

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. 2015-029 CF

**CAPIZ ELECTRIC
COOPERATIVE, INC.
(CAPELCO),**

Applicant.

X ----- X

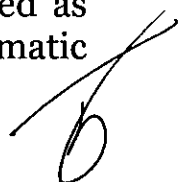
D O C K E T E D
Date: **FEB 24 2016**
By: **[Signature]**

ORDER

On 31 March 2015, Capiz Electric Cooperative, Inc. (CAPELCO) filed an application for confirmation and approval of its 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.

In the said application, CAPELCO alleged, among others, the following:

1. CAPELCO 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. Timpas, Panitan, Capiz;
2. CAPELCO holds an exclusive franchise issued by the National Electrification Commission (NEC) to operate an electric light and power distribution service in the City of Roxas and the Municipalities in the Province of Capiz, namely: Cuartero, Dao, Dumarao, Dumalag, Ivisan, Jamindan, Maayon, Mambusao, Panitan, Panay, Pontevedra, President Roxas, Pilar, Sapián, Sigma and Tapaz;
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 CAPELCO's application, covering the period January 2012 to December 2014;
6. Applying 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, CAPELCO made calculations of the over recoveries charged or under recoveries incurred as against its customers, in the implementation of the automatic



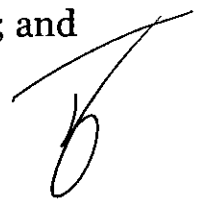
cost adjustments and true-up mechanisms, covering the period January 2012 to December 2014;

7. The results of CAPELCO calculations are presented hereunder, as follows:

Particulars	Allowable Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Rate (GR)	3,115,427,816.14	3,131,588,326.01	(16,160,509.87)
Transmission Rate (TR)	387,639,458.29	364,290,740.64	23,348,717.66
System Loss Rate (SLR)	496,207,783.50	470,237,802.35	25,969,981.24
	Discount (PhP)	Subsidy (PhP)	
Lifeline Rate (LR)	51,313,564.56	44,520,749.11	6,792,815.47
Senior Citizen Rate	3,605,321.00	1,392,596.99	2,212,724.01
Net Results	4,054,193,943.49	4,012,030,215.10	42,163,728.50

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

- 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

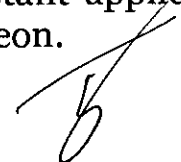


9. CAPELCO prays that the calculations of its over/under recoveries be confirmed and approved by the Commission; and
10. After due notice and hearing, CAPELCO's calculations of over or under recoveries in the implementation of certain automatic cost adjustments and true up mechanisms covering the period January 2012 to December 2014, made pursuant to ERC Resolution 16, Series of 2009 as amended by Resolution 21, Series of 2010 and ERC Resolution 23, Series of 2010, be confirmed and approved and that it be allowed to refund the over recoveries or collect the 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)	3,115,427,816.14	3,131,588,326.01	(16,160,509.87)
Transmission Rate (TR)	387,639,458.29	364,290,740.64	23,348,717.66
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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 **13 April 2016 (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.**

CAPELCO 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.

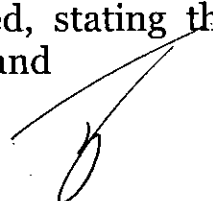
Likewise, let copies of this Order and the attached Notice of Public Hearing be furnished the Offices of the Provincial Governor of Capiz and the Mayors of the City/Municipalities within CAPELCO's franchise area for the appropriate posting thereof on their respective bulletin boards.

CAPELCO 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, CAPELCO 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.

CAPELCO 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.

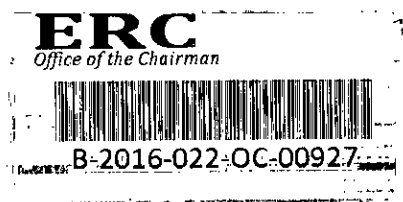
Failure of CAPELCO to submit the required Pre-trial Brief and Judicial Affidavits of its witnesses within the prescribed period shall be a ground for cancellation of the scheduled hearing, and the resetting of which shall be six (6) months from said date of cancellation.

As part of the pre-trial conference, CAPELCO 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, 16 February 2016.

FOR AND BY AUTHORITY
OF THE COMMISSION:

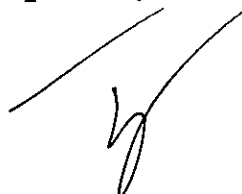


JOSE VICENTE B. SALAZAR
Chairman and CEO


MLMG/APV/LS_Initial Order-2015-029cf

Copy Furnished:

- 1. LERIOS-AMBOY PINGOL & GONZALES LAW OFFICES**
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Units 1609-1610 Tycoon Centre
Pearl Drive, Ortigas Center, Pasig City
- 2. CAPIZ ELECTRIC COOPERATIVE, INC. (CAPELCO)**
Attention: The General Manager
Brgy. Timpas, Panitan, Capiz
- 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 Provincial Governor**
Province of Capiz
- 8. Office of the City Mayor**
Roxas City
Province of Capiz
- 9. Office of the Municipal Mayor**
Municipality of Panitan
Province of Capiz
- 10. Office of the Municipal Mayor**
Municipality of Pres. Roxas
Province of Capiz
- 11. Office of the Municipal Mayor**
Municipality of Mambusao
Province of Capiz
- 12. Office of the Municipal Mayor**
Municipality of Dao
Province of Capiz



- 13. Office of the Municipal Mayor**
Municipality of Dumarao
Province of Capiz
- 14. Office of the Municipal Mayor**
Municipality of Dumalag
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- 19. Office of the Municipal Mayor**
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- 20. Office of the Municipal Mayor**
Municipality of Pilar
Province of Capiz
- 21. Office of the Municipal Mayor**
Municipality of Sapián
Province of Capiz
- 22. Office of the Municipal Mayor**
Municipality of Sigma
Province of Capiz
- 23. Office of the Municipal Mayor**
Municipality of Tapaz
Province of Capiz
- 24. Office of the Municipal Mayor**
Municipality of Cuartero
Province of Capiz

