

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 23, SERIES OF 2010**

**ERC CASE NO. 2021-023 CF**

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

*Applicant.*

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**Promulgated:**  
June 29, 2021

**ORDER**

On 4 May 2021, Samar I Electric Cooperative, Inc. (SAMELCO I), filed an *Application* dated 19 April 2021 seeking the Commission's approval of its calculations of over or under recoveries in the implementation of automatic cost adjustments and true-up mechanisms covering the period of January 2018 to December 2020 and to allow the cooperative to refund the over recoveries or collect the under recoveries, as the case maybe, to or from the customers.

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

1. SAMELCO I 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. Carayman, Calbayog City, Samar;

2. It holds an exclusive franchise issued by the National Electrification Commission, to operate an electric light and power distribution service in the of Calbayog and nine (9) municipalities in the province of Samar, namely: Sta. Margarita, Gandara, San Jorge, Matuguinao, Tarangnan, Pagsanghan, Sto. Nino, Almagro and Tagapul-an.

#### **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, SAMELCO I 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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**Main Grid**

<b>Particulars</b>	<b>Recoverable Cost (Php)</b>	<b>Actual Revenue (Php)</b>	<b>(Over)/Under Recovery (Php)</b>
Generation Charge	1,065,557,725.91	1,059,316,114.43	6,241,611.48
Transmission Charge	213,425,918.11	250,837,721.87	(37,411,803.76)
Systems Loss Charge	106,444,415.89	116,011,729.79	(9,567,313.90)
	<b>Discount (PhP)</b>	<b>Subsidy (PhP)</b>	
Lifeline Subsidy/Discount Charge	11,841,407.42	11,249,636.17	591,771.25
Senior Citizen Subsidy/Discount Charge	184,994.42	162,401.06	22,593.36
<b>Total</b>	<b>1,397,454,461.75</b>	<b>1,437,577,603.32</b>	<b>(40,123,141.57)</b>

**Tagapul-an**

<b>Particulars</b>	<b>Recoverable Cost (Php)</b>	<b>Actual Revenue (Php)</b>	<b>(Over)/Under Recovery (Php)</b>
Generation Charge	8,583,036.15	8,519,015.96	64,020.19
Systems Loss Charge	1,045,784.87	743,328.49	302,456.38
<b>Total</b>	<b>9,628,821.02</b>	<b>9,262,344.45</b>	<b>366,476.57</b>

**Almagro**

<b>Particulars</b>	<b>Recoverable Cost (Php)</b>	<b>Actual Revenue (Php)</b>	<b>(Over)/Under Recovery (Php)</b>
Generation Charge	5,381,426.69	5,342,405.81	39,020.88
Systems Loss Charge	719,976.40	726,150.18	(6,173.78)
<b>Total</b>	<b>6,101,403.09</b>	<b>6,068,555.99</b>	<b>32,847.10</b>

**Sto. Niño**

<b>Particulars</b>	<b>Recoverable Cost (Php)</b>	<b>Actual Revenue (Php)</b>	<b>(Over)/Under Recovery (Php)</b>
Generation Charge	7,131,627.04	7,085,637.88	45,989.16
Systems Loss Charge	454,456.49	593,778.27	(139,321.78)
<b>Total</b>	<b>7,586,083.53</b>	<b>7,679,416.15</b>	<b>(93,332.62)</b>

**Camandag**

<b>Particulars</b>	<b>Recoverable Cost (Php)</b>	<b>Actual Revenue (Php)</b>	<b>(Over)/Under Recovery (Php)</b>
Generation Charge	2,598,599.99	2,576,605.03	21,994.96
Systems Loss Charge	153,023.60	162,074.85	(9,051.25)
<b>Total</b>	<b>2,751,623.59</b>	<b>2,738,679.88</b>	<b>12,943.71</b>

**Summary Computation**

<b>Particulars</b>	<b>Recoverable Cost (PhP)</b>	<b>Actual Revenue (PhP)</b>	<b>(Over)/Under Recovery (PhP)</b>
Generation Charge	1,089,252,415.78	1,082,839,779.11	6,412,636.67
Transmission Charge	213,425,918.11	250,837,721.87	(37,411,803.76)
Systems Loss Charge	108,817,657.25	118,237,061.58	(9,419,404.33)
	<b>Discount (PhP)</b>	<b>Subsidy (PhP)</b>	
Lifeline Subsidy/ Discount Charge	11,841,407.42	11,249,636.17	591,771.25
Senior Citizen Subsidy/ Discount Charge	184,994.42	162,401.06	22,593.36
<b>Total</b>	<b>1,423,522,392.98</b>	<b>1,463,326,599.79</b>	<b>(39,804,206.81)</b>

**SUPPORTING DATA AND DOCUMENTS**

9. In support of the foregoing calculations, SAMELCO I 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 (Power Bill; Proof of Payment; Debit or Credit Memo)
Folder 3	<b>STATISTICAL DATA</b>	
	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 (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
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10. Additionally, SAMELCO I 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 U and series	Proof of furnishing copies of the Application to the Offices of the Mayor and Sangguniang Panlungsod of the City of Calbayog 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 I'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 I 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:

<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>
Generation Charge	6,412,636.67	36 months	81,292,851	0.0789
Transmission Charge	(37,411,803.76)	60 months	81,292,851	(0.4602)
Systems Loss Charge	(9,419,404.33)	36 months	81,292,851	(0.1159)
	<b>Discount (PhP)</b>	<b>Subsidy (PhP)</b>		
Lifeline Subsidy/ Discount Charge	591,771.25	12 months	81,292,851	0.0874
Senior Citizen Subsidy/ Discount Charge	22,593.36	12 months	81,292,851	0.0033
<b>Total</b>	<b>(39,804,206.81)</b>		<b>81,292,851</b>	<b>(0.4065)</b>

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 and Resolution No. 01, Series of 2021, dated 17 December 2020 (ERC Revised Rules of Practice and Procedure)<sup>2</sup>:

<b>Date</b>	<b>Platform</b>	<b>Activity</b>
<b>23 July 2021</b> (Friday) at nine o'clock in the morning (9:00 AM)	<b>Microsoft Teams</b>	Determination of compliance with the jurisdictional requirements and expository presentation
<b>30 July 2021</b> (Friday) at nine o'clock in the morning (9:00 AM)	<b>Microsoft Teams</b>	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;

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

**RELATIVE THERETO**, SAMELCO I 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 SAMELCO I's franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within SAMELCO I'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.<sup>3</sup>

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](mailto:docket@erc.ph), copy furnish the Legal Service through [legal@erc.ph](mailto: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*

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<sup>3</sup> For the e-mail address of the applicant, please see page 12.



*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 SAMELCO I 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, SAMELCO I 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.

SAMELCO I 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.

SAMELCO I 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 I 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 I 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.

SAMELCO I is hereby directed to file a copy of their 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. SAMELCO I 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](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.

SAMELCO I 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, SAMELCO I, including their authorized representative/s and witness/es, is 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, 18 June 2021.

FOR AND BY AUTHORITY  
OF THE COMMISSION:



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

  
LS: MBVM/CLB/MCCG

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Copy Furnished:

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Atty. Nelson V. Evangelista and Atty. Loraine B. Bobiles  
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6. House Committee on Energy  
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7. Office of the City Mayor  
Calbayog City, Samar
8. Office of the Local Government Unit (LGU) Legislative Body  
Calbayog City, Samar
9. Office of the Municipal Mayor  
Municipality of Sta. Margarita, Samar
10. Office of the Local Government Unit (LGU) Legislative Body  
Municipality of Sta. Margarita, Samar
11. Office of the Municipal Mayor  
Municipality of Gandara, Samar
12. Office of the Local Government Unit (LGU) Legislative Body  
Municipality of Gandara, Samar
13. Office of the Municipal Mayor  
Municipality of San Jorge, Samar
14. Office of the Local Government Unit (LGU) Legislative Body  
Municipality of San Jorge, Samar
15. Office of the Municipal Mayor  
Municipality of Matuguinao, Samar
16. Office of the Local Government Unit (LGU) Legislative Body  
Municipality of Matuguinao, Samar
17. Office of the Municipal Mayor  
Municipality of Tarangnan, Samar
18. Office of the Local Government Unit (LGU) Legislative Body  
Municipality of Tarangnan, Samar
19. Office of the Municipal Mayor  
Municipality of Pagsanghan, Samar
20. Office of the Local Government Unit (LGU) Legislative Body  
Municipality of Pagsanghan, Samar
21. Office of the Municipal Mayor  
Municipality of Sto. Niño, Samar

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22. Office of the Local Government Unit (LGU) Legislative Body  
Municipality of Sto. Niño, Samar
23. Office of the Municipal Mayor  
Municipality of Almagro, Samar
24. Office of the Local Government Unit (LGU) Legislative Body  
Municipality of Almagro, Samar
25. Office of the Municipal Mayor  
Municipality of Tagapul-an, Samar
26. Office of the Local Government Unit (LGU) Legislative Body  
Municipality of Tagapul-an, Samar
27. Office of the Governor  
Province of Samar
28. Office of the Local Government Unit (LGU) Legislative Body  
Province of Samar
29. Office of the President of PCCI  
Philippine Chamber of Commerce and Industry (PCCI)  
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1030 Campus Avenue corner Park Avenue  
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30. Regulatory Operations Service  
*Energy Regulatory Commission*  
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