

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. 2021-013 CF

**SAMAR II ELECTRIC
COOPERATIVE, INC.
(SAMELCO II),**

Applicant.

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Promulgated:

June 29, 2021

ORDER

On 15 April 2021, Samar II Electric Cooperative, Inc. (SAMELCO II) filed an Application dated 26 March 2021 (Application), seeking the Commission's approval of its 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.

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

1. SAMELCO 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 Brgy. Arado, Paranas, Samar;

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 Catbalogan and fifteen (15) municipalities in the province of Samar, namely: Jiabong, Motiong, Paranas, San Sebastian, Hinabangan, Calbiga, Pinabacdao, Villareal, Talalora, Sta. Rita, Basey, Marabut, Daram, San Jose De Buan and Zumarraga.

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 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, SAMELCO II 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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Particulars	Recoverable Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Charge	1,157,475,679.10	1,169,855,326.14	(12,379,647.04)
Transmission Charge	202,195,648.66	203,921,383.89	(1,725,735.23)
Systems Loss Charge	155,614,806.54	159,651,909.32	(4,037,102.78)
Lifeline Subsidy/ Discount Charge	34,707,603.32	(34,443,278.30)	(264,325.02)
Senior Citizen Subsidy/ Discount Charge	315,277.98	(1,505,843.61)	1,190,565.63
Total	1,480,263,253.00	1,497,479,497.44	(17,216,244.44)

SUPPORTING DATA AND DOCUMENTS

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

FOLDER NO.	ANNEX MARKINGS	DESCRIPTION OF DOCUMENTS
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	SUPPLIER AND TRANSMISSION DATA	
	Annex I	Power Bills from Suppliers

Folder 3	STATISTICAL DATA	
	Annex J	Summary of Pilferage Cost Recoveries
	Annex K	Summary of Implemented Orders/Decisions
	Annex L	MFSR – Sections B and E
	Annex M	Demand (kW) Sales Summary Report
Folder 4	ACTUAL IMPLEMENTED RATES DATA	
	Annex N	Consumer Bills per Customer Class (Non-Lifeline)
	Annex O	Consumer Bills per Lifeline Bracket (Lifeline)
	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	Monthly Reports under ERC Resolution No. 10, Series of 2018

10. Additionally, SAMELCO II 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:

ANNEX MARKINGS	NATURE OF DOCUMENT
Annex U and Series	Proof of furnishing copies of the Application to the Offices of the Mayor and Sangguniang Panlungsod of Catbalogan City and Offices of the Governor and Sangguniang Panlalawigan of Samar
Annex V and Series	Proof of publication of the Application in a newspaper of general within SAMELCO II'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 SAMELCO II 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 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:

Particular	(Over)/Under Recovery (PhP)	Proposed Term of Refund /Collect	Billing Determinant (MFSR 2020)	Rate per Month
Generation Charge	(12,379,647.04)	five (5) years	119,668,697.84	(0.0207)
Transmission Charge	(1,725,735.23)	five (5) years	119,688,697.84	(0.0029)
Systems Loss Charge	(4,037,102.78)	five (5) years	119,688,697.84	(0.0068)
Lifeline Subsidy/ Discount Charge	(264,325.02)	five (5) years	119,688,697.84	(0.0004)
Senior Citizen Subsidy/ Discount Charge	1,190,565.63	five (5) years	119,688,697.84	0.0020
Total	(17,216,244.44)			(0.088)

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 2020¹, dated 24 September 2020 and Resolution No. 01, Series of 2021, dated 17 December 2020 (ERC Revised Rules of Practice and Procedure)²:

Date	Platform	Activity
11 August 2021 (Wednesday) at nine o'clock in the morning (9:00 AM)	Microsoft Teams	Determination of compliance with the jurisdictional requirements and expository presentation
18 August 2021 (Wednesday) at nine o'clock in the morning (9:00 AM)	Microsoft Teams	Pre-trial Conference and presentation of evidence

RELATIVE THERETO, SAMELCO II 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 Governor, the Mayors and the Local Government Unit (LGU) legislative bodies within its franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within the franchise area, 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 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

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

² A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.

authorized representatives and attend the scheduled hearing; 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.³

Within five (5) calendar days prior to the date of the initial virtual hearing, SAMELCO II must submit to the Commission via electronic mail (e-mail) at docket@erc.ph, copy furnish the Legal Service through 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 the 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 SAMELCO II to inform the consumers within the 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 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.

³ For the e-mail address of the applicant, please see page 10 of this *Order*.

Moreover, SAMELCO II 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, Governor and Local Legislative Bodies, and to submit proof of its posting thereof.

SAMELCO II and all interested parties are also required to submit via e-mail at doCKET@erc.ph, copy furnish the Legal Service through 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.

SAMELCO II 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 SAMELCO II 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.

SAMELCO 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.

SAMELCO II is hereby directed to file a copy of its Expository Presentation via e-mail at doCKET@erc.ph, copy furnish the Legal

Service through legal@erc.ph, at least five (5) calendar days prior to the scheduled virtual hearing. SAMELCO II 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, copy furnish the Legal Service through 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.

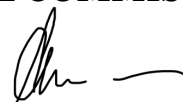
SAMELCO II is hereby directed to submit, either through personal service, registered or ordinary mail/private courier, one (1) set of the original or certified true hard/printed copy/ies of its Jurisdictional Compliance, Expository Presentation, Pre-trial Brief, and Judicial Affidavit/s of witness/es, 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, SAMELCO II, including its authorized representative/s and witness/es, are hereby directed to provide the Commission, thru 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 hearing.

SO ORDERED.

Pasig City, 15 June 2021.

FOR AND BY AUTHORITY
OF THE COMMISSION:



AGNES VST DEVANADERA
Chairperson and CEO



LS: EDR/MCCG

ERC

Office of the Chairperson



AVSTD-2021-06-510-0066

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4. Office of the Local Government Unit (LGU) Legislative Body
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6. Office of the Local Government Unit (LGU) Legislative Body
Municipality of Jiabong, Samar
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8. Office of the Local Government Unit (LGU) Legislative Body
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9. Office of the Municipal Mayor
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10. Office of the Local Government Unit (LGU) Legislative Body
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12. Office of the Local Government Unit (LGU) Legislative Body
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13. Office of the Municipal Mayor
Municipality of Hinabangan, Samar
14. Office of the Local Government Unit (LGU) Legislative Body
Municipality of Hinabangan, Samar
15. Office of the Municipal Mayor
Municipality of Calbiga, Samar
16. Office of the Local Government Unit (LGU) Legislative Body
Municipality of Calbiga, Samar
17. Office of the Municipal Mayor
Municipality of Pinabacdao, Samar
18. Office of the Local Government Unit (LGU) Legislative Body
Municipality of Pinabacdao, Samar
19. Office of the Municipal Mayor
Municipality of Villareal, Samar
20. Office of the Local Government Unit (LGU) Legislative Body
Municipality of Villareal, Samar
21. Office of the Municipal Mayor
Municipality of Talalora, Samar
22. Office of the Local Government Unit (LGU) Legislative Body
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23. Office of the Municipal Mayor
Municipality of Sta. Rita, Samar
24. Office of the Local Government Unit (LGU) Legislative Body
Municipality of Sta. Rita, Samar
25. Office of the Municipal Mayor
Municipality of Basey, Samar
26. Office of the Local Government Unit (LGU) Legislative Body
Municipality of Basey, Samar
27. Office of the Municipal Mayor
Municipality of Marabut, Samar
28. Office of the Local Government Unit (LGU) Legislative Body
Municipality of Marabut, Samar
29. Office of the Municipal Mayor
Municipality of Daram, Samar
30. Office of the Local Government Unit (LGU) Legislative Body
Municipality of Daram, Samar
31. Office of the Municipal Mayor
Municipality of San Jose De Buan, Samar
32. Office of the Local Government Unit (LGU) Legislative Body
Municipality of San Jose De Buan, Samar
33. Office of the Municipal Mayor
Municipality of Zumarraga, Samar
34. Office of the Local Government Unit (LGU) Legislative Body
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36. Office of the Local Government Unit (LGU) Legislative Body
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