

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. 2019-008 CF

SURIGAO DEL SUR II ELECTRIC COOPERATIVE, INC. (SURSECO II),

Applicant.

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Promulgated:

MAY 09 2019

ORDER

On 28 March 2019, Surigao del Sur II Electric Cooperative, Inc. (SURSECO II) filed an *Application* dated 21 March 2019, seeking the Commission's 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 the Commission's Resolution No. 16, Series of 2009, as amended by Commission's Resolution Nos. 21 and 23, Series of 2010.

In the said *Application*, SURSECO II alleged the following, among others:

THE APPLICANT

1. SURSECO II 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 Balilahan, Mabua, Tandag City, Surigao del Sur;
2. It holds an exclusive franchise issued by the National Electrification Commission to operate an electric light and power distribution service in the city of Tandag and the municipalities of Carrascal, Cantilan, Madrid, Carmen, Lanuza, Cortes, Tago, San Miguel, Bayabas, Cagwait, Marihatag, San Agustin and Lianga.

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, 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:

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	Allowable Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Rate (GR)	1,406,543,267.93	1,386,679,449.55	19,863,818.38
Transmission Rate (TR)	205,306,753.45	203,110,881.68	2,195,871.77
System Loss Rate (SLR)	224,091,015.24	225,603,839.27	1,512,824.03
	Discount (PhP)	Subsidy (PhP)	
Lifeline Rate (LR)	13,663,129.09	11,481,895.73	2,181,233.36
Senior Citizen Discount and Subsidy	285,173.17	290,722.83	(5549.66)
Net Results			22,722,549.82

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 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 Panlungsod of Tandag City and Sangguniang Panlalawigan of Surigao del Sur

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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
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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, SURSECO II '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)	1,406,543,267.93	1,386,679,449.55	19,863,818.38
Transmission Rate (TR)	205,306,753.45	203,110,881.68	2,195,871.77
System Loss Rate (SLR)	224,091,015.24	225,603,839.27	1,512,824.03
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Senior Citizen Discount and Subsidy	285,173.17	290,722.83	(5549.66)
Net Results			22,722,549.82

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

Finding the said *Application* to be sufficient in form and 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 **30 May 2019 (Thursday) at two o'clock in the afternoon (02:00 P.M.), at the ERC Hearing Room, 15th Floor, Pacific Center Building, San Miguel Avenue, Pasig City.**

Accordingly, SURSECO 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, 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, 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 areas, by any other means available and appropriate, of the filing of the *Application*, its reasons therefor, and of the scheduled hearings thereon;
- 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 hearings; 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, SURSECO II 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 Editors or Business Managers 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 Governor, Mayors, and LGU legislative bodies or their duly authorized representatives, bearing the seals of their offices;

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- 3) The evidence of other means employed by SURSECO II to inform the consumers affected of the filing of the *Application*, its reasons therefor, and of the scheduled hearings thereon;
- 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.

SURSECO II 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 SURSECO II to comply with the above requirements within the prescribed period shall be a ground for cancellation of the scheduled hearings, and the resetting of which shall be six (6) months from the said date of cancellation.


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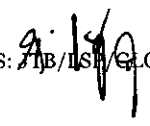
SURSECO II must also be prepared to make an expository presentation of the instant *Application*, aided by whatever communication medium that it may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned parties, the nature of the *Application*, with relevant information and pertinent details substantiating the reasons and justifications being cited in support thereof.

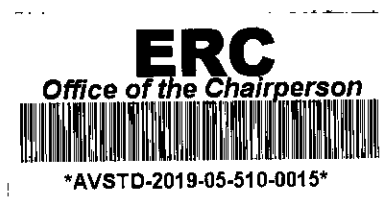
SO ORDERED.

Pasig City, 06 May 2019.

FOR AND BY AUTHORITY
OF THE COMMISSION:


AGNES VST DEVANADERA
Chairperson and CEO

LS: /JB/LSH/GLO



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Copy Furnished:

1. Dechavez Lerios-Amboy and Evangelista Law Offices
Atty. Maud Eisel H. Angel-Malang
Counsel for SURSECO II
Unit 2008, Tycoon Centre Pearl Drive, Ortigaas Center, Pasig City 1605
2. Surigao del Sur II Electric Cooperative, Inc. (SURSECO II)
Applicant
Balilahan, Mabua, Tandag City, Surigao del Sur
3. Office of the Solicitor General
134 Amorsolo Street, Legaspi Village, City of Makati 1229
4. Commission on Audit (COA)
Commonwealth Avenue, Quezon City 1121
5. Senate Committee on Energy
GSIS Building, Roxas Boulevard, Pasay City 1300
6. House of Representatives Committee on Energy
Batasan Hills, Quezon City 1126
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 Provincial Governor
Province of Surigao del Sur
9. Office of the LGU Legislative Body
Province of Surigao del Sur
10. Office of the City Mayor
Tandag City, Surigao del Sur
11. Office of the LGU Legislative Body
Tandag City, Surigao del Sur
12. Office of the Municipal Mayor
Carrascal, Surigao del Sur
13. Office of the LGU Legislative Body
Carrascal, Surigao del Sur
14. Office of the Municipal Mayor
Cantilan, Surigao del Sur
15. Office of the LGU Legislative Body
Cantilan, Surigao del Sur
16. Office of the Municipal Mayor
Madrid, Surigao del Sur
17. Office of the LGU Legislative Body
Madrid, Surigao del Sur
18. Office of the Municipal Mayor
Carmen, Surigao del Sur
19. Office of the LGU Legislative Body
Carmen, Surigao del Sur

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20. Office of the Municipal Mayor
Lanuza, Surigao del Sur
21. Office of the LGU Legislative Body
Lanuza, Surigao del Sur
22. Office of the Municipal Mayor
Cortes, Surigao del Sur
23. Office of the LGU Legislative Body
Cortes, Surigao del Sur
24. Office of the Municipal Mayor
Tago, Surigao del Sur
25. Office of the LGU Legislative Body
Tago, Surigao del Sur
26. Office of the Municipal Mayor
San Miguel, Surigao del Sur
27. Office of the LGU Legislative Body
San Miguel, Surigao del Sur
28. Office of the Municipal Mayor
Bayabas, Surigao del Sur
29. Office of the LGU Legislative Body
Bayabas, Surigao del Sur
30. Office of the Municipal Mayor
Cagwait, Surigao del Sur
31. Office of the LGU Legislative Body
Cagwait, Surigao del Sur
32. Office of the Municipal Mayor
Marihatag, Surigao del Sur
33. Office of the LGU Legislative Body
Marihatag, Surigao del Sur
34. Office of the Municipal Mayor
San Agustin, Surigao del Sur
35. Office of the LGU Legislative Body
San Agustin, Surigao del Sur
36. Office of the Municipal Mayor
Liangá, Surigao del Sur
37. Office of the LGU Legislative Body
Liangá, Surigao del Sur
38. Regulatory Operations Service (ROS)
17th Flr., Energy Regulatory Commission,
Pacific Center Bldg., San Miguel Ave.,
Ortigas Center, Pasig City

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