

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 2013 TO 2015,  
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. 2016-032 CF**

**MISAMIS OCCIDENTAL II  
ELECTRIC COOPERATIVE,  
INC. (MOELCI II),**

**Applicant.**

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**DOCKETED**  
Date: **AUG 11 2016**  
By: W

**ORDER**

On 21 April 2016, Misamis Occidental II Electric Cooperative, Inc. (MOELCI II) filed an Application dated 1 April 2016 (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 2013 to 2015, pursuant to ERC Resolution No. 16, Series of 2009 as amended by Resolution No. 21, Series of 2010, and ERC Resolution No. 23, Series of 2010.

In support of the said Application, MOELCI II alleged the following:

**THE APPLICANT**

1. MOELCI II is a non-stock, non-profit electric cooperative duly organized and existing under and by virtue of Philippine laws, with principal offices at the Circumferential Road, Bitoon, Ozamis City.
2. It holds an exclusive franchise from the National Electrification Commission to operate an electric light and power distribution system in the cities of Ozamis and Tangub, and certain municipalities in the province of Misamis Occidental, namely: Bonifacio, Clarin, Tudela, Sinacaban, Jimenez and Panaon.

**LEGAL BASIS FOR THE APPLICATION**

3. ERC Resolution No. 16, Series of 2009 as amended by Resolution No. 21, Series of 2010 establishes 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 Honorable 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, as the case may be.
4. On the other hand, ERC Resolution 23, Series of 2010, adopts the rules implementing the discounts to qualified senior citizen end-users and subsidy from subsidizing end-users on electricity consumption.
5. Foregoing resolutions further require the distribution utilities to file their respective consolidated applications once every three (3) years. Hence, the filing of the instant Application, covering the period of January 2013 to December 2015.

**OVER OR UNDER RECOVERIES OF ALLOWABLE COSTS**

6. Applying the formulas provided under Resolution 16, Series of 2009 as amended by Resolution 21, Series of 2010 and Resolution 23, Series of 2010, Applicant made calculations of the over recoveries charged or under-recoveries incurred as against its customers, in the implementation of certain automatic cost adjustments and true-up mechanisms, covering the period January 2013 to December 2015.
7. The results of its calculations are presented hereunder, as follows:

	ALLOWABLE COST	ACTUAL COLLECTION	(Over)/Under Recovery
	(PhP)	(PhP)	(PhP)
1 Generation Rate (GR)	1,614,085,320.29	1,604,609,348.64	9,475,971.65
2 Transmission Rate (TR)	317,994,987.99	317,029,501.74	965,486.25
3 System Loss Rate (SLR)	262,005,997.50	253,859,371.06	8,146,626.45
	DISCOUNT (PhP)	SUBSIDY (PhP)	(Over)/Under Recovery (PhP)
4 Lifeline Rate (Discount)/Subsidy (LRS)	(24,127,415.96)	23,835,205.79	292,210.17
5 Senior Citizen Rate (Discount)/Subsidy (SCRS)	(349,401.40)	323,735.80	25,665.60
<b>NET RESULTS</b>	<b>2,169,609,488.42</b>	<b>2,199,657,163.02</b>	<b>18,905,960.12</b>

**SUPPORTING DATA AND DOCUMENTS**

8. In support of the foregoing, Applicant is submitting the following data and documents covering the period January 2013 to December 2015, labelled together and made integral part hereof 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;
  - c) Statistical Data;
  - d) Implemented Rates Data;
  - e) Power Bills of Power Suppliers;
  - f) Official Receipts issued by Power Suppliers;
  - g) Debit/Credit Memo of Power Suppliers;
  - h) MFSR (Sections B and E);
  - i) Consumer Bills of Lifeliners (per level), Non-Lifeliners per (customer class) and Senior Citizens (per level).
9. Considering the foregoing, it is respectfully prayed that the cooperative's calculations of over or under recoveries in the implementation of subject automatic cost adjustments and true-up mechanisms be confirmed and approved, and the cooperative be allowed to refund the over recoveries or collect the under recoveries, as the case maybe, to or from its customers.

**PRAYER**

**WHEREFORE**, premises considered, it is respectfully prayed of this Honorable Commission, that after due notice and hearing, MOELCI II's calculations of over or under recoveries in the implementation of automatic cost adjustments and true-up mechanisms covering the period January 2013 to December 2015, pursuant to ERC Resolution 16, Series of 2009 as amended by Resolution 21, Series of 2010 and ERC Resolution 23, Series of 2011, be confirmed and approved, and that MOELCI II be allowed to refund the over recoveries or collect the under recoveries, as the case maybe, to or from its customers, summarized as follows, to wit:

	ALLOWABLE COST	ACTUAL COLLECTION	(Over)/Under Recovery
	(PhP)	(PhP)	(PhP)
1 Generation Rate (GR)	1,614,085,320.29	1,604,609,348.64	9,475,971.65
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<b>NET RESULTS</b>	<b>2,169,609,488.42</b>	<b>2,199,657,163.02</b>	<b>18,905,960.12</b>

Other equitable reliefs are likewise prayed for.

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 determination of compliance with the jurisdictional requirements, expository presentation, Pre-Trial Conference, and presentation of evidence on **15 September 2016 (Thursday) at two o'clock in the afternoon (2:00 P.M.) at the ERC Hearing Room, 15<sup>th</sup> Floor, Pacific Center Building, San Miguel Avenue, Pasig City.**

MOELCI 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 date of the scheduled 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 hearing.

Likewise, let copies of this Order and the attached Notice of Public Hearing be furnished the Offices of the Governor of Misamis Occidental and the Mayors and Local Government Unit (LGU) Legislative Bodies of the cities and municipalities within MOELCI II's franchise area for the appropriate posting thereof on their respective bulletin boards.

MOELCI 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 and Pre-Trial Conference, MOELCI II must submit to the Commission their written Compliance with the jurisdictional requirements attaching therewith, methodically arranged and duly marked, the evidence of the actual posting and publication of the Notice of Public Hearing consisting of certifications issued to that effect, signed by the aforementioned Governor, Mayors, and LGU Legislative Bodies, or their duly authorized representatives, bearing the seals of their offices, and the affidavits of the Editors or Business Managers of the newspapers where said Notice of Public Hearing were published, together with the complete issues of the said newspapers, and such other proofs of compliance with the requirements of the Commission.

MOELCI 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 thereof and proposed markings therefor; 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 MOELCI II to submit the required Pre-Trial Brief and Judicial Affidavits of their 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, MOELCI II must also be prepared to make an expository presentation of their Application, aided by whatever communication medium that they 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,

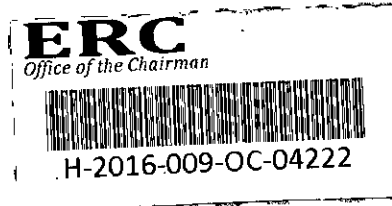
what the Application is all about and the reasons and justifications being cited in support thereof.

**SO ORDERED.**

Pasig City, 2 August 2016.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

**JOSE VICENTE B. SALAZAR**  
*Chairman and CEO*



ls: psj/gvp/apv

Copy furnished:

1. Dechavez & Evangelista Law Offices  
*Counsel for MOELCI II*  
1906 Bontong, Camaman-an,  
Cagayan de Oro City
2. Misamis Occidental II Electric Cooperative, Inc. (MOELCI II)  
Circumferential Road, Bitoon, Ozamis City
3. Office of the Solicitor General  
134 Amorsolo Street, Legaspi Village  
Makati City, Metro Manila
4. Commission on Audit  
Commonwealth Avenue  
Quezon City, Metro Manila
5. Senate Committee on Energy  
GSIS Building, Roxas Boulevard  
Pasay City, Metro Manila
6. House Committee on Energy  
Batasan Hills  
Quezon City, Metro Manila
7. Philippine Chamber of Commerce and Industry (PCCI)  
1030 Campus Avenue corner Park Avenue,  
McKinley Town Center, Fort Bonifacio, Taguig City

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8. Office of the City Mayor  
Ozamis City, Misamis Oriental
9. Office of the LGU Legislative Body  
Ozamis City, Misamis Oriental
10. Office of the City Mayor  
Tangub City, Misamis Occidental
11. Office of the LGU Legislative Body  
Tangub City, Misamis Occidental
12. Office of the Municipal Mayor  
Bonifacio, Misamis Occidental
13. Office of the LGU Legislative Body  
Bonifacio, Misamis Occidental
14. Office of the Municipal Mayor  
Clarín, Misamis Occidental
15. Office of the LGU Legislative Body  
Clarín, Misamis Occidental
16. Office of the Municipal Mayor  
Tudela, Misamis Occidental
17. Office of the LGU Legislative Body  
Tudela, Misamis Occidental
18. Office of the Municipal Mayor  
Sinacaban, Misamis Occidental
19. Office of the LGU Legislative Body  
Sinacaban, Misamis Occidental
20. Office of the Municipal Mayor  
Jimenez, Misamis Occidental
21. Office of the LGU Legislative Body  
Jimenez, Misamis Occidental
22. Office of the Municipal Mayor  
Panaon, Misamis Occidental
23. Office of the LGU Legislative Body  
Panaon, Misamis Occidental
24. Office of the Governor  
Province of Misamis Occidental
25. Office of the LGU Legislative Body  
Province of Misamis Occidental
26. Investigation & Enforcement Division  
Energy Regulatory Commission  
17<sup>th</sup> Floor Pacific Center Building  
San Miguel Avenue, Ortigas Center 1600  
Pasig City