

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 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. 2021-028 CF**

**SOUTHERN LEYTE ELECTRIC  
COOPERATIVE, INC.  
(SOLECO),**

*Applicant.*

X ----- X

**Promulgated:**  
June 29, 2021

**ORDER**

On 19 May 2021, Southern Leyte Electric Cooperative, Inc. (SOLECO) filed an *Application* dated 05 May 2021, 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 2018 to 2020, pursuant to ERC Resolution No. 16, Series of 2009 as amended by Resolution Nos. 21 and 23, Series of 2010.

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

**I. THE APPLICANT**

1. SOLECO is a non-stock, non-profit electric cooperative, duly organized and existing under and by virtue of Philippine laws, with principal offices at Brgy. Soro-soro, Maasin City, Southern Leyte;
2. It holds an exclusive franchise from the National Electrification Commission to operate an electric light and power distribution service in the City of Maasin and the eighteen (18) municipalities of the province of Southern Leyte, namely: Anahawan, Bontoc, Hinunangan, Hinundayan, Libagon, Liloan, Macrohon, Malitbog, Padre Burgos, Pintuyan, San Francisco, San Juan, San Ricardo, Saint Bernard, Silago, Sogod, Tomas Oppus and the island municipality of Limasawa.

**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, SOLECO 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;

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8. The results of its calculations are presented hereunder, as follows:

| <b>Particulars</b>                      | <b>Recoverable Cost (PhP)</b> | <b>Actual Revenue (PhP)</b> | <b>(Over)/Under Recovery (PhP)</b> |
|-----------------------------------------|-------------------------------|-----------------------------|------------------------------------|
| Generation Charge-Mainland              | 1,575,914,490.29              | 1,582,299,402.75            | (6,384,912.46)                     |
| Generation Charge-SPUG                  | 16,473,933.05                 | 15,974,265.62               | 499,667.43                         |
| Transmission Charge                     | 332,254,032.34                | 333,716,675.40              | (1,462,643.06)                     |
| Systems Loss Charge-Mainland            | 245,688,519.67                | 258,656,603.34              | (12,968,083.67)                    |
| Systems Loss Charge-SPUG                | 1,411,984.72                  | 1,482,382.22                | (70,397.50)                        |
| Lifeline Subsidy/Discount Charge        | (2,493,492.56)                | 2,495,432.44                | (1,939.88)                         |
| Senior Citizen Subsidy/ Discount Charge | (1,835,844.38)                | 1,843,345.71                | (7,501.33)                         |
| <b>Total</b>                            | <b>2,176,072,297.01</b>       | <b>2,196,468,107.48</b>     | <b>(20,395,810.47)</b>             |

| <b>PAR/PARA</b> | <b>Discount Received from Power Supplier (Php)</b> | <b>Discount Given to Res'l Customers (Php)</b> | <b>(Over/Under Recovery) (Php)</b> |
|-----------------|----------------------------------------------------|------------------------------------------------|------------------------------------|
| Mainland        | (27,621,490.98)                                    | (36,216,052.41)                                | 8,594,561.43                       |
| SPUG            | (1,221,411.90)                                     | (716,928.00)                                   | (504,483.90)                       |
| <b>Total</b>    | <b>(28,842,902.88)</b>                             | <b>(36,932,980.41)</b>                         | <b>8,090,077.53</b>                |

9. For transparency and proper reconciliation of data used in the Application, Applicant deemed it necessary to include the table for Power Act Reduction / Power Act Reduction Adjustment (PAR/PARA) which reflects the discount received from Power Supplier as well as the discount given to residential customers. Inclusion of this data also ensures that the actual cost is commensurate with the actual revenue.

**SUPPORTING DATA AND DOCUMENTS**

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

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| <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 (Power Bill; Proof of Payment; Adjusted Bill / Debit or Credit Memo) |
| 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                                                                         |
|                   | 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                                                                   |
| Folder 5          | <b>OTHER DOCUMENTS</b>                |                                                                                                 |
|                   | 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                                     |

11. Additionally, SOLECO is likewise submitting herewith the required electronic files of the Application and supporting data and documents;
12. 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 U and series    | Proof of furnishing copies of the Application to the Offices of the Mayor and Sangguniang Panlungsod of Maasin City and Offices of the Governor and Sangguniang Panlalawigan of Southern Leyte |
| Annex V and series    | Proof of publication of the Application in a newspaper of general within SOLECO's franchise area or where it principally operates                                                              |

13. 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 SOLECO respectfully prays of this Honorable Commission, after due notice and hearing, 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:

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| <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- Mainland</b>             | (6,384,912.46)                     | 3 years                                 | 326,387,283                            | (0.0196)              |
| <b>Generation Charge- SPUG</b>                 | 499,667.43                         | 3 years                                 | 3,202,641                              | 0.1560                |
| <b>Transmission Charge</b>                     | (1,462,643.06)                     | 3 years                                 | 326,387,283                            | (0.0397)              |
| <b>Systems Loss Charge- Mainland</b>           | (12,968,083.67)                    | 3 years                                 | 329,589,924                            | (0.0396)              |
| <b>Systems Loss Charge- SPUG</b>               | (70,397.50)                        | 3 years                                 | 3,202,641                              | (0.0220)              |
| <b>Lifeline Subsidy/ Discount Charge</b>       | (1,939.88)                         | 2 mos.                                  | 18,159,187                             | (0.0001)              |
| <b>Senior Citizen Subsidy/ Discount Charge</b> | (7,501.33)                         | 1 year                                  | 109,638,400                            | (0.0001)              |
| <b>Total</b>                                   | <b>(20,395,810.47)</b>             |                                         |                                        |                       |
| <b>PAR/PARA - MAINLAND</b>                     | 8,594,561.43                       | 3 years                                 | 229,168,068                            | 0.0375                |
| <b>PAR/PARA - SPUG</b>                         | (504,483.90)                       | 3 years                                 | 2,611,137                              | (0.1932)              |
| <b>Total</b>                                   | <b>8,090,077.53</b>                |                                         |                                        |                       |
|                                                | (12,305,732.94)                    |                                         |                                        |                       |

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, and Resolution No. 01, Series of 2021,<sup>2</sup> dated 17 December 2020:

*(This space is intentionally left blank)*

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

<sup>2</sup> A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.

| <b>Date</b>                                                                        | <b>Platform</b>            | <b>Activity</b>                                                                                          |
|------------------------------------------------------------------------------------|----------------------------|----------------------------------------------------------------------------------------------------------|
| <b>05 August 2021</b><br>(Thursday) at nine<br>o'clock in the morning<br>(9:00 AM) | <b>Microsoft<br/>Teams</b> | Determination of<br>compliance with the<br>jurisdictional<br>requirements and<br>expository presentation |
| <b>12 August 2021</b><br>(Thursday) at nine<br>o'clock in the morning<br>(9:00 AM) | <b>Microsoft<br/>Teams</b> | Pre-trial Conference<br>and presentation of<br>evidence                                                  |

**RELATIVE THERETO**, SOLECO 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 SOLECO's 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 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, if any, and reimbursement of reasonable photocopying costs.<sup>3</sup>

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<sup>3</sup> For the e-mail address of the applicant, please see page 11 of this Order.

Within five (5) calendar days prior to the date of the initial virtual hearing, SOLECO 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 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 SOLECO 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 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, SOLECO 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.

SOLECO 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.

SOLECO 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 SOLECO 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.

SOLECO 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.

SOLECO 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. SOLECO 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.

SOLECO 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, SOLECO, 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 hearing.

**SO ORDERED.**

Pasig City, 22 June 2021.

FOR AND BY AUTHORITY  
OF THE COMMISSION:



**AGNES YST DEVANADERA**  
*Chairperson and CEO*

LS: JMS/MCCG



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**Copy furnished:**

1. De Chavez and Evangelista Law Offices  
*Counsel for Applicant SOLECO*  
Southern Leyte Electric Cooperative, Inc. (SOLECO)  
Unit 2008, Tycoon Centre Pearl Drive,  
Ortigas Center, Pasig City 1605  
Email address: powerlawfirm@gmail.com
2. Southern Leyte Electric Cooperative, Inc. (SOLECO)  
*Applicant*  
Brgy. Soro-soro, Maasin City, Southern Leyte
3. Office of the Governor  
Province of Southern Leyte
4. Office of the LGU legislative body  
Province of Southern Leyte
5. Office of the City Mayor  
Maasin City, Leyte
6. Office of the Sangguniang Panglungsod  
Maasin City, Leyte
7. Office of the Mayor  
Anahawan, Leyte
8. Office of the Mayor  
Anahawan, Leyte
9. Office of the Mayor  
Bontoc, Leyte
10. Office of the LGU legislative body  
Bontoc, Leyte
11. Office of the Mayor  
Hinunangan, Leyte
12. Office of the LGU legislative body  
Hinunangan, Leyte
13. Office of the Mayor  
Hinundayan, Leyte
14. Office of the LGU legislative body  
Hinundayan, Leyte
15. Office of the Mayor  
Libagon, Leyte
16. Office of the LGU legislative body  
Libagon, Leyte
17. Office of the Mayor  
Liloan, Leyte
18. Office of the LGU legislative body  
Liloan, Leyte
19. Office of the Mayor  
Macrohon, Leyte
20. Office of the LGU legislative body  
Macrohon, Leyte
21. Office of the Mayor  
Malitbog, Leyte
22. Office of the LGU legislative body  
Malitbog, Leyte

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23. Office of the Mayor  
Padre Burgos, Leyte
24. Office of the LGU legislative body  
Padre Burgos, Leyte
25. Office of the Mayor  
Pintuyan, Leyte
26. Office of the LGU legislative body  
Pintuyan, Leyte
27. Office of the Mayor  
San Francisco, Leyte
28. Office of the LGU legislative body  
San Francisco, Leyte
29. Office of the Mayor  
San Juan, Leyte
30. Office of the LGU legislative body  
San Juan, Leyte
31. Office of the Mayor  
San Ricardo, Leyte
32. Office of the LGU legislative body  
San Ricardo, Leyte
33. Office of the Mayor  
Saint Bernard, Leyte
34. Office of the LGU legislative body  
Saint Bernard, Leyte
35. Office of the Mayor  
Silago, Leyte
36. Office of the LGU legislative body  
Silago, Leyte
37. Office of the Mayor  
Sogod, Leyte
38. Office of the LGU legislative body  
Sogod, Leyte
39. Office of the Mayor  
Tomas Oppus, Leyte
40. Office of the LGU legislative body  
Tomas Oppus, Leyte
41. Office of the Mayor  
Limasawa, Leyte
42. Office of the LGU legislative body  
Limasawa, Leyte
43. Office of the Solicitor General  
134 Amorsolo Street, Legaspi Village, Makati City
44. Commission on Audit (COA)  
Commonwealth Avenue, Quezon City
45. Senate Committee on Energy  
GSIS Bldg. Roxas Blvd., Pasay City
46. House Committee on Energy  
Batasan Hills, Quezon City

47. Philippine Chamber of Commerce and Industry (PCCI)  
3<sup>rd</sup> Floor, Chamber and Industry Plaza (CIP),  
1030 Campus Avenue corner Park Avenue,  
McKinley Town Center, Fort Bonifacio, Taguig City
  
48. Regulatory Operations Service  
17<sup>th</sup> Floor, Energy Regulatory Commission,  
Pacific Center Building, San Miguel Avenue, Ortigas Center, Pasig City