

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



IN THE MATTER OF THE APPLICATION FOR APPROVAL OF THE OVER/UNDER RECOVERIES BASED ON THE FORMULA ON THE VARIOUS AUTOMATIC COST ADJUSTMENT AND TRUE UP MECHANISM AND CORRESPONDING CONFIRMATION PROCESS PURSUANT TO ERC RESOLUTION NO. 16, SERIES OF 2009 AS AMENDED BY RESOLUTION NOS. 21 and 23, SERIES OF 2010

ERC CASE NO. 2016-008 CF

AGUSAN DEL SUR ELECTRIC COOPERATIVE, INC. (ASELCO)

Applicant.

X ----- X

DOCKETED
Date: JUN 30 2016
By: *[Signature]*

ORDER

On 29 March 2016, Agusan del Sur Electric Cooperative, Inc. (ASELCO) filed an application for approval of the over/under recoveries based on the formula on the various automatic cost adjustment and true up mechanism and corresponding confirmation process pursuant to ERC Resolution No. 16, series of 2009 as amended by Resolution Nos. 21 and 23, series of 2010.

In the said application, ASELCO alleged:

1. It is an electric cooperative created and existing pursuant to the provisions of Presidential Decree No. 269 as amended, with principal office located at San Francisco, Agusan del Sur,

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Philippines, represented herein by its Officer-in-Charge, LEAH FE F. ESTILLORE, duly authorized by virtue of Resolution No.37, Series of 2016 dated March 14, 2016 of the Board of Directors, copy of which is attached hereto as **Annex "A"** and made an integral part hereof;

The filing of the instant Application is likewise authorized under the afore-mentioned Resolution;

2. It has been granted by the National Electrification Administration (NEA) an authority to operate and distribute electric light and power within the coverage area comprising the City of Bayugan and the Municipalities of Sibagat, Esperanza, Talacogon, San Luis, Prosperidad, San Francisco, Rosario, Bunawan, Trento, Sta. Josefa, Veruela, La Paz and Loreto, all in the Province of Agusan del Sur;

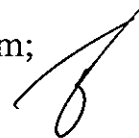
3. This application is filed in compliance with ERC RESOLUTION NO. 16, Series of 2009, otherwise known as "A RESOLUTION ADOPTING THE RULES GOVERNING THE AUTOMATIC COST ADJUSTMENT AND TRUE-UP MECHANISMS AND CORRESPONDING CONFIRMATION PROCESS FOR DISTRIBUTION UTILITIES" adopted pursuant to the mandate of Section 43 of Republic Act No. 9136 otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA) and its implementing Rules and Regulations, in relation to ERC Resolutions No. 17, and 23, all Series of 2009, and Resolution No. 21, series of 2010, mandating the filing of consolidated application for the over/under recoveries of all distribution utilities for the approval/confirmation of the Commission;

4. The afore-cited Guidelines were adopted and issued by the Honorable Commission in the furtherance of the following reasons, to wit:

4.a. The Commission has adopted several automatic cost adjustment mechanisms in separate issuances and it is deemed ideal to consolidate, update, and rationalize the requirements under all said separate issuances;

4.b. The Commission finds it necessary to establish a systematized confirmation process that conform to the due process requirement of the law for the following automatic cost adjustment and true-up mechanisms:

1. Automatic Generation Rate and System Loss Adjustment Mechanism;
2. Transmission Rate Adjustment Mechanism;

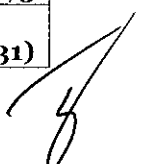


3. Lifeline Rate Recovery Mechanism;
4. Local Franchise Tax Recovery Mechanism;
5. Local Business Tax Recovery Mechanism;
6. Guidelines for the Calculation of the Over or Under Recovery in the Implementation of Lifeline Rates by Distribution Utilities;
7. Guidelines for a True-Up Mechanism of the Over or Under Recovery in the Implementation of the Inter-Class Cross Subsidy Removal by Distribution Utilities;
8. ERC Resolution No. 12, Series of 2005, "A Resolution Approving a New Policy on the Treatment of Prompt Payment Discount (PPD)";
9. Guidelines for the Calculation of the Over or Under Recovery in the Implementation of System Loss Rate by Distribution Utilities; and
10. Rules for the Calculation of the Over or Under Recovery in the Implementation of Transmission Rates;

5. For purposes of determining the under/over recoveries on the implementation of the afore-enumerated automatic cost adjustments and true-up mechanisms, the formula provided for under Resolution No. 16, series of 2009, as amended by Resolution No. 21 and 23, series of 2010 was applied by the Applicant;

6. A summary of the pass true cost vis-a-vis the actual collection on the above-mentioned implementation of various automatic cost adjustments and true up mechanisms are presented hereunder, as follows:

Particulars	Allowable Cost/Pass Thru Cost (PhP)	Actual Recovery (PhP)	(Over)/Under Recoveries (PhP)
GENERATION	2,399,649,114.83	2,398,451,912.81	1,197,202.02
TRANSMISSION	488,788,528.45	507,063,435.72	(18,274,907.27)
SYSTEM LOSS	309,807,794.64	300,743,035.97	9,064,758.67
LIFELINE	39,255,673.33	40,417,132.82	(1,161,459.48)
Sr. CITIZEN	108,867.09	106,388.33	2,478.75
TOTAL	3,237,609,978.34	3,246,781,905.65	(9,171,927.31)

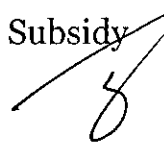


7. The foregoing amounts are based on the summary computations hereto attached and marked as **Annexes "B" to "F"**;

8. Further, in support of the foregoing, Applicant submits the following data and documents consisting of three (3) bundles, to wit:

As Annex:

- "G" - Power Supplier Data Sheet
- "H" - Statistical Data Sheet
- "I" - Implemented Rates Data Sheet
- "J" - Power Bills issued by Power Suppliers with the corresponding Official Receipts
- "K" - Breakdown of Payment with O.R.
- "L" - Debit/Credit Memo of Power Suppliers
- "M" - TRANSCO/NGCP Invoices
- "N" - Official Receipts Issued by transmission providers
- "O" - Breakdown of Payment with O.R.
- "P" - Debit/Credit Memo issued by transmission providers
- "Q" - MFSR (Sections B and E)
- "R" - Consumer Bills per customer class
- "S" - Computation of Generation Rate
- "T" - Computation of System Loss Rate
- "U" - Computation of Transmission Rate
- "V" - Computation of Lifeline Subsidy Rate
- "W" - Computation of Senior Citizen Subsidy Rate; and



9. ASELCO prays that the Commission approve the computations of over/under recoveries presented in the instant application and it be allowed to refund/collect said over/under recoveries. Other reliefs, just and equitable under the premises are likewise prayed for.

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 jurisdictional hearing, expository presentation, pre-trial conference, and evidentiary hearing on **02 August 2016 (Tuesday) 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.**

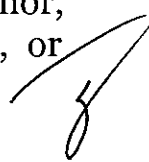
ASELCO is hereby directed to cause the publication of the attached Notice of Public Hearing, at its own expense, once (1x) in a newspaper of general circulation in the Philippines, at least ten (10) days before the scheduled date of initial hearing. It is also directed to inform the consumers within 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 hearings.

Likewise, let copies of this Order and the attached Notice of Public Hearing be furnished the Offices of the Governor of the Province of Agusan del Sur, as well as the Mayor and the Local Government Unit (LGU) Legislative Body of the province, city or municipality within ASELCO's franchise area, for the appropriate posting thereof on their respective bulletin boards.

ASELCO 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, ASELCO 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 afore-mentioned Governor, Mayors, and Local Government Unit (LGU) Legislative Body, or



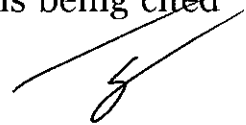
their duly authorized representatives, bearing the seals of their offices, and the affidavits of the Editors or Business Managers of the newspapers where the said Notice of Public Hearing were published together with the complete issues of the said newspapers, and such other proofs of compliance with the requirements of the Commission.

ASELCO 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 ASELCO 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.

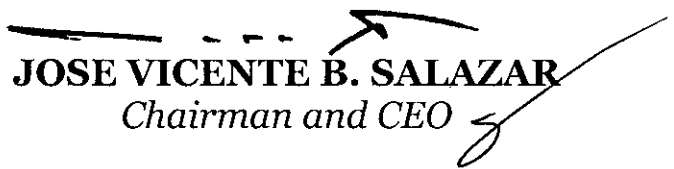
As part of the pre-trial conference, ASELCO must also be prepared to make an expository presentation of its application, aided by whatever communication medium that it may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned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




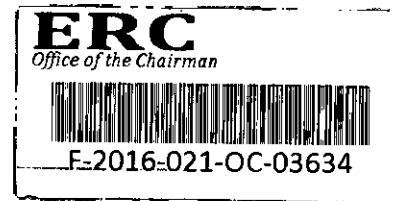
SO ORDERED.

Pasig City, 20 June 2016.

FOR AND BY AUTHORITY
OF THE COMMISSION:

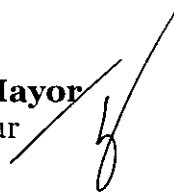

JOSE VICENTE B. SALAZAR
Chairman and CEO


LS/SLAN/ICB/APV



Copy Furnished:

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Cebu City
2. **Agusan del Sur Electric Cooperative, Inc. (ASELCO)**
Applicant
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3. **Office of the Solicitor General (OSG)**
134 Amorsolo St., Legaspi Village, Makati City
4. **The Commission on Audit (COA)**
Commonwealth Avenue, Quezon City
5. **The Senate Committee on Energy**
GSIS Building, Roxas Boulevard, Pasay City
6. **The House Committee on Energy**
Batasan Hills, Quezon City
7. **Office of the Provincial Governor**
Province of Agusan del Sur
8. **Office of the Sangguniang Panlalawigan**
Province of Agusan del Sur
9. **Office of the City Mayor**
Bayugan City, Agusan del Sur
10. **Office of the Municipal Mayor**
Bunawan, Agusan del Sur
11. **Office of the Municipal Mayor**
Esperanza, Agusan del Sur
12. **Office of the Municipal Mayor**
La Paz, Agusan del Sur
13. **Office of the Municipal Mayor**
Loreto, Agusan del Sur
14. **Office of the Municipal Mayor**
Prosperidad, Agusan del Sur
15. **Office of the Municipal Mayor**
Rosario, Agusan del Sur
16. **Office of the Municipal Mayor**
San Francisco, Agusan del Sur



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17. **Office of the Municipal Mayor**
San Luis, Agusan del Sur
18. **Office of the Municipal Mayor**
Sibagat, Agusan del Sur
19. **Office of the Municipal Mayor**
Sta Josefa, Agusan del Sur
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Talacogon, Agusan del Sur
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Trento, Agusan del Sur
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Veruela, Agusan del Sur
23. **Office of the Sangguniang Bayan**
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Talacogon, Agusan del Sur
35. **Office of the Sangguniang Bayan**



Trento, Agusan del Sur

36. Office of the Sangguniang Bayan
Veruela, Agusan del Sur

37. Investigation and Enforcement Division (IED)
17th Floor, Pacific Center Building, San Miguel Avenue, Pasig City

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