

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/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. 2016-021 CF**

**COTABATO LIGHT AND  
POWER COMPANY (CLPC),  
Applicant.**

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**DOCKETED**  
Date: JUN 30 2016  
By: *W*

**ORDER**

On 31 March 2016, the Cotabato Light and Power Company (CLPC) filed an application for the confirmation and approval of its over/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.

In the said application, CLPC alleged, among others, that:

1. CLPC is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with business address at Sinsuat Avenue, Cotabato City. CLPC is a duly authorized distribution utility of electric power to the end-users in the City of Cotabato and portions of the Municipalities of Sultan

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Kudarat and Datu Odin Sinsuat, all in the Province of Maguindanao (CLPC Franchise Area), pursuant to its franchise under Republic Act No. 10637;

2. On July 13, 2009, the Commission promulgated ERC 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 formula for the determination of the Generation, Transmission, System Loss, Lifeline Subsidy and Franchise and Business Taxes Rates.<sup>1</sup>

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.<sup>2</sup>

3. On 18 October 2010, the Commission promulgated ERC Resolution No. 21, Series of 2010,<sup>3</sup> wherein the 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 15 December 2010, the Commission promulgated ERC Resolution No. 23, Series of 2010.<sup>4</sup>

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

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<sup>1</sup> Article 2 of Resolution No. 16, Series of 2009.

<sup>2</sup> Article 4, *Ibid.*

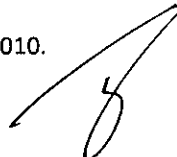
<sup>3</sup> Entitled "A Resolution Amending Section 4 of Article 4 and Section 1 of Article 5 of the Rules Governing the Automatic Cost Adjustment and True-Up Mechanisms and Corresponding Confirmation Process for Distribution Utilities".

<sup>4</sup> 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".

<sup>5</sup> Article 4 of ERC Resolution No. 23, Series of 2010.

<sup>6</sup> Article 5, *Ibid.*

<sup>7</sup> Article 7, *Id.*



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.<sup>8</sup>

5. Under Resolution No. 21, Series of 2010, Mindanao distribution utilities were given until 31 March 2016 to file their consolidated application for the covered adjustments from January 2013 to December 2015. Thus, the filing of the application;
  
6. The application is being filed pursuant to the above Resolutions. Based on the formulas on the various automatic cost adjustments and true-up mechanisms, CLPC incurred over- and under-recoveries for the period from January 2013 until December 2015, summarized as follows:

	2013	2014	2015	<b>(Over) / Under Recoveries</b>
Generation	1,596,355.83	(6,236,064.77)	11,406,562.68	19,238,983.28
Transmission	(7,324,493.24)	(6,329,005.39)	(7,124,394.18)	(20,777,892.81)
System Loss	(494,984.12)	194,047.19	283,754.27	(17,182.66)
Lifeline	4,974.22	(60,380.87)	(444,695.82)	(500,102.47)
Senior Citizen	(25,102.86)	(23,943.01)	(23,248.84)	(72,294.71)
<b>Total (Over)/Under Recovery</b>	<b>(6,243,250.17)</b>	<b>16,782.69</b>	<b>4,097,978.11</b>	<b>(2,128,489.37)</b>

7. Based on the foregoing, CLPC stands to refund the amount of PhP2,128,489.37 as net over-recovery for the billing periods from January 2013 to December 2015;

<sup>8</sup> Section 3, Article 7, *Id.*

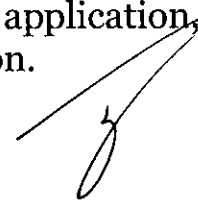
8. In support of the foregoing are the following documents covering the period January 2013 to December 2015, attached as Annexes of the application:

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 Rates;
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); and

9. It prays that the Commission, after due notice, hearing and examination, confirm and approve CLPC's over- and under-recoveries for the billing periods from January 2013 to December 2015 and authorize CLPC to refund the amount of PhP2,128,489.37 as net over-recovery.

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 **27 July 2016 (Wednesday) 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.**

CLPC 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.

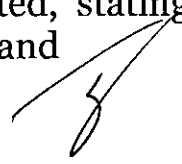
Likewise, let copies of this Order and the attached Notice of Public Hearing be furnished the Offices of the Governor of the Province of Maguindanao, as well as the Mayor and the Local Government Legislative Body of the city or municipality within CLPC's franchise area for the appropriate posting thereof on their respective bulletin boards.

CLPC 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, CLPC must submit to the Commission its written Compliance with the jurisdictional requirements attaching therewith, methodically arranged and duly marked, the evidence 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 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.

CLPC 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 CLPC 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.

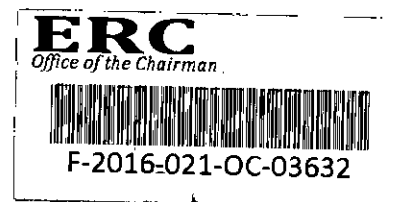
As part of the pre-trial conference, CLPC must also be prepared to make an expository presentation of its application, aided by whatever communication medium that it may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned parties, what the application is all about and the reasons and justifications being cited in support thereof.

**SO ORDERED.**

Pasig City, 20 June 2016.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

  
**JOSE VICENTE B. SALAZAR**  
Chairman



**Copy Furnished:**

- 1. Attys. Katrina M. Platon, Paul B. Soriño and Lew Carlo C. Lopez**  
Counsels for Applicant  
16<sup>th</sup> Floor NAC Tower, 32<sup>nd</sup> St. Bonifacio Global  
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- 2. Cotabato Light and Power Company (CLPC)**  
Sinsuat Avenue, Cotabato City
- 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. The City Mayor**  
City of Cotabato, Maguindanao
- 8. Office of the Local Government Legislative Body**  
City of Cotabato, Maguindanao
- 9. The Municipal Mayor**  
Sultan Kudarat, Maguindanao
- 10. Office of the Local Government Legislative Body**  
Sultan Kudarat, Maguindanao
- 11. The Municipal Mayor**  
Datu Odin Sinsuat, Maguindanao
- 12. Office of the Local Government Legislative Body**  
Datu Odin Sinsuat, Maguindanao
- 13. Office of the Provincial Governor**  
Province of Mauindanao
- 14. President**  
Philippine Chamber of Commerce and Industry (PCCI)  
3<sup>rd</sup> Floor, ECC Building, 355 Sen. Gil Puyat Ave., Makati City

