

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



IN THE MATTER OF THE APPLICATION FOR THE APPROVAL OF THE CALCULATIONS FOR THE AUTOMATIC COST ADJUSTMENT AND TRUE-UP MECHANISMS FOR THE A) GENERATION RATE, B) TRANSMISSION RATE, C) SYSTEM LOSS RATE, D) LIFELINE SUBSIDY RATE, AND E) SENIOR CITIZEN SUBSIDY RATES, UNDER ERC RESOLUTION NO. 16, SERIES OF 2009, AS AMENDED, FOR THE PERIOD 2014 TO 2016,

ERC CASE NO. 2017-052 CF

**DAGUPAN ELECTRIC CORPORATION (DECORP),
Applicant.**

X-----X

DOCKETED
Date: MAR 07 2018
By: _____

ORDER

On 31 March 2017, Dagupan Electric Corporation (DECORP) filed an *Application* dated 29 March 2017 seeking the Commission's approval for its calculations for the automatic cost adjustment and true-up mechanisms for the generation rate, transmission rate, system loss rate, lifeline subsidy rate, and senior citizen subsidy rates.

DECORP alleged the following in its *Application*:

1. Applicant is a corporation duly organized and existing under and by virtue of the laws of the Philippines, with principal office at Veria II Building, AB Fernandez West, Dagupan City where it may be served with summons and other legal processes.
2. The Applicant is the exclusive franchise holder issued by Congress of the Philippines to operate an electric light and power services in the Cities and Municipalities of Dagupan,

Calasiao, San Fabian, Sta. Barbara, San Jacinto, Manaog, Barangays Cruz and Bolingit of San Carlos City, all in the Province of Pangasinan.

3. The ERC adopted Resolution No. 16, Series of 2009 (“A Resolution Adopting the Rules Governing the Automatic Cost Adjustment and True-Up Mechanisms and Corresponding Confirmation Process for Distribution Utilities”) (the “Rules” for brevity) on July 13, 2009 which established 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 ERC.
4. The ERC adopted Resolution No. 21, Series of 2010 (“A Resolution Amending Section 4 of Article 4 and Section 1 of Article 5 of the Rules Governing the Automatic Cost Adjustment and True-Up Mechanisms and Corresponding Confirmation Process for Distribution Utilities”) on October 18, 2010.

Section 1 of Article 5 of ERC Resolution No. 16, Series of 2009 (as amended by ERC Resolution No. 21, Series of 2010) provides that:

“Section 1. Filing. The DUs shall file their respective consolidated applications within the period as prescribed hereunder:

Distribution Utilities	Period of Filing	Covered Adjustments
Luzon DUs	March 31, 2011	Adjustments implemented until the billing month of December 2010
Visayas DUs	March 31, 2012	Adjustments implemented until the billing month of December 2011
Mindanao DUs	March 31, 2013	Adjustments implemented until the billing month of December 2013

Thereafter, the DUs shall file their respective consolidated applications within the period prescribed hereunder:

Distribution Utilities	Period of Filing	Covered Adjustments
Luzon DUs	March 31, 2014	Jan. 2011 – Dec. 2013
Visayas DUs	March 31, 2015	Jan. 2012 – Dec. 2014
Mindanao DUs	March 31, 2016	Jan. 2014 – Dec. 2015

Subsequently, the DUs shall file their respective consolidated applications every three (3) years following the sequence of period of filing prescribed above.”

5. The ERC also adopted Resolution No. 23, Series of 2010 (“A Resolution Adopting the Rules Implementing the Discounts to Qualified Senior Citizen End-Users and Subsidy from the Subsidizing End-Users on Electricity Consumption Under Sections 4 and 5 of Republic Act No. 9994) on December 15,

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2010. Section 3 of Article 7 of the aforementioned Resolution states that the ERC shall verify the over or under recovery in the Senior Citizen Subsidy Rates once every three (3) years to coincide and in accordance with the time frames as set forth under Article 5 of the Rules.

6. Based on the Rules, the Applicant has calculated the over and under recoveries on the a) Generation Rate, b) Transmission Rate, c) System Loss Rate, d) Lifeline Subsidy Rate, and e) Senior Citizen Subsidy Rates for the period 2014 to 2016 as follows:

Categories	2014 (in PhP) (over-recovery)/ under-recovery	2015 (in PhP) (over-recovery)/ under-recovery	2016 (in PhP) (over-recovery)/ under-recovery	Total (in PhP) (over-recovery)/ under-recovery
a) Generation Rate	(14,359,542.02)	13,768,349.90	(17,165,457.90)	(17,756,650.02)
b) Transmission Rate	(9,690,819.48)	(10,510,826.02)	(11,410,669.67)	(31,612,315.17)
c) System Loss Rate	18,321,606.97	13,659,959.04	(12,733,773.01)	19,247,793.00
d) Lifeline Subsidy Rate	1,540,098.35	47,048.44	(1,580,249.84)	6,896.95
e) Senior Citizen Subsidy Rates	(1,808.55)	(2,131.35)	3,985.89	45.98
TOTAL	(4,190,464.72)	16,962,400.01	(42,886,164.54)	(30,114,229.26)

The Applicant has calculated an over-all total over-recovery for the Period covering 2014 to 2016 of PhP30,114,229.26.

Said calculations did not include data and figures for Generation Rate and System Loss Rate for the months of January and February 2014 as these are currently part of the evaluation process for the Applicant's Application in ERC Case No. 2014-052CF ("In the Matter of the Application for the Approval of the Calculation for the Automatic Cost Adjustment and True-Up Mechanism for the a) Generation Rate, b) Transmission Rate, c) System Loss Rate, d) Lifeline Subsidy Rate, and e) Senior Citizen Discount, under ERC Resolution No. 16, Series of 2009, as Amended"). ERC Case No. 2014-052CF is currently pending resolution with the Honorable Commission.

7. In support of this Application for the Approval and Confirmation of its Calculations on the Automatic Cost Adjustments implemented by it and the True-up of Other Pass through Charges approved by the ERC, the Applicant has attached the following documents:

REFERENCE	INFORMATION PROVIDED
Schedule A	Calculation: Summary of Over/Under Recoveries
Schedule B	Calculation: Generation Rate Over/Under Recovery
Schedule C	Calculation: Transmission Rate Over/Under Recovery

Schedule D	Calculation: System Loss Rate Over/Under Recovery
Schedule E	Calculation: Lifeline Subsidy Rate Over/Under Recovery
Schedule F	Calculation and Supporting Documents: Senior Citizen Discount and Subsidy Rates Over/Under Recoveries
Schedule G	Proposed Refund/Collection Scheme
Schedule H	Supplier and Transmission Data
Schedule I	Power Bills
Schedule J	Statistical Data
Schedule K	Pilferage Cost Recoveries
Schedule L	Report of Implemented Other Adjustments
Schedule M	Actual Implemented Rates
Schedule N	Consumer Bills per Customer Class (Lifeline and Non-Lifeline)
Schedule O	Consumer Bills Senior Citizen
Schedule P	Submitted Monthly URR

8. The Applicant has prepared a proposed refund/collection scheme based on its calculations for the automatic cost adjustment and true-up mechanism for its a) Generation Rate, b) Transmission Rate, c) System Loss Rate, d) Lifeline Subsidy Rate, and e) Senior Citizen Subsidy Rates which is attached as Schedule G.
9. Applicant most respectfully requests for the approval of this Application to allow for the timely recovery/refund of the calculated under or over recoveries by the Applicant.

PRAYER

WHEREFORE, premises considered, Applicant respectfully prays that the Honorable Commission, after due notice and hearing and consideration:

- a) APPROVE the calculations for the automatic cost adjustment and true-up mechanism for DECORP's a) Generation Rate, b) Transmission Rate, c) System Loss Rate, d) Lifeline Subsidy Rate, and e) Senior Citizen Subsidy Rates.

Categories	2014 (in PhP)	2015 (in PhP)	2016 (in PhP)	Total (in PhP)
a) Generation Rate	(14,359,542.02)	13,768,349.90	(17,165,457.90)	(17,756,650.02)
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TOTAL	(4,190,464.72)	16,962,400.01	(42,886,164.54)	(30,114,229.26)

- b) APPROVE the proposed Refund/Collection Scheme (Schedule G) based on the calculated figures.

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

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 **19 March 2018 (Monday) at ten o'clock in the morning (10:00 A.M.), at the ERC Hearing Room, 15th Floor Pacific Center Building, San Miguel Avenue, Pasig City.**

Accordingly, DECORP is hereby directed to:

- 1) Cause the publication of the attached Notice of Public Hearing at least once (1x) in one (1) newspaper of nationwide circulation in the Philippines at its own expense, the date of the publication to be made not later than ten (10) days before the date of the scheduled initial hearing;
- 2) Furnish the Offices of the Provincial Governor, Municipal and City Mayors, and the Local Government Unit (LGU) legislative bodies within the affected franchise area with copies of this Order and the attached Notice of Public Hearing for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within the affected franchise area of the filing of the *Application*, its reasons therefor, and of the scheduled hearing thereon, by any other means available and appropriate;
- 4) Furnish the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress with copies of this Order and the attached Notice of Public Hearing. They are hereby requested, if they so desire to send their duly authorized representatives at the scheduled hearing; and
- 5) Furnish all those making requests with copies of the *Application* and its attachments, 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 the means employed by Applicant to inform the consumers within the affected franchise area of the filing of the *Application*, its reasons therefor, and of the scheduled hearing thereon;
- 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 proof 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 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.

Failure of Applicant to submit the required Pre-Trial Brief and Judicial Affidavits of its witnesses within the prescribed period shall be a ground for cancellation of the scheduled hearing, and the resetting of which shall be six (6) months from the said date of cancellation.

DECORP 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.

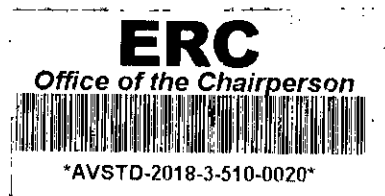
Pasig City, 19 February 2018.

FOR AND BY AUTHORITY
OF THE COMMISSION:


AGNES VST DEVANADERA
Chairperson and CEO


LS/HH/LSP/APV

Copy Furnished:



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5. Office of the City Mayor
Dagupan, Pangasinan
6. Office of the LGU legislative body
Dagupan, Pangasinan
7. Office of the Municipal Mayor
Calasiao, Pangasinan
8. Office of the LGU legislative body
Calasiao, Pangasinan
9. Office the Municipal Mayor
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10. Office of the LGU legislative body
San Fabian, Pangasinan
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16. Office of the LGU legislative body
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17. Office the City Mayor
San Carlos, Pangasinan
18. Office of the LGU legislative body
San Carlos, Pangasinan
19. Office of the Solicitor General
134 Amorsolo Street, Legaspi Village, Makati City
20. Commission on Audit
Commonwealth Avenue, Quezon City
21. Senate Committee on Energy
GSIS Bldg. Roxas Blvd., Pasay City
22. House Committee on Energy
Batasan Hills, Quezon City
23. Philippine Chamber of Commerce and Industry (PCCI)
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McKinley Town Center, Fort Bonifacio, Taguig City
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