

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



IN RE: APPLICATION FOR APPROVAL OF OVER/UNDER RECOVERIES FOR CY 2014 TO 2016 BASED ON THE FORMULAE ON THE VARIOUS AUTOMATIC COST ADJUSTMENTS AND TRUE-UP MECHANISMS AND CORRESPONDING CONFIRMATION PROCESS PURSUANT TO ERC RESOLUTION NO. 16, SERIES OF 2009 AS AMENDED BY RESOLUTION NO. 21, SERIES OF 2010,

ERC Case No. 2017-062 CF

ALBAY POWER AND ENERGY CORPORATION (APEC), as the Concessionaire for ALBAY ELECTRIC COOPERATIVE, INC. (ALECO),

D O C K E T E D
Date: APR 25 2018
By: [Signature]

Applicant.

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ORDER

On 12 April 2017, Albay Power and Energy Corporation (APEC), as concessionaire for Albay Electric Cooperative, Inc. (ALECO), filed an *Application* dated 29 March 2017 (*Application*) for the confirmation and approval of the calculation of its over or under recoveries in the implementation of automatic cost adjustment and true-up mechanisms covering the period 2014 to 2016.

In its *Application*, APEC alleged the following:

1. ALECO is a rural electric cooperative duly created and organized under the laws of the Republic of the Philippines, with principal address at W. Vinzons St., Old Albay, Legazpi

City. It is registered with the National Electrification Administration (“NEA”) and holds the exclusive franchise to distribute and supply electricity in the province of Albay.

2. APEC is a corporation duly created and organized under the laws of the Republic of the Philippines, with principal address at W. Vinzons St., Old Albay District, Legazpi City, Albay where it may be served with orders and other process of the Honorable Commission. APEC is represented in this application by its General Manager Elenita D. Go.
3. After open and competitive bidding, ALECO selected APEC to be its Concessionaire for the operations and management of ALECO’s distribution business. On October 29, 2013, ALECO and APEC signed and executed a Concession Agreement, whereby ALECO granted to APEC all the powers, rights, privileges and authority attendant to the operation of the Franchise of ALECO. Further, APEC shall act as the sole and exclusive agent of ALECO in the compliance with all regulatory requirements, and representation of ALECO. On February 26, 2014 APEC formally assumed the operations and management of ALECO’s distribution business.
4. This is a compliance filing pursuant to ERC Resolution No. 16 Series of 2009 as amended by Resolution No. 21 Series of 2010. For purposes of compliance filings, the Interim Board of Directors (IBOD) of ALECO issued Resolution No.045 Series of 2014 designating APEC as its agent to file all for compliance with regulatory requirements before the ERC and the National Electrification Administration. A certified true copy of the IBOD Resolution 045 Series of 2014 is attached as Annex “A”.
5. The Board of Directors of APEC have also approved the filing of this application, per Secretary’s Certificate attached hereto as Annex “B”.
6. The Commission’s 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 governs the automatic cost adjustment and true-up mechanisms approved by the Commission, with the objective of ensuring appropriate recovery of the pass through charges 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, System Loss Rate, Transmission Rate, Lifeline Rate Recovery, Inter-Class Cross-subsidy Removal, Treatment of Prompt Payment Discount and Senior Citizen Discount as the case may be. The Commission’s Resolution No. 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.

7. In coordination with ALECO and based on available records, APEC applied the formula provided under Resolution No. 16, Series of 2009 as amended by Resolution No. 21 and 23, both Series of 2010, in determining the over or under-recoveries incurred in the implementation of the foregoing automatic cost adjustments and true-up mechanisms.
8. The true-up is revenue-neutral and does not result in any income or profit for the applicant, and is intended to confirm the automatic cost adjustments for pass-through charges implemented by ALECO from 2014 to 2016.
9. The results of its (over)/under recoveries for the years 2014 to 2016 are as follows:

TOTAL

Particulars	Pass Through Cost (Php)	Actual Billed (PhP)	(Over)/Under Recovery (PhP)
Generation Rate (GR)	4,507,345,869	4,482,272,604	25,073,264
Transmission Rate (TR)	933,475,598	1,000,430,444	(66,954,846)
Systems Loss (SLR)	956,919,974	943,258,769	13,661,205
Lifeline Rate (LR)*	94,935,407	88,745,775	6,189,632
Senior Citizen Subsidy*	244,475	866,436	(621,962)
Total	6,492,921,322	6,515,574,028	(22,652,706)

**The discounts due to the Island were consolidated with the Mainland*

MAINLAND ALBAY

Particulars	Pass Through Cost (Php)	Actual Billed (PhP)	(Over)/Under Recovery (PhP)
Generation Rate (GR)	4,490,101,273	4,465,097,970	25,003,303
Transmission Rate (TR)	933,475,598	1,000,430,444	(66,954,846)
System Loss Rate (SLR)	954,345,551	939,207,765	15,137,786
Lifeline subsidy Rate (LR)	94,935,407	88,745,775	6,189,632
Senior Citizen subsidy	244,475	866,436	(621,962)
Total	6,473,102,304	6,494,348,391	(21,246,087)

ISLAND

Particulars	Pass Through Cost (Php)	Actual Billed (PhP)	(Over)/Under Recovery (PhP)
Generation Rate (GR)	17,244,596	17,174,634	69,962
Transmission Rate (TR)			
System Loss Rate (SLR)	2,574,423	4,051,003	(1,476,581)
Lifeline subsidy Rate (LR)			
Senior Citizen subsidy			
Total	19,819,019	21,225,638	(1,406,619)

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10. In support of the foregoing computations, applicant is submitting the following data and documents, labelled together and made an integral part of the instant application as Annexes "C" and submarkings, to wit:
- a. Summary of GR, TR, SLR, LR, Sr.Cit computations
 - b. Summary of the O/U computation
 - c. Proposed scheme of refund/collect
 - d. Supplier and Transmission Data Sheets
 - e. Power Bills from Suppliers
 - f. Official Receipts from suppliers
 - g. Breakdown of Payments with O.R., and Debit/Credit memo
 - h. Invoices from National Grid Corporation of the Philippines ("NGCP");
 - i. O.R. issued by /NGCP
 - j. Breakdown of Payments with O.R., and Debit/Credit memo
 - k. Statistical Data Sheet
 - l. Monthly Financial and Statistical Reports (MFSR) – Sections A and E only
 - m. Summary of Implemented OGA, OTCA, OSLA, OLRA, and OSrLA
 - n. Manifestation of No Pilferage Cost Recovery
 - o. Summary of kW sales per Customer Class
 - p. Summary of kWh sales (Itemized Low and Higher Voltage customers)
 - q. Summary of No. of Customers (Itemized Low and Higher Voltage customers)
 - r. Summary of Lifeline kWh sales
 - s. Summary of Lifeline No. of customers
 - t. Submitted URR
 - u. Actual Implemented Rates Sheet
 - v. Lifeline Discount Sheet
 - w. Senior Citizen Discount Sheet
 - x. Consumer bills of non-lifeliners, lifeliners (per level) and senior citizen per lifeline bracket.
11. Applicant prays that the calculations of over/under recoveries in the implementation of the automatic cost adjustments and true-up mechanisms pursuant to the Commission's Resolution No. 16, Series of 2009 as amended by Resolution No. 21 and 23, both Series of 2010, for CY 2014, 2015 and 2016 be confirmed and approved, and that it be allowed to refund to or collect from its customer said over/under recoveries.
12. As part of the pre-filing requirement, applicant further includes the following:

Annex	Document
D	Proof of Service on the Local Government Unit of the Province of Albay
E	Proof of Service on the Local Government Unit of Legazpi City

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F	Proof of Publication of the Application in a newspaper of general circulation
G	Affidavit of Publication

WHEREFORE, premises considered, applicant through undersigned counsel respectfully prays to the Honorable Commission that, after notice and hearing, the instant application be approved, and the applicant be allowed to recover from to refund to its customers the allowable over/under recoveries of the pass-through charges 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.

Applicant prays for other just and equitable relief.

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 **15 May 2018 (Tuesday) at two o'clock in the afternoon (2:00 P.M.) at the ERC Hearing Room, 15th Floor, Pacific Center Building, San Miguel Avenue, Pasig City.**

Accordingly, APEC is hereby directed to:

- 1) Cause the publication of the attached Notice of Public Hearing once (1x) in a 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 with copies of this Order and the attached Notice of Public Hearing the Offices of the Provincial Governor, the City and Municipal Mayors, and 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

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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 request 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 the means employed by Applicant to inform of the filing of the *Application*, its reasons therefor, 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 the 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.

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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 Judicial Affidavit form, to be 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 said date of cancellation.

APEC must also be prepared to make an Expository Presentation of the instant *Application*, aided by whatever communication medium 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.

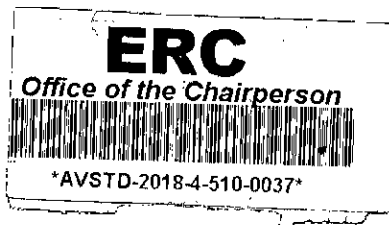
SO ORDERED.

Pasig City, 16 April 2018.

FOR AND BY AUTHORITY
OF THE COMMISSION:


AGNES VST DEVANADERA
Chairperson and CEO

LS: mmm/arg/lsp/apv.2017-062 CF APEC



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Copy furnished:

1. Atty. Julieta Estamo and Atty. Avelino Cedo III
Counsel for APEC
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No. 7 St. Francis St., Mandaluyong City
2. Albay Power and Energy Corporation (APEC)
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3. Office of the Solicitor General
134 Amorsolo Street, Legaspi Village , Makati City
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 President of PCCI
Philippine Chamber of Commerce and Industry (PCCI)
3rd Floor, Chamber and Industry Plaza (CIP)
1030 Campus Avenue corner Park Avenue,
McKinley Town Center, Fort Bonifacio, Taguig City
8. Office of the Governor
Province of Albay
9. Office of the Sangguniang Panlalawigan
Province of Albay
10. Office of the City Mayor
Tabaco City, Albay
11. Office of the Sangguniang Panlungsod
Tabac City, Albay
12. Office of the City Mayor
Ligao City, Albay
13. Office of the Sangguniang Panlungsod
Ligao City, Albay
14. Office of the City Mayor
Legazpi City, Albay
15. Office of the Sangguniang Panlungsod
Legazpi City, Albay
16. Office of the Municipal Mayor
Tiwi, Albay
17. Office of the Sangguniang Bayan
Tiwi, Albay
18. Office of the Municipal Mayor
Malinao, Albay
19. Office of the Sangguniang Bayan
Malinao, Albay

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Polangui, Albay
21. Office of the Sangguniang Bayan
Polangui, Albay
22. Office of the Municipal Mayor
Libon, Albay
23. Office of the Sangguniang Bayan
Libon, Albay
24. Office of the Municipal Mayor
Oas, Albay
25. Office of the Sangguniang Bayan
Oas, Albay
26. Office of the Municipal Mayor
Pio Duran, Albay
27. Office of the Sangguniang Bayan
Pio Duran, Albay
28. Office of the Municipal Mayor
Guinobatan, Albay
29. Office of the Sangguniang Bayan
Guinobatan, Albay
30. Office of the Municipal Mayor
Camalig, Albay
31. Office of the Sangguniang Bayan
Camalig, Albay
32. Office of the Municipal Mayor
Jovellar, Albay
33. Office of the Sangguniang Bayan
Jovellar, Albay
34. Office of the Municipal Mayor
Daraga, Albay
35. Office of the Sangguniang Bayan
Daraga, Albay
36. Office of the Municipal Mayor
Manito, Albay
37. Office of the Sangguniang Bayan
Manito Albay
38. Office of the Municipal Mayor
Malilipot, Albay
39. Office of the Sangguniang Bayan
Malilipot, Albay
40. Office of the Municipal Mayor
Santo Domingo, Albay
41. Office of the Sangguniang Bayan
Santo Domingo, Albay

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42. Office of the Municipal Mayor
Bacacay, Albay
43. Office of the Sangguniang Bayan
Bacacay, Albay
44. Office of the Municipal Mayor
Rapu-Rapu, Albay
45. Office of the Sangguniang Bayan
Rapu-Rapu, Albay
46. National Grid Corporation of the Philippines (NGCP)
Quezon Avenue corner BIR Road, Diliman, Quezon City
47. Regulatory Operations Service (ROS)
Energy Regulatory Commission
17th Floor, Pacific Center Bldg.
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