

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



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

ERC CASE NO. 2017-011 CF

**CAMARINES SUR IV
ELECTRIC COOPERATIVE,
INC. (CASURECO IV),
Applicant.**

X-----X

DOCKETED
Date: MAY 26 2017
By: _____

ORDER

On 28 March 2017, an *Application* dated 17 March 2017 was filed by applicant Camarines Sur IV Electric Cooperative, Inc. (CASURECO IV) seeking the Commission's approval of the (over)/under-recoveries based on the formula on the various automatic cost adjustment and true-up mechanisms and corresponding confirmation process, pursuant to ERC Resolution No. 16, Series of 2009, as amended by ERC Resolution Nos. 21 and 23, Series of 2010.

CASURECO IV alleged the following in its Application:

1. Applicant CASURECO IV is an electric cooperative duly organized and existing under and by virtue of the laws of the

Philippines, with principal office at Talojongon, Tigaon, Camarines Sur, represented herein by its General Manager, Atty. Veronica T. Briones, per Board Resolution attached hereto as Annex "A";

2. Applicant CASURECO IV is the exclusive franchise holder issued by the National Electrification Commission (NEC), to operate an electric light and power distribution service in the Municipalities of Tigaon, Ocampo, Sangay, Goa, San Jose, Lagonoy, Presentacion, Caramoan and Garchitorena, all in the Province of Camarines Sur;

3. Under ERC Resolution No. 16, Series of 2009 as amended by ERC Resolution No. 21, Series of 2010, Luzon Distribution Utilities (DUs) and Electric Cooperatives (ECs) are required to file their respective consolidated applications for the approval of their over or under recoveries on the implementation of various automatic cost adjustments and true-up mechanisms, such as: Automatic Generation Rate (GR) and System Loss Adjustment Mechanism, Transmission Rate (TR) Adjustment Mechanism, Lifeline Rate Recovery Mechanism, Local Franchise Tax and Business Taxes Recovery Mechanism, Calculation of the Over/Under Recovery in the Implementation of Lifeline Rates by DUs, True-up Mechanism of the Over/Under Recovery of in the Implementation of Inter-Class Cross Subsidy Removal of DUs, Treatment of Prompt Payment Discount (PPD), Calculation of Over/Under Recovery in the Implementation of System Loss Rate (SLR) by DUs, and Calculation of the Over/Under Recovery in the Implementation of Transmission Rates;

4. Applicant CASURECO IV adopted and applied the various formulas provided under Resolution 16, Series of 2009 as amended by Resolution 21, Series of 2010, in determining the under/over recoveries on the implementation of the foregoing automatic cost adjustments and true-up mechanisms;

5. A summary of the pass true costs vis-a-vis the actual collections on the above-mentioned implementation of various automatic cost adjustments and true-up mechanisms for CY 2014 to 2016 are presented hereunder, as follows:

	Pass True Cost	Actual Collection	(Over)/Under
1 Generation Rate (GR)	701,931,380.86	700,609,915.82	1,321,465.04
2 Transmission Rate (TR)	150,407,154.91	151,533,991.57	(1,126,836.66)
3 System Loss Rate (SLR)	124,827,432.80	124,927,728.26	(100,295.46)
4 Lifeline Rate (LR)	20,013,331.21	20,997,471.09	(984,139.88)
5 Senior Citizen Rate	218,197.36	229,779.27	(11,581.92)
Grand Total	997,967,086.98	998,878,447.16	(901,388.88)

6. Detailed summaries for CY 2014-2016 and the detailed individual computations on the above-stated pass-through charges and actual collections are attached hereto as Annex "B" and sub-annexes:

- a. Supplier and Transmission Data;
- b. Statistical Data on Energy Sales, Power Demand and System Loss;
- c. Actual Rates Implemented;
- d. Lifeline Discount Sheet;
- e. Calculation of (Over)/Under Recoveries for Generation Rate;
- f. Calculation of (Over)/Under Recoveries for Transmission Rate;
- g. Calculation of (Over)/Under Recoveries for System Loss Rate;
- h. Calculation of (Over)/Under Recoveries for Lifeline Rate;
- i. Calculation of (Over)/Under Recoveries for Senior Citizen;
- j. Summary of (Over)/Under Recoveries from CY 2014-2016;
- k. Proposed scheme of refund/collect using the latest kWh Sales;
- l. Manifestation of no Pilferage Recoveries; and
- m. Report of implemented other adjustments.

7. In support of the foregoing computations, Applicant CASURECO IV is submitting the following data and documents, labelled together and made an integral part of the instant Application as Annex "C", and sub-annexes to wit:

- a. Power bills, Official Receipts and Debit/Credit Memo from SMEC;
- b. Power bills, Official Receipts and Debit/Credit Memo from ULGEI;
- c. Power bills, Official Receipts and Adjustments from WESM;
- d. Power bills and Official Receipts from NGCP;
- e. Monthly Financial Statistical Report Section A & E;
- f. Sample Power Bills of CASURECO IV to Non-Lifeliners Residential, Low Voltage and High Voltage customers;
- g. Sample Power Bills of CASURECO IV to Lifeliners Residential customers;
- h. Sample Power Bills of CASURECO IV to Senior Citizen customers.

PRAYER

WHEREFORE, premises considered, it is most respectfully prayed upon the Honorable Commission that the computations of over/under recoveries presented in the instant Application be approved, and Applicant CASURECO IV be allowed to refund/collect said over/under recoveries.

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

Finding the said Application sufficient 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 **9 August 2017 at ten o'clock in the morning (10:00 A.M.), at the ERC Hearing Room, 15th Floor, Pacific Center Building, San Miguel Avenue, Pasig City.**

Accordingly, CASURECO IV is hereby directed to:

- 1) Cause the publication of the attached Notice of Public Hearing once (1x) in a newspaper of nationwide circulation in the Philippines at its own expense, the date of the publication to be made not later than ten (10) days before the scheduled initial hearing;
- 2) Furnish with copies of this Order and the attached Notice of Public Hearing the Offices of the Provincial Governor and Municipal Mayors, and the Local Government Unit (LGU) legislative bodies within the affected franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform of the filing of the Application, its reasons therefor, and of the scheduled hearing thereon, the consumers within the affected franchise area, by any other means available and appropriate;
- 4) Furnish with copies of this Order and the attached Notice of Public Hearing, 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; and
- 5) Furnish with copies of the Application and its attachments all those making requests therefor, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing, Applicant must submit to the Commission its written compliance with the aforementioned jurisdictional requirements attaching therewith, methodically arranged and duly marked the following:

- 1) The evidence of publication of the attached Notice of Public Hearing consisting of affidavits of the Editors or Business Managers of the newspapers where the said Notice of

Public Hearing was published, and the complete issues of the said newspapers;

- 2) The evidence of actual posting of this Order and the attached 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;
- 3) The evidence of other means employed by Applicant to inform of the filing of the Application, its reasons therefore, and of the scheduled hearing thereon, the consumers within the affected franchise area;
- 4) The evidence of receipt of copies of this Order and the attached Notice of Public Hearing by the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress;
- 5) The evidence of receipt of copies of the Application and its attachments by all those making requests therefor, if any; and
- 6) Such other proofs of compliance with the requirements of the Commission.

Applicant and all interested parties are also required to submit, at least five (5) days before the date of the initial hearing and Pre-Trial Conference, their respective Pre-Trial Briefs containing, among others:

- 1) A summary of admitted facts and proposed stipulation of facts;
- 2) The issues to be tried or resolved;
- 3) The documents or exhibits to be presented, stating the purposes and proposed markings therefore; and
- 4) The number and names of the witnesses, with their written testimonies in a Judicial Affidavit form attached to the Pre-trial Brief.

Failure of Applicant to comply with the above requirements 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 the said date of cancellation.

CASURECO IV must also be prepared to make an expository presentation of the instant 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, 15 May 2017.

FOR AND BY AUTHORITY
OF THE COMMISSION:



ALFREDO J. NON
Officer-in-Charge of ERC


LS/SLAN/ARG/PAR/APV

COPY FURNISHED:

1. Camarines Sur IV Electric Cooperative, Inc. (CASURECO IV)
Applicant
Talojongon, Tigaon, Camarines Sur
2. Atty. Antonio M. Dionola
HAO DASAL DIONOLA & ASSOCIATES
Counsel for Applicant
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3. Office of the Mayor
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4. Office of the LGU legislative body
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5. Office of the Mayor
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6. Office of the LGU legislative body
Ocampo, Camarines Sur
7. Office of the Mayor
Sangay, Camarines Sur
8. Office of the LGU legislative body
Sangay, Camarines Sur

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9. Office of the Mayor
Goa, Camarines Sur
10. Office of the LGU legislative body
Goa, Camarines Sur
11. Office of the Mayor
San Jose, Camarines Sur
12. Office of the LGU legislative body
San Jose, Camarines Sur
13. Office of the Mayor
Lagonoy, Camarines Sur
14. Office of the LGU legislative body
Lagonoy, Camarines Sur
15. Office of the Mayor
Presentacion, Camarines Sur
16. Office of the LGU legislative body
Presentacion, Camarines Sur
17. Office of the Mayor
Caramoan, Camarines Sur
18. Office of the LGU legislative body
Caramoan, Camarines Sur
19. Office of the Mayor
Garchitorena, Camarines Sur
20. Office of the LGU legislative body
Garchitorena, Camarines Sur
21. Office of the Governor
Province of Camarines Sur
22. Office of the LGU legislative body
Province of Camarines Sur
23. Office of the Solicitor General
134 Amorsolo Street, Legaspi Village, Makati City
24. Commission on Audit (COA)
Commonwealth Avenue, Quezon City
25. Senate Committee on Energy
GSIS Bldg. Roxas Blvd., Pasay City
26. House Committee on Energy
Batasan Hills, Quezon City
27. Philippine Chamber of Commerce and Industry (PCCI)
3rd Floor, Chamber and Industry Plaza (CIP),
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McKinley Town Center, Fort Bonifacio, Taguig City
28. Investigation and Enforcement Division (IED)
Energy Regulatory Commission (ERC)
17th Floor, Pacific Center Bldg., San Miguel Avenue, Pasig City