

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



**IN THE MATTER OF THE
APPLICATION FOR
CONFIRMATION AND
APPROVAL OF
OVER/UNDER-RECOVERIES
FOR THE YEARS 2016 TO
2018 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 WITH MOTION FOR
CONFIDENTIAL TREATMENT
OF INFORMATION**

ERC CASE NO. 2019-015 CF

**DAVAO LIGHT AND POWER
COMPANY, INC. (DLPC),
Applicant.**

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Promulgated:
MAY 10 2019

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 29 March 2019, Davao Light and Power Company, Inc. (DLPC) filed an *Application* dated 22 March 2019 (*Application*), seeking the Commission's approval of its over/under-recoveries for the years 2016 to 2018 pursuant to the Commission's Resolution No. 16, Series of 2009, as amended by the Commission's Resolution No. 21, Series of 2010, and Commission's Resolution No. 23, Series of 2010 with motion for confidential treatment of information.

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

54

APPLICATION WITH MOTION FOR CONFIDENTIAL
TREATMENT OF INFORMATION

1. DLPC is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at C. Bangoy Sr. St., Davao City. It is the grantee of a legislative franchise under Republic Act No. 8960 to construct, operate and maintain an electric light, heat and power system in the Cities of Davao and Panabo, and in the Municipalities of Carmen, Sto. Tomas and Braulio Dujali, Province of Davao del Norte (the Franchise Area). DLPC may be served with orders and other processes of the Honorable Commission through its undersigned counsel at the address indicated below;

2. On 13 July 2009, the Honorable Commission promulgated Resolution No. 16, Series of 2009, entitled "A Resolution Adopting the Rules Governing the Automatic Cost Adjustment and True-Up Mechanisms and Corresponding Confirmation Process for Distribution Utilities" (the True-Up Guidelines).
 - 2.1 The True-Up Guidelines provided the formulas for the determination of the Generation, Transmission, System Loss, Lifeline Subsidy, and Franchise and Business Taxes Rates.¹

 - 2.2 It likewise provided for the calculation of over- and under-recoveries on the said rates due to the variance in the allowable cost and the revenues billed using the applicable formula.²

3. On 18 October 2010, the Honorable Commission promulgated ERC Resolution No. 21, Series of 2010,³ wherein the Honorable Commission amended the formula for the calculation of over- and under-recovery for System Loss and updated the timelines set in Article 5 of the True-Up Guidelines;

4. On 15 December 2010, the Honorable Commission promulgated ERC Resolution No. 23, Series of 2010;⁴
 - 4.1 The Resolution provided the formulas for the calculation of the senior citizen discount rates,⁵ the calculation of the subsidy rate to be charged to subsidizing end-users,⁶ and the calculation of the over- or under-recovery in the implementation of the senior citizen discounts and subsidy rates.⁷

¹ Article 2 of ERC Resolution No. 16, Series of 2009.

² Article 4, *Ibid.*

³ Entitled "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".

⁴ Entitled "A Resolution Adopting the Rules Implementing the Discounts to Qualified Senior Citizen End-Users and Subsidy from the Subsidizing End-Users on Electricity Consumption Under Sections 4 and 5 of Republic Act No. 9994".

⁵ Article 4 of ERC Resolution No. 23, Series of 2010.

⁶ Article 5, *Ibid.*

⁷ Article 7, *Id.*

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ERC CASE NO. 2019-015 CF
NOTICE OF PUBLIC HEARING/o8 MAY 2019
PAGE 3 OF 6 ✓

- 4.2 It also provided that the ERC shall verify the over- and under – recovery in the senior citizen discount and subsidy rates once every three (3) years to coincide with the time frames set forth under Article 5 of the True-up Guidelines.⁸
5. The instant Application is being filed pursuant to the above Resolutions. Based on the formulas on the various automatic cost adjustments and true-up mechanisms, DLPC incurred over- and under –recoveries for the period from January 2016 to December 2018, summarized as follows:

	2016	2017	2018	(Over)/Under Recoveries
Generation	16,382,400.96	25,741,839.23	11,652,983.64	53,777,223.83
Transmission	(10,118,956.45)	5,139,869.57	23,556,327.87	18,577,240.99
System Loss	65,346,574.28	55,283,759.66	(852,928.44)	119,777,405.50
Lifeline	1,012,846.46	(2,421,144.12)	(248,353.52)	(1,656,651.17)
Senior Citizen	(14,994.91)	4,869.79	956.95	(9,168.17)
TOTAL (OVER)/ UNDER RECOVERY	72,607,870.34	83,749,194.12	34,108,986.51	190,466,050.97

Based on the foregoing, DLPC has incurred a net under-recovery in the amount of PhP 190,466,050.97 for the billing periods from January 2016 to December 2018.

6. In support of the foregoing are the following documents covering the period January 2016 to December 2018, attached as Annexes of the instant Application, to wit:

Annex A: Summary of the Over/Under Recoveries Computation;

Annex B: Proposed Scheme of Refund/Collection;

Annex C: Supplier and Transmission Data Sheets;

Annex D: Power Bills from Suppliers, Proof of Payment and Debit/Credit Memo;

Annex E: Statistical Data Sheets;

Annex F: Reports on Other Adjustments Implemented;

Annex G: Actual Implemented Rates Sheets;

Annex H: Summary of Pilferage Cost Recoveries;

Annex I: Uniform Reportorial Requirement (URR) Template;

Annex J: Lifeline Discount Sheets;

Annex K: Senior Citizen Discount Sheets;

⁸ Section 3, Article 7, *Id.*

Annex L: Consumer Bills per Customer Class (Non-Lifeliners);*

Annex M: Consumer Bills per Lifeline Bracket;*

Annex N: Consumer Bills per Senior Citizen Discount Level;*

Annex O: Rate Computations (Generation, Transmission, System Loss, Lifeline and Senior Citizen Discount Rate)

** Confidential*

**MOTION FOR
CONFIDENTIAL TREATMENT OF INFORMATION**

7. Under Rule 4 of the ERC Rules of Practice and Procedure, the Honorable Commission may, upon request of a party and determination of the existence of conditions, which would warrant such remedy, treat certain information submitted to it as confidential;
8. Annexes "L", "M" and "N" contain information on customers' personal details, which are confidential in nature. As such, DLPC respectfully requests that the foregoing documents and the information contained therein be treated as confidential and privileged, and not be disclosed to persons other than the necessary officers and staff of this Honorable Commission;
9. Accordingly, DLPC hereby submits one (1) copy of Annexes "L", "M" and "N" in sealed packages, with the packaging and each page of the confidential document stamped with the word "Confidential".

PRAYER

WHEREFORE, it is respectfully prayed that the Honorable Commission, after due notice, hearing and examination:

1. CONFIRM and APPROVE Applicant's under-recoveries for January 2016 to December 2018 billing periods and authorize to collect the amount of PhP 190,466,050.97 as net under-recovery.
2. TREAT Annexes "L", "M" and "N" and the information contained therein AS CONFIDENTIAL, and direct their non-disclosure to persons other than the authorized representatives of DLPC and necessary officers and staff of this Honorable Commission, and issue the corresponding Protective Order in accordance with Rule 4 of the ERC Rules of Practice and Procedure.

Other just and equitable relief are likewise prayed for.

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The Commission has set the *Application* for hearing for determination of compliance with the jurisdictional requirements, expository presentation, pre-trial conference, and presentation of evidence on **05 June 2019 (Wednesday) at two o'clock in the afternoon (2:00 PM) 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:

- 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:

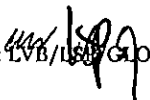
- 1) The name and address of such person;
- 2) A concise statement of the Opposition or Comment; and
- 3) The grounds relied upon.

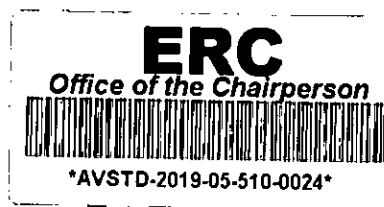
All such persons who wish to have a copy of the *Application* may request from Applicant that they be furnished with the same prior to the date of the initial hearing. Applicant is hereby directed to furnish all those making such request with copies of the *Application* and its attachments, subject to 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.

2

WITNESS, the Honorable Commissioners **CATHERINE P. MACEDA, ALEXIS M. LUMBATAN** and **PAUL CHRISTIAN M. CERVANTES**, Energy Regulatory Commission, this 8th day of May 2019 in Pasig City.


AGNES VST DEVANADERA
Chairman and CEO

LS: LVB/LSB/GLO




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