

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. 2015-021 CF**

**SAMAR I ELECTRIC COOPERATIVE, INC. (SAMELCO I),**  
**Applicant.**  
X ----- X

**DOCKETED**  
Date: DEC. 10, 2015  
By: [Signature]

**ORDER**

On March 30, 2015, Samar I Electric Cooperative, Inc. (SAMELCO I) 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 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, SAMELCO I alleged, among others, the following:

1. SAMELCO I 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. Carayman, Calbayog City, Samar;
2. SAMELCO I holds an exclusive franchise issued by the National Electrification Commission (NEC) to operate an electric light and power distribution service in the City of Calbayog and nine (9) Municipalities in the Province of Samar, namely: Sta. Margarita, Gandara, San Jorge, Matuguinao, Tarangnan, Pagsanghan, Sto. Nino, Almagro and Tagapul-an;
3. The Commission's Resolution No. 16, Series of 2009, as amended by Resolution No. 21, Series of 2010, established 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, Transmission Rate, System Loss Rate, Lifeline Rate Recovery, Inter-Class Cross Subsidy Removal or Treatment of Prompt Payment Discount;
4. The Commission adopted the rules implementing the Senior Citizen Discounts under ERC Resolution No. 23, Series 2010;
5. The foregoing resolutions further require the Distribution Utilities (DUs) to file their respective consolidated applications once every three (3) years. Hence, the filing of SAMELCO I's application for the period January 2012 to December 2014;
6. SAMELCO I applied the formulae provided under Resolution No. 16, Series of 2009, as amended by Resolution No. 21, Series of 2010, and Resolution No. 23, Series of 2010 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 SAMELCO I calculations are presented hereunder, as follows:

Particulars	Allowable Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Rate (GR)	646,628,403.71	642,066,652.82	4,561,750.89
Transmission Rate (TR)	133,329,772.01	149,561,688.85	(16,231,916.84)
System Loss Rate (SLR)	116,287,470.32	109,711,077.87	6,576,392.45
	<b>Discount (PhP)</b>	<b>Subsidy (PhP)</b>	
Lifeline Rate (LR)	12,244,562.92	10,440,572.00	1,803,990.92
Senior Citizen Rate	165,302.41	165,410.99	(108.58)
Net Results	908,655,511.37	911,945,402.53	(3,289,891.16)

8. In support of the computations made, SAMELCO I submitted the following data and documents, labeled together and made an integral part of the application as Annex "A":

- a. Summary of the results of individual calculations of over or under recoveries made on the subject allowable costs;
- b. Supplier and Transmission Data Sheet;
- c. Statistical Data Sheet;
- d. Implemented Rates Data Sheet;
- e. Power Bills of Power Suppliers;
- f. Official Receipts (O.R.) issued by Power Suppliers;
- g. Breakdown of Payments with O.R.;
- h. Debit/Credit Memo of Power Suppliers;
- i. National Grid Corporation of the Philippines (NGCP) Invoices;
- j. O.R. issued by NGCP;
- k. Breakdown of Payments with O.R.;
- l. Debit/Credit Memo issued by NGCP;
- m. MFSR (Sections B and E);
- n. DU-MO1 and DU-MO2;
- o. Consumer Bills of Lifeliners (per level) and Non-Lifeliners per customer class and Senior Citizens (per level); and



9. SAMELCO I prays that the Commission:

- a) Confirm and approve the calculations of over/under recoveries presented in the application; and
- b) Allow to refund/collect the said over/under recoveries to or from its customers, summarized as follows, to wit:

Particulars	Allowable Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Rate (GR)	646,628,403.71	642,066,652.82	4,561,750.89
Transmission Rate (TR)	133,329,772.01	149,561,688.85	(16,231,916.84)
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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 **January 19, 2016 (Tuesday) at eleven o'clock in the morning (11:00 A.M.) at the ERC Hearing Room, 15<sup>th</sup> Floor, Pacific Center Building, San Miguel Avenue, Pasig City.**

SAMELCO I 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 Samar and the Mayors of the Municipalities within SAMELCO I's franchise area for the appropriate posting thereof on their respective bulletin boards.

SAMELCO I 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, SAMELCO I 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.

SAMELCO I 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 SAMELCO I 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.

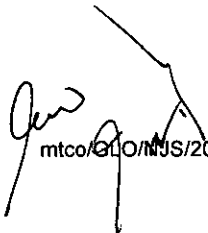
As part of the pre-trial conference, SAMELCO I must also be prepared to make an expository presentation of its application, aided by whatever communication medium that it may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned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

**SO ORDERED.**

Pasig City, December 2, 2015.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

  
JOSE VICENTE B. SALAZAR  
Chairman and CEO

  
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**ERC**  
Office of the Chairman



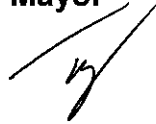
L-2015-004-02033

**Copy Furnished:**

1. **LERIOS-AMBOY PINGOL & GONZALES LAW OFFICES**  
Counsel for Applicant SAMELCO I  
Units 1609-1610 Tycoon Centre  
Pearl Drive, Ortigas Center, Pasig City
2. **SAMELCO I ELECTRIC COOPERATIVE, INC. (SAMELCO I)**  
Attention: The General Manager  
Brgy. Carayman, Calbayog City, Samar
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. **The Provincial Governor**  
Province of Leyte
8. **Office of the Municipal Mayor**  
Sta. Margarita, Samar
9. **Office of the Municipal Mayor**  
Gandara, Samar
10. **Office of the Municipal Mayor**  
San Jorge, Samar
11. **Office of the Municipal Mayor**  
Matuguinao, Samar
12. **Office of the Municipal Mayor**  
Tarangnan, Samar



- 13. Office of the Municipal Mayor**  
Pagsanghan, Samar
- 14. Office of the Municipal Mayor**  
Sto. Nino, Samar
- 15. Office of the Municipal Mayor**  
Almagro, Samar
- 16. Office of the Municipal Mayor**  
Tagalpul-an, Samar

A handwritten signature in black ink, consisting of a stylized, cursive script that appears to be the initials 'M' and 'S'.