



Dumanjug, Cebu, Philippines, represented herein by its General Manager, Getulio Z. Crodua, duly authorized by virtue of Board Resolution No. 19, series of 2018 dated February 24, 2018, of the Board of Directors, copy of which is attached hereto as **Annex "A"** and made an integral part hereof.

The filing of the instant Application is likewise authorized under the aforementioned Board Resolution;

2. Applicant has been granted by the National Electrification Administration (NEA) an authority to operate and distribute electric light and power within the coverage area comprising the City of Carcar and the Municipalities of Barili, Dumanjug, Ronda, Alcantara, Moalboal, Badian, Alegria, Malabuyoc, Ginatilan, Samboan, Santander, Sibonga, Argao, Dalaguete, Alcoy, Boljo-on and Oslob all in the Province of Cebu;

#### **THE APPLICATION AND ITS PURPOSE**

3. This Application is filed in compliance with ERC RESOLUTION NO. 16, Series of 2009, otherwise known as "A RESOLUTION ADOPTING THE RULES GOVERNING THE AUTOMATIC COST ADJUSTMENT AND TRUE-UP MECHANISMS AND CORRESPONDING CONFIRMATION PROCESS FOR DISTRIBUTION UTILITIES" adopted pursuant to the mandate of Section 43 of Republic Act No. 9136 otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA) and its implementing Rules and Regulations, in relation to ERC Resolutions No. 17, and 23, all Series of 2009, and Resolution No. 21, series of 2010, mandating the filing of consolidated application for the over/under recoveries of all distribution utilities for the approval/confirmation of the Commission;
4. The aforementioned Guidelines were adopted and issued by the Honorable Commission in the furtherance of the following reasons, to wit:
  - 4.a. The Commission has adopted several automatic cost adjustment mechanisms in separate issuances and it is deemed ideal to consolidate, update, and rationalize the requirements under all said separate issuances;
  - 4.b. The Commission finds it necessary to establish a systematized confirmation process that conform to the due process requirement of the law for the following automatic cost adjustment and true-up mechanisms:
    1. Automatic Generation Rate and System Loss Adjustment Mechanism;
    2. Transmission Rate Adjustment Mechanism;
    3. Lifeline Rate Recovery Mechanism;
    4. Local Franchise Tax Recovery Mechanism;

5. Local Business Tax Recovery Mechanism;
6. Guidelines for the Calculation of the Over or Under Recovery in the Implementation of Lifeline Rates by Distribution Utilities;
7. Guidelines for a True-Up Mechanism of the Over or Under Recovery in the Implementation of the Inter-Class Cross Subsidy Removal by Distribution Utilities;
8. ERC Resolution No. 12, Series of 2005, "A Resolution Approving a New Policy on the Treatment of Prompt Payment Discount (PPD)";
9. Guidelines for the Calculation of the Over or Under Recovery in the Implementation of System Loss Rate by Distribution Utilities; and
10. Rules for the Calculation of the Over or Under Recovery in the Implementation of Transmission Rates.

5. For purposes of determining the under/over recoveries on the implementation of the afore-enumerated automatic cost adjustments and true-up mechanisms, the formula provided for under Resolution No. 16, series of 2009, as amended by Resolution No. 21 and 23, series of 2010 was applied by the Applicant;

6. A summary of the pass true cost vis-a-vis the actual collection on the above-mentioned implementation of various automatic cost adjustments and true up mechanisms are presented hereunder, as follows:

| <b>Particulars</b>  | <b>Allowable Cost/Pass Thru Cost (PhP)</b> | <b>Actual Recovery (PhP)</b> | <b>(Over)/Under Recoveries (PhP)</b> |
|---------------------|--|------------------------------|--------------------------------------|
| <b>GENERATION</b>   | <b>2,821,095,288.78</b>                    | <b>2,831,655,693.19</b>      | <b>(10,560,404.41)</b>               |
| <b>TRANSMISSION</b> | <b>470,136,446.61</b>                      | <b>474,556,705.69</b>        | <b>(4,420,259.07)</b>                |
| <b>SYSTEM LOSS</b>  | <b>348,959,179.67</b>                      | <b>352,399,173.04</b>        | <b>(3,439,993.37)</b>                |
| <b>LIFELINE</b>     | <b>57,037,554.87</b>                       | <b>51,340,906.58</b>         | <b>5,696,648.29</b>                  |
| <b>Sr. CITIZEN</b>  | <b>566,518.81</b>                          | <b>565,975.28</b>            | <b>543.53</b>                        |
| <b>TOTAL</b>        | <b>3,697,794,988.74</b>                    | <b>3,710,518,453.77</b>      | <b>(12,723,465.03)</b>               |

The foregoing amounts are based on the computations hereto attached as **Annex "B"**;

7. That, CEBECO I proposes to recover/refund the foregoing amounts based on the January 2018 kWh sales hereunder presented:

| <b>Particulars</b>  | <b>No. of Months</b> | <b>(OVER) UNDER RECOVERIES</b> | <b>kWh Sales (January 2018)</b> | <b>RECOVERY (REFUND)</b> |
|---------------------|----------------------|--------------------------------|---------------------------------|--------------------------|
| <b>GENERATION</b>   | <b>36</b>            | <b>(10,560,404.41)</b>         | <b>13,809,717</b>               | <b>(0.0212)</b>          |
| <b>TRANSMISSION</b> | <b>36</b>            | <b>(4,420,259.07)</b>          | <b>13,809,717</b>               | <b>(0.0089)</b>          |
| <b>SYSTEM LOSS</b>  | <b>36</b>            | <b>(3,439,993.37)</b>          | <b>13,809,717</b>               | <b>(0.0069)</b>          |
| <b>LIFELINE</b>     | <b>36</b>            | <b>5,696,648.29</b>            | <b>13,809,717</b>               | <b>0.0115</b>            |
| <b>Sr. CITIZEN</b>  | <b>1</b>             | <b>543.53</b>                  | <b>13,809,717</b>               | <b>0.00004</b>           |

8. Further, in support of the foregoing, Applicant submits the following data and documents, to wit:

***Folder 2 – Supplier and Transmission Data***

As Annex:

- “C” - Power Supplier Data Sheet
- “D” - Power Bills from Suppliers and Transmission Provider in the following order:
  - a. Power Bill
  - b. Official Receipts issued by the Power Supplier/Transmission Provider
  - c. Debit/Credit Memo issued by the Power Supplier/Transmission Provider

***Folder 3 – Statistical Data***

As Annex:

- “E” - Statistical Data Sheet
- “F” - Summary of Pilferage Cost Recoveries
- “G” - Report of Implemented Other Adjustments
- “H” - MFSR (Sections B and E)

***Folder 4 – Actual Implemented Rates Data***

As Annex:

- “I” - Actual Implemented Rates Sheet
- “J” - Lifeline Discount Sheet
- “K” - Senior Citizen Discount Sheet

- “L” - Two (2) Consumer Bills per customer Class (**Non-Lifeline**)
- “M” - One (1) Consumer Bill per Lifeline Bracket (**Lifeline**)
- “N” - Senior Citizen consumer bills

***Folder 5 – Other Documents***

As Annex:

- “O” - Submitted URR for the year
- “P” - Computation of Generation and System Loss Rate
- “Q” - Computation of Transmission Rate
- “R” - Computation of Lifeline Subsidy Rate
- “S” - Computation of Senior Citizen Subsidy Rate

**COMPLIANCE**  
**WITH PRE-FILING REQUIREMENTS**

9. In compliance with Section 2, Rule 6 of the ERC Rules of Practice and Procedure, copies of this Application together with all its annexes and accompanying documents had been furnished by Applicant the Legislative Body of the Municipality of Dumanjug where Applicant principally operates and the Legislative Body of the Province of Cebu. Likewise, the Application was published in a newspaper of general circulation within the franchise area of the Applicant.
10. As proof of compliance of the service of the copies of the Application together with all its annexes are the Certifications issued by the Authorized Representatives of the Local Government Units and/or the Affidavit of Service executed by an employee of the Applicant and the first page of the Application bearing the receiving stamp of the aforementioned Offices as **Annexes “T” and “U”** respectively. Likewise attached hereto as **Annexes “V” and “W”** are the Affidavit of Publication and the newspaper issue containing the published Application;
11. Moreover, prior to the filing of this Application, a pre-filing conference with the concerned staff of the Commission was conducted pursuant to Section 4 of Rule 6, and for purposes of determining completeness of the supporting documents attached to the Application.

**PRAYER**

**WHEREFORE**, premises considered, it is most respectfully prayed of this Honorable Commission that the computations of over/under recoveries presented in the instant application be approved, and CEBECO I be allowed to refund/collect said over/under recoveries.

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

Accordingly, CEBECO I 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, with the date of 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 Governors, 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 Governors, 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*, the 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:

- 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 therefore; 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 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.

CEBECO I 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, 11 June 2018.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

  
**JOSEFINA PATRICIA A. MAGPALE-ASIRIT**  
*Oversight Commissioner for Legal*



Copy Furnished:

1. A.C. Gaviola Law Office  
Atty. Alan Byrne S. Gaviola  
*Counsel for Applicant CEBECO I*  
Rm. 203, 2/F Crown Port View Hotel  
3<sup>rd</sup> Ave., North Reclamation Area, Cebu City
2. Cebu I Electric Cooperative, Inc. (CEBECO I)  
*Applicant*  
Bitoon, Dumanjug, Cebu, Philippines
3. Office of the Solicitor General  
134 Amorsolo Street, Legaspi Village, Makati City
4. Commission on Audit  
Commonwealth Avenue, Quezon City
5. Senate Committee on Energy  
GSIS Bldg. Roxas Blvd., Pasay City
6. House Committee on Energy  
Batasan Hills, Quezon City
7. Philippine Chamber of Commerce and Industry (PCCI)  
3<sup>rd</sup> 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 Cebu
9. Office of the LGU legislative body  
Province of Cebu
10. Office of the Mayor  
Carcar City, Cebu
11. Local Government Unit (LGU) legislative body  
Carcar City, Cebu
12. Office of the Mayor  
Barili, Cebu
13. Office of the LGU legislative body  
Barili, Cebu
14. Office of the Mayor  
Dumanjug, Cebu
15. Office of the LGU legislative body  
Dumanjug, Cebu
16. Office of the Mayor  
Ronda, Cebu

17. Office of the LGU legislative body  
Ronda, Cebu
18. Office of the Mayor  
Alcantara, Cebu
19. Office of the LGU legislative body  
Alcantara, Cebu
20. Office of the Mayor  
Moalboal, Cebu
21. Office of the LGU legislative body  
Moalboal, Cebu
22. Office of the Mayor  
Badian, Cebu
23. Office of the LGU legislative body  
Badian, Cebu
24. Office of the Mayor  
Alegria, Cebu
25. Office of the LGU legislative body  
Alegria, Cebu
26. Office of the Mayor  
Malabuyoc, Cebu
27. Office of the LGU legislative body  
Malabuyoc, Cebu
28. Office of the Mayor  
Ginatilan, Cebu
29. Office of the LGU legislative body  
Ginatilan, Cebu
30. Office of the Mayor  
Samboan, Cebu
31. Office of the LGU legislative body  
Samboan, Cebu
32. Office of the Mayor  
Santander, Cebu
33. Office of the LGU legislative body  
Santander, Cebu
34. Office of the Mayor  
Sibonga, Cebu

35. Office of the LGU legislative body  
Sibonga, Cebu
36. Office of the Mayor  
Argao, Cebu
37. Office of the LGU legislative body  
Argao, Cebu
38. Office of the Mayor  
Dalaguete, Cebu
39. Office of the LGU legislative body  
Dalaguete, Cebu
40. Office of the Mayor  
Alcoy, Cebu
41. Office of the LGU legislative body  
Alcoy, Cebu
42. Office of the Mayor  
Boljo-on, Cebu
43. Office of the LGU legislative body  
Boljo-on, Cebu
44. Office of the Mayor  
Oslob, Cebu
45. Office of the LGU legislative body  
Oslob, Cebu
46. Regulatory and Operations Service (ROS)-  
Investigation and Enforcement Division (IED)  
Energy Regulatory Commission  
17<sup>th</sup> Floor, Pacific Center Bldg., San Miguel Avenue, Pasig City