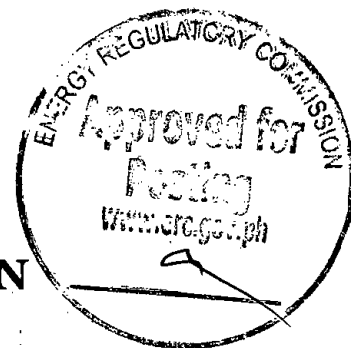


Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City



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 2013 TO 2015, 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. 2016-019 CF

SURIGAO DEL SUR II ELECTRIC COOPERATIVE, INC. (SURSECO II),

Applicant.

X-----X

D O C K E T E D

Date: **APR 26 2016**

By: *[Signature]*

ORDER

On 31 March 2016, Surigao del Sur II Electric Cooperative, Inc. (SURSECO II) filed with the Commission an application for confirmation and approval of calculations of its over or under-recoveries in the implementation of automatic cost adjustments and true-up mechanisms for the period 2013 to 2015, 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.

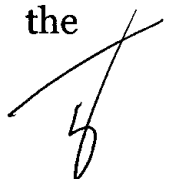
[Signature]

In the said application, SURSECO II alleged, among others, that:

1. SURSECO 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 Balilahan, Mabua, Tandag City, Surigao del Sur;
2. It operates an electric light and power distribution service in Tandag City and certain municipalities of the Province of Surigao del Sur, namely: Carrascal, Cantilan, Madrid, Carmen, Lanuza, Cortes, Tago, San Miguel, Bayabas, Cagwait, Marihatag, San Agustin and Lianga;

LEGAL BASIS FOR THE APPLICATION

3. ERC Resolution No. 16, Series of 2009 as amended by Resolution No. 21, Series of 2010 establish 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 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, Inter-Class Cross-Subsidy Removal, and Treatment of Prompt Payment Discount, as the case may be;
4. ERC Resolution No. 23, Series of 2010, on the other hand, adopts the rules implementing the discounts to qualified senior citizen end-users and subsidy from subsidizing end-users on electricity consumption;
5. The foregoing resolutions further require the distribution utilities to file their respective consolidated applications for confirmation and approval of their calculations of over or under recoveries in the



implementation of the allowable costs, once every three (3) years. Hence, the filing of the instant application, covering the period of January 2013 to December 2015;

**OVER OR UNDER RECOVERIES OF
ALLOWABLE COSTS**

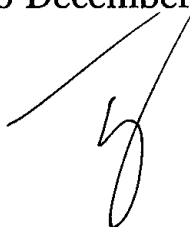
6. Applying the formulas provided under Resolution No. 16, Series of 2009 as amended by Resolution No. 21, Series of 2010 and Resolution No. 23, Series of 2010, SURSECO II made calculations of the over recoveries charged or under-recoveries incurred as against its customers, in the implementation of certain automatic cost adjustments and true-up mechanisms, covering the period January 2013 to December 2015;

7. The results of SURSECO II's calculations are presented hereunder, as follows:

	Allowable Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Rate (GR)	757,326,386.41	752,282,834.45	5,043,551.96
Transmission Rate (TR)	140,866,882.13	141,971,505.91	(1,104,623.78)
System Loss Rate (SLR)	130,905,101.79	128,425,631.53	2,479,470.26
	Discount (PhP)	Subsidy (PhP)	
Lifeline Rate (LR)	8,979,942.31	9,397,242.45	(417,300.14)
Senior Citizen Discount and Subsidy	309,949.01	320,737.24	(10,788.23)
Net Results			5,990,310.07

SUPPORTING DATA AND DOCUMENTS

8. In support of the foregoing, SURSECO II is submitting the following data and documents covering the period January 2013 to December 2015, which are attached to the application:



- a) Summary of the results of individual calculations of over or under-recoveries made on the subject allowable costs;
 - b) Supplier and Transmission Data;
 - c) Statistical Data;
 - d) Implemented Rates Data;
 - e) Power Bills of Power Suppliers;
 - f) Official Receipts issued by Power Suppliers;
 - g) Debit/Credit Memo of Power Suppliers;
 - h) MFSR (Sections B and E);
 - i) Consumer Bills of Lifeliners (per level), Non-Lifeliners per (customer class) and Senior Citizens (per level).
9. Considering the foregoing, it is respectfully prayed that the SURSECO II's calculations of its over or under recoveries be confirmed and approved by the Commission;
10. It prays that after due notice and hearing, SURSECO II's calculations of over or under-recoveries in the implementation of certain automatic cost adjustments and true-up mechanisms covering the period January 2013 to December 2015, 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 SURSECO II 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:



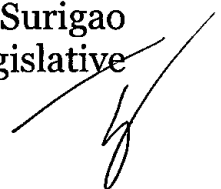
	Allowable Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
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Senior Citizen Discount and Subsidy	309,949.01	320,737.24	(10,788.23)
Net Results			5,990,310.07

Finding the said application sufficient in form and in substance with the required fees having been paid, the same is hereby set for initial hearing, expository presentation, pre-trial conference and evidentiary hearing on **May 26, 2016 (Thursday) 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.**

SURSECO II is hereby directed to cause the publication of the attached Notice of Public Hearing, at its own expense, once (1x) in a newspaper of general circulation in the Philippines, with the date of the publication to be made not later than ten (10) days before the scheduled date of initial hearing. It is also directed to inform the consumers within its franchise area, by any other means available and appropriate, of the filing of the instant application, its reasons therefor, and of the scheduled hearing thereon.

Let copies of the application, this Order and the attached Notice of Public Hearing be furnished 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.

Likewise, let copies of this Order and the attached Notice of Public Hearing be furnished the Offices of the Governor of Surigao del Sur, as well as the Mayor and the Local Government Legislative



Body of the respective cities or municipalities within SURSECO II's franchise area for the appropriate posting thereof on their respective bulletin boards.

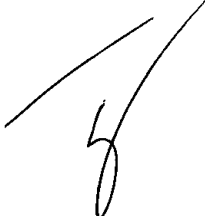
SURSECO II is directed to furnish all those making requests therefor with copies of the application and its attachments, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing and pre-trial conference, SURSECO II must submit to the Commission its written Compliance with the jurisdictional requirements attaching therewith, methodically arranged and duly marked, the evidences on the actual posting and publication of the Notice of Public Hearing consisting of certifications issued to that effect, signed by the aforementioned Governor, Mayor, and Local Government Legislative Body, or their duly authorized representatives, bearing the seals of their offices, and the affidavit of the Editor or Business Manager of the newspaper where the said Notice of Public Hearing was published together with the complete issue of the said newspaper, and such other proofs of compliance with the requirements of the Commission.

SURSECO II and all interested parties are directed 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:

- a) a summary of admitted facts and proposed stipulation of facts;
- b) the issues to be tried or resolved;
- c) the documents or exhibits to be presented, stating the purposes and proposed markings thereof; and
- d) the number and names of the witnesses, with their written testimonies in an individual affidavit form, to be attached to the Pre-trial Brief.

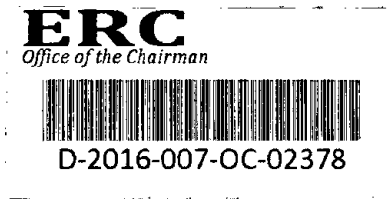
Failure of SURSECO II to submit the required Pre-trial Brief and Judicial Affidavits of its witnesses within the prescribed period shall be a ground for the cancellation of the scheduled hearing, and the resetting of which shall be six (6) months from said date of cancellation.



As part of the pre-trial conference, SURSECO II must also be prepared to make an expository presentation of its 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, 14th of April 2016.



FOR AND BY AUTHORITY
OF THE COMMISSION:

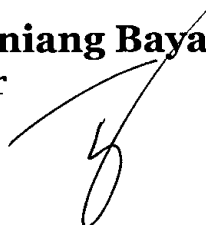
Jose Vicente B. Salazar
For: **JOSE VICENTE B. SALAZAR**
Chairman

Copy Furnished:

1. **DECHAVEZ & EVANGELISTA LAW OFFICES**
Counsel for Applicant SURSECO II
Units 1609-1610, Tycoon Centre
Pearl Drive, Ortigas Center, Pasig City 1605
2. **SURIGAO DEL SUR II ELECETRIC COOPERATIVE (SURSECO II)**
Balilahan, Mabua, Tandag City, Surigao del Sur
3. **Office of the Solicitor General**
134 Amorsolo Street, Legaspi Village
Makati City, Metro Manila
4. **Commission on Audit**
Commonwealth Avenue
Quezon City, Metro Manila
5. **Senate Committee on Energy**
GSIS Bldg. Roxas Blvd., Pasay City
Metro Manila
6. **House Committee on Energy**
Batasan Hills, Quezon City, Metro Manila
7. **Office of the President**
Philippine Chamber of Commerce and Industry (PCCI)
3rd Floor, Chamber and Industry Plaza (CIP)
1030 Campus Avenue corner Park Avenue
McKinley Town Center, Fort Bonifacio, Taguig City
8. **Office of the City Mayor**
Tandag, Surigao del Sur
9. **Office of the Municipal Mayor**
Carrascal, Surigao del Sur
10. **Office of the Municipal Mayor**
Cantilan, Surigao del Sur
11. **Office of the Municipal Mayor**
Madrid, Surigao del Sur



- 12. Office of the Municipal Mayor**
Carmen, Surigao del Sur
- 13. Office of the Municipal Mayor**
Lanuza, Surigao del Sur
- 14. Office of the Municipal Mayor**
Cortes, Surigao del Sur
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Bayabas, Surigao del Sur
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Cagwait, Surigao del Sur
- 19. Office of the Municipal Mayor**
Marihatag, Surigao del Sur
- 20. Office of the Municipal Mayor**
San Agustin, Surigao del Sur
- 21. Office of the Municipal Mayor**
Liangá, Surigao del Sur
- 22. Office of the Governor**
Province of Surigao del Sur
- 23. Office of the Sangguniang Panglungsod**
Tandag, Surigao del Sur
- 24. Office of the Sangguniang Bayan**
Carrascal, Surigao del Sur
- 25. Office of the Sangguniang Bayan**
Cantilan, Surigao del Sur
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Madrid, Surigao del Sur



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- 35. Office of the Sangguniang Bayan**
San Agustin, Surigao del Sur
- 36. Office of the Sangguniang Bayan**
Liang, Surigao del Sur
- 37. Office of the Sangguniang Panlalawigan**
Province of Surigao del Sur

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