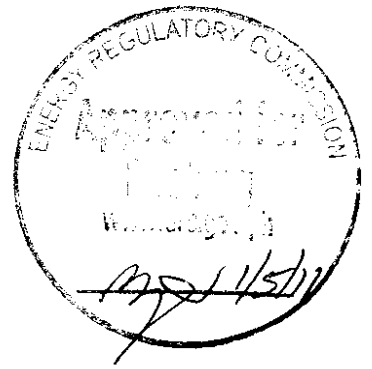


Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City



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RESOLUTION NO. _____, SERIES OF 2010

**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**

WHEREAS, on February 15, 2010, Republic Act No. 9994 (R.A. No. 9994) entitled, "*An Act Granting Additional Benefits and Privileges to Senior Citizens Further Amending Republic Act No. 7432, As Amended, Otherwise Known as "An Act to Maximize the Contributions of Senior Citizens to Nation Building, Grant Benefits and Special Privileges and for Other Purposes"*" was enacted which further expanded the coverage of the benefits and privileges being enjoyed by senior citizen end-users to include the entitlement to discounts on their electricity consumptions;

WHEREAS, on June 18, 2010, the Department of Social Welfare and Development (DSWD) promulgated the Implementing Rules and Regulations (IRR) of R.A. No. 9994;

WHEREAS, under Sections 4 and 5 of R.A. No. 9994 and Article 12, Section 3 of its IRR, the Energy Regulatory Commission (ERC) is mandated to formulate the supplemental guidelines on the rate recovery mechanism in the implementation of the senior citizen discounts by electricity distribution utilities;

WHEREAS, on September 22, September 29 and October 6, 2010, the ERC conducted public consultations on the proposed "Rules Implementing the Senior Citizens Discounts and Subsidy on Electricity Consumption Under Sections 4 and 5 of Republic Act No. 9994";

NOW THEREFORE, the ERC, after considering the various views and comments submitted by all interested parties, hereby **RESOLVES**, as it is hereby **RESOLVED**, to **APPROVE** and **ADOPT**, the "*Rules Implementing the Senior Citizens 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", hereto attached as Annex "A" and made an integral part of this Resolution.

This Resolution shall take effect fifteen (15) days following its publication in a newspaper of general circulation in the country.

Let this Resolution be posted on the ERC website and filed with the University of the Philippines Law Center Office of the National Administrative Register (ONAR).

Pasig City, December 15, 2010.


ZENAIDA G. CRUZ-DUCUT
Chairperson

(On Official Travel)
RAUF A. TAN
Commissioner


MARIA TERESA A. R. CASTAÑEDA
Commissioner


ALEJANDRO Z. BARIN
Commissioner


JOSE C. REYES
Commissioner


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

**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**

Pursuant to Sections 4(c) and 5(d) of Republic Act No. 9994 (R.A. No. 9994) entitled, "An Act Granting Additional Benefits and Privileges to Senior Citizens, Further Amending the Republic Act No. 7432, As Amended", otherwise known as "An Act to Maximize the Contribution of Senior Citizens to Nation Building, Grant Benefits and Special Privileges and for Other Purposes", the Energy Regulatory Commission (ERC) hereby adopts and promulgates these rules to establish a process for a revenue neutral implementation of the Senior Citizen Discount and Subsidy Rates by electricity Distribution Utilities (DUs).

ARTICLE 1

GENERAL PROVISIONS

Section 1. Objectives

These Rules shall have the following objectives:

- 1.1.1 To ensure that the Senior Citizen Discounts shall be granted and applied to all qualified senior citizen end-users of all DUs from the subsidy to be paid by the non-senior citizen and non-qualified senior citizen end-users;
- 1.1.2 To provide for transparency in the giving of the Senior Citizen Discounts and in the calculation of the subsidy rates; and
- 1.1.3 To protect the public interest as it is affected by the rates and services of DUs.

Section 2. Scope

These Rules shall apply to all DUs.



Section 3. Definition of Terms

ACT	Unless otherwise stated, shall refer to Republic Act No. 9994;
DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT (DSWD)	Shall refer to the Department reorganized into its current name and structure first, in 1987, under Executive Orders No. 123 and 292 by then President Corazon C. Aquino; then, in 1998, under Executive Order No. 15 by then President Joseph Ejercito Estrada; and the latest, in 2003, under Executive Order No. 221 by then President Gloria Macapagal Arroyo. Its current mandate is to provide assistance to local government units, non-government organizations, other national government agencies, people's organizations, and other members of civil society in effectively implementing programs, projects and services that will alleviate poverty and empower disadvantaged individuals, families and communities for an improved quality of life;
DISTRIBUTION UTILITY (DU)	Shall refer to any electric cooperative, private corporation, government-owned utility or owned and operated by an existing local government unit which has an exclusive franchise to operate a distribution system in accordance with Section 4(q) of Republic Act No. 9136;
ENERGY REGULATORY COMMISSION (ERC)	Shall refer to the regulatory agency created under Section 38 of Republic Act No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001" (EPIRA);
GROUP HOME	As provided under Article 5.18 of the Act's IRR, shall refer to a community-based alternative living arrangement to institutional care. It can be a transit home for a definite period for neglected older persons while the necessary services of locating relatives and care management is ongoing. It envisions responding to the needs of the senior citizens who have been abandoned, have no families to return to or to whose family reunification is not suitable, and are assessed to be needing group living experience. The program enables a minimum of six (6) and a maximum of ten (10) clients discharged from a residential care facility to live together and manage their group living activities with minimal supervision from the agency social worker;
IMPLEMENTING RULES AND REGULATIONS (IRR)	Shall refer to the Implementing Rules and Regulations of Republic Act No. 9994, also known as the "Expanded Senior Citizens Act of 2010," An Act Granting Additional Benefits and Privileges to Senior Citizens, Further Amending Republic Act No. 7432 of 1992 As Amended by Republic Act No. 9257 of 2003;



RESIDENTIAL CARE FACILITY/INSTITUTION

As provided under Article 5.20 of the Act's IRR, shall refer to facility which provides twenty-four (24) hour residential care services operated primarily for the purpose of promoting the well-being of abandoned, neglected, unattached or homeless senior citizens. The facility may be run by government or non-stock, non-profit organization and is accredited by the DSWD to serve a minimum of ten (10) clients;

SENIOR CITIZEN OR ELDERLY

As provided under Section 2(a) of the Act, shall refer to any resident citizen of the Philippines at least sixty (60) years old; and under Article 5.1 of the Act's IRR, shall refer to any Filipino citizen who is a resident of the Philippines, and who is sixty (60) years old or above. It may apply to senior citizens with "dual citizenship" status provided they prove their Filipino citizenship and have at least six (6) months residency in the Philippines;

SENIOR CITIZENS CENTER

As provided under Article 5.16 of the Act's IRR, shall refer to the place established by Republic Act No. 7876 or the Senior Citizens Center Act, with recreational, educational, health and social programs and facilities designed for the full enjoyment and benefit of the senior citizens in the city or municipality accredited by the DSWD. It can be any available structure, a spacious room in a private or public building, a room attached to a community center, a barangay hall or chapel;

SENIOR CITIZEN END-USERS

Shall refer to residential senior citizen customers and senior citizen centers and residential care facilities/institutions or group homes that are accredited by the DSWD and qualified to avail of the senior citizen discount in accordance with Sections 4(c) and 5(d) of the Act and Article 12, Sections 1 and 2 of the Act's IRR;

SUBSIDIZING END-USERS

Shall refer to the non-senior citizen and non-qualified senior citizen end-users who shall bear the discounts and adjustments extended to qualified senior citizen end-users. All lifeline customers are excluded from the subsidizing end-users' base.

ARTICLE 2

SENIOR CITIZEN DISCOUNT APPLICATION REQUIREMENTS

Section 1. Qualifications for Availment of Residential Senior Citizens' Discount. To avail of the discount for the residential senior citizen customers, the following conditions must be observed:



- 2.1.1 The monthly residential consumption must not exceed one hundred (100) kWh of electricity. Residential senior citizen customers whose consumption shall exceed the 100 kWh limit during any month are not entitled to the senior citizen discount during the month when they exceeded the said limit.
- 2.1.2 The kilowatt-hour meter of the residing senior citizen must have been registered in his/her name for a period of not less than one (1) year.
- 2.1.3 The grant of senior citizen discount shall apply per household regardless of the number of senior citizens residing therein.
- 2.1.4 The senior citizen should apply for the senior citizen discount personally or through an authorized representative to the distribution utility and must submit the following documentary requirements:
 - a) Proof of age and citizenship –
 1. Birth certificate or any proof of birth; or
 2. Valid Senior Citizen's Identification Card issued by the Office of Senior Citizen's Affairs (OSCA) in the city or municipality where the elderly resides; or
 3. Philippine passport or any government identification card showing proof of age and citizenship, i.e., driver's license, voter's ID, SSS/GSIS, PRC card, postal ID.
 - b) Proof of residence –
 1. Barangay certificate; or
 2. Affidavit of two (2) disinterested persons duly notarized and has known the senior citizen for not less than one (1) year.
 - c) Proof of billing –
 1. Copy of electric bill issued in the name of the senior citizen.
 - d) Proof of authority (if through a representative) –
 1. Valid identification card of the representative; and
 2. Authorization letter duly signed or thumb-marked by the senior citizen end-user which shall be valid only for a period of one (1) year from date of issuance

Section 2. Qualifications for Availment of Senior Citizens Centers and Residential Care Facilities/Institutions or Group Homes' Discount. To avail of the discount for Senior Citizens Centers and Residential Care Facilities/Institutions or Group Homes, the following conditions must be complied:

- 2.2.1 The senior citizens centers and residential care facilities/institutions or group homes operators must submit photocopy of the approved Department of Social Welfare and Development's (DSWD) accreditation.
- 2.2.2 The senior citizens centers and residential care facilities/institutions or group homes must have been in operation for at least six (6) months and must have a separate meter for said utilities/services.



Section 3. Change of Name in Meter Ownership. A consumer may apply for a transfer of electric service contract in order to avail of the senior citizen discount provided that all the above-cited conditions under Sections 1 and 2 hereof, whichever is applicable, are met and the necessary documentary requirements are submitted to effect the transfer of electric service together with any of the following applicable document:

- 2.3.1 For residential unit that is being rented and the electric service contract is registered in the name of the owner, tenant must submit copy of agreement that the owner is willing to transfer the electric service contract in the name of tenant who is a senior citizen.
- 2.3.2 For senior citizen centers and residential care facilities/institutions or group homes where the electric service contract is originally registered in the name of another entity, the operator of the senior citizen centers and residential care facilities/institutions or group homes must submit document or any proof showing that the entity has agreed to transfer said electric service contract to the name of the senior citizen center, residential care facility/institution or group home.

Section 4. Change of Membership. In the case of electric cooperatives, a residential member-consumer may change membership in order to avail of the senior citizen discount provided it complies with the policies and guidelines of the electric cooperative.

Section 5. Residential Senior Citizen with Multiple Accounts. For residential senior citizen customers with multiple electric service contracts with the DU registered in one name, said customer can only avail of the senior citizen discount for the place where he/she actually resides.

Section 6. Actions on Application for Senior Citizen Discount. DUs must evaluate and process applications for senior citizen discounts within fifteen (15) calendar days upon receipt of complete documents. Within the same period, the DU must inform the applicant through a letter of its decision on the application. For approved applications, the senior citizen discount shall apply the next billing period after the approval. For disapproved applications, DU must state the reason/s for disapproval.

Applications for approval of discounts shall only be accepted and processed by the DU after the residential senior citizen customer has established the one (1) year residency period and the senior citizen centers and residential care facilities/institutions or group homes has established the six (6) months operation requirement.

Section 7. Renewal of Applications for the Senior Citizen Discounts. Senior citizen end-users availing of the senior citizen discount shall renew annually their applications with the DU to ensure that they are still eligible for the said benefits and/or are still existent at the time of renewal.



ARTICLE 3

CONSUMER BILL COMPONENTS SUBJECT TO THE DISCOUNT

Section 1. Included Consumer Bill Components. The senior citizen discount shall be applied on the basic generation, transmission, system loss, distribution, supply, metering, lifeline discount and loan condonation (for electric cooperatives, if applicable) charges on the consumer bill of senior citizen end-users.

Section 2. Excluded Consumer Bill Components. All the other bill charges such as interclass cross subsidy, franchise taxes, universal charges, members' contribution on capital expenditures (MCC) [for electric cooperatives] and all confirmed over/under recoveries in all the other adjustment mechanisms mandated by the ERC are not subject to the senior citizen discount.

Any future consumer bill components that may be approved by the Commission, except those related to distribution, supply and metering charges, shall likewise be excluded from the application of the senior citizen discount.

ARTICLE 4

CALCULATIONS OF DISCOUNTS TO BE GRANTED TO SENIOR CITIZEN END-USERS

All DUs shall calculate the senior citizen discount each calendar month based on the following applicable formulae:

Section 1. Residential Senior Citizen Customer Discount Formula. The amount of discount to be granted to each and every qualified residential senior citizen customer shall be computed and billed each calendar month as follows:

$$SrD_{SrResl} = \left(\left[\{TRate \times kWhS_{SrResl}\} + Fixed\ MetRate/Cust/Mo_{SrResl} + Fixed\ SuppRate/Cust/Mo_{SrResl} \right] \times [100\% - Ll_{j=1..n}] \right) \times D_{SrResl}$$

where:

SrD_{SrResl} = amount of Senior Citizen Discount to be granted to the specific qualified residential senior citizen customer during the billing month

$TRate$ = total PhP/kWh rate as defined under Article 2, Section 5 of the "Rules Governing the Automatic Cost Adjustment and True-Up Mechanisms and Corresponding Confirmation Process for Distribution Utilities" adopted by the ERC under Resolution No. 16, Series of 2009



NOTE: prior years' adjustments such as the confirmed over/under recoveries in all the other adjustment mechanisms mandated by the ERC and the members' contribution on capital expenditures (MCC) [for electric cooperatives] are excluded in the computation of the TRate

Fixed MetRate /Cust/Mo_{SrRest} = fixed metering charge for qualified residential senior citizen customers

Fixed SuppRate /Cust/Mo_{SrRest} = fixed supply charge for qualified residential senior citizen customers

kWhS_{SrRest} = the billing month's kWh consumption of the specific qualified residential senior citizen customer

Ll_{j=1..n} = Lifeline level discount percentage for lifeline level bracket 1 to lifeline level bracket n applicable to the billing month's kWh consumption of the specific qualified lifeline residential senior citizen customer

Note: For DUs where the maximum lifeline level is below the mandated 100 kWh subject to senior citizen discount, the excess kWh consumption shall have an equivalent zero percent (0%) for this variable since the same are not subject to lifeline discount but only to senior citizen discount.

D_{SrRest} = applicable discount rate for qualified residential senior citizen customers as mandated under Section 4(c) of the Act and Article 12, Section 1 of the Act's IRR

Section 2. Senior Citizen Centers and Residential Care Facilities/Institutions or Group Homes Discount Formula. The amount of discount to be granted to each and every qualified senior citizen center, residential care facility/institution or group home shall be computed and billed each calendar month as follows:

$$SrD_{SrInst} = ([TRate_{SrInst} \times kWhS_{SrInst}] + [FixedMetRate/Cust/Mo_{SrInst} + FixedSuppRate/Cust/Mo_{SrInst}] + [(TransRate_{SrInst} + DistRate_{SrInst}) \times kWS_{SrInst}]) \times D_{SrInst}$$

where:

SrD_{SrInst} = amount of Senior Citizen Discount to be granted to the specific qualified senior citizen center or residential care facility/institution or group home during the billing month

TRate_{SrInst} = total PhP/kWh rate applicable to the discount to be granted to the specific qualified senior citizen center or residential care facility/institution or group home based on the customer classification where it belongs. A DU which shall have two or more institutions belonging to different customer classifications, each institution shall have different TRates. This shall include generation, transmission (the PhP/kWh component under a mixed rate structure), system loss, distribution (the PhP/kWh component under a mixed rate structure), supply, metering and loan condonation (for electric cooperatives, if applicable)

NOTE: prior years' adjustments such as the confirmed

over/under recoveries in all the other adjustment mechanisms mandated by the ERC and the members' contribution on capital expenditures (MCC) [for electric cooperatives] are excluded in the computation of the TRate

- kWhS_{SrInst}*** = the billing month's kWh consumption of the specific qualified senior citizen center or residential care facility/institution or group home
- Fixed MetRate /Cust/Mo_{SrInst}*** = fixed metering charge applicable to the specific qualified senior citizen center or residential care facility/institution or group home based on the customer classification where it belongs
- Fixed SuppRate /Cust/Mo_{SrInst}*** = fixed supply charge applicable to the specific qualified senior citizen center or residential care facility/institution or group home based on the customer classification where it belongs
- TransRate_{SrInst}*** = transmission demand charge (PhP/kW) applicable to the specific qualified senior citizen center or residential care facility/institution or group home based on the customer classification where it belongs
- DistRate_{SrInst}*** = distribution demand charge (PhP/kW) applicable to the qualified senior citizen center and residential care facility/institution or group home based on the customer classification where it belongs
- kWS_{SrInst}*** = the billing month's kW consumption of the specific qualified senior citizen center or residential care facility/institution or group home
- D_{SrInst}*** = applicable discount rate for all qualified senior citizen centers and residential care facilities/institutions or group homes as mandated under Section 5(d) of the Act and Article 12, Section 2 of the Act's IRR

Note: Any part of or variable in the formula that is not applicable shall have the value of zero (0).

ARTICLE 5

CALCULATION OF SUBSIDY TO BE CHARGED TO SUBSIDIZING END-USERS

Section 1. Senior Citizen Subsidy Rate Formula. All Distribution Utilities (DUs) shall calculate and bill the Senior Citizen Subsidy Rate (SrSR) to all subsidizing end-users each calendar month based on the following formula:

$$SrSR_{SEU} = \left(\frac{TD_{Sr}}{kWhS_{SEU}} \right) + OSrRA$$

where:

SrSR_{SEU} = Senior Citizen Subsidy Rate expressed in Peso/kWh for the month to be charged to all subsidizing end-users

TD_{Sr} = total amount of discount granted to all Senior Citizen End-Users during the previous month which shall be computed as follows:

$$TD_{Sr} = (TD_{SrResl} + TD_{SrInst})$$

where:

TD_{SrResl} = The total amount of discounts granted to all qualified residential senior citizen customers during the previous month in accordance with Section 4(c) of the Act and Article 12, Section 1 of the Act's IRR

The computation is as follows:

$$TD_{SrResl} = \sum_1^{100} (\{kWh_{SrResl} \times TRate\} + \{NCust_{SrResl} \times [\text{Fixed SuppRate/Cust/Mo}_{SrResl} + \text{Fixed MetRate/Cust/Mo}_{SrResl}]\}) \times [100\% - Ll_{j=1..n}] \times D_{SrResl}$$

where:

kWh_{SrResl} = total kWh sales per kWh consumption of all qualified individual senior citizens during the previous month

$TRate$ = total PhP/kWh rate as defined under Article 2, Section 5 of the "Rules Governing the Automatic Cost Adjustment and True-Up Mechanisms and Corresponding Confirmation Process for Distribution Utilities" adopted by the ERC under Resolution No. 16, Series of 2009

NOTE: prior years' adjustments such as confirmed over/under recoveries in all the other adjustment mechanisms mandated by the ERC and the members' contribution on capital expenditures (MCC) [for electric cooperatives] are excluded in the computation of the **$TRate$** .

$NCust_{SrResl}$ = total number of customers per kWh consumption of qualified residential senior citizen who were granted the senior citizen discount during the previous month.

$\text{Fixed MetRate/Cust/Mo}_{SrResl}$ = fixed metering charge for all qualified residential senior citizen customers

D_{SrResl} = applicable discount rate for all qualified residential senior citizen

customers as mandated under Section 4(c) of the Act and Article 12, Section 1 of the Act's IRR

TD_{SrInst} = total amount of discount granted to all qualified senior citizen centers and residential care facilities/institutions or group homes during the previous month in accordance with Section 5(d) of the Act and Article 12, Section 2 of the Act's IRR, with separate computation for each customer class where the qualified senior citizen centers and residential care facilities/institutions or group homes belong.

The computation is as follows:

$$TD_{SrInst} = \sum TD_{SrInst\ i,n}$$

where:

$$TD_{SrInst\ i,n} = ([kWhS_{SrInst\ i,n} \times TRate_{SrInst\ i,n}] + [NCust_{SrInst\ i,n} \times \{Fixed\ MetRate/Cust/Mo_{SrInst\ i,n} + Fixed\ SuppRate/Cust/Mo_{SrInst\ i,n}\}] + [kWS_{SrInst\ i,n} \times \{TransRate_{SrInst\ i,n} + DistRate_{SrInst\ i,n}\}] \times D_{SrInst}$$

where:

$kWhS_{SrInst\ i,n}$ = total kWh sales per customer classification of all qualified senior citizen centers and residential care facilities/institutions or group homes during the previous month

$TRate_{SrInst\ i,n}$ = total PhP/kWh rate per customer classification subject to the discount granted to all qualified senior citizen centers and residential care facilities/institutions or group homes which include generation, transmission, system loss, distribution, supply, metering and loan condonation (for electric cooperatives)

NOTE: prior years' adjustments such as the confirmed over/under recoveries in all the other adjustment mechanisms mandated by the ERC and the members' contribution on capital expenditures (MCC) [for electric cooperatives] are excluded in the computation of the TRate.

$NCust_{SrInst\ i,n}$ = total number of customers per customer classification of qualified senior citizen centers and residential care facilities/institutions or group homes who were granted



the senior citizen discount during the previous month

$Fixed\ MetRate / Cust / Mo_{SrInst\ i,n}$ = fixed metering charge per customer classification of all qualified senior citizen centers and residential care facilities/institutions or group homes

$Fixed\ SuppRate / Cust / Mo_{SrInst\ i,n}$ = fixed supply charge per customer classification of all qualified senior citizen centers and residential care facilities/institutions or group homes

$kWS_{SrInst\ i,n}$ = total kW sales per customer classification of all qualified senior citizen centers and residential care facilities/institutions or group homes during the previous month

$TransRate_{SrInst\ i,n}$ = transmission demand charge (PhP/kW) per customer classification of all qualified senior citizen centers and residential care facilities/institutions or group homes

$DistRate_{SrInst\ i,n}$ = distribution demand charge (PhP/kW) per customer classification of all qualified senior citizen centers and residential care facilities/institutions or group homes

$D_{SrInst\ i,n}$ = applicable discount rate for all qualified senior citizen centers and residential care facilities/institutions or group homes as mandated under Section 5(d) of the Act and Article 12, Section 2 of the Act's IRR

$kWhS_{SEU}$ = total kWh Sales to all subsidizing end-users during the previous month

$OSrRA$ = Other Senior Citizen Rate Adjustment, shall refer to adjustments deemed necessary by the Commission after prior verification and confirmation, and SrDSOUR determined using the formula provided in Article 5, Section 2 hereof.

Note: Any part of or variable in the formula that is not applicable shall have the value of zero (0).

During the initial or first implementation of the granting of the discounts to qualified senior citizen end-users, the DU shall determine the subsidy rate to be charged to subsidizing end-users. Provided, however, the amount of such subsidy shall in no case exceed the amount of discounts extended to qualified senior citizen end-users.

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Section 2. Monthly Calculation and Billing of the Senior Citizen Subsidy Rate. The Senior Citizen Subsidy Rate shall be calculated and billed each calendar month using the formula in Article 4, Section 1 hereof. For transparency, the DUs shall reflect as a separate line item in its monthly billings to its customer the Senior Citizen Subsidy Rate. The DUs shall bill their customers the monthly computed Senior Citizen Subsidy Rate without the need of prior ERC approval. However, the resulting under or over recovery relative to the granting of the discount and the collection of the subsidy, if any, shall be subject to periodic verification in accordance with Article 6 hereof.

ARTICLE 6

REPORTORIAL REQUIREMENTS

Section 1. Submission of Reportorial Requirements. Starting on the month following the inclusion in the customers' bills, the DU shall provide the ERC on or before the 30th day of the following month with all the calculations and information relative to the subject mechanism provided for herein through the prescribed Uniform Reportorial Requirements (URR) adopted by the ERC under Resolution No. 17, Series of 2009 along with supporting documentations, which shall include, but not limited to, the following:

- 6.1.1 Bill duplicates of the actual consumer bills of the following senior citizen end-users (3 bills each):
 - a) Non-lifeline residential senior citizen customers
 - b) Lifeline residential senior citizen customers for each level from lifeline level bracket 1 to lifeline level bracket n
 - c) Senior citizen centers and residential care facilities/institutions or group homes
- 6.1.2 Amount of discount for each kWh consumption of lifeline and non-lifeline residential senior citizen customers (see Annex "A-1")
- 6.1.3 Amount of discount for senior citizen centers and residential care facilities/institutions or group homes itemized per customer classification, if applicable (see Annex "A-2")
- 6.1.4 Computation of subsidy to be charged to all subsidizing end-users (see Annex "A-3")

An offshoot to the promulgation of these Rules is the necessity of introducing amendments to the URR to accommodate the data or information required herein.

Section 2. Post Implementation Evaluation Requirements. After three (3) years upon the implementation of the senior citizen discounts and subsidy by DUs, a Post Implementation Evaluation Report shall be submitted by the DUs which shall provide for a feedback mechanism on the impact of the mandated 100 kWh electricity consumption level across all DUs and the effect of the



imposition of additional subsidy (aside from lifeline subsidy, universal charges, franchise and business taxes, value added tax, etc.) on the subsidizing end-users. The report to be generated shall be furnished to the DSWD and to the appropriate committees of both houses of Congress for them to understand the ramifications of the implementation of the senior citizen discount on electricity consumption.

ARTICLE 7

CALCULATION OF THE OVER OR UNDER RECOVERY IN THE IMPLEMENTATION OF THE SENIOR CITIZEN DISCOUNTS AND SUBSIDY RATES

There shall be a periodic calculation of the over or under recoveries in the granting of the senior citizen discounts and the collection of subsidies by the DUs which shall be subject to post verification by the ERC.

Section 1. Calculation of Over/Under Recoveries. The DU shall calculate the over or under recoveries in the Senior Citizen Discounts and Subsidy Rates brought about by the variance between the allowable cost and the revenues billed using the formula under Section 2 hereof.

Section 2. Senior Citizen Discounts and Subsidy Over/Under Recovery Formula. The Senior Citizen Over/Under Recovery (SrSOUR) to be charged/refunded to all subsidizing end-users shall be calculated based on the following:

$$SrDSOUR = \frac{SrDiff_{S-D}}{kWh_{SrDSOUR_{SEU}}}$$

where:

SrDSOUR = refers to the over/under recoveries on senior citizen discounts and subsidy during the recovery period subject for verification expressed in PhP/kWh

SrDiff_{S-D} = Summation of the difference between the total subsidy collected from all subsidizing end-users and the total discounts granted to senior citizen end-users for each and every recovery month within the period covered by the verification process, computed as follows:

$$SrDiff_{S-D} = \sum_{i=1}^n (TS_{SEU_i} - TD_{Sr_i})$$

where:

TS_{SEU_i} = total amount of subsidy collected from all subsidizing end-users for the recovery month, computed as follows:

$$TS_{SEU_i} = SrSR_{SEU_i} \times kWh_{SEU_i}$$

where:

$SrSR_{SEU_t}$ = Senior Citizen Subsidy Rate expressed in Peso/kWh implemented or collected from all subsidizing end-users for the recovery month

$kWhS_{SEU_t}$ = total kWh Sales to all subsidizing end-users for the recovery month

TD_{Sr_t} = total amount of discounts implemented or granted to all qualified senior citizen end-users for the recovery month, computed as follows:

$$TD_{Sr_t} = \sum TD_{SrResl_t} + \sum TD_{SrInst_t}$$

where:

$\sum TD_{SrResl_t}$ = total amount of discount implemented or granted to all qualified residential senior citizens customer for the recovery month

$\sum TD_{SrInst_t}$ = total amount of discount implemented or granted to all qualified senior citizen centers and residential care facilities/institutions or group homes for the recovery month

$kWhS_{SrDSOUR_{SEU}}$ = aggregate kWh Sales to all subsidizing end-users for all the recovery months within the period covered by the verification process

Note: Any part of or variable in the formula that is not applicable shall have the value of zero (0).

Section 3. Post Verification. The ERC shall verify the over or under recovery in the Senior Citizen Discount and Subsidy Rates once every three (3) years to coincide and in accordance with the time frames as set forth under Article 5 of the "Rules Governing the Automatic Cost Adjustment and True Up Mechanisms and Corresponding Confirmation Process for Distribution Utilities" adopted by the ERC under Resolution No. 16, Series of 2009. In effect, these Rules shall constitute an addendum to the aforementioned Rules. The actual subsidy collected for the period and the actual discount granted for the same period shall be compared to ensure revenue neutrality to the DU.

The ERC shall issue an Order for any adjustment to be included in the Senior Citizen Subsidy Rate as a result of the verification of the over or under recovery in the implementation of the senior citizen discounts and subsidy rates. It shall likewise include the prescribed period within which said adjustment shall be implemented.



ARTICLE 8

FINES AND PENALTIES

Section 1. Fines and Penalties. Violation of any provision of these Rules shall be subject to the imposition of fines and penalties in accordance with Resolution No. 3, Series of 2009 entitled "Resolution Amending the Guidelines to Govern the Imposition of Administrative Sanctions in the Form of Fines and Penalties Under Section 46 of Republic Act No. 9136" promulgated by the ERC on February 23, 2009, without prejudice to the imposition of the appropriate fines and penalties provided for violations of the Act and its IRR under Section 7 of the Act and Article 24 of its IRR, as follows:

- 8.1.1 For the first violation, a fine of not less than Fifty thousand Pesos (PhP50,000.00) but not exceeding One Hundred Thousand Pesos (PhP100,000.00) and imprisonment of not less than two (2) years but not more than six (6) years;
- 8.1.2 For any subsequent violation, a fine not less than One Hundred Thousand Pesos (PhP100,000.00) but not exceeding Two hundred Thousand Pesos (PhP200,000.00) and imprisonment of not less than two (2) years but not more than six (6) years;
- 8.1.3 Any person who abuses the privileges granted herein (Act and IRR) shall be punished with a fine of not less than Fifty Thousand Pesos (PhP50,000.00) but not more than One Hundred Thousand Pesos (hP100,000.00) and imprisonment of not less than six (6) months;
- 8.1.4 If the offender is an alien or a foreigner, he/she shall be deported immediately after service of sentence without further deportation proceedings;
- 8.1.5 If the offender is a corporation, partnership, organization or any similar entity, the official/s thereof charged with the management of the business affairs or directly involved thereof shall be liable therefor;
- 8.1.6 Upon filing of an appropriate complaint, and after due notice and hearing, the proper authorities may also cause the cancellation or revocation of the business permit, permit to operate, franchise and other similar privileges granted to any business entity that fails to abide by the provisions of the Act and the IRR.

ARTICLE 9

FINAL PROVISIONS

Section 1. Exception Clause. Where good cause appears, the ERC may allow an exception from any provisions of these Rules, if such exception is found to be in the public interest and is not contrary to any law, rules and regulations.



Section 2. Separability Clause. If for any reason, any provision of these Rules is declared unconstitutional or invalid by final judgment of a competent court, the other parts or provisions hereof which were not affected thereby shall continue to be in full force and effect.

Section 3. Effectivity. These Rules shall take effect fifteen (15) days following its publication in two (2) newspapers of general circulation in the country. These Rules are hereby ordered to be posted on the ERC website and filed with the University of the Philippines Law Center Office of the National Administrative Register (ONAR).

Pasig City, December 15, 2010.

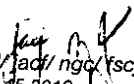

ZENAIDA G. CRUZ-DUCUT
Chairperson

(On Official Travel)
RAUF A. TAN
Commissioner


MARIA TERESA A.R. CASTAÑEDA
Commissioner


ALEJANDRO Z. BARIN
Commissioner


JOSE C. REYES
Commissioner


rsl/jacr/ngc/fscj
12.15.2010

