

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 2015 TO 2017, PURSUANT TO ERC RESOLUTION NO. 16, SERIES OF 2009, AS AMENDED BY RESOLUTION NOS. 21 AND 23, SERIES OF 2010

ERC CASE NO. 2018-016 CF

DON ORESTES ROMUALDEZ ELECTRIC COOPERATIVE, INC. (DORELCO),

Applicant.

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Promulgated:

MAR 26 2019

ORDER

On 23 March 2018, the Don Orestes Romualdez Electric Cooperative Inc. (DORELCO) filed an *Application* dated 14 March 2018, seeking confirmation and approval of its calculations of over or under recoveries in the implementation of automatic cost adjustments and true – up mechanisms for the period 2015 to 2017.

In the said *Application*, DORELCO alleged the following, among others:

1. DORELCO is a non-stock, non-profit electric cooperative duly organized and existing under and by virtue of Philippine laws, with principal office at Brgy. San Roque, Tolosa, Leyte;

2. It holds an exclusive franchise from the National Electrification Commission to operate an electric light and power distribution service in certain municipalities of the Province of Leyte, to wit: Abuyog, Burauen, Dagami, Dulag, Lapaz, Julita, Javier, Macarthur, Mahaplag, Mayorga, Tabon, Tanauan and Tolosa.

LEGAL BASIS FOR 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 and Lifeline Rate Recovery, 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 instant application, covering the period of January 2015 to December 2017.

OVER/UNDER RECOVERIES OF ALLOWABLE COSTS

6. Applying the formulas provided under Resolution 16, Series of 2009 as amended by Resolution 21, Series of 2010 and Resolution 23, Series of 2010, Applicant 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 2015 to December 2017;
7. The results of its calculations are presented hereunder, as follows:

	Allowable Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Rate (GR)	965,443,626.84	913,448,359.71	51,995,267.13
Transmission Rate (TR)	194,344,666.58	192,910,940.40	1,433,726.18
System Loss Rate (SLR)	142,029,954.11	177,955,601.91	(35,925,647.80)
	Discount (PhP)	Subsidy (PhP)	
Lifeline Rate (LR)	11,048,686.46	(11,745,972.32)	697,285.86
Senior Citizen Rate	906,470.33	999,461.08	92,990.75
Net Results	1,313,773,404.32	1,273,568,390.78	18,293,622.12

SUPPORTING DATA AND DOCUMENTS

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

FOLDER	ANNEX MARKINGS	NATURE OF DOCUMENTS
Folder 1	Annex A	Summary of Over/Under Recoveries Computations for 2015 - 2017 (Per charge and yearly basis)
	Annex B	Proposed Scheme of Refund/Collect using the Latest kWh Sales
Folder 2	SUPPLIER AND TRANSMISSION DATA	
	Annex C	Fully accomplished Supplier and Transmission Data Sheet for the year
	Annex D	Power Bills from Suppliers (Power Bill, Proof of payment, Adjusted Bill/Debit or Credit Memo)
Folder 3	STATISTICAL DATA	
	Annex E	Fully accomplished Statistical Data Sheet for the year
	Annex F	Summary of Pilferage Cost Recoveries/ Manifestation if no PCR
	Annex G	Report of Implemented Other Adjustments
	Annex H	MFSR – Sections A and E
Folder 4	ACTUAL IMPLEMENTED RATES DATA	
	Annex I	Fully accomplished Actual Implemented Rates Data Sheet for the year
	Annex J	Fully accomplished Lifeline Discount Sheet for the year
	Annex K	Fully accomplished Senior Citizen Discount Sheet for the year
	Annex L	Consumer Bills per Customer Class (Non-Lifeline)
	Annex M	Consumer Bills per Lifeline Bracket (Lifeline)
	Annex N	Senior Citizen Consumer Bills
Folder 5	OTHER DOCUMENTS	
	Annex O	Submitted URR for the year

9. Additionally, Applicant is likewise submitting herewith the required electronic copies of the Application and supporting data and documents;

10. Further, in compliance with the pre-filing requirements for the instant application, Applicant is likewise submitting the following documents to form integral parts hereof, as follows:

ANNEX MARKINGS	NATURE OF DOCUMENT
Annexes P and series	Proof of furnishing copies of the Application to the Sangguniang Bayan of Tolosa and Sangguniang Panlalawigan of Leyte
Annexes Q and series	Proof of publication of the Application in a newspaper in circulation in the Applicant's franchise area or where it principally operates

11. Considering the foregoing, it is respectfully prayed that Applicant'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.

PRAYER

WHEREFORE, premises considered, it is respectfully prayed of this Honorable Commission, that after due notice and hearing, DORELCO's calculations of over or under recoveries in the implementation of 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 and ERC Resolution 23, Series of 2011, 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, summarized as follows, to wit:

	Allowable Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Rate (GR)	965,443,626.84	913,448,359.71	51,995,267.13
Transmission Rate (TR)	194,344,666.58	192,910,940.40	1,433,726.18
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Net Results	1,313,773,404.32	1,273,568,390.78	18,293,622.12

Other reliefs, just and equitable in the premises are likewise prayed for.

Finding the said *Application* to be sufficient in form and substance, the Commission issued an *Order and Notice of Public Hearing* both dated 18 June 2018 setting the case for the determination of compliance with the jurisdictional requirements, expository presentation, pre-trial conference, and presentation of evidence on 22 August 2018.

On 13 July 2018, DORELCO filed a *Manifestation with Motion to Reset Hearing* (First Motion) stating that the scheduled hearing was a holiday and it prayed that the scheduled hearing on 22 August 2018 be reset to a later date.

In an *Order* dated 06 September 2018, the Commission granted DORELCO's First Motion and reset the hearing on 01 October 2018.

On 26 September 2018, DORELCO filed a *Second Manifestation with Motion to Rest Hearing* (Second Motion). In the

said *Second Motion*, DORELCO prayed that the scheduled hearing be reset due to the unavailability of its personnel in charge for the scheduled hearing and inability to comply with the jurisdictional requirements of the Commission.

Finding the said *Second Motion* in order, the same is hereby GRANTED.

ACCORDINGLY, the instant *Application* is hereby set for another hearing for the determination of compliance with the jurisdictional requirements, expository presentation, pre-trial conference, and presentation of evidence on **29 April 2019 (Monday) at two o'clock in the afternoon (02:00 PM), at the ERC Hearing Room, 15th Floor, Pacific Center Building, San Miguel Avenue, Pasig City.**

DORELCO 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 Governor, the City and Municipal Mayor, 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, DORELCO 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 OSG, 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.

DORELCO 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 DORELCO 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.

DORELCO 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, the nature of the Application, with relevant information and pertinent details substantiating the reasons and justifications being cited in support thereof.

SO ORDERED.

Pasig City, 12 March 2019.

FOR AND BY AUTHORITY
OF THE COMMISSION:


JOSEFINA PATRICIA A. MAGPALE-ASIRIT
Commissioner

ERC CASE NO. 2018-016 CF
ORDER/ 12 March 2019
PAGE 8 OF 9

Copy Furnished:

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Atty. Jeremiah D. Francisco
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2. Don Orestes Romualdez Electric Cooperative, Inc. (DORELCO)
Applicant
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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
Abuyog, Leyte
11. Local Government Unit (LGU) legislative body
Abuyog, Leyte
12. Office of the Mayor
Buraen, Leyte
13. Office of the LGU legislative body
Buraen, Leyte
14. Office of the Mayor
Dagami, Leyte
15. Office of the LGU legislative body
Dagami, Leyte
16. Office of the Mayor
Dulag, Leyte
17. Office of the LGU legislative body
Dulag, Leyte
18. Office of the Mayor
Lapaz, Leyte
19. Office of the LGU legislative body
Lapaz, Leyte
20. Office of the Mayor
Julita, Leyte

ERC CASE NO. 2018-016 CF
ORDER/ 12 March 2019
PAGE 9 OF 9

21. Office of the LGU legislative body
Julita, Leyte
22. Office of the Mayor
Javier, Leyte
23. Office of the LGU legislative body
Javier, Leyte
24. Office of the Mayor
Mac Arthur, Leyte
25. Office of the LGU legislative body
Mac Arthur, Leyte
26. Office of the Mayor
Mahaplag, Leyte
27. Office of the LGU legislative body
Mahaplag, Leyte
28. Office of the Mayor
Mayorga, Leyte
29. Office of the LGU legislative body
Mayorga, Leyte
30. Office of the Mayor
Tabon, Leyte
31. Office of the LGU legislative body
Tabon, Leyte
32. Office of the Mayor
Tanauan, Leyte
33. Office of the LGU legislative body
Tanauan, Leyte
34. Office of the Mayor
Tolosa, Leyte
35. Office of the LGU legislative body
Tolosa, Leyte
36. Regulatory and Operations Service (ROS)-Investigation and Enforcement Division (IED)
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