

Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City



IN THE MATTER OF THE APPLICATION FOR THE APPROVAL OF OVER/UNDER RECOVERIES BASED ON THE FORMULA ON THE VARIOUS AUTOMATIC COST ADJUSTMENTS AND TRUE UP MECHANISMS AND CORRESPONDING CONFIRMATION PROCESS 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. 2021-017 CF

ZAMBALES II ELECTRIC COOPERATIVE, INC. (ZAMECO II),
Applicant.

Promulgated:
June 29, 2021

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ORDER

On 26 April 2021, Zambales II Electric Cooperative, Inc. (ZAMECO II), filed an *Application* dated 27 August 2020 seeking the Commission's approval of its automatic cost adjustment and true-up mechanisms and the corresponding confirmation process on its over/under recoveries for 2017 to 2019.

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

1. **ZAMECO II** is an electric cooperative duly recognized and existing under and by virtue of the laws of the Republic of the Philippines, with the principal office at Barangay Nagbunga, Castillejos, Zambales, where it may be served with summons and other legal processes, represented in this

instance by its Corplan/IT Manager, ENGR. GERRYLYN S. SANTOS, of legal age, Filipino, and with office address also at ZAMECO II main office;

2. Herein applicant is the exclusive franchise holder issued by the National Electrification Administration (NEA) to operate an electric light and power services in the municipalities of the provinces of Zambales, namely: Subic, Castillejos, San Marcelino, San Antonio, San Narciso, San Felipe and Cabangan;
3. Pursuant to ERC Resolution No. 16, Series of 2009, as amended by ERC Resolution No. 21, Series of 2010, more specifically Article 5, Section 1 (Filing) thereof, and ERC Resolution No. 23, Series of 2010, all Luzon Distribution Utilities (DU's) shall file their respective consolidated applications, on or before March 31, 2020, for the (over)/under recoveries on their implementation of various automatic cost adjustment and true-up mechanisms. Subsequently, the DUs shall file their respective consolidated applications every three (3) years following the sequence of period of prescribed filing;
4. For purposes of compliance with the said ERC Resolution No. 16, Series of 2009, as amended, herein applicant adopted the formulae on Generation Rate, Transmission Rate, System Loss Rate, Lifeline Subsidy Rate and Senior Citizen Subsidy Rate, together with the specific definitions and sub-formulae for each item thereof;
5. Applicant ZAMECO II hereby submits its proposed application for approval of automatic cost adjustment and true-up mechanisms and corresponding confirmation process pursuant to the aforesaid resolution, as amended, as well as the attached summary of computations and actual calculations of (over)/under recoveries for 2017 to 2019, duly marked as Annex "A", and form as part and parcel of this application;
6. In support of this application, herein applicant attached the following required documents contained in the guidelines issued by the Honorable Energy Regulatory Commission, to wit:
 - a. Power Supply Data Sheet;
 - b. Statistical Data Sheet;
 - c. Implemented Rates;
 - d. Power Bills of Power Supplier/s;
 - e. Official Receipts issued by Power Supplier/s;
 - f. Debit/Credit Memo of Power Supplier/s;
 - g. NGCP Invoices;
 - h. Official Receipts issued by NGCP;
 - i. Debit/Credit Memo of NGCP;
 - j. DU/MO1 and DU-MO2, MFSR;
 - k. Consumer bills of Lifeliners (per level) and Non-Lifeliners per customers class;

- l. URR Computation of Generation Rate;
 - m. URR Computation of Transmission Rate;
 - n. URR Computation of System Loss Rate;
 - o. URR Computation of Lifeline Rate;
 - p. URR Computation of Senior Citizen Subsidy Rate;
 - q. Computation of (Over)/Under Recoveries; and
 - r. Summary of Implementation of approved other charges (or Summary of Pilferage Cost Recoveries); and
7. The summary of Actual Revenue vis-à-vis allowed Cost Recoveries and (Over)/Under Recoveries for Generation, Transmission, System Loss, Lifeline, and Senior Citizen Rates as follows, to wit:

PARTICULARS	PASS TRUE COST	ACTUAL BILLINGS	(OVER)/UNDER RECOVERIES
GENERATION	2,614,432,323.83	2,597,914,319.04	16,518,004.78
TRANSMISSION	392,420,801.18	399,606,710.92	(7,185,909.74)
SYSTEM LOSS	336,748,590.05	345,372,859.75	(8,624,269.70)
LIFELINE	20,885,475.75	(20,274,412.21)	611,063.54
SENIOR CITIZENS	211,717.59	(207,685.55)	4,032.04
GRAND TOTAL	3,364,698,908.39	3,363,375,987.47	1,322,920.91

PRAYER

WHEREFORE, premises considered, applicant Zambales II Electric Cooperative, Inc. (ZAMECO II) respectfully prays of this Honorable Commission that, after due notice and hearing and consideration, this application be approved and, upon approval thereof, the applicant be directed to submit the scheme on how to implement the said approval.

Other relief, just or equitable, is 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:

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.

Date	Platform	Activity
5 August 2021 (Thursday) at two o'clock in the afternoon (2:00 PM)	Microsoft Teams	Determination of compliance with the jurisdictional requirements and expository presentation
12 August 2021 (Thursday) at two o'clock in the afternoon (2:00 PM)	Microsoft Teams	Pre-trial Conference and presentation of evidence

RELATIVE THERETO, ZAMECO 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, 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 Mayors and the Local Government Unit (LGU) legislative bodies within ZAMECO II's franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within ZAMECO II's franchise area, by any other means available and appropriate, of the filing of the *Application*, its reasons therefor, and of the scheduled virtual hearing 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 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

³ For the e-mail address of the applicant, please see page 8.

Within five (5) calendar days prior to the date of the virtual hearing, Applicant 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 their 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 Editors or Business Managers of the newspapers where the said *Notice of Virtual Hearing* was published, and the complete issues of the said newspapers;
- 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 ZAMECO II 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, except those covered by any motion for confidential treatment of information, by all those making requests therefor, if any; and
- 6) Such other proof of compliance with the requirements of the Commission.

Moreover, ZAMECO II is hereby required to post on their bulletin boards, the scanned copies of the foregoing jurisdictional requirements, together with the newspaper publications and certifications issued by the concerned Office of the Mayors, Provincial Governors and Local Legislative Bodies, and to submit proof of their posting thereof.

ZAMECO 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.

ZAMECO 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 ZAMECO 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.

ZAMECO II must also be prepared to make an expository presentation of the instant *Application*, aided by whatever communication medium that they 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.

ZAMECO II is hereby directed to file a copy of their 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. ZAMECO II shall also be required, upon the request of any stakeholder, to provide an advance copy of their 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.

ZAMECO II is further 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 their 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, ZAMECO II, including their authorized representative/s and witness/es, is 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, 21 June 2021.

FOR AND BY AUTHORITY
OF THE COMMISSION:


AGNES VST DEVANADERA
Chairperson and CEO

ERC

Office of the Chairperson



AVSTD-2021-06-510-0096


LS: MBVM/CLB/MCCG

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Copy Furnished:

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6. House Committee on Energy
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7. Office of the Municipal Mayor
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8. Office of the Local Government Unit (LGU) Legislative Body
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10. Office of the Local Government Unit (LGU) Legislative Body
Municipality of Castillejos, Zambales
11. Office of the Municipal Mayor
Municipality of San Marcelino, Zambales
12. Office of the Local Government Unit (LGU) Legislative Body
Municipality of San Marcelino, Zambales
13. Office of the Municipal Mayor
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14. Office of the Local Government Unit (LGU) Legislative Body
Municipality of San Antonio, Zambales
15. Office of the Municipal Mayor
Municipality of San Narciso, Zambales
16. Office of the Local Government Unit (LGU) Legislative Body
Municipality of San Narciso, Zambales
17. Office of the Municipal Mayor
Municipality of San Felipe, Zambales
18. Office of the Local Government Unit (LGU) Legislative Body
Municipality of San Felipe, Zambales
19. Office of the Municipal Mayor
Municipality of Cabangan, Zambales
20. Office of the Local Government Unit (LGU) Legislative Body
Municipality of Cabangan, Zambales
21. Office of the Governor
Province of Zambales
22. Office of the Local Government Unit (LGU) Legislative Body

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Province of Zambales

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