

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 2017 TO 2019,
PURSUANT TO ERC
RESOLUTION NO. 16,
SERIES OF 2009 AS
AMENDED BY
RESOLUTION NO. 21,
SERIES OF 2010 AND ERC
RESOLUTION 23, SERIES
OF 2010**

ERC CASE NO. 2020-052 CF

**MOUNTAIN PROVINCE
ELECTRIC COOPERATIVE,
INC. (MOPRECO),
Applicant.**

Promulgated:
November 24, 2020

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O R D E R

On 22 October 2020, Mountain Province Electric Cooperative, Inc. (MOPRECO) filed an *Application* 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 2017 to 2019, pursuant to the Commission's Resolution No. 16, Series of 2009, as amended by the Commission's Resolution Nos. 21 and 23, Series of 2010.

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

THE APPLICANT

1. MOPRECO 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 in Bontoc, Mountain Province;
2. It holds an exclusive franchise from the National Electrification Commission, to operate an electric light and power distribution service in the municipalities of Barlig, Bauko, Bontoc, Besao, Natonin, Paracelis, Sabangan, Sadanga, Sagada and Tadian, all in the Province of Mountain Province.

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.
6. Hence, the filing of the instant application, covering the period January 2017 to December 2019.

OVER OR UNDER RECOVERIES OF ALLOWABLE COSTS

7. Applying the formulas provided under Resolution 16, Series of 2009 as amended by Resolution 21, Series of 2010 and Resolution 23, Series of 2010, herein 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 2017 to December 2019;
8. Results of the calculations are presented hereunder, as follows, to wit:

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	Allowable Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Rate (GR)	288,952,446.67	280,522,851.25	8,429,595.42
Transmission Rate (TR)	64,779,033.55	62,259,970.20	2,519,063.35
System Loss Rate (SLR)	43,780,973.15	52,120,284.71	(8,339,311.56)
Lifeline Rate (LR)	3,772,878.45	(3,445,139.05)	(327,739.40)
Senior Citizen Discount and Subsidy Rate	929,032.43	(8947,258.16)	(34,774.26)
Net Results	402,214,364.25	390,563,708.94	2,246,833.55

SUPPORTING DATA AND DOCUMENTS

9. In support of the foregoing calculations, applicant is submitting the following data and documents covering the period January 2017 to December 2019, attached hereto and made integral parts hereof as follows:

FOLDER	ANNEX MARKINGS	NATURE OF DOCUMENT
Folder 1	Annex A	Fully accomplished Supplier and Transmission Data Sheet Per Year
	Annex B	Fully Accomplished Statistical Data Sheet Per Year
	Annex C	URR Addendum/DSL Data Per Year
	Annex D	Actual Implemented Rates Sheet Per Year
	Annex E	Lifeline Discount Data Sheet Per Year
	Annex F	Senior Citizen Discount Sheet Per Year
	Annex G	Summary of O/U Recoveries Computation
	Annex H	Proposed Refund/ Collect Scheme
Folder 2	SUPPLIER AND TRANSMISSION DATA	
	Annex I	Power Bills from Suppliers; Power Bill; Proof of Payment; Adjusted Bill, Debit/ Credit Memos; Fully accomplished Actual implemented Rates Data Sheet for the year
Folder 3	STATISTICAL DATA	
	Annex J	Manifestation of No Pilferage Cost Recoveries
	Annex K	Summary of Implemented Orders/ Decisions
	Annex L	MFSR – Sections B and E
	Annex M	Demand (k/W) Sales Summary Report
Folder 4	ACTUAL IMPLEMENTED RATES DATA	
	Annex N	Consumer Bill per Customer Class (Non- Lifeliner)
	Annex O	Consumer Bills per Lifeline Bracket (Lifeliner)
	Annex P	Senior Citizen Consumer Bills
Folder 5	OTHER DOCUMENTS	
	Annex Q	Submitted Monthly URR
	Annex R	Submitted Monthly URR Addendum
	Annex S	Single Line Diagram
	Annex T	Submitted Monthly Reports pursuant to ERC Resolution No. 10, Series of 2018

10. Additionally, applicant is submitting herewith in support of the instant application, the required electronic files of the Application and supporting data and documents;
11. Further, in compliance with the pre-filing requirements under the ERC rules of Practice and Procedure, applicant is submitting the following documents to form integral parts hereof, as follows:

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ANNEX MARKINGS	NATURE OF DOCUMENT
Annexes U and series	Proof of furnishing copies of the Application to the Sangguniang Bayan of Bontoc and Sangguniang Panlalawigan of Mountain Province
Annexes V and series	Proof of publication of the Application in a newspaper in circulation in the Applicant's franchise area or where it principally operates

12. 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, MOPRECO's calculations of over or under recoveries in the implementation of certain automatic cost adjustments and true-up mechanisms covering the period January 2017 to December 2019, 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)	288,952,446.67	280,522,851.25	8,429,595.42
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Net Results	402,214,364.25	390,563,708.94	2,246,833.55

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

Finding the said *Application* to be sufficient in form with the required fees having been paid, the Commission hereby sets the same for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference and presentation of evidence through a virtual hearing using the **MS Teams Application** as the online platform for the conduct thereof on the following dates, pursuant to Resolution No. 07, Series of 2020¹ dated 23 July 2020:

- a) **28 January 2021** (Thursday) at nine o'clock in the morning (9:00 A.M.) for the determination of compliance with the jurisdictional requirements and expository presentation; and

¹ A Resolution for the Transitory Implementation of Legal e-Processes Pending the Adoption of the Interim Guidelines Governing Electronic Application, Filings, and Virtual Hearings Before the Energy Regulatory Commission.

- b) **03 February 2021** (Wednesday) at nine o'clock in the morning (9:00 A.M.) for the Pre-trial Conference and presentation of evidence.

RELATIVE THERETO, MOPRECO is hereby directed to:

- 1) Cause the publication of the attached *Notice of Virtual Hearing* once (1x) in a newspaper of nationwide circulation in the Philippines at its own expense, 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 Virtual Hearing* the Offices of the Provincial Governor, the City and Municipal Mayors, and the Local Government Unit (LGU) legislative bodies within MOPRECO's franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within MOPRECO's 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 Virtual 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.

Within five (5) calendar days prior to the date of the virtual hearing, MOPRECO must submit to the Commission via electronic mail (e-mail) at records@erc.gov.ph and records.erc.gov.ph@gmail.com, copy furnish the Legal Service through legal.erc.gov.ph@gmail.com, the scanned copies of 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 Virtual Hearing* consisting of affidavit of the Editor or Business Manager of the newspaper where the said *Notice of Virtual*

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 Virtual 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;
- 3) The evidence of other means employed by MOPRECO to inform the consumers within the affected 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 Virtual 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 proof of compliance with the requirements of the Commission.

Moreover, MOPRECO is hereby required to post on its bulletin boards, the scanned copies of the foregoing jurisdictional requirements, together with the newspaper publication and certifications issued by the concerned Office of the Mayors, or Provincial Governor and Local Legislative Bodies, and to submit proof of its posting thereof.

MOPRECO and all interested parties are also required to submit via e-mail at records@erc.gov.ph and records.erc.gov.ph@gmail.com, copy furnish the Legal Service through legal.erc.gov.ph@gmail.com, at least five (5) calendar days before the date of the scheduled virtual 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.

MOPRECO must ensure that all the documents or exhibits proposed to be presented have already been duly submitted to the Commission at least five (5) calendar days before the date of the scheduled initial virtual hearing and Pre-trial Conference pursuant to the preceding paragraph.

Failure of MOPRECO 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.

MOPRECO 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.

MOPRECO is hereby directed to file a copy of its Expository Presentation via e-mail at records@erc.gov.ph and records.erc.gov.ph@gmail.com, copy furnish the Legal Service through legal.erc.gov.ph@gmail.com, at least five (5) calendar days prior to the scheduled virtual hearing. MOPRECO shall also be required, upon the request of any stakeholder, to provide an advance copy of its expository presentation, at least five (5) calendar days prior to the scheduled virtual hearing.

Any interested stakeholder may submit its comments and/or clarifications at least one (1) calendar day prior to the scheduled virtual hearing, via e-mail at records@erc.gov.ph and records.erc.gov.ph@gmail.com, copy furnish the Legal Service through legal.erc.gov.ph@gmail.com. The Commission shall give priority to the stakeholders who have duly submitted their respective comments and/or clarifications, to discuss the same and propound questions during the course of the expository presentation.

MOPRECO is hereby directed to submit, either through personal service, registered or ordinary mail/private courier, one (1) set of the original or certified true hard/printed copy/ies of its Jurisdictional Compliance, Expository Presentation, Pre-trial Brief, and Judicial Affidavit/s of witness/es, within five (5) working days from the date

that the same were electronically submitted, as reflected in the acknowledgment receipt e-mail sent by the Commission. Similarly, all interested parties who filed their Petition for Intervention or Opposition are required to submit the hard/printed copy thereof within the same period through any of the available modes of service.

Finally, Applicant, including its authorized representative/s and witness/es, are hereby directed to provide the Commission, thru legal.virtualhearings.erc.gov.ph@gmail.com, with their respective e-mail addresses upon receipt of this *Order*. The Commission will send the access link/s to the aforementioned hearing platform within five (5) working days prior to the scheduled hearing.


SO ORDERED.

Pasig City, 09 November 2020.

FOR AND BY AUTHORITY
OF THE COMMISSION:



AGNES VST DEVANADERA
Chairperson and CEO


LS: JTB/LSP/MCCG

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Copy Furnished:

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Province of Mountain Province
5. Office of the Mayor
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22. Office of the LGU legislative body
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23. Office of the Solicitor General
134 Amorsolo Street, Legaspi Village, Makati City
24. Commission on Audit
Commonwealth Avenue, Quezon City
25. Senate Committee on Energy
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27. Philippine Chamber of Commerce and Industry (PCCI)
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