

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 2016 TO 2018,
PURSUANT TO ERC
RESOLUTION NO. 16,
SERIES OF 2009, AS
AMENDED BY RESOLUTION
NO. 21, SERIES OF 2010
AND ERC RESOLUTION NO.
23, SERIES OF 2010**

ERC CASE NO. 2019-010 CF

**SURIGAO DEL NORTE
ELECTRIC COOPERATIVE,
INC. (SURNECO),**

Applicant.

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Promulgated:
MAY 09 2019

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 28 March 2019, Surigao del Norte Electric Cooperative, Inc. (SURNECO) filed an *Application* dated 18 March 2019 (Application), seeking the Commission's confirmation and approval of calculations of over or under-recoveries in the implementation of automatic cost adjustments and true-up mechanisms for the period 2016 to 2018, pursuant to the Commission's Resolution No. 16, Series of 2009, as amended by Commission's Resolution Nos. 21 and 23, Series of 2010.

In the said *Application*, SURNECO alleged the following, among others:

THE APPLICANT

1. SURNECO 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 Narciso corner Espina Streets, Surigao City;
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 Surigao as well as certain municipalities in the province of Surigao del Norte, namely: Alegria, Bacuag, Claver, Gigaquit, Mainit, Malimono, Placer, San Francisco, Sison, Taganaan and Tubod.

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, 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 2016 to December 2018.

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 2016 to December 2018;
7. The results of its calculations are presented hereunder, as follows:

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	Allowable Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Rate (GR)			
A. MAINLAND (ON – GRID)	2,449,373,156.79	2,406,930,188.30	42,442,968.49
B. HIKDOP (SPUG)	4,188,697.57	4,188,664.89	32.68
C. NONOC (SALE FOR RESALE)	8,442,456.66	8,447,698.12	(5,241.46)
Transmission Rate (TR)			
A. MAINLAND (ON – GRID)	384,970,856.96	398,381,464.95	(13,410,607.98)
System Loss Rate (SLR)			
A. MAINLAND (ON – GRID)	338,389,631.14	346,238,363.71	(7,848,732.57)
B. HIKDOP (SPUG)	648,386.06	664,852.68	(16,466.62)
C. NONOC (SALE FOR RESALE)	429,398.66	487,141.74	(57,743.08)
	Discount (PhP)	Subsidy (PhP)	
Lifeline Rate (LR)			
A. MAINLAND (ON – GRID)	23,286,457.17	9,524,896.57	13,761,560.61
B. HIKDOP (SPUG)	713,850.00	18,388.54	695,461.46
C. NONOC (SALE FOR RESALE)	963,263.63	35,077.28	928,186.36
Senior Citizen Discount and Subsidy			
A. MAINLAND (ON – GRID)	863,977.77	873,998.09	(10,020.33)
B. HIKDOP (SPUG)	1,745.80	1,620.73	125.07
C. NONOC (SALE FOR RESALE)	2,855.26	3,066.62	(211.36)
Net Results			
A. MAINLAND (ON – GRID)			34,935,168.22
B. HIKDOP (SPUG)			679,152.59
C. NONOC (SALE FOR RESALE)			864,990.46
		GRAND TOTAL	36,479,311.27

SUPPORTING DATA AND DOCUMENTS

8. In support of the foregoing calculations, Applicant is submitting the following data and documents covering the period January 2016 to December 2018, attached hereto and made integral parts hereof, as follows:

FOLDER	ANNEX MARKINGS	NATURE OF DOCUMENTS
Folder 1	Annex A	Summary of Over/Under Recoveries Computations for 2016 - 2018 (Per charge and yearly basis)
	Annex B	Proposed Scheme of Refund/Collect using the Latest kWh Sales
Folder 2	SUPPLIER AND TRANSMISSION DATA	
	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	STATISTICAL DATA	
	Annex E	Fully accomplished Statistical Data Sheet for the year

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	Annex F and series	Summary of Pilferage Cost Recoveries/ Manifestation of no Pilferage Cost Recoveries for year 2016
	Annex G	Report of Implemented Other Adjustments
	Annex H	MFSR – Sections A and E
Folder 4	ACTUAL IMPLEMENTED RATES DATA	
	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 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	OTHER DOCUMENTS	
	Annex O	Submitted URR for the year
	Annex P	Computation on how the computed pass-through charges were derived

9. Additionally, Applicant is likewise submitting herewith the required electronic copies of the Application and supporting data and documents.

10. Further, in compliance with the pre-filing requirements for the instant application, Applicant is likewise submitting the following documents to form integral parts hereof, as follows:

ANNEX MARKINGS	NATURE OF DOCUMENT
Annexes Q and series	Proof of furnishing copies of the Application to the Sangguniang Panlungsod of Surigao City and Sangguniang Panlalawigan of Surigao del Norte
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 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.

PRAAYER

WHEREFORE, premises considered, it is respectfully prayed of this Honorable Commission, that after due notice and hearing, SURNECO's calculations of over or under recoveries in the implementation of certain automatic cost adjustments and true-up mechanisms covering the period January 2016 to December 2018, 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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		GRAND TOTAL	36,479,311.27

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

The Commission has set the *Application* for determination of compliance with the jurisdictional requirements, expository presentation, Pre-Trial Conference, and presentation of evidence on **30 May 2019 (Thursday) 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 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:

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- 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.

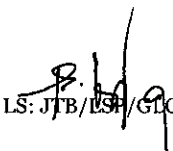
All other persons who may want their views known to the Commission with respect to the subject matter of the case may file their Opposition or Comment thereon at any stage of the proceeding before Applicant rests its case, subject to the requirements under Rule 9 of the 2006 ERC Rules of Practice and 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 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 *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 Commissioners **ALEXIS M. LUMBATAN**, **CATHERINE P. MACEDA**, and **CHRISTIAN PAUL M. CERVANTES**, Energy Regulatory Commission, this 6th day of May 2019 in Pasig City.


AGNES VST DEVANADERA
Chairperson and CEO


LS: JTB/LSH/GLO

