

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 2016 TO 2018,
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. 2019-001 CF

**DAVAO DEL SUR ELECTRIC
COOPERATIVE, INC.
(DASURECO),**

Applicant.

X-----X

Promulgated:
MAR 27 2019

ORDER

On 07 March 2019, Applicant Davao Del Sur Electric Cooperative, Inc. (DASURECO) filed an *Application* dated 19 February 2019, seeking the Commission's 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 2016 to 2018, pursuant to ERC Resolution No. 16, Series of 2009, as amended by ERC Resolution No. 21, Series of 2010, and ERC Resolution No. 23, Series of 2010.

The pertinent allegations of the said *Application* are hereunder quoted as follows:

1. DASURECO is a non-stock, non-profit electric cooperative duly organized and existing under the laws of the Republic of the Philippines, with principal office at Cogon, Digos City, Davao Del Sur;
2. It holds an exclusive franchise from the National Electrification Commission to operate and maintain an electric light and power distribution service in Digos City and in the municipalities of Magsaysay, Sulop, Sta. Cruz, Hagonoy, Malalag, Bansalan, Padada, Sta. Maria, Sarangani, Matanao, and Kiblawan, province of Davao Del Sur and the municipalities of Jose Abad Santos, Malita and Don Marcelino, province of Davao Occidental.

LEGAL BASES 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, 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 January 2016 to December 2018.

OVER OR 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 2016 to December 2018;
7. The results of its calculations are presented hereunder, as follows:

	Allowable Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Rate (GR)	4,556,442,718.95	4,527,921,175.69	28,521,543.27
Transmission Rate (TR)	788,009,572.27	796,706,111.87	(8,696,539.60)
System Loss Rate (SLR)	560,216,613.99	544,782,131.29	15,434,482.70
	Discount (PhP)	Subsidy (PhP)	
Lifeline Rate (LR)	80,883,474.59	81,155,224.01	(271,749.42)
Senior Citizen Discount and Subsidy	439,528.23	432,866.89	6,661.34
Net Results			34,994,398.29

SUPPORTING DATA AND DOCUMENTS

8. In support of the foregoing calculations, Applicant is submitting the following data and documents covering the period January 2016 to December 2018, 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 2016 - 2018 (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	Manifestation if no PCR
	Annex G	Report of Implemented Other Adjustments
	Annex H	MFSR - Sections B 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
	Annex P	Computation on how the computed pass-through charges were derived

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 Q and series	Proof of furnishing copies of the Application to the Sangguniang Panlungsod of Digos City and Sangguniang Panlalawigan of Davao del Sur
Annexes R 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, DASURECO's calculations of over or under recoveries in the implementation of certain automatic cost adjustments and true-up mechanisms covering the period January 2016 to December 2018, 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)	4,556,442,718.95	4,527,921,175.69	28,521,543.27
Transmission Rate (TR)	788,009,572.27	796,706,111.87	(8,696,539.60)
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Senior Citizen Discount and Subsidy	439,528.23	432,866.89	6,661.34
Net Results			34,994,398.29

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

Finding the said *Application* to be sufficient in form and 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 **04 June 2019 (Tuesday) at ten o'clock in the morning (10:00 A.M.) at 15th Floor, ERC Hearing Room, Pacific Center Building, San Miguel Avenue, Pasig City.**

Accordingly, DASURECO 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 DASURECO's franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within the DASURECO's franchise area of the filing of the *Application*, the reasons therefor,

and of the scheduled hearing thereon, 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, DASURECO 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 Provincial Governors, the City and Municipal Mayors, and LGU legislative bodies or their duly authorized representatives, bearing the seals of their offices;
- 3) The evidence of other means employed by DASURECO to inform the consumers within the affected areas of the filing of the *Application*, its reasons therefor, and of the scheduled hearing thereon;
- 4) The evidence of receipt of copies of this *Order* and the attached *Notice of Public Hearing* by the OSG, the 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.

Applicant 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, 14 March 2019.

FOR AND BY AUTHORITY
OF THE COMMISSION:


JOSEFINA PATRICIA A. MAGPALE-ASIRIT
Commissioner 

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COPY FURNISHED:

1. Dechavez Lerios-Amboy and Evangelista Law Offices
Atty. Jeremiah D. Francisco
Counsel for Applicant DASURECO
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Ortigas Center, Pasig City
2. Davao Del Sur Electric Cooperative (DASURECO)
Applicant
Cogon, Digos City, Davao Del Sur
3. Office of the Solicitor General (OSG)
134 Amorsolo Street, Legaspi Village, Makati City
4. Commission on Audit (COA)
Commonwealth Avenue, Quezon City 1121
5. Senate Committee on Energy
GSIS Building, Roxas Boulevard, Pasay City 1307
6. House Committee on Energy
Batasan Hills, Quezon City 1126
7. Office of the Governor
Province of Davao Del Sur
8. Office of the Local Government (LGU) legislative body
Province of Davao Del Sur
9. Office of the Mayor
Digos City
10. Office of the Local Government (LGU) legislative body
Digos City
11. Office of the Municipal Mayor
Magsaysay, Davao Del Sur
12. Office of the Local Government (LGU) legislative body
Magsaysay, Davao Del Sur
13. Office of the Municipal Mayor
Sulop, Davao Del Sur
14. Office of the Local Government (LGU) legislative body
Sulop, Davao Del Sur
15. Office of the Municipal Mayor
Sta. Cruz, Davao Del Sur
16. Office of the Local Government (LGU) legislative body
Sta. Cruz, Davao Del Sur
17. Office of the Municipal Mayor
Hagonoy, Davao Del Sur
18. Office of the Local Government (LGU) legislative body
Hagonoy, Davao Del Sur
19. Office of the Municipal Mayor
Malalag, Davao Del Sur
20. Office of the Local Government (LGU) legislative body
Malalag, Davao Del Sur
21. Office of the Municipal Mayor
Bansalan, Davao Del Sur

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22. Office of the Local Government (LGU) legislative body
Bansalan, Davao Del Sur
23. Office of the Municipal Mayor
Padada, Davao Del Sur
24. Office of the Local Government (LGU) legislative body
Padada, Davao Del Sur
25. Office of the Municipal Mayor
Sta. Maria, Davao Del Sur
26. Office of the Local Government (LGU) legislative body
Sta. Maria, Davao Del Sur
27. Office of the Municipal Mayor
Sarangani, Davao Del Sur
28. Office of the Local Government (LGU) legislative body
Sarangani, Davao Del Sur
29. Office of the Municipal Mayor
Matanao, Davao Del Sur
30. Office of the Local Government (LGU) legislative body
Matanao, Davao Del Sur
31. Office of the Municipal Mayor
Kiblawan, Davao Del Sur
32. Office of the Local Government (LGU) legislative body
Kiblawan, Davao Del Sur
33. Office of the Governor
Davao Occidental
34. Office of the Local Government (LGU) legislative body
Davao Occidental
35. Office of the Municipal Mayor
Jose Abad Santos, Davao Occidental
36. Office of the Local Government (LGU) legislative body
Jose Abad Santos, Davao Occidental
37. Office of the Municipal Mayor
Malita, Davao Occidental
38. Office of the Local Government (LGU) legislative body
Malita, Davao Occidental
39. Office of the Municipal Mayor
Don Marcelino, Davao Occidental
40. Office of the Local Government (LGU) legislative body
Don Marcelino, Davao Occidental
41. Regulatory Operations Service (ROS)
Energy Regulatory Commission
17th Floor, Pacific Center, San Miguel Avenue, Pasig City