

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



**IN THE MATTER OF THE APPLICATION FOR APPROVAL OF OVER OR UNDER RECOVERIES IN THE IMPLEMENTATION OF AUTOMATIC COST ADJUSTMENT AND TRUE UP MECHANISMS DURING THE PERIOD 2015-2017 AND CORRESPONDING CONFIRMATION PROCESS PURSUANT TO ERC RESOLUTION NO. 16, SERIES OF 2009 AS AMENDED BY RESOLUTION NO. 21, SERIES OF 2010**

**ERC CASE NO. 2018-037 CF**

**EASTERN SAMAR ELECTRIC COOPERATIVE, INC. (ESAMELCO),**

**Applicant.**

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**DOCKETED**  
Date: DEC 20 2018  
By: M/

**NOTICE OF PUBLIC HEARING**

**TO ALL INTERESTED PARTIES:**

Notice is hereby given that on 27 September 2018, Eastern Samar Electric Cooperative, Inc. (ESAMELCO) filed an Application dated 13 September 2018, seeking the approval of its over or under recoveries in the implementation of automatic cost adjustments and true-up mechanisms during the period 2015-2017 and corresponding confirmation process, pursuant to ERC Resolution No. 16<sup>1</sup>, Series of 2009, as amended by Resolution No. 21, Series of 2010<sup>2</sup> (Application).

In the said *Application*, ESAMELCO alleged the following:

<sup>1</sup> "A Resolution Adopting the Rules Governing the Automatic Cost Adjustment and True-up Mechanisms and Corresponding Confirmation Process for Distribution Utilities";

<sup>2</sup> "A Resolution Amending Section 4 of Article 4 and Section 1 of Article 5 of the Rules Governing the Automatic Cost Adjustment and True-up Mechanisms and Corresponding Confirmation Process for Distribution Utilities"

1. It is a non-stock, non-profit Electric Cooperative duly organized and existing under and by virtue of the Presidential Decree 269, as amended, with principal office address Brgy. Cabong, Borongan City, Eastern Samar;
  
2. It is the exclusive franchise holder issued by the National Electrification Administration (NEA) to operate an electric light and power services in the Eastern part of Samar Island covering twenty-two (22) municipalities and one (1) city, namely: Lawaan, Balangiga, Giporlos, Quinapondan, Guiuan, Mercedes, Salcedo, MacArthur, Hernani, Llorente, Balangkayan, Maydolong, San Julian, Sulat, Taft, Can-avid, Dolores, Oras, San Policarpio, Arteche, Jipapad, Maslog, and Borongan City;
  
3. In the application of formulas prescribed under ERC Resolution 16, Series of 2009, as amended by ERC Resolution 21, Series of 2010, its pass-through cost vis-a-vis the actual collections, resulted to over-recoveries in the items of: Generation, Transmission, Lifeline Subsidy and Senior Citizen Subsidy. On the other hand, under-recovery was incurred in the item of System Loss. The following table reflects the summary of over/under recoveries for years 2015 to 2017:

<b>PARTICULARS</b>	<b>YEAR</b>	<b>PASS THROUGH COST</b>	<b>ACTUAL REVENUE</b>	<b>DIFFERENCE (OVER) / UNDER</b>
<b>Generation Rate (GR)</b>	2015	338,505,874.03	342,863,095.20	(4,357,221.17)
	2016	471,108,558.79	442,657,425.12	28,451,133.67
	2017	367,204,555.91	403,523,272.74	(36,318,716.82)
	<b>Total</b>	<b>1,176,818,988.73</b>	<b>1,189,043,793.06</b>	<b>(12,224,804.32)</b>
<b>Transmission Rate (TR)</b>	2015	51,316,227.83	52,253,161.55	(936,933.72)
	2016	53,196,423.31	53,286,668.76	(90,245.45)
	2017	62,739,029.51	63,744,885.49	(1,005,855.98)
	<b>Total</b>	<b>167,251,680.65</b>	<b>169,284,715.80</b>	<b>(2,033,035.15)</b>
<b>System Loss Rate (SLR)</b>	2015	51,581,589.22	59,061,597.20	(7,480,007.99)
	2016	69,269,051.88	67,731,265.47	1,537,786.40

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	2017	58,469,697.26	55,219,440.84	3,250,256.43
	<b>Total</b>	<b>179,32,338.36</b>	<b>182,012,303.51</b>	<b>(2,691,965.16)</b>
<b>Lifeline Subsidy</b>	2015	6,547,433.30	(6,254,076.28)	(293,357.02)
	2016	6,288,185.52	(6,360,097.29)	71,911.77
	2017	6,645,593.64	(6,520,232.73)	(125,360.91)
	<b>Total</b>	<b>19,481,212.46</b>	<b>(6,093,940.84)</b>	<b>(346,806.17)</b>
<b>Senior Citizen Subsidy</b>	2015	45,431.49	(43,240.56)	(2,190.93)
	2016	49,147.06	(49,180.45)	33.39
	2017	59,262.17	(58,314.67)	(947.50)
	<b>Total</b>	<b>153,840.72</b>	<b>(52,374.77)</b>	<b>(3,105.04)</b>
<b>GRAND TOTAL/DIFFERENCE, RESULTING TO OVER RECOVERIES FOR YEARS 2015 TO 2017</b>				<b>(17,299,715.84)</b>

4. It is proposing a recovery scheme for resulting under-recoveries in Generation Cost, Transmission Cost, System Loss, Lifeline Subsidy, and Senior Citizen Subsidy for corresponding period and rate as shown below, *to wit*:

**PROPOSED REFUND SCHEMES:**

No	Particular	(Over)/ Under Recovery	Using March 2018 kWh Sales	Proposed No. of Years	Rate Php/ kWh
1	Generation Cost	(12,224,802.32)	6,116,619	20	(0.0999)
2	Transmission Cost	(2,033,035.15)	6,116,619	10	(0.0332)
3	System Loss	(2,691,965.16)	6,116,619	10	(0.0440)
4	Lifeline	(346,806.17)	6,116,619	1	(0.0567)
5	Senior Citizen	(3,105.04)	6,116,619	1	(0.0005)
		<b>TOTAL</b>		<b>(17,299,71.84)</b>	

5. In support of this *Application*, ESAMELCO submitted the following data and documents, *to wit*:

ANNEX	NATURE OF DOCUMENT
F	Summary of Over / Under Recoveries
G	Proposed Recovery/Refund Scheme
H	Fully Accomplished Supplier & Data Sheet for the Years 2015-2017

I	Power Bills from Suppliers
J	Fully Accomplished Statistical Data Sheet for the Year 2015-2017
K	Manifestation of no Pilferage Cost Recoveries
L	Monthly Financial & Statistical Report (MFSR)
M	Fully Accomplished Actual Implemented Rates Sheet
N	Fully Accomplished Lifeline Discount Sheet
O	Fully Accomplished Senior Citizen Discount Sheet
P	Two (2) Consumer Bills per Customer Class (Non-Lifeline)
Q	One (1) Consumer Bill per Lifeline Bracket (Lifeline)
R	One (1) Senior Citizen Consumer Bill
S	Uniform Reportorial Requirements (URR) for the years 2015-2017
T	Computation of Implemented Rates (GR, SLR, TR, LRS, & SCS)

6. In compliance with the Commission’s prescribed pre-filing requirements for over/under-recovery applications, ESAMELCO had provided copies of the *Application* and its annexes to Sangguniang Panglungsod of Borongan City, where the principal office of ESAMELCO is located, and Sangguniang Panlalawigan of Province of Eastern Samar;
7. Moreover, it initiated the publication of this *Application* in a newspaper of general circulation within its franchise area in Eastern Samar Province;
8. ESAMELCO prays that after hearing on the merits, a decision be rendered allowing it to refund the incurred/computed over recoveries at schemes manageable for it to comply; and
9. ESAMELCO likewise prays for other reliefs just and equitable under the premises.

The Commission has set the *Application* for determination of compliance with the jurisdictional requirements, expository presentation, pre-trial conference, and presentation of evidence on **07 February 2019 (Thursday) at ten o’clock in the morning (10:00 A.M.), at 15<sup>th</sup> Floor, ERC Hearing Room, Pacific Center Building, San Miguel Avenue, 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 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 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 Applicants rest their case, 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 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 *Application* may request from Applicants 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 *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 Chairperson and CEO, **AGNES VST DEVANADERA**, and the Honorable Commissioners **ALEXIS M. LUMBATAN**, and **CATHERINE P. MACEDA**, Energy Regulatory Commission, this 13 December 2018 in Pasig City.

  
**JOSEFINA PATRICIA A. MAGPALE-ASIRIT**  
*Oversight Commissioner for Legal Service*

  
LSM/BJVG/BSA/GLO