

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 2017 TO 2019,
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. 2020-050 CF

**ISABELA II ELECTRIC
COOPERATIVE INC.
(ISELCO II),**

Applicant.

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Promulgated:
February 18, 2021

NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 15 October 2020, Isabela II Electric Cooperative, Inc. (ISELCO II) filed an *Application* dated 29 September 2020 (Application), seeking the Commission's approval and confirmation of its calculations of over or under recoveries in the implementation of automatic cost adjustments and true-up mechanisms for the period 2017 to 2019, 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 portions of the said *Application* are hereunder quoted as follows:

1. ISELCO II is an electric cooperative duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at Brgy. Alibagu, Ilagan City, Isabela;
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 Ilagan and certain municipalities of the Province of Isabela, namely: Cabagan, San Pablo, Sta. Maria, Naguilian, Gamu, Roxas, Aurora, Mallig, Sto. Tomas, Delfin, Albano, Tamauni, Quezon, Quirino, San Manuel, Burgos, Benito Soliven, San Mariano, Palanan, Maconacon, Divilacan and Dinapigue, However, the coastal towns of Divilacan and Maconacon were already waived for Qualified Third Party (QTP) operation, while electric service to Dinapigue was waived in favor of the Aurora Electric Cooperative, Inc. (AURELCO).

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 January 2017 to December 2019.

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, ISELCO II made calculations of the over recoveries charged or under- recoveries incurred as against its customers, in the implementation of certain

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automatic cost adjustments and true-up mechanisms, covering the period January 2017 to December 2019;

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

	Allowable Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Rate (GR)	3,320,746,104.30	3,389,478,960.36	(68,732,856.06)
Transmission Rate (TR)	629,141,991.34	643,956,796.68	(14,814,805.34)
System Loss Rate (SLR)	554,706,701.52	597,638,475.42	(42,931,773.89)
	Discount (PhP)	Subsidy (PhP)	
Lifeline Rate (LR)	41,342,680.44	39,647,242.89	1,695,437.55
Senior Citizen Discount and Subsidy	453,868.69	433,782.72	20,085.97
Net Results			(124,763,911.78)

SUPPORTING DATA AND DOCUMENTS

9. In support of the foregoing calculations, ISELCO II is submitting the following data and documents covering the period January 2017 to December 2019, attached hereto and made integral parts hereof, as follows:

FOLDER NO.	ANNEX MARKINGS	NATURE 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 (Power Bill; Proof of Payment; Adjusted Bill/Debit or Credit Memo, if any)
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

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	Annex S	Single Line Diagram
	Annex T	Submitted Monthly Reports as per ERC Resolution No 10, Series of 2018

SUBMISSIONS

10. Additionally, ISELCO II is 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, ISELCO II is submitting the following documents to form integral parts hereof, as follows:

ANNEX MARKINGS	NATURE OF DOCUMENT
Annexes U and series	Proof of furnishing copies of the Application to the Sangguniang Panglungsod of Ilagan City and Sangguniang Panlalawigan of Isabela
Annexes V and series	Proof of publication of the Application in a newspaper of general within ISELCO II's franchise area or where it principally operates

12. Considering the foregoing, it is respectfully prayed that ISELCO II'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 may be, to or from its customers.

PRAYER

WHEREFORE, premises considered, it is respectfully prayed of this Honorable Commission, that after due notice and hearing, applicant ISELCO II's calculations of over or under recoveries in the implementation of certain automatic cost adjustments and true-up mechanisms covering the period January 2017 to December 2019, made pursuant to ERC Resolution 16, Series of 2009 as amended by Resolution 21, Series of 2010 and ERC Resolution 23, Series of 2011, be confirmed and approved, and the cooperative be allowed to refund the over recoveries or collect the under recoveries, as the case may be, to or from its customers, summarized as follows, to wit:

	Allowable Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Rate (GR)	3,320,746,104.30	3,389,478,960.36	(68,732,856.06)
Transmission Rate (TR)	629,141,991.34	643,956,796.68	(14,814,805.34)
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Senior Citizen Discount and Subsidy	453,868.69	433,782.72	20,085.97
Net Results			(124,763,911.78)

Other reliefs, just and equitable in the premises are likewise prayed for.

The Commission hereby sets the instant *Application* 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:

Date	Platform	Activity
2 March 2021 (Tuesday) at nine o'clock in the morning (9:00 A.M.)	Microsoft Teams	Determination of compliance with jurisdictional requirements and expository presentation
9 March 2021 (Tuesday) at nine o'clock in the morning (9:00 A.M.)	Microsoft Teams	Pre-Trial Conference and Presentation of Evidence

Any interested stakeholder may submit its comments and/or clarifications at least one (1) calendar day prior to the scheduled virtual hearing, via electronic mail (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.

Moreover, all persons who have an interest in the subject matter of the instant case may become a party by filing with the Commission via e-mail at doCKET@erc.ph, copy furnish the Legal Service through legal@erc.ph, a verified Petition to Intervene at least five (5) calendar days prior to the date of the initial virtual hearing and subject to the requirements under Rule 9 of the 2006 ERC Rules of Practice and Procedure, indicating therein the docket number and title of the case and stating the following:

- 1) The petitioner's name, mailing address, and e-mail address;
- 2) The nature of petitioner's interest in the subject matter of the proceeding and the way and manner in which such interest is affected by the issues involved in the proceeding; and
- 3) A statement of the relief desired.

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

Likewise, all other persons who may want their views known to the Commission with respect to the subject matter of the case may likewise file through e-mail at doCKET@erc.ph, copy furnish the Legal Service through legal@erc.ph, their Opposition or Comment thereon at least five (5) calendar days prior to the initial virtual hearing and subject to the requirements under Rule 9 of the 2006 ERC Rules of Practice and Procedure. No particular form of Opposition or Comment is required, but the document, letter, or writing should contain the following:

- 1) The name, mailing address, and e-mail address of such person;
- 2) A concise statement of the Opposition or Comment; and
- 3) The grounds relied upon.

All such persons who wish to have a copy of the *Application* may request from ISELCO II that they be furnished with the same prior to the date of the initial hearing. ISELCO II is hereby directed to furnish all those making such request with copies of the *Application* and its attachments, through any of the available modes of service, upon their agreement, subject to the reimbursement of reasonable photocopying costs. Any such person may likewise examine the *Application* and other pertinent records filed with the Commission during the standard office hours. In the alternative, those persons who wish to have an electronic copy of the *Application* may request the Commission for the e-mail addresses of the ISELCO II by sending an e-mail to doCKET@erc.ph, copy furnish the Legal Service through legal@erc.ph. Nonetheless, any person may also access the *Application* as posted by the Commission in its official website at www.erc.gov.ph.

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Finally, all interested persons may be allowed to join the scheduled initial virtual hearing by providing the Commission, thru legal.virtualhearings@erc.gov.ph, with their respective e-mail addresses and indicating therein the case number of the instant *Application*. The Commission will send the access link/s to the aforementioned hearing platform within five (5) working days prior to the scheduled hearing.

WITNESS, the Honorable Commissioners **ALEXIS M. LUMBATAN, CATHERINE P. MACEDA, FLORESINDA G. BALDO-DIGAL** and **MARKO ROMEO L. FUENTES**, Energy Regulatory Commission, this 8th day of January 2021 in Pasig City.




AGNES VST DEVANADERA
Chairperson and CEO


LS: MSIA/CLB/MCCG