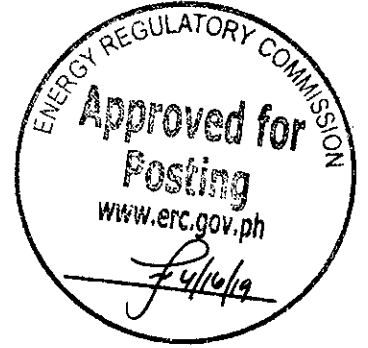


Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City



**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. 2019-005 CF

**DINAGAT ISLAND ELECTRIC
COOPERATIVE, INC.
(DIELCO)**

Applicant.

X ----- X

Promulgated:
APR 16 2019

ORDER

On 21 March 2019, Dinagat Island Electric Cooperative, Inc. (DIELCO) filed an Application dated 5 March 2019, seeking for the approval of its over or under recoveries in the implementation of automatic cost adjustments and true-up mechanisms during the period 2016 to 2018, pursuant to ERC Resolution No. 16, Series of 2009¹, as amended by Resolution No. 21, Series of 2010² (Application).

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¹ "A Resolution Adopting the Rules Governing the Automatic Cost Adjustment and True-up Mechanisms and Corresponding Confirmation Process for Distribution Utilities";

² "A Resolution Amending Section 4 of Article 4 and Section 1 of Article 5 of the Rules Governing the Automatic Cost Adjustment and True-up Mechanisms and Corresponding Confirmation Process for Distribution Utilities"

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

THE APPLICANT

1. DIELCO is a non-stock, non-profit electric cooperative, duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at Brgy. Justiniana, San Jose, Province of Dinagat Island;
2. It holds an exclusive franchise issued by the National Electrification Commission to operate an electric light and power distribution service in the municipalities of Basilisa, Cagdianao, Dinagat, Libjo, Loreto, San Jose, and Tubajon, all in the Province of Dinagat Islands.

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)	245,247,137.26	245,242,798.87	4,338.39
System Loss Rate (SLR)	13,454,090.99	13,854,880.13	(400,789.13)
	Discount (PhP)	Subsidy (PhP)	
Lifeline Rate (LR)	1,416,690.76	1,361,836.74	54,854.02
Senior Citizen Discount and Subsidy	392,949.79	384,686.61	8,263.18
Net Results			(333,333.55)

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)
Folder 3	STATISTICAL DATA	
	Annex E	Fully accomplished Statistical Data

		Sheet for the year
	Annex F	Manifestation for No Pilferage Cost Recoveries
	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
	Annex O	SURNECO Power Bills
Folder 5	OTHER DOCUMENTS	
	Annex P	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 Q and series	Proof of furnishing copies of the Application to the Sangguniang Bayan of San Jose and Sangguniang Panlalawigan of Dinagat Islands
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
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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, DIELCO '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)	245,247,137.26	245,242,798.87	4,338.39
System Loss Rate (SLR)	13,454,090.99	13,854,880.13	(400,789.13)
	Discount (PhP)	Subsidy (PhP)	
Lifeline Rate (LR)	1,416,690.76	1,361,836.74	54,854.02
Senior Citizen Discount and Subsidy	392,949.79	384,686.61	8,263.18
Net Results			(333,333.55)

DIELCO likewise prayed for other reliefs just and equitable under the premises.

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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 **02 May 2019 (Thursday) at two o'clock in the afternoon (2:00) at 15th Floor, ERC Hearing Room, Pacific Center Building, San Miguel Avenue, Pasig City.**

Accordingly, DIELCO is hereby directed to:

- 1) Cause the publication of the attached *Notice of Public Hearing* once in a newspaper of general circulation in the Philippines, at least ten (10) days before the scheduled 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 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 the consumers within the affected franchise area of the filing of the *Application*, its 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 Offices 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 their 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* were 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 body or their duly authorized representatives, bearing the seals of their offices;
- 3) The evidence of other means employed by Applicant to inform the consumers within the affected franchise area 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 Offices 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 proof of compliance with the requirements of the Commission.

DIELCO 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 therefor; 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 DIELCO 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.



DIELCO 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, 5 April 2019.

FOR AND BY AUTHORITY
OF THE COMMISSION:


JOSEFINA PATRICIA A. MAGPALE-ASIRIT
Oversight Commissioner for Legal Service 


LS: /BSA/GLO

Copy Furnished:

1. Atty. Maud Eisel H. Angel-Malang
Counsel for Applicant DIELCO
U2008, Tycoon Center, Pearl Drive,
Ortigas Center, Pasig City
2. Dinagat Island Electric Cooperative Inc. (DIELCO)
Applicant
Brgy. Justiniana, San Jose,
Province of Dinagat Island
3. Office of the Solicitor General (OSG)
134 Amorsolo Street, Legaspi Village
Makati City, Metro Manila

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4. Commission on Audit (COA)
Commonwealth Avenue
Quezon City, Metro Manila
5. Senate Committee on Energy
GSIS Bldg. Roxas Blvd., Pasay City
Metro Manila
6. House Committee on Energy
House of Representatives
Batasan Hills, Quezon City, Metro Manila
7. Philippine Chamber of Commerce and Industry (PCCI)
Campus Avenue corner Park Avenue,
McKinley Town Center, Fort Bonifacio, Taguig City
8. Office of the Mayor
San Jose, Dinagat Island
9. Office of the LGU Legislative Body
San Jose, Dinagat Island
10. Office of the Mayor
Basilisa, Dinagat Island
11. Office of the LGU Legislative Body
Basilisa, Dinagat Island
12. Office of the Mayor
Cagdianao, Dinagat Island
13. Office of the LGU Legislative Body
Cagdianao, Dinagat Island
14. Office of the Mayor
Dinagat, Dinagat Island
15. Office of the LGU Legislative Body
Dinagat, Dinagat Island
16. Office of the Mayor
Libjo, Dinagat Island
17. Office of the LGU Legislative Body
Libjo, Dinagat Island
18. Office of the Mayor
Loreto, Dinagat Island
19. Office of the LGU Legislative Body
Loreto, Dinagat Island
20. Office of the Mayor
Tubajon, Dinagat Island
21. Office of the LGU Legislative Body
Tubajon, Dinagat Island
22. Office of the Governor
Province of Dinagat Island
23. Office of the LGU Legislative Body
Province of Dinagat Island
24. Regulatory Operations Service
17/F, Energy Regulatory Commission, Pacific Center Bldg.,
San Miguel Ave., Ortigas Center, Pasig City