

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 2011 TO 2013, PURSUANT TO ERC RESOLUTION NO. 16, SERIES OF 2009, AS AMENDED BY ERC RESOLUTION NO. 21, SERIES OF 2010, AND ERC RESOLUTION NO. 23, SERIES OF 2010

ERC CASE NO. 2014-021 CF

MARINDUQUE ELECTRIC COOPERATIVE, INC. (MARELCO),

Applicant.

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REGISTERED
Date: FEB 22 2018
By: 

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 28 March 2014, Marinduque Electric Cooperative, Inc. (MARELCO) filed an Application seeking the Commission's approval of its calculation of over and under recoveries of automatic pass-thru cost adjustments.

In its Application, MARELCO alleged the following:

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- (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. Ihatub, Boac, Marinduque;
- (2) It is the holder of an exclusive franchise issued by the National Electrification Commission (NEC), to operate an electric light and power distribution service in the six (6) municipalities of the Province of Marinduque, namely; Boac, Mogpog, Sta. Cruz, Torrijos, Buenavista, and Gasan;
- (3) ERC Resolution No. 16, Series of 2009 as amended by Resolution No. 21, Series of 2010 establish 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, and Treatment of Prompt Payment Discount, 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;
- (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, applicant made calculations of the over recoveries charged or under-recoveries incurred as against its customers, in the implementation of the foregoing automatic cost adjustments and true-up mechanisms, covering the period January 2011 to December 2013;
- (5) The results of its calculations are presented hereunder, as follows:

	Pass Through Cost (Php)	Actual Revenue (Php)	(Over)/Under Recovery (Php)
Generation Rate (GR)	625,552,156.31	630,432,212.84	(4,880,056.53)
System Loss Rate (SLR)	98,622,842.94	92,956,218.23	(5,666,624.71)
Lifeline Rate (LR)	6,600,558.21	6,721,104.91	120,546.70
Senior Citizen Discount	20,907.72	323,795.03	302,887.31
Net Results	730,796,465.19	730,433,331.01	(10,123,247.23)

Summaries of the results of individual computations on the foregoing pass through charges are attached hereto and made

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integral parts hereof as Annexes “A” to “D”, respectively;

- (6) In support of the computations made, applicant is submitting the following data and documents, labelled together and made integral part hereof as Annex “E”, to wit:
- a) Power Supplier Data Sheet
 - b) Statistical Data Sheet
 - c) Implemented Rates Data Sheet
 - d) Power Bills of Power Suppliers
 - e) Official Receipts issued by Power Suppliers
 - f) Breakdown of Payments with Official Receipts
 - g) Debit/Credit Memo of Power Suppliers
 - h) MFSR (Sections B and E)
 - i) Consumer Bills of Lifeliners (per level) and Non-Lifeliners per customer class
- (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 respectfully prayed that after due notice and hearing, MARELCO’s calculations of over or under-recoveries in the implementation of automatic cost adjustments and true-up mechanisms covering the period January 2011 to December 2013, 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:

	Pass Through Cost (Php)	Actual Revenue (Php)	(Over)/Under Recovery (Php)
Generation Rate (GR)	625,552,156.31	630,432,212.84	(4,880,056.53)
System Loss Rate (SLR)	98,622,842.94	92,956,218.23	(5,666,624.71)
Lifeline Rate (LR)	6,600,558.21	6,721,104.91	120,546.70
Senior Citizen Discount	20,907.72	323,795.03	302,887.31
Net Results	730,796,465.19	730,433,331.01	(10,123,247.23)

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

The aforementioned Application was heard on 17 June 2014 for determination of compliance with the Commission’s jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence.

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On 27 January 2015, MARELCO filed a Motion for Leave to Amend Application and to Admit the Attached Amended Application alleging that it inadvertently discovered incorrect entries of amounts for the Generation Rate and System Loss Rate, resulting in incorrect amounts of the total Pass Through Costs, Actual Revenue, and over or under recoveries. The corrected amounts are presented in MARELCO's Amended Application.

In its Amended Application, MARELCO alleged the following:

xxx

3. ERC Resolution No. 16, Series of 2009 as amended by Resolution No. 21, Series of 2010 establish 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, and Treatment of Prompt Payment Discount, 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.
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, applicant made calculations of the over recoveries charged or under-recoveries incurred as against its customers, in the implementation of the foregoing automatic cost adjustments and true-up mechanisms, covering the period January 2011 to December 2013;
5. The results of its calculations are presented hereunder, as follows:

	Allowable Cost (Php)	Actual Revenue (Php)	(Over) Under Recovery (Php)
Generation Rate (GR)	626,836,309.29	630,432,212.84	(3,595,903.55)
System Loss Rate (SLR)	93,208,010.77	98,622,842.94	(5,414,832.17)
Lifeline Rate (LR)	6,600,558.21	(6,721,104.91)	120,546.71

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Senior Citizen	20,907.72	(323,795.03)	302,887.31
Net Results	<u>726,665,785.99</u>	<u>722,010,155.84</u>	<u>(8,587,301.71)</u>

Summaries of the results of individual computations on the foregoing pass through charges are attached hereto and made integral parts hereof as Annexes "A" to "D", respectively;

6. In support of the computations made, applicant is submitting the following data and documents, labelled together and made integral part hereof as Annex "E", to wit:
 1. Power Supplier Data Sheet
 2. Statistical Data Sheet
 3. Implemented Rates Data Sheet
 4. Power Bills of Power Suppliers
 5. Official Receipts issued by Power Suppliers
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 7. Debit/Credit Memo of Power Suppliers
 8. MFSR (Sections B and E)
 9. Consumer Bills of Lifeliners (per level) and Non-Lifeliners per customer class

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 respectfully prayed that after due notice and hearing, MARELCO's calculations of over or under-recoveries in the implementation of automatic cost adjustments and true-up mechanisms covering the period January 2011 to December 2013, 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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Net Results	<u>726,665,785.99</u>	<u>722,010,155.84</u>	<u>(8,587,301.71)</u>

Other relief, just and equitable in the premises are likewise

prayed for.

Considering that the Amended Application has substantially modified relevant and material allegations of the Application dated 28 March 2014, a publication of the Amended Application is imperative.

The Commission sets the Amended Application for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on **27 March 2018 (Tuesday) at ten o'clock in the morning (10:00 A.M.) at the ERC Hearing Room, 15/F, Pacific Center Bldg., San Miguel Ave., Ortigas, Pasig City.**

All persons who have an interest in the subject matter of the instant case may become a party by filing with the Commission a verified Petition to Intervene at least five (5) days prior to the initial hearing and subject to the requirements under Rule 9 of the 2006 Rules of Practice and Procedure, indicating therein the docket number and title of the case and stating the following:

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 case may file their Opposition or Comment thereon at any stage of the proceeding before Applicant rests its case, subject to the requirements under Rule 9 of the 2006 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 and 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 Amended

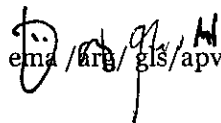
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Application may request from Applicant that they be furnished with the same, prior to the date of the initial hearing. Applicant is hereby directed to furnish all those making such request with copies of the Amended Application and its attachments, subject to the reimbursement of reasonable photocopying costs. Any such person may likewise examine the Amended Application and other pertinent records filed with the Commission during the standard office hours.

WITNESS, the Honorable Chairperson and CEO **AGNES VST DEVANADERA**, and the Honorable Commissioners **ALFREDO J. NON**, **GLORIA VICTORIA C. YAP-TARUC**, and **GERONIMO D. STA. ANA**, Energy Regulatory Commission, this 13th day of February 2018 in Pasig City.

FOR AND BY AUTHORITY
OF THE COMMISSION:


JOSEFINA PATRICIA A. MAGPALE-ASIRIT
Oversight Commissioner for Legal

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