

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 2015  
TO 2017, PURSUANT TO  
ERC RESOLUTION NO.  
16, SERIES OF 2009, AS  
AMENDED BY  
RESOLUTION NOS. 21  
AND 23, SERIES OF 2010**

**ERC CASE NO. 2018-013 CF**

**SAMAR II ELECTRIC  
COOPERATIVE, INC.  
(SAMELCO II),**

**Applicant.**

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**D O C K E T E D**  
Date: **JUL 06 2018**  
By: **MC**

**ORDER**

On 22 March 2018, the Samar II Electric Cooperative Inc. (SAMELCO II) filed an *Application* dated 12 March 2018, seeking confirmation and approval of calculations of over or under recoveries in the implementation of automatic cost adjustments and true – up mechanisms for the period 2015 to 2017, pursuant to the Commission’s Resolution No. 16, Series of 2009, as amended by Resolution Nos. 21 and 23, Series of 2010.

SAMELCO II alleged the following in its *Application*:

1. SAMELCO II 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. Arado, Paranas, Samar;

2. It holds an exclusive franchise issued by the National Electrification Commission, to operate an electric light and power distribution service in the City of Catbalogan and fifteen (15) municipalities in the province of Samar, namely: Jiabong, Motiong, Paranas, San Sebastian, Hinabangan, Calbiga, Pinabacdao, Villareal, Talalora, Sta Rita, Basey, Marabut, Daram, San Jose De Buan and Zumarraga.

**LEGAL BASES FOR THE APPLICATION**

3. ERC Resolution No. 16, Series of 2009 as amended by Resolution No. 21, Series of 2010 establishes 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 and Lifeline Rate Recovery, as the case may be;
4. On the other hand, ERC Resolution 23, Series of 2010, adopts the rules implementing the discounts to qualified senior citizen end-users and subsidy from subsidizing end-users on electricity consumption;
5. Foregoing resolutions further require the distribution utilities to file their respective consolidated applications once every three (3) years. Hence, the filing of the instant application, covering the period of January 2015 to December 2017.

**OVER/UNDER RECOVERIES OF ALLOWABLE COSTS**

6. 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 certain automatic cost adjustments and true-up mechanisms, covering the period January 2015 to December 2017;
7. The results of its calculations are presented hereunder, as follows:

	<b>Allowable Cost (PhP)</b>	<b>Actual Revenue (PhP)</b>	<b>(Over)/Under Recovery (PhP)</b>
Generation Rate (GR)	989,355,267.10	983,132,224.94	6,223,042.16
Transmission Rate (TR)	157,295,681.71	158,942,561.98	(1,646,880.27)
System Loss Rate (SLR)	156,390,997.11	150,272,035.27	6,118,961.84

	<b>Subsidy (PhP)</b>	<b>Discount (PhP)</b>	
Lifeline Rate (LR)	28,185,171.12	(29,782,175.42)	1,597,004.30
Senior Citizen Rate	200,124.46	(238,253.05)	38,128.60
Net Results	1,331,427,241.50	1,262,326,393.72	12,330,256.63

**SUPPORTING DATA AND DOCUMENTS**

8. In support of the foregoing, Applicant is submitting the following data and documents covering the period of January 2015 to December 2017, attached hereto and made integral parts hereof, as follows:

<b>FOLDER</b>	<b>ANNEX MARKINGS</b>	<b>NATURE OF DOCUMENTS</b>
Folder 1	Annex A	Summary of Over/Under Recoveries Computations for 2015 - 2017 (Per charge and yearly basis)
	Annex B	Proposed Scheme of Refund/Collect using the Latest kWh Sales
Folder 2	<b>SUPPLIER AND TRANSMISSION DATA</b>	
	Annex C	Fully accomplished Supplier and Transmission Data Sheet for the year
	Annex D	Power Bills from Suppliers (Power Bill, Proof of payment, Adjusted Bill/Debit or Credit Memo)
Folder 3	<b>STATISTICAL DATA</b>	
	Annex E	Fully accomplished Statistical Data Sheet for the year
	Annex F	Summary of Pilferage Cost Recoveries/Manifestation if no PCR
	Annex G	Report of Implemented Other Adjustments
	Annex H	MFSR -- Sections A and E
Folder 4	<b>ACTUAL IMPLEMENTED RATES DATA</b>	
	Annex I	Fully accomplished Actual Implemented Rates Data Sheet for the year
	Annex J	Fully accomplished Lifeline Discount Sheet for the year
	Annex K	Fully accomplished Senior Citizen Discount Sheet for the year
	Annex L	Consumer Bills per Customer Class (Non-Lifeline)
	Annex M	Consumer Bills per Lifeline Bracket (Lifeline)
	Annex N	Senior Citizen Consumer Bills
Folder 5	<b>OTHER DOCUMENTS</b>	
	Annex O	Submitted URR for the year
	Annex P	Computation on how the computed pass-through charges were derived (if not implementing the URR-computed rates)

9. Additionally, Applicant is likewise submitting herewith the required electronic copies of the Application and supporting data and documents.
10. Further, in compliance with the pre-filing requirements for the instant application, Applicant is likewise submitting the following documents to form integral parts hereof, as follows:

<b>ANNEX MARKINGS</b>	<b>NATURE OF DOCUMENT</b>
Annexes Q and series	Proof of furnishing copies of the Application to the Sangguniang Bayan of Paranas and Sangguniang Panlalawigan of Samar
Annexes R and series	Proof of publication of the Application in a newspaper in circulation in the Applicant's franchise area or where it principally operates

11. Considering the foregoing, it is respectfully prayed that Applicant's calculations of over or under recoveries in the implementation of subject automatic cost adjustments and true-up mechanisms 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.

**PRAYER**

**WHEREFORE**, premises considered, it is respectfully prayed of this Honorable Commission, that after due notice and hearing, SAMELCO II's calculations of over or under recoveries in the implementation of automatic cost adjustments and true-up mechanisms covering the period January 2015 to December 2017, 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:

	<b>Allowable Cost (PhP)</b>	<b>Actual Revenue (PhP)</b>	<b>(Over)/Under Recovery (PhP)</b>
Generation Rate (GR)	989,355,267.10	983,132,224.94	6,223,042.16
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Net Results	1,331,427,241.50	1,262,326,393.72	12,330,256.63

Other reliefs, just and equitable in 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 **06 August 2018 (Monday) at two o'clock in the afternoon (2:00 PM) at the ERC Hearing Room, 15<sup>th</sup> Floor, Pacific Center Building, San Miguel Avenue, Pasig City.**

Accordingly, SAMELCO II 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.

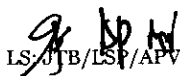
SAMELCO II must also be prepared to make an expository presentation of the instant *Application*, aided by whatever communication medium that it may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned parties, what the *Application*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

**SO ORDERED.**

Pasig City, 05 July 2018.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

  
**JOSEFINA PATRICIA A. MAGPALE -ASIRIT**  
*Commissioner*

  
LS, JTB/LSP/APV

**ERC CASE NO. 2018-013 CF**  
**ORDER/ 05 July 2018**  
**PAGE 8 OF 9**

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Copy Furnished:

1. Dechavez Lerios – Amboy and Evangelista  
Atty. Jeremiah D. Francisco  
*Counsel for Applicant SAMELCO II*  
Unit 2008, Tycoon Centre, Pearl Drive, Ortigas Center, Pasig City 1605
2. Samar II Electric Cooperative, Inc. (SAMELCO II)  
*Applicant*  
Brgy. Arado, Paranas, Samar
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 Samar
9. Office of the LGU legislative body  
Province of Samar
10. Office of the Mayor  
Catbalogan City, Samar
11. Office of the LGU legislative body  
Catbalogan City, Samar
12. Office of the Mayor  
Jiabong, Samar
13. Local Government Unit (LGU) legislative body  
Jiabong, Samar
14. Office of the Mayor  
Motiong, Samar
15. Office of the LGU legislative body  
Motiong, Samar
16. Office of the Mayor  
Paranas, Samar
17. Office of the LGU legislative body  
Paranas, Samar
18. Office of the Mayor  
San Sebastian, Samar
19. Office of the LGU legislative body  
San Sebastian, Samar
20. Office of the Mayor  
Hinabangan, Samar



**ERC CASE NO. 2018-013 CF**  
**ORDER/ 05 July 2018**  
**PAGE 9 OF 9**

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21. Office of the LGU legislative body  
Hinabangan, Samar
22. Office of the Mayor  
Calbiga, Samar
23. Office of the LGU legislative body  
Calbiga, Samar
24. Office of the Mayor  
Pinabacdao, Samar
25. Office of the LGU legislative body  
Pinabacdao, Samar
26. Office of the Mayor  
Villareal, Samar
27. Office of the LGU legislative body  
Villareal, Samar
28. Office of the Mayor  
Talalora, Samar
29. Office of the LGU legislative body  
Talalora, Samar
30. Office of the Mayor  
Sta. Rita, Samar
31. Office of the LGU legislative body  
Sta. Rita, Samar
32. Office of the Mayor  
Basey, Samar
33. Office of the LGU legislative body  
Basey, Samar
34. Office of the Mayor  
Marabut, Samar
35. Office of the LGU legislative body  
Marabut, Samar
36. Office of the Mayor  
Daram, Samar
37. Office of the LGU legislative body  
Daram, Samar
38. Office of the Mayor  
San Jose De Buan, Samar
39. Office of the LGU legislative body  
San Jose De Buan, Samar
40. Office of the Mayor  
Zumarraga, Samar
41. Office of the LGU legislative body  
Zumarraga, Samar
42. Regulatory and Operations Service (ROS)  
Energy Regulatory Commission  
17<sup>th</sup> Floor, Pacific Center Bldg., San Miguel Avenue, Pasig City