

Republic of the Philippines  
**ENERGY REGULATORY COMMISSION**  
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 2018 TO 2020, 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. 2021-021 CF**

**AKLAN ELECTRIC COOPERATIVE, INC. (AKELCO),**  
*Applicant.*  
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**Promulgated:**  
June 07, 2021

**ORDER**

On 03 May 2021, Applicant Aklan Electric Cooperative, Inc. (AKELCO) filed an *Application* dated 07 April 2021, 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 2018 to 2020, pursuant to the Commission's Resolution No. 16, Series of 2009, as amended by Resolution No. 21, Series of 2010 and Resolution No. 23, Series of 2010.

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

**THE APPLICANT**

1. AKELCO is an on-stock, non-profit electric cooperative duly organized and existing under and by virtue of Philippine laws, with principal office at Poblacion, Lezo, Aklan;
2. It holds an exclusive franchise from the National Electrification Commission to operate an electric light and power distribution service in the seventeen (17) municipalities of the Province of Aklan, namely: Altavas, Balete, Banga, Batan, Buruanga, Ibajay, Kalibo, Lezo, Libacao, Madalag, Makato, Malay, Malinao, Nabas, New Washington, Numancia and Tangalan, and two (2) northern municipalities of the Province of Antique, namely: Libertad and Pandan.

**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 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.
6. Hence, the filing of the instant application, covering the period of January 2018 to December 2020.

**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, AKELCO 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 2018 to December 2020;
8. The results of its calculations are presented hereunder, as follows:

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<b>Particulars</b>	<b>Allowable Cost (PhP)</b>	<b>Actual Revenue (PhP)</b>	<b>(Over)/Under Recovery (PhP)</b>
<b>Generation Charge</b>	5,311,925,466.11	5,333,432,704.13	<b>(21,507,238.02)</b>
<b>Transmission Charge</b>	745,699,807.78	787,452,317.54	<b>(41,752,509.76)</b>
<b>Systems Loss Charge</b>	774,213,439.19	761,564,703.96	<b>12,648,735.23</b>
	<b>Total Discount (PhP)</b>	<b>Total Subsidy (PhP)</b>	<b>(Over)/Under Recover (PhP)</b>
<b>Lifeline Subsidy / Discount Charge</b>	19,676,077.68	19,851,447.13	<b>(175,369.45)</b>
<b>Senior Citizen Subsidy / Discount Charge</b>	628,642.42	681,947.68	<b>(53,305.26)</b>
<b>Total</b>	<b>6,852,143,433.18</b>	<b>6,902,983,120.44</b>	<b>(50,839,687.26)</b>

**SUPPORTING DATA AND DOCUMENTS**

9. In support of the foregoing calculations, AKELCO is submitting the following data and documents covering the period January 2018 to December 2020, attached hereto and made integral parts hereof, as follows:

<b>FOLDER NO.</b>	<b>ANNEX MARKINGS</b>	<b>DESCRIPTION OF DOCUMENTS</b>
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 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	<b>SUPPLIER AND TRANSMISSION DATA</b>	
	Annex I	Power Bills from Suppliers
Folder 3	<b>STATISTICAL DATA</b>	
	Annex J	Summary of Pilferage Cost Recoveries
	Annex K	Summary of Implemented Orders/Decisions
	Annex L	MFSR – Sections B and E

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	Annex M	Demand (kW) Sales Summary Report
Folder 4	<b>ACTUAL IMPLEMENTED RATES DATA</b>	
	Annex N	Consumer Bills per Customer Class (Non-Lifeline)
	Annex O	Consumer Bills per Lifeline Bracket (Lifeline)
	Annex P	Senior Citizen Consumer Bills
	Annex Q	Contestable Customer Bills
Folder 5	<b>OTHER DOCUMENTS</b>	
	Annex R	Submitted Monthly URR
	Annex S	Submitted Monthly URR Addendum
	Annex T	Single Line Diagram
	Annex U	Monthly Reports under ERC Resolution No. 10, Series of 2018
	Annex V	Computation on how the pass-through charges were derived
	Annex W	SSLA Summary

10. Additionally, AKELCO is likewise submitting herewith 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, the cooperative is submitting the following documents to form integral parts hereof, as follows:

<b>ANNEX MARKINGS</b>	<b>NATURE OF DOCUMENT</b>
Annex X and series	Proof of furnishing copies of the Application to the Offices of the Mayor and Sangguniang Bayan of Lezo and Offices of the Governor and Sangguniang Panlalawigan of Aklan
Annex Y and series	Proof of publication of the Application in a newspaper of general within AKELCO's franchise area or where it principally operates

12. Considering 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, applicant AKELCO respectfully prays of this Honorable Commission, after due notice and hearing:

1. to confirm and approve the calculations of over or under recoveries in the implementation of subject automatic cost

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adjustments and true-up mechanisms covering the period of January 2018 to December 2020 made pursuant to ERC Resolution 16, Series of 2009 as amended by Resolution 21, Series of 2010 and ERC Resolution 23, Series of 2011, and allow the cooperative to refund the over recoveries or collect the under recoveries, as the case maybe, to or from its customers, as follows, to wit:

<b>Particular</b>	<b>(Over)/Under Recovery (PhP)</b>	<b>Proposed Term of Refund /Collect</b>	<b>Billing Determinant (MFSR 2020)</b>	<b>Rate per Month</b>
<b>Generation Charge</b>	(21,507,238.02)	60 months	250,185,621	(0.0172)
<b>Transmission Charge</b>	(41,752,509.76)	60 months		
<b>Residential</b>			131,103,887	(0.0319)
<b>Low Voltage</b>			79,305,008	(0.0319)
<b>High Voltage</b>			163,746	(10.0617)
<b>Systems Loss Charge</b>	12,648,735.23	60 months	262,126,816	0.0097
<b>Lifeline Subsidy/ Discount Charge</b>	(175,369.45)	36 months	134,990,431	(0.0004)
<b>Senior Citizen Subsidy/Discount Charge</b>	(53,305.26)	36 months	262,126,816	(0.0001)

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 on the following dates and online platform for the conduct thereof, pursuant to Resolution No. 09, Series of 2020,<sup>1</sup> dated 24 September 2020:

<b>Date</b>	<b>Platform</b>	<b>Activity</b>
<b>07 July 2021</b> (Wednesday) at two o'clock in the afternoon (2:00 PM)	<b>Microsoft Teams Application</b>	Determination of compliance with the jurisdictional requirements and expository presentation
<b>14 July 2021</b> (Wednesday) at two o'clock in the afternoon (2:00 PM)		Pre-trial Conference and presentation of evidence

<sup>1</sup> A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.

**RELATIVE THERETO**, AKELCO 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, 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 Virtual Hearing* the Offices of the Provincial Governors, the Municipal Mayors, and the Local Government Unit (LGU) legislative bodies within the franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within the franchise area of the filing of the *Application*, its reasons therefor, and of the scheduled hearings 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 hearings; and
- 5) Furnish with copies of the *Application* and its attachments all those making requests therefor, subject to the resolution of the prayer for confidential treatment of information, if any, and reimbursement of reasonable photocopying costs.<sup>2</sup>

Within five (5) calendar days prior to the date of the initial virtual hearing, AKELCO must submit to the Commission via electronic mail (e-mail) at [docket@erc.ph](mailto:docket@erc.ph), copy furnish the Legal Service through [legal@erc.ph](mailto:legal@erc.ph), 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*

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<sup>2</sup> For the e-mail address of the applicant, please see page 10.

*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 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 AKELCO to inform the consumers within the franchise area 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 Virtual 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.

Moreover, AKELCO 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, Governors and Local Legislative Bodies, and to submit proof of its posting thereof.

AKELCO and all interested parties are also required to submit via e-mail at [docket@erc.ph](mailto:docket@erc.ph), copy furnish the Legal Service through [legal@erc.ph](mailto:legal@erc.ph), 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, which should also be attached to the Pre-trial Brief; and

4. The number and names of the witnesses, with their written testimonies in a Judicial Affidavit form attached to the Pre-trial Brief.

AKELCO 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 AKELCO 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.

AKELCO 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.

AKELCO is hereby directed to file a copy of its Expository Presentation via e-mail at [doCKET@erc.ph](mailto:doCKET@erc.ph), copy furnish the Legal Service through [legal@erc.ph](mailto:legal@erc.ph), at least five (5) calendar days prior to the scheduled virtual hearing. AKELCO 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 [doCKET@erc.ph](mailto:doCKET@erc.ph), copy furnish the Legal Service through [legal@erc.ph](mailto:legal@erc.ph). 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.

AKELCO 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.ph](mailto:legal.virtualhearings@erc.ph), 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 hearings.

**SO ORDERED.**

Pasig City, 24 May 2021.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

  
**AGNES VST DEVANADERA**  
*Chairperson and CEO*

  
LS: KPA/ARG/MCCG



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22. Hon. Emerson S. Lachica  
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