series of 2010 and Resolution 23, Series of 2010, applicant made calculations of the over recoveries charged or under-recoveries incurred as against its customers, in the implementation of the foregoing automatic cost adjustments and true-up mechanisms, covering the period January 2011 to December 2013;
- (5) The results of its calculations are presented hereunder, as follows:

	Pass Through Cost (Php)	Actual Revenue (Php)	(Over)/Under Recovery (Php)
Generation Rate (GR)	625,552,156.31	630,432,212.84	(4,880,056.53)
System Loss Rate (SLR)	98,622,842.94	92,956,218.23	(5,666,624.71)
Lifeline Rate (LR)	6,600,558.21	6,721,104.91	120,546.70
Senior Citizen Discount	20,907.72	323,795.03	302,887.31
Net Results	730,796,465.19	730,433,331.01	(10,123,247.23)

Summaries of the results of individual computations on the foregoing pass through charges are attached hereto and made integral parts hereof as Annexes "A" to "D", respectively;

- (6) In support of the computations made, applicant is submitting the following data and documents, labelled together and

made integral part hereof as Annex "E", to wit:

- a) Power Supplier Data Sheet
- b) Statistical Data Sheet
- c) Implemented Rates Data Sheet
- d) Power Bills of Power Suppliers
- e) Official Receipts issued by Power Suppliers
- f) Breakdown of Payments with Official Receipts
- g) Debit/Credit Memo of Power Suppliers
- h) MFSR (Sections B and E)
- i) Consumer Bills of Lifeliners (per level) and Non-Lifeliners per customer class

(7) Considering the foregoing, it is respectfully prayed that the cooperative's calculations of its over or under-recoveries be confirmed and approved by the Honorable Commission.

PRAYER

WHEREFORE, premises considered, it is respectfully prayed that after due notice and hearing, MARELCO's calculations of over or under-recoveries in the implementation of automatic cost adjustments and true-up mechanisms covering the period January 2011 to December 2013, made pursuant to ERC Resolution 16, Series of 2009 as amended by Resolution 21, Series of 2010 and ERC Resolution 23, Series of 2011 be confirmed and approved, and the cooperative be allowed to refund the over recoveries or collect the under recoveries, as the case maybe, to or from its customers, summarized as follows, to wit:

	Pass Through Cost (Php)	Actual Revenue (Php)	(Over)/Under Recovery (Php)
Generation Rate (GR)	625,552,156.31	630,432,212.84	(4,880,056.53)
System Loss Rate (SLR)	98,622,842.94	92,956,218.23	(5,666,624.71)
Lifeline Rate (LR)	6,600,558.21	6,721,104.91	120,546.70
Senior Citizen Discount	20,907.72	323,795.03	302,887.31
Net Results	730,796,465.19	730,433,331.01	(10,123,247.23)

Other relief, just and equitable in the premises are likewise prayed for.

The aforementioned Application was heard on 17 June 2014 for determination of compliance with the Commission's jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence.

On 27 January 2015, MARELCO filed a Motion for Leave to Amend Application and to Admit the Attached Amended Application alleging that it inadvertently discovered incorrect entries of amounts

for the Generation Rate and System Loss Rate, resulting in incorrect amounts of the total Pass Through Costs, Actual Revenue, and over or under recoveries. The corrected amounts are presented in MARELCO's Amended Application.

In its Amended Application, MARELCO alleged the following:

xxx

3. ERC Resolution No. 16, Series of 2009 as amended by Resolution No. 21, Series of 2010 establish the procedure for the automatic recovery or refund of pass through costs and the confirmation process that would govern the automatic cost adjustment and true-up mechanisms approved by the Honorable Commission, with the objective of ensuring appropriate recovery of the pass through costs in an efficient manner and to put in place a fair and transparent process for the confirmation of the automatic cost adjustments implemented by Distribution Utilities and the true-up of other pass-through charges, involving Generation Rate, Transmission Rate, System Loss Rate, Lifeline Rate Recovery, Inter-Class Cross-Subsidy Removal, and Treatment of Prompt Payment Discount, as the case may be. ERC Resolution 23, Series of 2010, on the other hand, adopts the rules implementing the discounts to qualified senior citizen end-users and subsidy from subsidizing end-users on electricity consumption.
4. Applying the formulas provided under Resolution 16, Series of 2009 as amended by Resolution 21, Series of 2010 and Resolution 23, Series of 2010, applicant made calculations of the over recoveries charged or under-recoveries incurred as against its customers, in the implementation of the foregoing automatic cost adjustments and true-up mechanisms, covering the period January 2011 to December 2013;
5. The results of its calculations are presented hereunder, as follows:

	Allowable Cost (Php)	Actual Revenue (Php)	(Over) Under Recovery (Php)
Generation Rate (GR)	626,836,309.29	630,432,212.84	(3,595,903.55)
System Loss Rate (SLR)	93,208,010.77	98,622,842.94	(5,414,832.17)
Lifeline Rate (LR)	6,600,558.21	(6,721,104.91)	120,546.71
Senior Citizen	20,907.72	(323,795.03)	302,887.31
Net Results	726,665,785.99	722,010,155.84	(8,587,301.71)

Summaries of the results of individual computations on the foregoing pass through charges are attached hereto and made integral parts hereof as Annexes "A" to "D", respectively;

6. In support of the computations made, applicant is submitting the following data and documents, labelled together and made integral part hereof as Annex "E", to wit:
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 2. Statistical Data Sheet
 3. Implemented Rates Data Sheet
 4. Power Bills of Power Suppliers
 5. Official Receipts issued by Power Suppliers
 6. Breakdown of Payments with Official Receipts
 7. Debit/Credit Memo of Power Suppliers
 8. MFSR (Sections B and E)
 9. Consumer Bills of Lifeliners (per level) and Non-Lifeliners per customer class

7. Considering the foregoing, it is respectfully prayed that the cooperative's calculations of its over or under-recoveries be confirmed and approved by the Honorable Commission.

PRAYER

WHEREFORE, premises considered, it is respectfully prayed that after due notice and hearing, MARELCO's calculations of over or under-recoveries in the implementation of automatic cost adjustments and true-up mechanisms covering the period January 2011 to December 2013, made pursuant to ERC Resolution 16, Series of 2009 as amended by Resolution 21, Series of 2010 and ERC Resolution 23, Series of 2011 be confirmed and approved, and the cooperative be allowed to refund the over recoveries or collect the under recoveries, as the case maybe, to or from its customers, summarized as follows, to wit:

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Other relief, just and equitable in the premises are likewise prayed for.

Considering that the Amended Application has substantially modified relevant and material allegations of the Application dated

28 March 2014, a publication of the Amended Application is imperative.

Finding the said Amended Application to be 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 **27 March 2018 (Tuesday) at ten o'clock in the morning (10:00 A.M.) at the ERC Hearing Room, 15/F, Pacific Center Bldg., San Miguel Ave., Ortigas, Pasig City.**

Accordingly, MARELCO is hereby directed to:

- 1) Cause the publication of the attached Notice of Public Hearing once in a newspaper of nationwide circulation in the Philippines at its own expense and 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 Governor, the City and Municipal Mayors, and the Local Government Unit (LGU) legislative bodies within the affected franchise area 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 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 affidavit of the Editor or Business Manager of the newspaper where the said Notice of Public Hearing was published, and the complete issue of the said newspaper;
- 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 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 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:

- (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 a Judicial Affidavit form, to be 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.

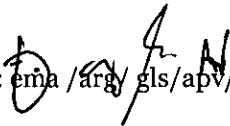
MARELCO must also be prepared to make an expository presentation of the instant Application, aided by whatever communication medium that it may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned parties, what the Application is all about and the reasons and justifications being cited in support thereof.

SO ORDERED.

Pasig City, 13 February 2018.

FOR AND BY AUTHORITY
OF THE COMMISSION:


AGNES VST DEVANADERA
Chairperson & CEO

LS:  / arg / gls / apv / ord.2014-021 CF -MARELCO OU/R

Copy Furnished:

1. Dechavez & Evangelista Law Offices
Counsel for MARELCO
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Pearl Drive, Ortigas Center, Pasig City
2. MARELCO
Brgy. Ihatub, Boac, Marinduque
3. Office of the Solicitor General
134 Amorsolo Street, Legaspi Village, Makati City

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4. Commission on Audit
Commonwealth Ave., Quezon City
5. The Senate Committee on Energy
GSIS Building, Roxas Boulevard, Pasay City
6. The House Committee on Energy
Batasan Hills, Quezon City
7. Office of the Municipal Mayor
Boac, Marinduque
8. Office of the LGU Legislative Body
Boac, Marinduque
9. Office of the Municipal Mayor
Mogpog, Marinduque
10. Office of the LGU Legislative Body
Mogpog, Marinduque
11. Office of the Municipal Mayor
Sta. Cruz, Marinduque
12. Office of the LGU Legislative Body
Sta. Cruz, Marinduque
13. Office of the Municipal Mayor
Torrijos, Marinduque
14. Office of the LGU Legislative Body
Torrijos, Marinduque
15. Office of the Municipal Mayor
Buenavista, Marinduque
16. Office of the LGU Legislative Body
Buenavista, Marinduque
17. Office of the Municipal Mayor
Gasán, Marinduque
18. Office of the LGU Legislative Body
Gasán, Marinduque
19. Office of the Provincial Governor
Province of Marinduque
20. Office of the LGU Legislative Body
Province of Marinduque
21. Regulatory Operations Service
ERC
17/F Pacific Center Bldg., San Miguel Ave.
Ortigas, Pasig City