

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
FORMULA FOR
VARIOUS AUTOMATIC
COST ADJUSTMENT AND
TRUE-UP MECHANISMS
AND CORRESPONDING
PROCESS FOR PERIOD
2015 TO 2017, PURSUANT
TO ERC RESOLUTION
NO. 16, SERIES OF 2009,
AS AMENDED BY ERC
RESOLUTION NO. 21,
SERIES OF 2010**

ERC CASE NO. 2018-006 CF

**LEYTE II ELECTRIC
COOPERATIVE, INC.
(LEYECO II),**

Applicant.

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DOCKETED
Date: JUL 04 2018
By:

ORDER

On 21 March 2018, the Leyte II Electric Cooperative Inc. (LEYECO II) filed an *Application* dated 13 March 2018, seeking approval of over or under-recoveries based on formula for various automatic cost adjustments and true-up mechanisms and corresponding process for period 2015 to 2017, pursuant to the Commission's Resolution No. 16, Series of 2009, as amended by Resolution No. 21, Series of 2010.

LEYECO II alleged the following in its *Application*:

1. LEYECO II is a non-stock, non-profit electric cooperative, duly registered, organized and existing under and by virtue of Presidential Decree No. 269, as amended, with principal office

address at Real St., Sagkahan District, Tacloban City, Leyte, Philippines;

2. LEYECO II holds an exclusive franchise, issued by the National Electrification Commission, to operate an electric light and power distribution service in the city of Tacloban and in the municipalities of Palo and Babatngon, all in the province of Leyte;

LEGAL BASES OF THE APPLICATION

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, Senior Citizen Subsidy Recovery, as the case may be;
4. The 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 January 2015 to December 2017.

OVER OR UNDER RECOVERIES OF ALLOWABLE COSTS

5. Applying the formulas provided under Resolution 16, Series of 2009 as amended by Resolution 21, Series of 2010 and Resolution 23, Series of 2010, LEYECO II conducted 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 2015 to December 2017;
6. The calculation conducted resulted to over/under recoveries, which is summarized hereunder, to wit:

Particulars	Allowable Revenue	Generated Revenue	(Over)/Under Recovery
Generation	3,193,135,579.41	3,226,978,005.28	(33,842,425.87)
Transmission	459,787,769.41	459,201,437.16	586,332.25
System Loss	371,330,453.29	339,970,085.26	31,360,368.03
Lifeline	51,420,462.30	52,331,449.55	(910,987.25)
Senior Citizen	165,575.98	0.00	165,575.98

(Over)/Under Recoveries			(2,641,136.85)
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SUPPORTING DATA AND DOCUMENTS

7. In support of the foregoing, applicant is submitting the following data and documents covering the period January 2015 to December 2017, attached hereto and made integral parts hereof as follows:

ANNEX MARKINGS	NATURE OF DOCUMENT
Annex A	Summary of Over/Under Recoveries Computation
Annex B	Proposed Scheme of Recovery – (Refund)/Collect
	SUPPLIER AND TRANSMISSION DATA
Annex C	Fully Accomplished Supplier and Transmission Data Sheet
Annex D and Series	PSALM Power Bills, ORs, Debit/Credit Memos
	Net Metering Billing Report
	WESM Power Bills, ORs, Debit/Credit Memos
	GCGI (11&5 MW) Power Bills, ORs, Debit/Credit Memos
	KEPCO Power Bills, ORs, Debit/Credit Memos
	TRANS-ASIA Power Bills, ORs, Debit/Credit Memos
	FDCUI Power Bills, ORs, Debit/Credit Memos
	GNPower Power Bills, ORs, Debit/Credit Memos
	SMEC Power Bills, ORs, Debit/Credit Memos
	NGCP Power Bills, ORs, Debit/Credit Memos
	STATISTICAL DATA
Annex E	Fully Accomplished Statistical Data Sheet
Annex F	Summary of Pilferage Cost Recoveries
Annex G	Report of Implemented Other Adjustments (ERC Approved Over/Under Recoveries 2004-2011)

Annex H	Monthly Financial and Statistical Report Section A and E
Annex I	Summary of Demand Sales (kW)
Annex J	Summary kW CP per Customer Class
	ACTUAL IMPLEMENTED RATES
Annex K	Fully Accomplished Actual Implemented Rates Sheet
Annex L	Fully Accomplished Lifeline Discount Sheet
Annex M	Fully Accomplished Senior Citizen Discount Sheet
Annex N	Two (2) Consumer Bills Per Customer Class (Non-Lifeline)
Annex O	Lifeline Summary
Annex P	One (1) Consumer Bill Per Lifeline Bracket
Annex Q	Senior Citizen Summary
Annex R	One (1) Senior Citizen Bill - Residential
Annex S	One (1) Senior Citizen Bill – Facility / Institution
	OTHER DOCUMENTS
Annex T	Submitted URR for the Years 2015 to 2017
Annex U	LEYECO II Board Resolution No. 035-02-2018

8. Additionally, LEYECO II is respectfully submitting herewith in support of the instant application, the required electronic copies of the Application together with the foregoing data and documents saved in a USB Drive;
9. Considering the foregoing, it is respectfully prayed that LEYECO II's calculations of over or under recoveries in the implementation of subject automatic cost adjustments and true-up mechanisms 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.
10. Finally, the representative of LEYECO II is duly authorized by the Board of Directors per Board Resolution No. 035-02-2018, 037-02-2018 and 038-02-2018. A copy of which is hereto attached as **Annex "U", "U-1" and "U-2"**.

PRAYER

WHEREFORE, premises considered, it is respectfully prayed of this Honorable Commission, that after due notice and hearing:

1. LEYECO II's calculations of over or under recoveries in the implementation of subject automatic cost adjustments and true-up mechanisms covering the period January 2015 to December 2017, made pursuant to ERC Resolution 16, Series of 2009 as amended by Resolution 21, Series of 2010, be confirmed and approved; and
2. LEYECO II be allowed to refund the over recoveries or collect the under recoveries, as the case maybe, to or from its customers, under LEYECO II's proposed recovery scheme summarized as follows, to wit:

Period of Recovery	36 Months
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Projected Kwh Sales	740, 477,000.00	
2018	234,556,000	
2019	246,590,000	
2020	259,331,000	

Particulars	Allowable Revenue	Generated Revenue	(Over)/Under Recovery	RATE IMPACT
Generation	3,193,135,579.41	3,226,978,005.28	(33,842,425.87)	(0.0457)
Transmission	459,787,769.41	459,201,437.16	586,332.25	0.0008
System Loss	371,330,453.29	339,970,085.26	31,360,368.03	0.0424
Lifeline	51,420,462.30	52,331,449.55	(910,987.25)	(0.0012)
Senior Citizen	165,575.98	0.00	165,575.98	0.0002
(Over)/Under Recoveries			(2,641,136.85)	(0.0036)

Other reliefs, 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 **23 July 2018 (Tuesday) at two o'clock in the**

morning (2:00 PM), at the ERC Hearing Room, 15th Floor, Pacific Center Building, San Miguel Avenue, Pasig City.

Accordingly, LEYECO II 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, with the date of publication to be made not later than ten (10) days before the date of the scheduled initial hearing;
- 2) Furnish with copies of this Order and the attached Notice of Public Hearing the Offices of the Provincial Governors, the City 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 affidavit of the Editor or Business Manager of the newspaper where the said Notice of Public Hearing was published, and the complete issue of the said newspaper;

- 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 Governors, 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*, the 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 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.

LEYECO II 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, 18 June 2018.

FOR AND BY AUTHORITY
OF THE COMMISSION:


JOSEFINA PATRICIA A. MAGPALE-ASIRIT
Commissioner


LS: JTB/LSI/APV

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Copy Furnished:

1. Atty. Edson G. Piczon
In-House Counsel for Applicant LEYECO II
Real St., Sagkahan District, Tacloban City, Leyte, Philippines
2. Leyte II Electric Cooperative, Inc. (LEYECO II)
Applicant
Real St., Sagkahan District, Tacloban City, Leyte, Philippines
3. Office of the Solicitor General
134 Amorsolo Street, Legaspi Village, Makati City
4. Commission on Audit
Commonwealth Avenue, Quezon City
5. Senate Committee on Energy
GSIS Bldg. Roxas Blvd., Pasay City
6. House Committee on Energy
Batasan Hills, Quezon City
7. Philippine Chamber of Commerce and Industry (PCCI)
3rd Floor, Chamber and Industry Plaza (CIP), 1030 Campus Avenue corner Park Avenue,
McKinley Town Center, Fort Bonifacio, Taguig City
8. Office of the Governor
Province of Leyte
9. Office of the LGU legislative body
Province of Leyte
10. Office of the Mayor
Tacloban City, Leyte
11. Local Government Unit (LGU) legislative body
Tacloban City, Leyte
12. Office of the Mayor
Palo, Leyte
13. Office of the LGU legislative body
Palo, Leyte
14. Office of the Mayor
Babatngon, Leyte
15. Office of the LGU legislative body
Babatngon, Leyte
16. Regulatory and Operations Service (ROS)-Investigation and Enforcement Division (IED)
Energy Regulatory Commission
17th Floor, Pacific Center Bldg., San Miguel Avenue, Pasig City