

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
2012 TO 2014, PURSUANT TO
ERC RESOLUTION NO. 16,
SERIES OF 2009 AS AMENDED
BY RESOLUTION NO. 21, SERIES
OF 2010, AND ERC RESOLUTION
23, SERIES OF 2010

ERC CASE NO. 2015-015 CF

ILOILO II ELECTRIC
COOPERATIVE, INC., (ILECO II),
Applicant
X-----X

DOCKETED
Date: AUG 26 2015
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ORDER

On March 30, 2015, Iloilo II Electric Cooperative, Inc. (ILECO II) filed an application for confirmation and approval of its over/under recoveries in the implementation of automatic cost adjustments and true-up mechanisms for the period 2012 to 2014, pursuant to ERC Resolution No. 16, Series of 2009, as amended by ERC Resolution No. 23, Series of 2010.

In the said application, ILECO II alleged, among others, the following:

1. It 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 Brgy. Cauayan, Potatan, Iloilo;

2. It holds an exclusive franchise issued by the National Electrification Commission (NEC) to operate an electric light and power distribution service in the City of Passi and certain municipalities in the Province of Iloilo namely: Potatan, Mina, Dingle, Dueñas, San Enrique, Calinog, Bingawan, Lambunao, Janiuay, Badiangan, Zarraga, New Lucena, Barotac Nuevo and Dumangas;
3. The Commission's 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 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, System Loss Rate, Transmission Rate, Lifeline Rate Recovery, Inter-Class Cross-Subsidy Removal and Senior Citizen Discount, as the case may be;
4. It adopted the rules implementing the Senior Citizen Discounts under ERC Resolution No. 23, Series 2010;
5. Foregoing resolution further require the Distribution Utilities (DUs) to file their respective consolidated applications once every three (3) years. Hence, the filing of its application for the period January 2012 to December 2014;
6. It applied the formulae provided under Resolution No. 16, Series of 2009, as amended by Resolution No. 21, Series of 2010, and has determined that the over recoveries and under recoveries incurred in its implementation of the foregoing automatic cost adjustments and true-up mechanisms for the period January 2012 to December 2014;
7. The results of its calculations are presented hereunder, as follows:

Particulars	Allowable Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Rate (GR)	1,932,578,914.21	1,955,996,613.93	(23,417,699.73)
Transmission Rate (TR)	300,254,431.12	311,112,694.11	(10,858,262.99)
System Loss Rate (SLR)	318,033,317.05	319,696,155.79	(1,662,838.74)
	Discount (PhP)	Subsidy (PhP)	
Lifeline Rate (LR)	(33,831,756.02)	35,786,672.84	(1,954,916.82)
Senior Citizen Discount Rate	(559,651.41)	586,696.89	(27,045.48)
Net Results	2,585,258,069.81	2,623,833.56	(37,920,763.76)

8. In support of the computations made, it is submitting the following data and documents, labeled together and made an integral part of the application as Annex "A", to wit:

- A-1) Summary of the results of individual calculations of over or under recoveries made on the subject pass through charges;
- A-2) Supplier and Transmission Data Sheet;
- A-3) Statistical Data Sheet;
- A-4) Implemented Rates Data Sheet;
- A-5) Power Bills of Power Suppliers;
- A-6) Official Receipts (O.R.) issued by Power Suppliers;
- A-7) Breakdown of Payment with O.R.;
- A-8) Debit/Credit Memo of Power Suppliers;
- A-9) National Grid Corporation of the Philippines (NGCP) Invoices;
- A-10) O. R. issued by the NGCP;
- A-11) Breakdown of Payments with O.R.
- A-12) Debit/Credit Memo issued by NGCP
- A-13) MFSR (Sections B and E);
- A-14) DU-MO1 and DU-MO2; and
- A-15) Consumer Bills of Lifeliners (per level) and Non-Lifeliners per customer class and Senior Citizens (per level); and

9. It prays that the calculations of over/under recoveries presented in the instant application be confirmed and approved, and that it be allowed to refund/collect said over/under recoveries to or from its customers.

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 initial hearing, expository presentation, pre-trial conference and evidentiary hearing on **September 15, 2015 (Tuesday) 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.**

ILECO II 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 within its franchise area, 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 hearing.

Likewise, let copies of this Order and the attached Notice of Public Hearing be furnished the Offices of the Provincial Governor of Iloilo and the Municipal Mayors within ILECO II's franchise area for the appropriate posting thereof on their respective bulletin boards.

ILECO II 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, ILECO II must submit to the Commission its written Compliance with the jurisdictional requirements attaching therewith, methodically arranged and duly marked, the evidences on 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 Municipal 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 the 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.

ILECO II 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 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 ILECO II 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, ILECO II 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, August 17, 2015.


FOR AND BY AUTHORITY
OF THE COMMISSION:

JOSE VICENTE B. SALAZAR
Chairman

ERC
Office of the Chairman



H-2015-025-00053


mtco/GLO/NJS/2015-015CF.ILECO2/initial ORD.doc

Copy Furnished:

1. **LERIOS-AMBOY PINGOL & GONZALES LAW OFFICES**
Attention: **ATTY. PREVIOUS ELLEN L. PINGOL**
Counsel for Applicant ILECO II
Units 1609-1610 Tycoon Centre
Pearl Drive, Ortigas Center, Pasig City
2. **ILOILO II ELECTRIC COOPERATIVE, INC. (ILECO II)**
Brgy. Cauayan, Potatan, Iloilo
3. **The Office of the Solicitor General**
134 Amorsolo Street, Legaspi Village
Makati City, Metro Manila
4. **The Commission on Audit**
Commonwealth Avenue
Quezon City, Metro Manila
5. **The Senate Committee on Energy**
GSIS Bldg., Roxas Blvd., Pasay City
Metro Manila
6. **The House Committee on Energy**
Batasan Hills, Quirino City, Metro Manila
7. **Office of the City Mayor**
Passi City
8. **Office of the Municipal Mayor**
Municipality of Pototan
Province of Iloilo
9. **Office of the Municipal Mayor**
Municipality of Mina
Province of Iloilo
10. **Office of the Municipal Mayor**
Municipality of Dingle
Province of Iloilo
11. **Office of the Municipal Mayor**
Municipality of Dueñas
Province of Iloilo
12. **Office of the Municipal Mayor**
Municipality of San Enrique
Province of Iloilo

13. **Office of the Municipal Mayor**
Municipality of Calinog
Province of Iloilo
14. **Office of the Municipal Mayor**
Municipality of Bingawan
Province of Iloilo
15. **Office of the Municipal Mayor**
Municipality of Lambunao
Province of Iloilo
16. **Office of the Municipal Mayor**
Municipality of Janiuay
Province of Iloilo
17. **Office of the Municipal Mayor**
Municipality of Badiangan
Province of Iloilo
18. **Office of the Municipal Mayor**
Municipality of Zarraga
Province of Iloilo
19. **Office of the Municipal Mayor**
Municipality of New Lucena
Province of Iloilo
20. **Office of the Municipal Mayor**
Municipality of Barotac Nuevo
Province of Iloilo
21. **Office of the Municipal Mayor**
Municipality of Dumangas
Province of Iloilo
22. **Office of the Provincial Governor**
Province of the Iloilo