

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 2016 TO 2018, PURSUANT TO ERC RESOLUTION NO. 16, SERIES OF 2009 AS AMENDED BY RESOLUTION NO. 21, SERIES OF 2010, AND ERC RESOLUTION NO. 23, SERIES OF 2010

ERC CASE NO. 2019-011 CF

ZAMBOANGA DEL SUR I ELECTRIC COOPERATIVE, INC. (ZAMSURECO I)
Applicant.

Promulgated:
MAY 03 2019

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ORDER

On 28 March 2019, Applicant Zamboanga del Sur I Electric Cooperative, Inc. (ZAMSURECO I) filed an *Application* dated 05 March 2019, seeking the Commission's confirmation and approval of its calculations of over or under recoveries in the implementation of Automatic Cost Adjustments and True-Up Mechanisms for the period 2016 to 2018, 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.

The pertinent allegations of the said *Application* are hereunder quoted as follows:

1. ZAMSURECO I 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 Gov. Vicente M. Cerilles St., Pagadian City, Zamboanga del Sur;
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 Pagadian and certain municipalities in the province of Zamboanga Del Sur, namely: Aurora, Dimataling, Dinas, Dumalinao, Dumingag, Guipos, Labangan, Lapuyan, Mahayag, Margosatubig, Midsalip, Molave, R. Magsaysay, San Miguel, San Pablo, Tabina, Tambulig, Tigbao, Tukuran, Sominot (formerly Don Mariano Marcos), Pitogo, Josefina and Vincenzo Sagun, and the municipality of Don Victoriano in the province of Misamis Occidental.

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, 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 January 2016 to December 2018.

OVER OR 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 2016 to December 2018;

7. The results of its calculations are presented hereunder, as follows:

	Allowable Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Rate (GR)	3,024,887,462.73	3,008,509,683.50	16,377,779.24
Transmission Rate (TR)	591,209,550.86	606,045,606.55	(14,836,055.68)
System Loss Rate (SLR)	458,845,075.81	466,132,346.40	(7,287,270.60)
	Discount (PhP)	Subsidy (PhP)	
Lifeline Rate (LR)	(45,112,023.10)	47,483,265.23	(2,371,242.13)
Senior Citizen Discount and Subsidy	(194,232.82)	176,454.26	17,778.56
Net Results			(8,099,010.62)

SUPPORTING DATA AND DOCUMENTS

8. In support of the foregoing calculations, Applicant is submitting the following data and documents covering the period January 2016 to December 2018, attached hereto and made integral parts hereof, as follows:

FOLDER	ANNEX MARKINGS	NATURE OF DOCUMENTS
Folder 1	Annex A	Summary of Over/Under Recoveries Computations for 2016 - 2018 (Per charge and yearly basis)
	Annex B	Proposed Scheme of Refund/Collect using the Latest kWh Sales
Folder 2	SUPPLIER AND TRANSMISSION DATA	
	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	STATISTICAL DATA	
	Annex E	Fully accomplished Statistical Data Sheet for the year
	Annex F	Manifestation of no PCR for the period January 2016 to December 2018
	Annex G	Report of Implemented Other Adjustments
	Annex H	MFSR – Sections A and E

Folder 4	ACTUAL IMPLEMENTED RATES DATA	
	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	OTHER DOCUMENTS	
	Annex O	Submitted URR for the year

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:

ANNEX MARKINGS	NATURE OF DOCUMENT
Annexes P and series	Proof of furnishing copies of the Application to the Sangguniang Panlungsod of Pagadian City and the Sangguniang Panlalawigan of Zamboanga del Sur
Annexes Q 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, ZAMSURECO I's calculations of over or under recoveries in the implementation of certain automatic cost adjustments and true-up mechanisms covering the period January 2016 to December 2018, 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:

	Allowable Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Rate (GR)	3,024,887,462.73	3,008,509,683.50	16,377,779.24
Transmission Rate (TR)	591,209,550.86	606,045,606.55	(14,836,055.68)
System Loss Rate (SLR)	458,845,075.81	466,132,346.40	(7,287,270.60)
	Discount (PhP)	Subsidy (PhP)	
Lifeline Rate (LR)	(45,112,023.10)	47,483,265.23	(2,371,242.13)
Senior Citizen Discount and Subsidy	(194,232.82)	176,454.26	17,778.56
Net Results			(8,099,010.62)

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

Finding the said *Application* to be sufficient in form and 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 **22 May 2019 (Wednesday) at nine o'clock in the morning (9:00 A.M.) at 15th Floor, ERC Hearing Room, Pacific Center Building, San Miguel Avenue, Pasig City.**

Accordingly, ZAMSURECO 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 ZAMSURECO I's franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within the ZAMSURECO I's franchise area of the filing of the *Application*, the reasons therefor, and of the scheduled hearing thereon, 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, ZAMSURECO I 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 Provincial Governors, the City and Municipal Mayors, and LGU legislative bodies or their duly authorized representatives, bearing the seals of their offices;
- 3) The evidence of other means employed by ZAMSURECO I to inform the consumers within the affected areas 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 OSG, the 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.

Applicant 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, the nature of the *Application* with relevant information and pertinent details substantiating the reasons and justifications being cited in support thereof.

SO ORDERED.

Pasig City, 22 April 2019.

FOR AND BY AUTHORITY
OF THE COMMISSION:


JOSEFINA PATRICIA A. MAGPALE-ASIRIT
Commissioner

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COPY FURNISHED:

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Ortigas Center, Pasig City
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Applicant
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3. Office of the Solicitor General (OSG)
134 Amorsolo Street, Legaspi Village, Makati City
4. Commission on Audit (COA)
Commonwealth Avenue, Quezon City 1121
5. Senate Committee on Energy
GSIS Building, Roxas Boulevard, Pasay City 1307
6. House Committee on Energy
Batasan Hills, Quezon City 1126
7. Office of the Governor
Province of Zamboanga del Sur
8. Office of the Local Government (LGU) legislative body
Province of Zamboanga del Sur
9. Office of the Mayor
Pagadian City
10. Office of the Local Government (LGU) legislative body
Pagadian City
11. Office of the Municipal Mayor
Aurora, Zamboanga del Sur
12. Office of the Local Government (LGU) legislative body
Aurora, Zamboanga del Sur
13. Office of the Municipal Mayor
Dimataling, Zamboanga del Sur
14. Office of the Local Government (LGU) legislative body
Dimataling, Zamboanga del Sur
15. Office of the Municipal Mayor
Dinas, Zamboanga del Sur
16. Office of the Local Government (LGU) legislative body
Dinas, Zamboanga del Sur
17. Office of the Municipal Mayor
Dumalinao, Zamboanga del Sur
18. Office of the Local Government (LGU) legislative body
Dumalinao, Zamboanga del Sur
19. Office of the Municipal Mayor
Dumingag, Zamboanga del Sur
20. Office of the Local Government (LGU) legislative body
Dumingag, Zamboanga del Sur
21. Office of the Municipal Mayor
Guipos, Zamboanga del Sur

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22. Office of the Local Government (LGU) legislative body
Guipos, Zamboanga del Sur
23. Office of the Municipal Mayor
Labangan, Zamboanga del Sur
24. Office of the Local Government (LGU) legislative body
Labangan, Zamboanga del Sur
25. Office of the Municipal Mayor
Lapuyan, Zamboanga del Sur
26. Office of the Local Government (LGU) legislative body
Lapuyan, Zamboanga del Sur
27. Office of the Municipal Mayor
Mahayag, Zamboanga del Sur
28. Office of the Local Government (LGU) legislative body
Mahayag, Zamboanga del Sur
29. Office of the Municipal Mayor
Margosatubig, Zamboanga del Sur
30. Office of the Local Government (LGU) legislative body
Margosatubig, Zamboanga del Sur
31. Office of the Municipal Mayor
Midsalip, Zamboanga del Sur
32. Office of the Local Government (LGU) legislative body
Midsalip, Zamboanga del Sur
33. Office of the Municipal Mayor
Molave, Zamboanga del Sur
34. Office of the Local Government (LGU) legislative body
Molave, Zamboanga del Sur
35. Office of the Municipal Mayor
R. Magsaysay, Zamboanga del Sur
36. Office of the Local Government (LGU) legislative body
R. Magsaysay, Zamboanga del Sur
37. Office of the Municipal Mayor
San Miguel, Zamboanga del Sur
38. Office of the Local Government (LGU) legislative body
San Miguel, Zamboanga del Sur
39. Office of the Municipal Mayor
San Pablo, Zamboanga del Sur
40. Office of the Local Government (LGU) legislative body
San Pablo, Zamboanga del Sur
41. Office of the Municipal Mayor
Tabina, Zamboanga del Sur
42. Office of the Local Government (LGU) legislative body
Tabina, Zamboanga del Sur
43. Office of the Municipal Mayor
Tambulig, Zamboanga del Sur
44. Office of the Local Government (LGU) legislative body
Tambulig, Zamboanga del Sur

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45. Office of the Municipal Mayor
Tigbao, Zamboanga del Sur
46. Office of the Local Government (LGU) legislative body
Tigbao, Zamboanga del Sur
47. Office of the Municipal Mayor
Tukuran, Zamboanga del Sur
48. Office of the Local Government (LGU) legislative body
Tukuran, Zamboanga del Sur
49. Office of the Municipal Mayor
Sominot, Zamboanga del Sur
50. Office of the Local Government (LGU) legislative body
Sominot, Zamboanga del Sur
51. Office of the Municipal Mayor
Pitogo, Zamboanga del Sur
52. Office of the Local Government (LGU) legislative body
Pitogo, Zamboanga del Sur
53. Office of the Municipal Mayor
Josefina, Zamboanga del Sur
54. Office of the Local Government (LGU) legislative body
Josefina, Zamboanga del Sur
55. Office of the Municipal Mayor
Vicenzo Sagun, Zamboanga del Sur
56. Office of the Local Government (LGU) legislative body
Vicenzo Sagun, Zamboanga del Sur
57. Office of the Governor
Province of Misamis Occidental
58. Office of the Local Government (LGU) legislative body
Province of Misamis Occidental
59. Office of the Municipal Mayor
Don Victoriano, Misamis Occidental
60. Office of the Local Government (LGU) legislative body
Don Victoriano, Misamis Occidental
61. Regulatory Operations Service (ROS)
Energy Regulatory Commission
17th Floor, Pacific Center, San Miguel Avenue, Pasig City