



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. 2019-016 CF**

**SULU ELECTRIC  
COOPERATIVE, INC.  
(SULECO),  
Applicant.**

Promulgated:  
MAY 17 2019

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**ORDER**

On 01 April 2019, Sulu Electric Cooperative, Inc. (SULECO) filed an *Application* dated 20 March 2019, seeking the Commission's 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 the Commission's Resolution No. 16, Series of 2009, as amended by Resolution No. 21, Series of 2010, and Resolution No. 23, Series of 2010.

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In the said *Application*, SULECO alleged the following, among others:

THE APPLICANT

1. SULECO 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 Bus-Bus Street, Jolo, Sulu;
2. It holds an exclusive franchise issued by the National Electrification Commission to operate an electric light and power distribution service in the municipalities of Jolo, Indanan, Luuk, Maimbung, Parang, Patikul, and Talipao, all in the Province of Sulu;

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)	532,850,020.92	534,771,762.81	(1,921,741.88)
Transmission Rate (TR)	---	---	---
System Loss Rate (SLR)	102,111,085.01	100,618,808.28	1,492,276.73
	Discount (PhP)	Subsidy (PhP)	
Lifeline Rate (LR)	(2,539,231.45)	(3,030,323.83)	491,092.38
Senior Citizen Discount and Subsidy	---	---	---
Net Results			61,627.23

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

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	Annex F	Manifestation of no PCR for January 2016 to December 2018
	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

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 Bayan of Jolo and the Sangguniang Panlalawigan of Sulu
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

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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, SULECO'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)	532,850,020.92	534,771,762.81	(1,921,741.88)
Transmission Rate (TR)	---	---	----
System Loss Rate (SLR)	102,111,085.01	100,618,808.28	1,492,276.73
	Discount (PhP)	Subsidy (PhP)	
Lifeline Rate (LR)	(2,539,231.45)	(3,030,323.83)	491,092.38
Senior Citizen Discount and Subsidy	----	----	-----
Net Results			61,627.23

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

Finding the said *Application* to be sufficient in form and 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 **07 June 2019 (Friday) at ten o'clock in the morning (10:00 A.M.)**, at the **ERC Hearing Room, 15<sup>th</sup> Floor, Pacific Center Building, San Miguel Avenue, Pasig City**.

Accordingly, SULECO 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 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 the Local Government Unit (LGU) legislative bodies within the affected franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within the affected areas, by any other means available and appropriate, of the filing of the *Application*, its reasons therefor, and of the scheduled hearings thereon;
- 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, SULECO 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 issues 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

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bodies or their duly authorized representatives, bearing the seals of their offices;

- 3) The evidence of other means employed by SULECO to inform the consumers affected 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, 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.

SULECO and all interested parties are also required to submit, at least five (5) days before the date of the 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 SULECO 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. For the benefit of the consumers and other concerned parties, Applicant must be able to put in plain words and explain the nature of the *Application* with relevant information and pertinent

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details substantiating the reasons and justifications being cited in support thereof.

**SO ORDERED.**

Pasig City, 08 May 2019.

FOR AND BY AUTHORITY  
OF THE COMMISSION:



*[Signature]*  
**AGNES VST DEVANADERA**  
Chairman and CEO

LS: *[Signature]* / *[Signature]* / CEO

Copy Furnished:

1. DEHAVEZ LERIOS-AMBOY AND EVANGELISTA LAW OFFICES  
Counsel for Applicant SULECO  
Unit 2008, Tycoon Centre  
Pearl Drive, Ortigas Center, Pasig City 1605
2. SULU ELECTRIC COOPERATIVE, INC. (SULECO)  
Bus-Bus Street, Jolo, Sulu
3. The Office of the Solicitor General  
134 Amorsolo Street, Legaspi Village  
Makati City, Metro Manila
4. The Commission on Audit  
Commonwealth Avenue  
Quezon City, Metro Manila
5. The Senate Committee on Energy  
GSIS Bldg., Roxas Blvd., Pasay City  
Metro Manila
6. The House Committee on Energy  
Batasan Hills, Quezon City, Metro Manila
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 Municipal Mayor  
Jolo, Sulu
9. Office of the Local Government Unit (LGU) legislative body  
Jolo, Sulu
10. Office of the Municipal Mayor  
Indanan, Sulu

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11. Office of the Local Government Unit (LGU) legislative body  
Indanan, Sulu
12. Office of the Municipal Mayor  
Luuk, Sulu
13. Office of the Local Government Unit (LGU) legislative body  
Luuk, Sulu
14. Office of the Municipal Mayor  
Maimbung, Sulu
15. Office of the Local Government Unit (LGU) legislative body  
Maimbung, Sulu
16. Office of the Municipal Mayor  
Parang, Sulu
17. Office of the Local Government Unit (LGU) legislative body  
Parang, Sulu
18. Office of the Municipal Mayor  
Patikul, Sulu
19. Office of the Local Government Unit (LGU) legislative body  
Patikul, Sulu
20. Office of the Municipal Mayor  
Talipao, Sulu
21. Office of the Local Government Unit (LGU) legislative body  
Talipao, Sulu
22. Office of the Governor  
Province of Sulu
23. Office of the Local Government Unit (LGU) legislative body  
Province of Sulu
24. Regulatory Operations Service (ROS)  
17<sup>th</sup> Floor, Pacific Center Bldg., San Miguel Ave., Pasig City

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