

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



IN THE MATTER OF THE
APPLICATION FOR APPROVAL
OF THE OVER/UNDER
RECOVERY BASED ON THE
FORMULA ON THE VARIOUS
AUTOMATIC COST
ADJUSTMENTS AND TRUE-UP
MECHANISMS AND
CORRESPONDING
CONFIRMATION PROCESS
PURSUANT TO ERC
RESOLUTION NO. 16, SERIES
OF 2009 AND RESOLUTION NO.
21, SERIES OF 2010

ERC CASE NO. 2014-054 CF

SAN JOSE CITY ELECTRIC
COOPERATIVE, INC.
(SAJELCO),

Applicant.

x-----x

DOCK # 111
Date: FEB 10 2015
By: *[Signature]*

ORDER

On April 4, 2014, the San Jose City Electric Cooperative, Inc. (SAJELCO) filed an application for confirmation and approval of its calculations of over/under recoveries in the implementation of Automatic Cost Adjustments and True Up Mechanisms pursuant to Commission's Resolution No. 16¹, Series of 2009 as amended by Resolution No. 21², Series of 2010.

In the said application, SAJELCO alleged, among others, that:

- ¹ "A Resolution Adopting the Rules Governing the Automatic Cost Adjustment and True-Up Mechanisms and Corresponding Confirmation Process for Distribution Utilities."
- ² "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 duly organized electric cooperative with the principal office at San Jose City, Nueva Ecija, where it may be served with legal processes. It represented in this instance by its General Manager, Mr. Celestino P. Pobre, of legal age, Filipino, married and with office address the SAJELCO's Principal Office, San Jose City, Nueva Ecija;
2. It is the exclusive franchise holder issued by the National Electrification Administration (NEA) to operate an electric light and power services in San Jose City, Palayan City, Science City of Muñoz and the Municipality of Llanera, all in the Province of Nueva Ecija;
3. Pursuant to the Commission's Resolution No. 16, Series of 2009 and Resolution No. 21, Series of 2010, Luzon Distribution Utilities (DUs) and Electric Cooperative (ECs) are required to file their respective consolidated application for the approval of their confirmation filing on the Calculation of the Over or Under Recovery in the implementation of various adjustment mechanisms as follows:
 - a. Generation Rate Over/Under Recovery Adjustment Mechanism;
 - b. Transmission Rate Over/Under Recovery Adjustment Mechanism;
 - c. System Loss Rate Over/Under Recovery Adjustment Mechanism;
 - d. Lifeline Subsidy Rate Over/Under Recovery Mechanism; and
 - e. Senior Citizen Rate Over/Under Recovery Mechanism;
4. In applying the various formulae in the determination of the adjustments and the recovery or refund of over or under recoveries, it adopted the respective formula as provided for in the Commission's Resolution No. 16, Series of 2009 and Resolution No. 21, Series of 2010 together with the specific definitions and sub-formula for each item thereof;

5. It attached to the application respective computations and actual calculation of its (Over)/Under Recoveries:

(OVER)/UNDER RECOVERY				
	2011 (PhP)	2012 (PhP)	2013 (PhP)	TOTAL (PhP)
Generation	4,362,879.93	(2,909,103.31)	(1,757,809.11)	(304,032.49)
Transmission	7,416,771.77	(6,094,420.73)	(3,446,383.88)	(2,124,032.84)
System Loss	552,670.05	(4,006,892.84)	(104,809.52)	(3,559,032.31)
Lifeline Rate	103,354.41	(75,302.35)	(109,640.57)	(81,588.51)
Senior Citizen	1,260,98	(882.09)	(1,123.97)	(745.08)
TOTAL (PhP)	12,436,937.14	(13,086,601.32)	(5,419,767.05)	(6,069,431.23)

6. In support of the application, it submitted the following documents for the period January 2011 to December 2013:

Summary of O/U Recoveries;	Annex 1
Computation of O/U Recoveries – GR;	Annex 2
Computation of O/U Recoveries – SLR;	
Computation of O/U Recoveries – TR;	
Computation of O/U Recoveries – LR;	
Computation of O/U Recoveries –Senior Citizen;	
Power Bills from AES with Official Receipts;	Annex 3
Power Bills from NGCP with Official Receipts ;	Annex 4
ERC Form DU-M01 & DU-M02;	Annex 5
Consumer Bills;	Annex 6
Computation of Generation Rate;	Annex 7
Computation of system loss Rate;	Annex 7
Computation of Transmission Rate;	Annex 8
Computation of Lifeline Rate;	Annex 9
Computation of Senior Citizen Rate;	
MFSR-Section B & E	Annex 11
Supplier & Transmission Data Sheet	Annex 12
Statistical Data Sheet	Annex 13
Frequency Distribution by kWh Consumption	Annex 14
URR Model	Annex 15
Soft Copy	

7. It prays of the Commission that the submitted calculations and computations it prepared be approved and, upon receipt of the order of approval, it be allowed to propose the scheme of refund/recovery as the case may be.

Finding the said application to be sufficient in form and in substance with the required fees having been paid, the same is hereby set for jurisdictional hearing, expository presentation, pre-trial conference and evidentiary hearing on **March 9, 2015 (Monday) at two o'clock in the afternoon (2:00 P.M.) at the ERC Hearing Room, 15th Floor, Pacific Center Building, San Miguel Avenue, Pasig City.**

SAJELCO is hereby directed to cause the publication of the attached Notice of Public Hearing, at its own expense, once (1x) in a newspaper of general circulation in the Philippines, at least ten (10) days before the scheduled date of initial hearing. It is also directed to inform the consumers, by any other means available and appropriate, of the filing of the instant application, its reasons therefor and of the scheduled hearing thereon.

Let copies of the application, this Order, and the attached Notice of Public Hearing be furnished the Office of the Solicitor General (OSG), the Commission on Audit (COA) and the Committees on Energy of both Houses of Congress. They are hereby requested, if they so desire, to send their duly authorized representatives at the scheduled hearings.

Likewise, let copies of this Order and the attached Notice of Public Hearing be furnished the Offices of the Governor of Nueva Ecija and the Mayors of the Cities/Municipality within the franchise area of SAJELCO for the appropriate posting thereof on their respective bulletin boards.

SAJELCO is hereby directed to furnish all those making requests therefor with copies of the application and its attachments, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing, SAJELCO must submit to the Commission its written Compliance with the jurisdictional requirements attaching therewith, methodically arranged and duly marked, the evidences of the actual posting and publication of the Notice of Public Hearing consisting of certifications issued to that effect, signed by the afore-mentioned Governor and Mayors or their duly authorized representatives, bearing the seals of their offices, and the affidavit of the Editor or Business Manager of the newspaper where said Notice of Public Hearing was published together with the complete issue of the said newspaper, and such other proofs of compliance with the requirements of the Commission.

SAJELCO and all interested parties are directed to submit, at least five (5) days before the date of initial hearing and pre-trial conference, their respective Pre-Trial Briefs containing, among others:

- (a) A summary of admitted facts and proposed stipulation of facts;
- (b) The issues to be tried or resolved;
- (c) The documents or exhibits to be presented, stating the purposes thereof and proposed markings therefore; and
- (d) The number and names of the witnesses, with their written testimonies in an individual affidavit form, to be attached to the Pre-Trial Brief.


Failure of SAJELCO to submit the required Pre-Trial Brief and Judicial Affidavits of its witnesses within the prescribed period shall be a ground for cancellation of the scheduled hearing, and the resetting of which shall be six (6) months from said date of cancellation.

As part of the pre-trial conference, SAJELCO must also be prepared to make an expository presentation of its application, aided by whatever communication medium that it may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned parties, what the application is all about and the reasons and justifications being cited in support thereof.

SO ORDERED.

Pasig City, February 2, 2015.

FOR AND BY AUTHORITY
OF THE COMMISSION:


ZENAIDA G. CRUZ-DUCUT
Chairperson *per 4*

Copy Furnished:

1. **ATTY. DICK FRANCISCO FERNANDEZ**
Counsel for SAJELCO
Dr. Ang's Building, Maharlika Highway
Barangay F.E.Marcos, San Jose City, Nueva Ecija
2. **SAN JOSE CITY ELECTRIC COOPERATIVE, INC. (SAJELCO)**
San Jose City, Nueva Ecija
3. **THE OFFICE OF THE SOLICITOR GENERAL**
134 Amorsolo Street, Legaspi Village, Makati City
4. **THE COMMISSION ON AUDIT**
Don Mariano Marcos Avenue
Diliman, Quezon City, Metro Manila
5. **THE SENATE COMMITTEE ON ENERGY**
Senate of the Philippines
GSIS Building, Roxas Blvd., Pasay City, Metro Manila
6. **THE HOUSE COMMITTEE ON ENERGY**
House of Representatives
Batasan Hills, Quezon City, Metro Manila
7. **OFFICE OF THE PRESIDENT OF PCCI**
Philippine Chamber of Commerce and Industry (PCCI)
3rd Floor, Chamber and Industry Plaza (CIP)
1030 Campus Avenue corner Park Avenue
McKinley Town Center, Fort Bonifacio, Taguig City
8. **OFFICE OF THE PROVINCIAL GOVERNOR**
Province of Nueva Ecija
9. **OFFICE OF THE CITY MAYOR**
San Jose City, Nueva Ecija
10. **OFFICE OF THE CITY MAYOR**
Palayan City, Nueva Ecija
11. **OFFICE OF THE CITY MAYOR**
Science City of Muñoz, Nueva Ecija
12. **OFFICE OF THE MUNICIPAL MAYOR**
Llanera, Nueva Ecija