

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. 2019-024 CF

SIARGAO ELECTRIC COOPERATIVE, INC. (SIARELCO),
Applicant.

Promulgated:
MAY 23 2019

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ORDER

On 26 April 2019, Applicant Siargao Electric Cooperative, Inc. (SIARELCO) filed an *Application* dated 21 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:

THE APPLICANT

1. SIARELCO 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 offices at Catabaan, Dapa, Surigao del Norte;
2. It holds an exclusive franchise issued by the National Electrification Administration to operate an electric light and power distribution service in certain municipalities of the province of Surigao del Norte, namely: Burgos, Dapa, Del Carmen, Gen. Luna, Pilar, San Benito, San Isidro, Sta. Monica and Socorro.

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)	247,086,979.95	248,483,490.38	(1,396,510.43)
Transmission Rate (TR)	90,657,185.15	91,582,124.87	(924,939.72)
System Loss Rate (SLR)	30,275,971.07	29,955,290.58	320,680.49
	Discount (PhP)	Subsidy (PhP)	
Lifeline Rate (LR)	(2,534,982.09)	2,634,979.89	(99,997.81)
Senior Citizen Discount and Subsidy	(123,027.64)	129,782.60	(6,754.95)
Net Results			(2,107,522.42)

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 and series	Summary of Pilferage Cost Recoveries and Manifestation of no PCR for January to November 2016 and September 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 Bayan of Dapa and Sangguniang Panlalawigan of Surigao del Norte
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, SIARELCO '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)	247,086,979.95	248,483,490.38	(1,396,510.43)
Transmission Rate (TR)	90,657,185.15	91,582,124.87	(924,939.72)
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Senior Citizen Discount and Subsidy	(123,027.64)	129,782.60	(6,754.95)
Net Results			(2,107,522.42)

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 **19 June 2019 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, SIARELCO 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 scheduled initial hearing;
- 2) Furnish with copies of this *Order* and the attached *Notice of Public Hearing* the Offices of the Provincial Governor and Municipal Mayors, and the Local Government Unit (LGU) legislative bodies within SIARELCO's franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within the SIARELCO'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, SIARELCO 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 Governor, 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 SIARELCO 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 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 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.

SIARELCO 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, 21 May 2019.

FOR AND BY AUTHORITY
OF THE COMMISSION:


JOSEFINA PATRICIA A. MAGPALE-ASIRIT
Commissioner


LS: SLAN/MCC/BSA/GLO

Copy furnished:

1. Atty. Maud Eisel H. Angel-Malang
Counsel for Applicant SIARELCO
DECHAVEZ LERIOS-AMBOY AND EVANGELISTA LAW OFFICES
Unit 2008, Tycoon Centre, Pearl Drive,
Ortigas Center, Pasig City 1605
2. Siargao Electric Cooperative, Inc. (SIARELCO)
Applicant
Catabaan, Dapa, Surigao del Norte
3. Office of the Solicitor General (OSG)
134 Amorsolo Street, Legaspi Village, Makati City
4. Commission on Audit (COA)
Commonwealth Avenue, Quezon City
5. Senate Committee on Energy
GSIS Building, Roxas Boulevard, Pasay City
6. House of Representatives Committee on Energy
Batasan Hills, Quezon City
7. Philippine Chamber of Commerce and Industry (PCCI)
3rd Floor, Chamber and Industry Plaza
1030 Campus Avenue corner Park Avenue
McKinley Town Center, Fort Bonifacio, Taguig City
8. Office of the Governor
Province of Surigao del Norte
9. Office of the LGU legislative body
Province of Surigao del Norte
10. Office of the Mayor
Burgos, Surigao del Norte
11. Office of the LGU legislative body
Burgos, Surigao del Norte

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12. Office of the Mayor
Dapa, Surigao del Norte
13. Office of the LGU legislative body
Dapa, Surigao del Norte
14. Office of the Mayor
Del Carmen, Surigao del Norte
15. Office of the LGU legislative body
Del Carmen, Surigao del Norte
16. Office of the Mayor
Gen. Luna, Surigao del Norte
17. Office of the LGU legislative body
Gen. Luna, Surigao del Norte
18. Office of the Mayor
Pilar, Surigao del Norte
19. Office of the LGU legislative body
Pilar, Surigao del Norte
20. Office of the Mayor
San Benito, Surigao del Norte
21. Office of the LGU legislative body
San Benito, Surigao del Norte
22. Office of the Mayor
San Isidro, Surigao del Norte
23. Office of the LGU legislative body
San Isidro, Surigao del Norte
24. Office of the Mayor
Sta. Monica, Surigao del Norte
25. Office of the LGU legislative body
Sta. Monica, Surigao del Norte
26. Office of the Mayor
Socorro, Surigao del Norte
27. Office of the LGU legislative body
Socorro, Surigao del Norte
28. Regulatory Operations Service (ROS)
Investigation and Enforcement Division (IED)
17th Floor, Pacific Center Building, San Miguel Avenue, Pasig City