

Republic of the Philippines  
**ENERGY REGULATORY COMMISSION**  
San Miguel Ave., 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 COVERING  
THE PERIOD 2014 TO 2016,  
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. 2017-050 CF**

**BUSUANGA ISLAND  
ELECTRIC COOPERATIVE,  
INC. (BISELCO),**

**Applicant.**

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**D O C K E T E D**  
Date: **APR 30 2018**  
By: \_\_\_\_\_

**ORDER**

On 31 March 2017, Busuanga Island Electric Cooperative, Inc. (BISELCO) filed an *Application* dated 25 March 2017 (Application) for the confirmation and approval of the calculation of its over or under recoveries in the implementation of automatic cost adjustment and true-up mechanisms covering the period 2014 to 2016.

In its *Application*, BISELCO alleged the following:

**THE APPLICANT**

1. BISELCO 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 offices at Barangay Poblacion 6, Coron, Palawan;
2. It holds an exclusive franchise from the National Electrification Commission, to operate an electric light and power distribution service in certain municipalities of the province of Palawan, namely: Coron, Busuanga, Culion and Linapacan.

**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, Lifeline Rate Recovery, Inter-Class Cross-Subsidy Removal, or Treatment of Prompt Payment Discount, 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. Hence, the filing of the instant application, covering the period January 2014 to December 2016.

**OVER OR UNDER RECOVERIES OF  
ALLOWABLE COSTS**

6. Applying the formulas provided under Resolution 16, Series of 2009 as amended by Resolution 21, Series of 2010 and Resolution 23, Series of 2010, applicant 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 2014 to December 2016;

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

	<b>Allowable Cost (PhP)</b>	<b>Actual Revenue (PhP)</b>	<b>(Over)/Under Recovery (PhP)</b>
Generation Rate (GR)	274,430,921.47	276,391,331.67	(1,960,410.20)
System Loss Rate (SLR)	42,372,825.88	39,945,037.64	2,427,788.24
	<b>Discount (PhP)</b>	<b>Subsidy (PhP)</b>	
Lifeline Rate (LR)	1,517,406.75	775,895.30	741,511.45
Senior Citizen Discount and Subsidy	74,171.60	30,588.78	(43,582.81)
<b>Net Results</b>	<b>318,246,982.51</b>	<b>315,591,062.80</b>	<b>1,165,306.68</b>

**SUPPORTING DATA AND DOCUMENTS**

8. In support of the foregoing, applicant is submitting the following data and documents covering the period January 2014 to December 2016, attached hereto and made integral parts hereof as follows:

<b>FOLDER</b>	<b>ANNEX MARKINGS</b>	<b>NATURE OF DOCUMENT</b>
Folder 1	Annex A	Summary of over/under recoveries computation for the entire period (Per charges and yearly basis)
	Annex B	Proposed scheme of refund/collect using the latest kWh sales
Folder 2	<b>SUPPLIER DATA</b>	
	Annex C	Fully accomplished Supplier and Transmission Data Sheet for the year
	Annex D	Power Bills from Suppliers (Power bill, proof of payment, Adjusted bill/Debit or Credit Memo)
Folder 3	<b>STATISTICAL DATA</b>	
	Annex E	Fully accomplished Statistical Data Sheet for the year
	Annex F	Summary of Pilferage Cost Recoveries/Manifestation if no PCR
	Annex G	Report of implemented Other Adjustments
	Annex H	MFSR – Sections A, B and E
Folder 4	<b>ACTUAL IMPLEMENTED RATES DATA</b>	
	Annex I	Fully accomplished Actual implemented Rates Data Sheet for the year
	Annex J	Fully accomplished Lifeline Discount Sheet for the year
	Annex K	Fully accomplished Senior Citizen Discount Sheet

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		for the year
	Annex L	Consumer bills per customer class (Non-Lifeline)
	Annex M	Consumer bills per lifeline bracket (Lifeline)
	Annex N	Senior Citizen consumer bills
Folder 5	<b>OTHER DOCUMENTS</b>	
	Annex O	Submitted URR for the year
	Annex P	Computation on how the computed pass-through charges were derived (if not implementing the URR-computed rates)

9. Additionally, applicant is submitting herewith in support of the instant application, the required electronic copies of the Application and foregoing data and documents.
10. Further, in compliance with the pre-filing requirements of the Honorable Commission, applicant is likewise submitting the following documents to form integral parts hereof, to wit:

ANNEX MARKINGS	NATURE OF DOCUMENT
Annexes Q and series	Proof of furnishing copies of the Application to the Sangguniang Bayan of Coron and Sangguniang Panlalawigan of Palawan
Annexes R and series	Proof of publication of the Application in a newspaper in circulation in the applicant's franchise area or where it principally operates

11. Considering the foregoing, it is respectfully prayed that the 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, it is respectfully prayed of this Honorable Commission, that after due notice and hearing, BISELCO's calculations of over or under recoveries in the implementation of subject automatic cost adjustments and true-up mechanisms covering the period January 2014 to December 2016, 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 maybe, to or from its customers, summarized as follows, to wit:

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	<b>Allowable Cost (PhP)</b>	<b>Actual Revenue (PhP)</b>	<b>(Over)/Under Recovery (PhP)</b>
Generation Rate (GR)	274,430,921.47	276,391,331.67	(1,960,410.20)
System Loss Rate (SLR)	42,372,825.88	39,945,037.64	2,427,788.24
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Other reliefs, just and equitable in the premises are likewise prayed for.

Finding the said *Application* sufficient in substance with the required fees having been paid, the same is hereby set for determination of compliance with the jurisdictional requirements, Expository Presentation, Pre-Trial Conference, and presentation of evidence on **22 May 2018 (Tuesday) at two o'clock in the afternoon (2:00 P.M.) at the ERC Hearing Room, 15<sup>th</sup> Floor, Pacific Center Building, San Miguel Avenue, Pasig City.**

Accordingly, BISELCO is hereby directed to:

- 1) Cause the publication of the attached Notice of Public Hearing once (1x) in a newspaper of nationwide circulation in the Philippines, at its own expense, the date of the 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 Public Hearing the Offices of the Provincial Governor, the City and Municipal Mayors, and Local Government Unit (LGU) legislative bodies within the affected franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform of the filing of the *Application*, its reasons therefor, and of the scheduled hearing thereon the consumers within the affected franchise area, by any other means available and appropriate;

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- 4) Furnish with copies of this Order and the attached Notice of Public 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 at the scheduled hearing; and
- 5) Furnish with copies of the *Application*, and its attachments all those making request therefor, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing, Applicant must submit to the Commission 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 Public Hearing consisting of affidavit of the Editor or Business Manager of the newspaper where the said Notice of Public Hearing was published, and the complete issues of the said newspaper;
- 2) The evidence of actual posting of this Order and the attached Notice of Public 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 the means employed by Applicant to inform of the filing of the *Application*, its reasons therefor, and of the scheduled hearing thereon, the consumers within the affected franchise area;
- 4) The evidence of receipt of copies of this Order and the attached Notice of Public Hearing by the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress;
- 5) The evidence of receipt of the copies of the *Application* and its attachments by all those making requests therefor, if any; and

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- 6) Such other proofs of compliance with the requirements of the Commission.

Applicant and all interested parties are also required to submit, at least five (5) days before the date of initial 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; and
4. The number and names of the witnesses, with their written testimonies in Judicial Affidavit form, to be attached to the Pre-trial Brief.

Failure of Applicant to submit the required Pre-trial Brief and Judicial Affidavits of its witnesses 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 said date of cancellation.

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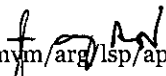
BISELCO must also be prepared to make an Expository Presentation of the instant *Application*, aided by whatever communication medium it may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned parties, what the *Application* is all about and the reasons and justifications being cited in support thereof.

**SO ORDERED.**

Pasig City, 16 April 2018.

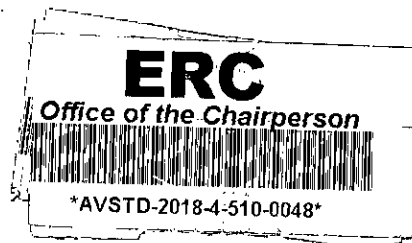
FOR AND BY AUTHORITY  
OF THE COMMISSION:

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

LS: /arg/lsp/apv.2017-050 CF BISELCO

**Copy furnished:**

1. Atty. Nelson Evangelista  
Dechavez & Evangelista Law Offices  
*Counsel for BISELCO*  
Unit 2008 Tycoon Centre  
Pearl Drive, Ortigas Center, Pasig City
2. Busuanga Island Electric Cooperative, Inc. (BISELCO)  
*Applicant*  
Barangay Poblacion 6, Coron, Palawan
3. Office of the Solicitor General  
134 Amorsolo Street, Legaspi Village, Makati City
4. Commission on Audit  
Commonwealth Ave., Quezon City
5. The Senate Committee on Energy  
GSIS Building, Roxas Boulevard, Pasay City
6. The House Committee on Energy  
Batasan Hills, Quezon City
7. Office of the President of PCCI  
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



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8. Office of the Governor  
Province of Palawan
9. Office of the Sangguniang Panlalawigan  
Province of Palawan
10. Office of the Municipal Mayor  
Coron, Palawan
11. Office of the Sangguniang Bayan  
Coron, Palawan
12. Office of the Municipal Mayor  
Busuanga, Palawan
13. Office of the Sangguniang Bayan  
Busuanga, Palawan
14. Office of the Municipal Mayor  
Culion, Palawan
15. Office of the Sangguniang Bayan  
Culion, Palawan
16. Office of the Municipal Mayor  
Linapacan, Palawan
17. Office of the Sangguniang Bayan  
Linapacan, Palawan
18. National Grid Corporation of the Philippines (NGCP)  
Quezon Avenue corner BIR Road, Diliman, Quezon City
19. Regulatory Operations Service (ROS)  
17F Pacific Center Building, San Miguel Avenue, Pasig City