

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
COVERING THE PERIOD
2014 TO 2016, PURSUANT TO
ERC RESOLUTION NO. 16,
SERIES OF 2009, AS
AMENDED BY ERC
RESOLUTION NO. 21, SERIES
OF 2010 AND ERC
RESOLUTION NO. 2013,
SERIES OF 2010,**

ERC CASE NO. 2017-035 CF

**ISABELA II ELECTRIC
COOPERATIVE (ISELCO II),
Applicant.**

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D O C K E T E D
Date: AUG 31 2017
By: W

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 30 March 2017, Isabela II Electric Cooperative, Inc. (ISELCO II) filed with the Commission its *Application* dated 20 March 2017 (Application) for confirmation and approval of its calculations of over or under recoveries in the implementation of automatic cost adjustments and true up mechanisms covering the period 2014 to 2016.

ISELCO II alleged the following in its *Application*:

1. ISELCO II is an electric cooperative duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal offices at Brgy. Alibagu, Ilagan City, Isabela;
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 City of Ilagan and certain municipalities in the Province of Isabela, namely: Aurora, Benito Soliven, Burgos, Cabagan, Delfin Albano, Gamu, Mallig, Naguilian, Quezon, Quirino, Roxas, San Manuel, San Pablo, Sta. Maria, San Mariano, Sto. Tomas, Tumauni, Divilacan, Maconacon, Palanan and Dinapigue. However, the coastal towns of Divilacan and Maconacon were already waived for Qualified Third Party (QTP);
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, 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, ISELCO II 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 2014 to December 2016;
5. The results of its calculations are presented hereunder, as follows:

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	Pass Through Cost (Php)	Actual Revenue (Php)	(Over)/Under Recovery (Php)
Generation Rate (GR)	2,302,233,291.98	2,309,135,086.35	(6,901,794.37)
Transmission Rate (TR)	585,721,166.98	583,284,510.13	2,436,656.85
System Loss Rate (SLR)	441,548,982.48	457,611,932.40	(16,062,949.92)
Lifeline Rate (LR)	36,867,110.27	27,855,404.37	9,011,705.90
Senior Citizen Discount	674,176.22	404,305.16	269,871.06
Net Results	3,367,044,727.93	3,378,291,238.41	(11,246,510.48)

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

[7] In support of the computations made, ISELCO II is submitting the following data and documents, labeled together and made integral part of the Application as Annex "F", to wit:

- a) Supplier and Transmission 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) NGCP Invoices
- i) Official Receipts issued by NGCP
- j) Breakdown of Payments with Official Receipts
- k) Debit/Credit Memo issued by NGCP
- l) MFSR (Sections B and E)
- m) Consumer Bills of Lifeliners (per level), Senior Citizen(per level) and Non-Lifeliners per customer class

[8] Considering the foregoing, it is respectfully prayed that ISELCO II'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, ISELCO II's calculations of over or under-recoveries in the implementation of automatic cost adjustments and true-up mechanisms covering the period January 2014 to December 2016, made pursuant to ERC Resolution 16, Series of 2009 as amended by

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Resolution 21, Series of 2010 and ERC Resolution 23, Series of 2011, be confirmed and approved, and ISELCO II 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)	2,302,233,291.98	2,309,135,086.35	(6,901,794.37)
Transmission Rate (TR)	585,721,166.98	583,284,510.13	2,436,656.85
System Loss Rate (SLR)	441,548,982.48	457,611,932.40	(16,062,949.92)
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Net Results	3,367,044,727.93	3,378,291,238.41	(11,246,510.48)

Other relief, 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 **11 October 2017 (Wednesday) 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 Rules of Practice and Procedure, indicating therein the docket number and title of the case and stating the following:

- i. The petitioner's name and address;
- ii. 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
- iii. 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 *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 OIC, Chairman and CEO **ALFREDO J. NON**, and the Honorable Commissioners **GLORIA VICTORIA C. YAP-TARUC** and **GERONIMO D. STA. ANA**, Energy Regulatory Commission, this 15th day of August 2017 at Pasig City.


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