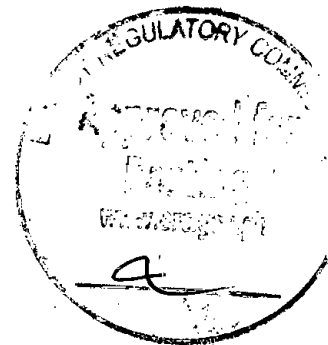


Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City



**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 23, SERIES
OF 2010**

ERC CASE NO. 2016-030 CF

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

X-----X

D O C K E T E D
Date: JUN 02 2016
By: M

ORDER

On 7 April 2016, Sulu Electric Cooperative, Inc. (SULECO) filed an 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 23, Series of 2010.

In support of the said application, SULECO alleged, among others, the following:

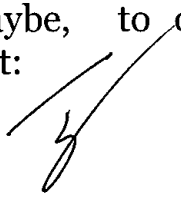
A handwritten signature in black ink, appearing to be a stylized 'S' or similar character.

1. SULECO is a non-stock, non-profit electric cooperative, duly organized and existing by virtue of the laws of the Republic of the Philippines, with principal office address at Bus-Bus Street, Jolo, Sulu;
2. It holds an exclusive franchise issued by the National Electrification Commission (NEC) to operate an electric light and power distribution service in the seven municipalities of the province of Sulu, namely; Jolo, Patikul, Indanan, Parang, Maimbong, Talipao, and Luuk.
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, Inter-Class Cross-Subsidy Removal, or Treatment of Prompt Payment Discount, as the case may be;
4. On the other hand, ERC Resolution No. 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 of January 2013 to December 2015.
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 2013 to December 2015;
7. The results of its calculations are presented hereunder, as follows:



	Allowable Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Rate (GR)	517,961,536.05	536,505,271.33	(18,543,735.28)
System Loss Rate (SLR)	98,193,367.85	85,780,113.38	12,413,254.47
	Discount (PhP)	Subsidy (PhP)	
Lifeline Rate (LR)	3,066,032.66	(1,581,987.24)	1,484,045.42
Senior Citizen Discount and Subsidy			
Net Results			(4,646,435.39)

8. In support of the foregoing, Applicant is submitting the following data and documents covering the period January 2013 to December 2015, labeled together and made integral part thereof as Annex "A", to wit:
- (a) Summary of the results of individual calculations of over or under-recoveries made on the subject allowable costs;
 - (b) Supplier Data;
 - (c) Statistical Data;
 - (d) Implemented Rates Data;
 - (e) Power Bills of Power Suppliers;
 - (f) Official Receipts issued by Power Suppliers;
 - (g) MFSR (Sections B and E);
 - (h) Consumer Bills of Lifeliners
9. SULECO prays 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 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 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)	517,961,536.05	536,505,271.33	(18,543,735.28)
System Loss Rate (SLR)	98,193,367.85	85,780,113.38	12,413,254.47
	Discount (PhP)	Subsidy (PhP)	
Lifeline Rate (LR)	3,066,032.66	(1,581,987.24)	1,484,045.42
Senior Citizen Discount and Subsidy	NONE	NONE	NONE
Net Results			(4,646,435.39)

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 **20 July 2016 (Wednesday) at 10 o'clock in the morning (10:00 A.M.) at the ERC Hearing Room, 15th Floor, Pacific Center Building, San Miguel Avenue, Pasig City.**

SULECO 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, 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 Sulu and

the Mayors and Local Legislative Unit (LGU) Legislative Bodies of the Cities and Municipalities within SULECO's franchise area for the appropriate posting thereof on their respective bulletin boards.

SULECO 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.

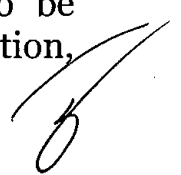
On the date of the initial hearing and pre-trial conference, SULECO must submit to the Commission their written Compliance with the jurisdictional requirements attaching therewith, methodically arranged and duly marked, the evidence of the actual posting and publication of the Notice of Public Hearing consisting of certifications issued to that effect, signed by the aforementioned Governor, Mayors, and Local Government Legislative Bodies, or their duly authorized representatives, bearing the seals of their offices, and the affidavits of the Editors or Business Managers of the newspapers where said Notice of Public Hearing were published, together with the complete issues of the said newspapers, and such other proofs of compliance with the requirements of the Commission.

SULECO 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 thereof 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 SULECO to submit the required Pre-Trial Brief and Judicial Affidavits of their 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, SULECO must also be prepared to make an expository presentation of their application,

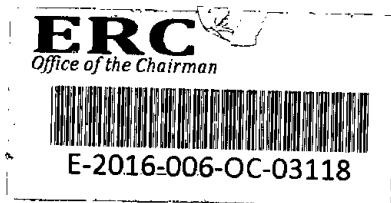


aided by whatever communication medium that they may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned parties, what the application is all about and the reasons and justifications being cited in support thereof.

SO ORDERED.

Pasig City, 23 May 2016.

FOR AND BY AUTHORITY
OF THE COMMISSION:



JOSE VICENTE B. SALAZAR
Chairman and CEO

psj/ibg/apv

Copy furnished:

1. Atty. Jeremiah D. Francisco
Counsel for Applicant SULECO
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Units 1609-1610, Tycoon Centre
Pearl Drive, Ortigas Center
Pasig City 1605
2. Sulu Electric Cooperative
Bus-Bus Street, Jolo, Sulu
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 Building, Roxas Boulevard
Pasay City, Metro Manila
6. House Committee on Energy
Batasan Hills
Quezon City, Metro Manila
7. Office of the Mayor
Municipality of Jolo, Sulu
8. Office of the LGU Legislative Body
Municipality of Jolo, Sulu
9. Office of the Mayor
Municipality of Patikul, Sulu
10. Office of the LGU Legislative Body
Municipality of Patikul, Sulu
11. Office of the Mayor
Municipality of Parang, Sulu
12. Office of the LGU Legislative Body
Municipality of Parang, Sulu
13. Office of the Mayor
Municipality of Maimbong, Sulu
14. Office of the LGU Legislative Body
Municipality of Maimbong, Sulu
15. Office of the Mayor
Municipality of Talipao, Sulu
16. Office of the LGU Legislative Body
Municipality of Talipao, Sulu
17. Office of the Mayor
Municipality of Luuk, Sulu
18. Office of the LGU Legislative Body
Municipality of Luuk, Sulu
19. Office of the Provincial Governor
Province of Sulu
20. Office of the LGU Legislative Body
Province of Sulu
21. Investigation & Enforcement Division
Energy Regulatory Commission,
Pacific Center Building, San Miguel Avenue,
Ortigas Center 1600, Pasig City

