

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



**IN THE MATTER OF THE
APPLICATION FOR THE
APPROVAL OF THE
OVER/UNDER RECOVERIES
BASED ON THE FORMULA ON
THE VARIOUS AUTOMATIC
COST ADJUSTMENTS AND
TRUE-UP MECHANISM AND
CORRESPONDING CONFIRMA-
TION PROCESS PURSUANT TO
ERC RESOLUTION NO. 16,
SERIES OF 2009 AND ERC
RESOLUTION NOS. 21 AND 23
SERIES OF 2010**

ERC CASE NO. 2016-012 CF

**ZAMBOANGA DEL NORTE
ELECTRIC COOPERATIVE, INC.
(ZANECO),**

Applicant.

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D O C K E T E D
Date: APR 29 2016
By: M

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

On 31 March 2016, Zamboanga del Norte Electric Cooperative, Inc. (ZANECO) filed with the Commission an application for approval of its over or under-recoveries based on the formula on the various automatic cost adjustments and true-up mechanism and corresponding confirmation process pursuant to ERC Resolution No. 16, Series of 2009 as amended by Resolution Nos. 21 and 23, Series of 2010.

In the said application, ZANECO alleged, among others, that:

1. ZANECO is an Electric Cooperative created and existing pursuant to the provisions of Presidential Decree No. 269 as amended, with principal office located at General Luna Street, Central Barangay, Dipolog City, Province of Zamboanga del Norte, Philippines, represented in its Application by its General Manager, ADELMO P. LAPUT, duly authorized by virtue of Resolution No. 33, Series of 2016 dated March 4, 2016 of the Board of Directors, copy of which is attached to its Application as Annex "A" and made an integral part thereof;

The filing of its Application is likewise authorized under the afore-mentioned Resolution;

2. It has been granted by the National Electrification Administration (NEA) an authority to operate and distribute electric light and power within the coverage area comprising the Cities of Dipolog and Dapitan, and the Municipalities of Godod, Gotalac, Jose Dalman, Katipunan, Kalawit, La Libertad, Leon Postigo, Liloy, Labason, Manukan, Mutia, Piñan, Polanco, Rizal, Roxas, Salug, Sergio Osmeña, Siayan, Sibutad, Sindangan and Tampilisan, all in the Province of Zamboanga del Norte;

THE APPLICATION AND ITS PURPOSE

3. Its Application is filed in compliance with ERC RESOLUTION NO. 16, Series of 2009, otherwise known as "A RESOLUTION ADOPTING THE RULES GOVERNING THE AUTOMATIC COST ADJUSTMENT AND TRUE-UP MECHANISMS AND CORRESPONDING CONFIRMATION PROCESS FOR DISTRIBUTION UTILITIES" adopted pursuant to the mandate of Section 43 of Republic Act No. 9136 otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA) and its implementing Rules and Regulations, in relation to ERC Resolutions No. 17, and 23, all Series of 2009, and Resolution No. 21, series of

2010, mandating the filing of consolidated application for the over/under recoveries of all distribution utilities for the approval/confirmation of the Commission;

4. The aforesaid Guidelines were adopted and issued by the Honorable Commission in the furtherance of the following reasons, to wit:

4.a. The Commission has adopted several automatic cost adjustment mechanisms in separate issuances and it is deemed ideal to consolidate, update, and rationalize the requirements under all said separate issuances;

4.b. The Commission finds it necessary to establish a systematized confirmation process that conform to the due process requirement of the law for the following automatic cost adjustment and true-up mechanisms:

1. Automatic Generation Rate and System Loss Adjustment Mechanism;
2. Transmission Rate Adjustment Mechanism;
3. Lifeline Rate Recovery Mechanism;
4. Local Franchise Tax Recovery Mechanism;
5. Local Business Tax Recovery Mechanism;
6. Guidelines for the Calculation of the Over or Under Recovery in the Implementation of Lifeline Rates by Distribution Utilities;
7. Guidelines for a True-Up Mechanism of the Over or Under Recovery in the Implementation of the Inter-Class Cross Subsidy Removal by Distribution Utilities;

8. ERC Resolution No. 12, Series of 2005, “A Resolution Approving a New Policy on the Treatment of Prompt Payment Discount (PPD)”;
 9. Guidelines for the Calculation of the Over or Under Recovery in the Implementation of System Loss Rate by Distribution Utilities; and
 10. Rules for the Calculation of the Over or Under Recovery in the Implementation of Transmission Rates.
5. For purposes of determining the under/over recoveries on the implementation of the afore-enumerated automatic cost adjustments and true-up mechanisms, the formula provided for under Resolution No. 16, series of 2009, as amended by Resolution Nos. 21 and 23, series of 2010 was applied by ZANECO;
 6. A summary of the pass true cost vis-a-vis the actual collection on the above-mentioned implementation of various automatic cost adjustments and true up mechanisms are presented hereunder, as follows:

Particulars	Allowable Cost/Pass Thru Cost (PhP)	Actual Recovery (PhP)	(Over)/Under Recoveries (PhP)
GENERATION	1,961,769,625.27	1,978,381,894.42	(16,612,269.14)
TRANSMISSION	497,857,797.09	516,980,378.90	(19,122,581.81)
SYSTEM LOSS	360,246,203.26	342,164,650.23	18,081,553.04
LIFELINE	(18,453,212.18)	18,745,811.30	(292,599.12)
Sr. CITIZEN	(354,341.36)	352,228.61	2,112.75
TOTAL	2,838,681,179.17	2,856,624,963.45	(17,943,784.28)

7. The foregoing amounts are based on the summary computations attached and marked as Annexes “B” to “G-3” of its Application;

8. Further, in support of the foregoing, ZANECO submits the following data and documents

As Annex:

- “H”- Power Supplier Data Sheet
- “I”- Statistical Data Sheet
- “J”- Implemented Rates Data Sheet
- “K”- Lifeline Discount Sheet
- “L”- Senior Citizen Discount Sheet
- “M-1”- NPC/PSALM Power Bills with corresponding Official Receipts
- “M-2”- NPC/PSALM Breakdown of Payments
- “M-3”- NPC/PSALM Debit Credit Memo
- “N-1”- TMI Power Bills with corresponding Official Receipts
- “N-2”- TMI Breakdown of Payments
- “N-3”- TMI Debit Credit Memo
- “O-1”- MPC Power Bills with corresponding Official Receipts
- “O-2”- MPC Breakdown of Payments
- “O-3”- MPC Debit Credit Memo
- “P-1”- TSI Power Bills with corresponding Official Receipts
- “P-2”- TSI Breakdown of Payments
- “Q-1”- NGCP Invoices with corresponding Official Receipts

- “Q-2”- NGCP Breakdown of Payments
- “Q-3”- NGCP Debit Credit Memo
- “R-1”- MFSR
- “R-2”- URR
- “R-3”- Summary of Implemented OGA
- “R-4”- Summary of Implemented OTCA
- “R-5”- Summary of Implemented OSLA
- “R-6”- Summary of Implemented OLRA
- “R-7”- Summary of Implemented OSrRA
- “R-8”- Summary of Pilferage Cost Recoveries
- “R-9”- Summary of kW Sales
- “R-10”- Summary of kW CP per Customer Class
- “R-11”- Summary of kWh Sales per Customer Class
- “R-12”- Summary of No. of Customer per Class
- “R-13”- Summary of Lifeline kWh Sales
- “R-14”- Summary of Lifeline No. of Customers
- “S-1”- Consumer Bills per customer class
- “S-2”- Consumer Bills per Lifeline Bracket
- “S-3”- Senior Citizen Consumer Bills
- “T” - Computation of Generation Rate
- “U”- Computation of System Loss Rate
- “V”- Computation of Transmission Rate

“W”- Computation of Lifeline Subsidy Rate

“X”- Computation of Senior Citizen Subsidy Rate

9. Considering the foregoing, it is respectfully prayed that ZANECO’s computations of over/under recoveries be approved, and ZANECO be allowed to refund/collect said over/under recoveries.

The Commission has set the application for initial hearing, expository presentation, pre-trial conference and evidentiary hearing on **June 13, 2016 (Monday) at ten o’clock in the morning (10:00 A.M.) at the ERC Hearing Room, 15th Floor, Pacific Center Building, San Miguel Avenue, Pasig City.**

All persons who have an interest in the subject matter of the proceeding may become a party by filing, at least five (5) days prior to the initial hearing and subject to the requirements in the ERC’s Rules of Practice and Procedure, a verified petition with the Commission giving the docket number and title of the proceeding and stating: (1) the petitioner’s name and 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.

All other persons who may want their views known to the Commission with respect to the subject matter of the proceeding may file their opposition to the application or comment thereon at any stage of the proceeding before the applicant concludes the presentation of its evidence. No particular form of opposition or comment is required, but the document, letter or writing should contain the name and address of such person and a concise statement of the opposition or comment and the grounds relied upon.

All such persons who wish to have a copy of the application may request from the applicant that they be furnished with the same, prior to the date of the initial hearing. The applicant is hereby directed to furnish all those making such request with copies of the application and its attachments, 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.

WITNESS, the Honorable Chairman, **JOSE VICENTE B. SALAZAR**, and the Honorable Commissioners, **ALFREDO J. NON**, **GLORIA VICTORIA C. YAP-TARUC**, **JOSEFINA PATRICIA A. MAGPALE-ASIRIT**, and **GERONIMO D. STA. ANA**, **Energy Regulatory Commission**, this 25th day of April, 2016 at Pasig City.


ATTY. NATHAN J. MARASIGAN
Chief of Staff
Office of the Chairman and CEO