

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 2015 TO 2017, PURSUANT TO ERC RESOLUTION NO. 16, SERIES OF 2009, AS AMENDED BY RESOLUTION 21, SERIES OF 2010, AND RESOLUTION 23, SERIES OF 2010,

ERC CASE NO. 2018-025 CF

LEYTE IV ELECTRIC COOPERATIVE, INC. (LEYECO IV), Applicant.

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DOCKETED
Date: JUN 22 2018
By: W

ORDER

On 27 March 2018, the Leyte IV Electric Cooperative Inc. (LEYECO IV) filed an *Application* dated 16 March 2018, seeking the confirmation and approval of the over or under-recoveries in the implementation of automatic cost adjustments and true-up mechanism for the period 2015 to 2017 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.

LEYECO IV alleged the following in its *Application*:

1. Applicant 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. Lamak, Hilongos, Leyte;

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 Baybay and five (5) municipalities in the Province of Leyte, namely, Inopacan, Hindang, Hilongos, Bato and Matalom;

LEGAL BASIS 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, as the case may be. ERC Resolution 23, Series of 2010, on the other hand, adopts the rules implementing the discounts to qualified senior citizen end-users and subsidy from subsidizing end-users on electricity consumption.

OVER/UNDER RECOVERIES OF ALLOWABLE COST

4. Applying the formulas provided under Resolution 16, Series of 2009, as amended by Resolution 21, Series of 2010, and Resolution 23, Series of 2010, applicants 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 2015 to December 2017;

(This space is intentionally left blank.)

5. The result of its calculations are presented hereunder, as follows:

| | Allowable Cost (PhP) | Actual Revenue (PhP) | (Over)/ Under Recovery (PhP) |
|---------------------------|---------------------------------|---------------------------------|---|
| Generation Rate (GR) | 933,469,200.87 | 937,800,053.97 | (4,330,853.10) |
| Transmission Rate (TR) | 133,068,608.29 | 133,822,212.04 | (753,603.75) |
| System Loss Rate (SLR) | 145,269,823.19 | 142,897,544.51 | 2,372,278.68 |
| | Discount (PhP) | Subsidy (PhP) | |
| Lifeline Rate (LR) | 16,553,320.36 | (16,269,202.56) | (284,117.80) |
| Senior Citizen Rate | 175,325.93 | (182,685.63) | 7,359.70 |
| Net Results | 1,195,078,986.06 | 1,198,067,922.33 | (2,988,936.27) |

SUPPORTING DATA AND DOCUMENTS

6. In support of the foregoing, applicant is submitting the following data and documents covering the period, January 2015 to December 2017, labelled together and made integral part hereof as Annex 'A', to wit:
- a) Summary of the results of individual calculations of over or under recoveries made on the subject allowable costs;
 - b) Supplier and Transmission Data Sheet;
 - c) Statistical Data Sheet;
 - d) Implemented Rates Data Sheet;
 - e) Power Bills of Power Suppliers;
 - f) Official Receipts issued by Power Suppliers;
 - g) Breakdown of Payments with Official Receipts;
 - h) Debit/Credit Memo of Power Suppliers;
 - i) NGCP Invoices;
 - j) Official Receipts issued by NGCP;
 - k) Breakdown of Payments with Official Receipts;
 - l) Debit/Credit Memo issued by NGCP;
 - m) Summary of Pilferage Cost Recoveries;
 - n) Report of Implemented Other Adjustments;
 - o) MFSR (Sections B and E);
 - p) Uniform Reportorial Requirement (URR)
 - q) Consumer Bills of Lifeliners (per level), Non-Lifeliners per (customer class) and Senior Citizens (per level).
7. Considering the foregoing, it is respectfully prayed that the cooperative's calculations of its over or under recoveries be confirmed and approved by the Honorable Commission.

PRAYER

WHEREFORE, premises considered, it is most respectfully prayed of this Honorable Commission, that after due notice and hearing, LEYECO IV's calculations of over or under recoveries in the implementation of automatic cost adjustments and true-up mechanisms covering the period January 2015 to December 2017, 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:

| | Allowable Cost (PhP) | Actual Revenue(PhP) | (Over)/Under Recovery (PhP) |
|---------------------------|---------------------------------|--------------------------------|--|
| Generation Rate (GR) | 933,469,200.87 | 937,800,053.97 | (4,330,853.10) |
| Transmission Rate (TR) | 133,068,608.29 | 133,822,212.04 | (753,603.75) |
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| Net Results | 1,195,078,986.06 | 1,198,067,922.33 | (2,988,936.27) |

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 **03 September 2018 (Monday) at two o'clock in the afternoon (2:00 P.M.), at the ERC Hearing Room, 15th Floor, Pacific Center Building, San Miguel Avenue, Pasig City.**

Accordingly, LEYECO IV 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, with 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 Public Hearing, the Offices of the Provincial Governors, the City and Municipal Mayors, and the 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;
- 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 requests 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 issue 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 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 Applicant to inform of the filing of the *Application*, the reasons therefore, 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 copies of the *Application* and its attachments by all those making requests therefor, if any; and
- 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 therefore; and
- 4) The number and names of the witnesses, with their written testimonies in a Judicial Affidavit form attached to the Pre-trial Brief.

Failure of Applicant 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.

LEYECO IV must also be prepared to make an expository presentation of the instant *Application*, aided by whatever communication medium that 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, 20 June 2018.

FOR AND BY AUTHORITY
OF THE COMMISSION:


JOSEFINA PATRICIA A.A. MAGPALE-ASIRIT
Commissioner


LS: CRC/LSP/APV ord.2018-025 of LEYECO OU IO

Copy Furnished:

1. ATTY. EMMANUEL G. GOLO
Counsel for the Applicant LEYECO IV
San Juan St., Brgy. San Pedro, Matalom
Leyte
2. Leyte IV Electric Cooperative, Inc. (LEYECO IV)
Barangay Lamak, Hilongos, Leyte
3. Office of the Solicitor General (OSG)
134 Amorsolo Street, Legaspi Village, City of Makati 1229
4. Commission on Audit (COA)
Commonwealth Avenue, Quezon City 1121

5. Senate Committee on Energy
GSIS Building, Roxas Boulevard, Pasay City 1300
6. House of Representatives Committee on Energy
Batasan Hills, Quezon City 1126
7. Office of the Municipal Mayor
Inopacan, Leyte
8. Office of the Sangguniang Bayan
Inopacan, Leyte
9. Office of the Municipal Mayor
Hindang, Leyte
10. Office of the Sangguniang Bayan
Hindang, Leyte
11. Office of the Municipal Mayor
Hilongos, Leyte
12. Office of the Sangguniang Bayan
Hilongos, Leyte
13. Office of the Municipal Mayor
Bato, Leyte
14. Office of the Sangguniang Bayan
Bato, Leyte
15. Office of the Municipal Mayor
Matalom, Leyte
16. Office of the Sangguniang Bayan
Matalom, Leyte
17. Office of the City Mayor
Baybay City, Leyte
18. Office of the Sangguniang Panglungsod
Baybay City, Leyte
19. Office of the Provincial Governor
Province of Leyte
20. Office of the Sangguniang Panlalawigan
Province of Leyte
21. Philippine Chamber of Commerce and Industry (PCCI)
3rd Floor, Chamber and Industry Plaza (CIP),
1030 Campus Avenue corner Park Avenue,
McKinley Town Center, Fort Bonifacio, Taguig City
22. Regulatory Operation Services
17th Floor, Pacific Center Building
San Miguel Avenue, Pasig City