

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



IN THE MATTER OF THE APPLICATION FOR THE CONFIRMATION AND APPROVAL OF OVER OR UNDER RECOVERIES FOR THE YEARS 2013 TO 2015, 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

ERC CASE NO. 2016-022 CF

**DAVAO LIGHT AND POWER COMPANY, INC. (DLPC),
Applicant.**

X ----- X

D O C K E T E D
Date: MAY 26 2016
By: [Signature]

ORDER

On 31 March 2016, the Davao Light and Power Company, Inc. (DLPC) filed an Application for the confirmation and approval of over or under recoveries for the years 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*.

In the said Application, DLPC alleged the following:

1. DLPC is a domestic corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines with office address at C. Bangoy Sr. St., Davao City. It is a grantee of a legislative franchise under Republic Act No. 8960 to maintain and operate an electric light and power system for the purpose of distributing electric light, heat and power, in the Cities of Davao and Panabo, and the Municipalities of Carmen, Sto. Tomas, and Braulio Dujali, all in the Province of Davao del Norte. It may be served with the orders, notices and processes of the Honorable Commission through undersigned counsel.

2. On July 13, 2009, the Honorable Commission promulgated Resolution No. 16, series of 2009, entitled “A Resolution Adopting The Rules Governing The Automatic Cost Adjustment And True Up Mechanisms And Corresponding Confirmation Process For Distribution Utilities” (the “True-Up Guidelines”).

2.1. The True-Up Guidelines provided the formulas for the determination of the Generation, Transmission, System Loss, Lifeline Subsidy, and Franchise and Business Taxes Rates.¹

2.2. It likewise provided for the calculation of over- and under-recoveries on the said rates due to the variance in the allowable cost and the revenues billed using the applicable formula.²

3. On October 18, 2010, the Honorable Commission promulgated ERC Resolution No. 21, Series of 2010,³ wherein the Honorable Commission amended the formula for the calculation of over- and under-recovery for System Loss and updated the timelines set in Article 5 of the True-Up Guidelines.

4. On December 15, 2010, the Honorable Commission promulgated ERC Resolution No. 23, Series of 2010.⁴

4.1. Said Resolution provided the formulas for the calculation of the senior citizen discount rates,⁵ the calculation of the subsidy rate to be charged to subsidizing end-users,⁶ and the over- and under-recovery in the implementation of the senior citizen discount and subsidy rates.⁷

4.2. The said Resolution also provides that the ERC shall verify the over- and under-recovery in the senior citizen discount and subsidy rates once every three (3) years to coincide with the time frames set forth under Article 5 of the True-up Guidelines.⁸

¹ Article 2 of ERC Resolution No 16, Series of 2009.

² Article 4, *Ibid.*

³ Entitled “A Resolution Amending Section 4 of Article 4 and Section 1 of Article 5 of the Rules Governing the Automatic Cost Adjustment and True-Up Mechanisms and Corresponding Confirmation Process for Distribution Utilities”.

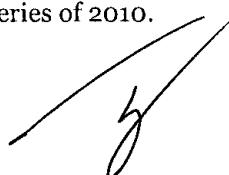
⁴ Entitled “A Resolution Adopting the Rules Implementing the Discounts to Qualified Senior Citizen End-Users and Subsidy from the Subsidizing End-users on Electricity Consumption under Sections 4 and 5 of Republic Act No. 9994”.

⁵ Article 4 of ERC Resolution No. 23, Series of 2010.

⁶ Article 5, *Ibid.*

⁷ Article 7, *Id.*

⁸ Section 3, Article 7, *Id.*



5. Under Resolution No. 21, Series of 2010, Mindanao distribution utilities were given until March 31, 2016 to file their consolidated applications for the covered adjustments from January 2013 to December 2015. Thus, the filing of the instant Application.

6. The instant Application is being filed pursuant to the above Resolutions of the Honorable Commission. Based on the formulas on the various automatic cost adjustments and true-up mechanisms, DLPC incurred over- and under-recoveries for the period from January 2013 until December 2015, summarized as follows:

	2013	2014	2015	(Over) / Under Recoveries
Generation	(13,481,152.14)	51,474,832.33	(69,358,089.17)	(31,364,408.99)
Transmission	(1,791,304.30)	(3,293,040.91)	6,895,953.70	1,811,608.49
System Loss	(1,433,108.51)	3,564,363.13	(4,395,675.79)	(2,264,421.17)
Lifeline	288,587.44	(869,298.69)	(117,535.44)	(698,246.69)
Senior Citizen	18,247.35	(24,197.34)	(22,856.62)	(28,806.60)
Total (Over)/ Under Recovery	(16,398,730.16)	50,852,658.52	(66,998,203.32)	(32,544,274.96)

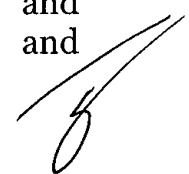
7. Based on the foregoing, DLPC stands to refund the amount of PhP32,544,274.96 as net over recovery for the billing periods from January 2013 to December 2015.

8. In support of the foregoing are the following documents covering the period January 2013 to December 2015, attached as Annexes of the instant Application, to wit:

- Annex A: Summary of the breakdown of over and under-recoveries from January 2013 to December 2015;
- Annex B: Computation of Generation Rates, Transmission Rates, System Loss Rates, Lifeline Subsidy Rates and Senior Citizen Subsidy Rates;
- Annex C: Computation of Over/Under Recoveries;
- Annex D: URR – Supplier and Transmission Data;
- Annex E: URR – Statistical Data;
- Annex F: URR – Actual Implemented Rate;
- Annex G: ERC form DU-MO1/MO2;
- Annex H: Power Bills; Official Receipts and Debit/Credit Memos;
- Annex I: Sample Consumer Bills per Customer Class; and
- Annex J: Sample Consumer Bills – Senior Citizens (per Consumption Level);

PRAYER

WHEREFORE, it is respectfully prayed that the Honorable Commission, after due notice, hearing and examination, confirm and approve Applicant's over- and



under-recoveries for the billing periods from January 2013 to December 2015 and authorize DLPC to refund the amount of PhP32,544,274.96 as net over-recovery.

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

Finding the said Application 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 **08 June 2016 (Wednesday) at two o'clock in the afternoon (02:00 P.M.) at the ERC Hearing Room, 15th Floor, Pacific Center Building, San Miguel Avenue, Pasig City.**

DLPC 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, at least ten (10) days before the date of the scheduled 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 Provincial Governor, the City and Municipal Mayors, and the Local Government Unit (LGU) Legislative Bodies within DLPC's franchise area for the appropriate posting thereof on their respective bulletin boards.

DLPC is hereby 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, DLPC must submit to the Commission its written Compliance with the jurisdictional requirements attaching therewith, methodically arranged and duly marked, the evidence of the actual posting and

publication of the Notice of Public Hearing consisting of certifications issued to that effect, signed by the aforementioned Governor, Mayors, and LGU Legislative Bodies, 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.

DLPC 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 therefore; 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 DLPC to submit the required Pre-trial Brief and Judicial Affidavits of its witnesses 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 said date of cancellation.

As part of the Pre-trial Conference, DLPC 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.



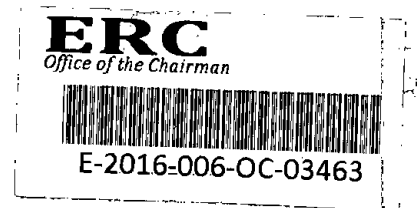
SO ORDERED.

Pasig City, 26 April 2016.

FOR AND BY AUTHORITY
OF THE COMMISSION:

JOSE VICENTE B. SALAZAR
Chairman and CEO

LS: ~~ARG/ICG/APV~~



Copy furnished:

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Makati City, Metro Manila
4. Commission on Audit
Commonwealth Avenue
Quezon City, Metro Manila
5. Senate Committee on Energy
GSIS Building, Roxas Boulevard
Pasay City, Metro Manila
6. House Committee on Energy
Batasan Hills
Quezon City, Metro Manila
7. President
Philippine Chamber of Commerce and Industry (PCCI)
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Taguig City

8. Office of the Provincial Governor
Province of Davao del Norte
9. Office of the LGU Legislative Body
Province of Davao del Norte
10. Office of the City Mayor
Davao City, Davao del Norte
11. Office of the LGU Legislative Body
Davao City, Davao del Norte
12. Office of the City Mayor
Panabo City, Davao del Norte
13. Office of the LGU Legislative Body
Panabo City, Davao del Norte
14. Office of the Municipal Mayor
Carmen, Davao del Norte
15. Office of the LGU Legislative Body
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