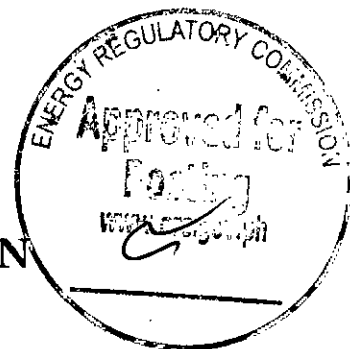


Republic of the Philippines  
**ENERGY REGULATORY COMMISSION**  
San Miguel Avenue, Pasig City



**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. 2016-016 CF**

**ZAMBOANGA DEL SUR I  
ELECTRIC COOPERATIVE,  
INC. (ZAMSURECO I),**

**Applicant.**

X-----X

**D O C K E T E D**  
Date: JUL 01 2016  
By: M.

**ORDER**

On 31 March 2016, the Zamboanga del Sur I Electric Cooperative, Inc. (ZAMSURECO I) 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 2011 to 2013 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.

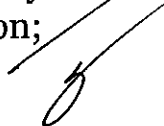
In the said application, ZAMSURECO I alleged, among others, that:

THE APPLICANT

1. ZAMSURECO I is a non-stock, non-profit electric cooperative, organized and existing under and by virtue of Philippine laws, with principal office at Gov. Vicente M. Cerilles St., Pagadian City, Zamboanga Del Sur;
2. ZAMSURECO I is engaged in the distribution of electric light and power within its service area which covers the City of Pagadian and certain municipalities of the Province of Zamboanga Del Sur, namely: Aurora, Dimataling, Dinas, Dumalinao, Dumingag, Guipos, Labangan, Lapuyan, Mahayag, Margosatubig, Midsalip, Molave, R. Magsaysay, San Miguel, San Pablo, Tabina, Tambulig, Tigbao, Tukuran, Sominot (formerly Don Mariano Marcos), Pitogo, Josefina and Vincenzo Sagun, and the Municipality of Don Victoriano in the Province of Misamis Occidental;

LEGAL BASIS FOR THE APPLICATION

3. ERC Resolution No. 16, Series of 2009 as amended by Resolution No. 21, Series of 2010 established 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, or Treatment of Prompt Payment Discount, as the case may be;
4. On the other hand, ERC Resolution 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 application, covering the period of January 2013 to December 2015.

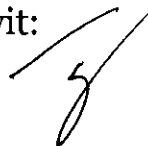
**OVER OR UNDER RECOVERIES**  
**OF ALLOWABLE COSTS**

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, ZAMSURECO I 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:

	<b>Allowable Cost (PhP)</b>	<b>Actual Revenue (PhP)</b>	<b>(Over)/Under Recovery (PhP)</b>
Generation Rate (GR)	1,988,527,242.84	1,986,289,860.74	2,237,382.10
Transmission Rate (TR)	456,893,288.47	459,253,070.47	(2,359,782.00)
System Loss Rate (SLR)	329,886,390.57	322,363,004.90	7,523,385.66
	<b>Discount (PhP)</b>	<b>Subsidy (PhP)</b>	
Lifeline Rate (LR)	(38,239,951.40)	38,419,625.35	(179,673.95)
Senior Citizen Discount and Subsidy	(161,643.13)	157,982.81	3,660.32
<b>Net Results</b>			<b>7,224,972.13</b>

SUPPORTING DATA AND DOCUMENTS

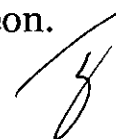
8. In support of the foregoing, ZAMSURECO I is submitting the following data and documents covering the period January 2013 to December 2015, labeled together and made integral part of the application as Annex "A", to wit:
- a) Summary of the results of individual calculations of over or under-recoveries made on the subject allowable costs;
  - b) Supplier 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.
9. Considering the foregoing, it is respectfully prayed that ZAMSURECO I's calculations of its over or under-recoveries in the implementation of the subject automatic cost adjustments and true-up mechanisms be confirmed and approved, and ZAMSURECO I be allowed to refund the over recoveries or collect the under recoveries, as the case maybe, to or from its customers;
10. It is prayed that after due notice and hearing, ZAMSURECO I'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 No. 16, Series of 2009 as amended by Resolution No. 21, Series of 2010 and ERC Resolution No. 23, Series of 2011, be confirmed and approved, and ZAMSURECO I 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:



	<b>Allowable Cost (PhP)</b>	<b>Actual Revenue (PhP)</b>	<b>(Over)/Under Recovery (PhP)</b>
Generation Rate (GR)	1,988,527,242.84	1,986,289,860.74	2,237,382.10
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Senior Citizen Discount and Subsidy	(161,643.13)	157,982.81	3,660.32
<b>Net Results</b>			<b>7,224,972.13</b>

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 **2 August 2016 (Tuesday) 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.**

ZAMSURECO I 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.

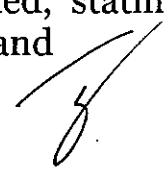
Likewise, let copies of this Order and the attached Notice of Public Hearing be furnished the Offices of the Governors of the Provinces of Zamboanga del Sur and Misamis Occidental, as well as the Mayor and the Local Government Legislative Body of the city or municipality within ZAMSURECO I's franchise area for the appropriate posting thereof on their respective bulletin boards.

ZAMSURECO I 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, ZAMSURECO I 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 Governors, 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.

ZAMSURECO I 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 ZAMSURECO I 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.

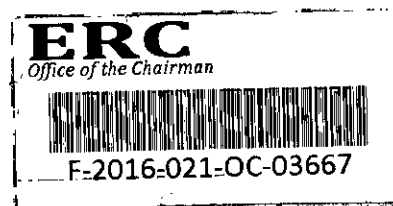
As part of the pre-trial conference, ZAMSURECO I must also be prepared to make an expository presentation of its application, aided by whatever communication medium that it may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned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

**SO ORDERED.**

Pasig City, 21 June 2016.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

  
**JOSE VICENTE B. SALAZAR**  
Chairman



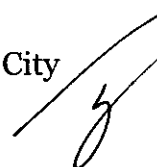
Copy Furnished:

1. Atty. Jeremiah D. Francisco  
**DECHAVEZ & EVANGELISTA LAW OFFICES**  
Counsel for Applicant ZAMSURECO I  
Unit 1609-1610 Tycoon Center  
Pearl Drive, Ortigas Center, Pasig City
2. **Zamboanga Del Sur I Electric Cooperative, Inc. (ZAMSURECO II)**  
Gov. Vicente M. Cerilles St.,  
Pagadian City, Zamboanga 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 City Mayor**  
Pagadian, Zamboanga Del Sur
8. **Office of the Local Government Legislative Body**  
Pagadian, Zamboanga Del Sur
9. **Office of the Municipal Mayor**  
Aurora, Zamboanga Del Sur
10. **Office of the Local Government Legislative Body**  
Aurora, Zamboanga Del Sur
11. **Office of the Municipal Mayor**  
Dimataling, Zamboanga Del Sur
12. **Office of the Local Government Legislative Body**  
Dimataling, Zamboanga Del Sur
13. **Office of the Municipal Mayor**  
Dinas, Zamboanga Del Sur
14. **Office of the Local Government Legislative Body**  
Dinas, Zamboanga Del Sur





51. **Office of the Municipal Mayor**  
Josefina, Zamboanga Del Sur
52. **Office of the Local Government Legislative Body**  
Josefina, Zamboanga Del Sur
53. **Office of the Municipal Mayor**  
Vincenzo Sagun, Zamboanga Del Sur
54. **Office of the Local Government Legislative Body**  
Vincenzo Sagun, Zamboanga Del Sur
55. **Office of the Municipal Mayor**  
Don Victoriano, Misamis Oriental
56. **Office of the Local Government Legislative Body**  
Don Victoriano, Misamis Oriental
57. **Office of the Provincial Governor**  
Province of Zamboanga Del Sur
58. **Office of the Provincial Governor**  
Province of Misamis Oriental
59. **President**  
Philippine Chamber of Commerce and Industry (PCCI)  
3<sup>rd</sup> Floor, Chamber and Industry Plaza (CIP)  
1030 Campus Avenue corner Park Avenue  
McKinley Town Center, Fort Bonifacio, Taguig City



15. **Office of the Municipal Mayor**  
Dumalinao, Zamboanga Del Sur
16. **Office of the Local Government Legislative Body**  
Dumalinao, Zamboanga Del Sur
17. **Office of the Municipal Mayor**  
Dumingag, Zamboanga Del Sur
18. **Office of the Local Government Legislative Body**  
Dumingag, Zamboanga Del Sur
19. **Office of the Municipal Mayor**  
Guipos, Zamboanga Del Sur
20. **Office of the Local Government Legislative Body**  
Guipos, Zamboanga Del Sur
21. **Office of the Municipal Mayor**  
Labangan, Zamboanga Del Sur
22. **Office of the Local Government Legislative Body**  
Labangan, Zamboanga Del Sur
23. **Office of the Municipal Mayor**  
Lapuyan, Zamboanga Del Sur
24. **Office of the Local Government Legislative Body**  
Lapuyan, Zamboanga Del Sur
25. **Office of the Municipal Mayor**  
Mahayag, Zamboanga Del Sur
26. **Office of the Local Government Legislative Body**  
Mahayag, Zamboanga Del Sur
27. **Office of the Municipal Mayor**  
Margosatubig, Zamboanga Del Sur
28. **Office of the Local Government Legislative Body**  
Margosatubig, Zamboanga Del Sur
29. **Office of the Municipal Mayor**  
Midsalip, Zamboanga Del Sur
30. **Office of the Local Government Legislative Body**  
Midsalip, Zamboanga Del Sur
31. **Office of the Municipal Mayor**  
Molave, Zamboanga Del Sur
32. **Office of the Local Government Legislative Body**  
Molave, Zamboanga Del Sur



33. **Office of the Municipal Mayor**  
R. Magsaysay, Zamboanga Del Sur
34. **Office of the Local Government Legislative Body**  
R. Magsaysay, Zamboanga Del Sur
35. **Office of the Municipal Mayor**  
San Miguel, Zamboanga Del Sur
36. **Office of the Local Government Legislative Body**  
San Miguel, Zamboanga Del Sur
37. **Office of the Municipal Mayor**  
San Pablo, Zamboanga Del Sur
38. **Office of the Local Government Legislative Body**  
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39. **Office of the Municipal Mayor**  
Tabina, Zamboanga Del Sur
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41. **Office of the Municipal Mayor**  
Tambulig, Zamboanga Del Sur
42. **Office of the Local Government Legislative Body**  
Tambulig, Zamboanga Del Sur
43. **Office of the Municipal Mayor**  
Tigbao, Zamboanga Del Sur
44. **Office of the Local Government Legislative Body**  
Tigbao, Zamboanga Del Sur
45. **Office of the Municipal Mayor**  
Tukuran, Zamboanga Del Sur
46. **Office of the Local Government Legislative Body**  
Tukuran, Zamboanga Del Sur
47. **Office of the Municipal Mayor**  
Somino (formerly Don Mariano Marcos),  
Zamboanga Del Sur
48. **Office of the Local Government Legislative Body**  
Somino (formerly Don Mariano Marcos),  
Zamboanga Del Sur
49. **Office of the Municipal Mayor**  
Pitogo, Zamboanga Del Sur
50. **Office of the Local Government Legislative Body**  
Pitogo, Zamboanga Del Sur

