

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



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

ERC CASE NO. 2017-003 CF

**FIRST CATANDUANES
ELECTRIC COOPERATIVE,
INC. (FICELCO),
Applicant.**

X-----X

DOCKETED
Date: MAY 31 2017
By: W

ORDER

On 09 March 2017, First Catanduanes Electric Cooperative, Inc. (FICELCO) filed an *Application* dated 01 March 2017 seeking the Commission's approval of its over/under recovery based on the formula on the various automatic cost adjustments and true-up mechanism and corresponding confirmation process pursuant to ERC Resolution No. 16, Series of 2009 and Resolution No. 21, Series of 2010.

FICELCO alleged the following in its *Application*:

1. That applicant is an electric cooperative duly organized and existing under and by virtue of the laws of the Philippines, with the principal office at Marinawa, Bato, Catanduanes, where it may be served with summons and other legal process in its instance by its OIC-General Manager, PETER L. AMARO, of

legal age, Filipino, married and with office address also located at Marinawa, Bato, Catanduanes;

2. Herein applicant is the exclusive franchise holder issued by the National Electrification Administration (NEA) to operate an electric light and power services in the 11 municipalities, namely the Municipalities of Virac, San Andres, Caramoran, Pandan, Bato, San Miguel, Baras, Viga, Gigmoto, Panganiban, and Bagamanoc all in the Province of Catanduanes;
3. That pursuant to ERC Resolution No. 16, Series of 2009 and ERC Resolution No. 21, Series of 2010, Luzon Distribution Utilities (DUs) and Electric Cooperatives (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 mechanism as follows:
 - a. Automatic Generation Rate and System on System Loss Adjustment Mechanism;
 - b. Transmission Rate Adjustment Mechanism;
 - c. Lifeline Rate Recovery Mechanism;
 - d. Local Franchise Tax Recovery Mechanism;
 - e. Local Business Tax Recovery Mechanism;
 - f. Calculation of the Over or Under Recovery in the Implementation of Lifeline Rates by Distribution Utilities;
 - g. Treatment of Prompt Payment Discount (PPD);
 - h. Calculation of the System Loss Rate Over/Under Recovery (SLOUR); and
 - i. Calculation of the Over or Under Recovery in the Implementation of Transmission Rates;
4. That in applying the various formulae in the determination of the adjustments and the recovery or refund of Over or Under Recoveries herein applicant hereby adopts the respective formula as provided for in ERC Resolution No. 16, Series of 2009 and ERC Resolution No. 21, Series of 2010 together with the specific definition and sub-formula for each item thereof;
5. A summary of pass true cost vis-à-vis the actual collection on the above mentioned implementation of various automatic cost adjustments and true-up mechanisms from January 2014 to December 2016 are presented hereunder, as follows:

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No.	Particular	For the Year 2014 to 2016		
		Pass True Cost (Php)	Actual Collection (Php)	(Over)/Under Recovery
1	Generation	782,242,075.30	774,376,812.92	7,865,262.38
2	System Loss	121,984,812.11	121,081,363.89	903,448.23
3	Lifeline	Lifeline Subsidy 14,461,759.57	Lifeline Discount (10,160,510.53)	(4,301,249.04)
4	Senior Citizen	Senior Citizen Subsidy 660,044.74	Senior Citizen Discount (423,004.22)	(237,040.52)
TOTAL:				4,230,421.05

6. That the proposed rate for the implementation of (Over)/Under Recovery as shown in paragraph no. 5, breakdown as follows:

No.	Particular	(Refund)/Recovery, Php	Using November 2016 Sales, Kwahr	Proposed (Refund)/Recovery Rate for 2 years, Php/Kwahr
		a	b	c=(a/b)÷24
1	Generation	7,865,262.38	3,767,123.12	0.0870
2	System Loss	903,448.23	3,767,123.12	0.0100
3	Lifeline	(4,301,249.04)	3,767,123.12	(0.0476)
4	Senior Citizen	(237,040.52)	3,767,123.12	(0.0026)

7. Also shown below in this application the remaining balance of the implemented refund/collect for automatic cost adjustments and true-up mechanisms from January 2011 to December 2013 under ERC Case No. 2014-008 CF;

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No.	Particular	Beginning Balance	Ending Balance as of January 2017
1	Other Generation Rate Adjustment (OGA)	(3,924,784.66)	(1,723,356.72)
2	Other System Loss Cost Adjustment (OSLA)	(398,345.26)	(173,002.26)
3	Other Lifeline Rate Cost Adjustment (OLRA)	4,994,107.20	2,001,089.72
4	Senior Citizen Subsidy Under Recovery:	216,191.27	25,517.03
Total:		887,168.55	130,247.77

8. That in support of this application, applicant hereby submits the following documents:

8.1 Folder 1 – Application

8.1.1 Application

8.1.2 Summary of O/U Recoveries Computation

8.1.3 Proposed Scheme of Refund/Collect Using Latest Kwahr Sales

8.2 Folder 2- Supplier's Data

8.2.1 Supplier's Data Sheet

- 8.2.2 Power Bills/Proof of Payment/Debit/Credit Memo
- 8.3 Folder 3 – Statistical Data
 - 8.3.1 Statistical Data Sheet
 - 8.3.2 Pilferage Cost Recoveries
 - 8.3.3 Report of Implemented Other Adjustments
 - 8.3.4 Monthly Financial & Statistical Report – Sections A & E
- 8.4 Folder 4 – Actual Implemented Rates Data
 - 8.4.1 Accomplished Actual Implemented Rates Sheet
 - 8.4.2 Accomplished Lifeline Discount Sheet
 - 8.4.3 Accomplished Senior Citizen Discount Sheet
 - 8.4.4 Two (2) Consumer Bills per Customer Class (Non-Lifeline)
 - 8.4.5 One (1) Consumer Bill per Lifeline Bracket (Lifeline)
 - 8.4.6 One (1) Senior Citizen Consumer Bill
- 8.5 Folder 5 – Other Documents
 - 8.5.1 Submitted URR for the Year 2014 to 2016

PRAYER

WHEREFORE, premises considered, it is respectfully prayed of this Honorable Commission that the submitted calculations and computations prepared by applicant be approved, that upon receipt of the Order of approval, herein applicant be allowed the proposed scheme of refund/recovery as the case may be.

Other reliefs just and equitable under the premises are likewise prayed for.

Finding the said *Application* sufficient 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 June 2017 (Thursday) at two o'clock in the afternoon (02:00 P.M.), at the ERC Hearing Room, 15th**

Floor Pacific Center Building, San Miguel Avenue, Pasig City.

Accordingly, FICELCO is hereby directed to:

- 1) Cause the publication of the attached Notice of Public Hearing at least once (1x) in a newspaper of nationwide circulation in the Philippines at its own expense, the date of the publication to be made not later than ten (10) days before the date of the scheduled initial hearing;
- 2) Furnish the Offices of the Provincial Governor, the Municipal Mayors, and the Local Government Unit (LGU) legislative bodies within the affected franchise area with copies of this Order and the attached Notice of Public Hearing for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within the affected franchise area of the filing of the *Application*, its reasons therefor, and of the scheduled hearing thereon, by any other means available and appropriate;
- 4) Furnish the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress with copies of the *Application*, and this Order and the attached Notice of Public Hearing. They are hereby requested, if they so desire to send their duly authorized representatives at the scheduled hearing; and
- 5) Furnish all those making requests with copies of the *Application* and its attachments, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing, Applicant must submit to the Commission its written compliance with the aforementioned jurisdictional requirements attaching therewith, methodically arranged and duly marked the following:

- 1) The evidence of publication of the attached Notice of Public Hearing consisting of affidavit of the Editor or Business Manager of the newspaper where the said Notice of Public Hearing was published, and the complete issue of the said newspaper;

- 2) The evidence of actual posting of this Order and the attached 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;
- 3) The evidence of the means employed by Applicant to inform the consumers within the affected franchise area of the filing of the *Application*, its reasons therefor, and of the scheduled hearing thereon;
- 4) The evidence of receipt of copies of the *Application*, and this Order and the attached Notice of Public Hearing by the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress;
- 5) The evidence of receipt of copies of the *Application* and its attachments by all those making requests therefor, if any; and
- 6) Such other proof of compliance with the requirements of the Commission.

Applicant and all interested parties are also required 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:

- 1) A summary of admitted facts and proposed stipulation of facts;
- 2) The issues to be tried or resolved;
- 3) The documents or exhibits to be presented, stating the purposes and proposed markings therefor; and
- 4) The number and names of the witnesses, with their written testimonies in a Judicial Affidavit form attached to the Pre-trial Brief.

Failure of Applicant 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 the said date of cancellation.

FICELCO must also be prepared to make an expository presentation of the instant *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, 19 May 2017.

FOR AND BY AUTHORITY
OF THE COMMISSION:


ALFERDO J. NON

Officer-in-Charge of ERC

LS: IHH/ISP/APV


Copy Furnished:

1. Ancheta Law Offices
Counsel for Applicant FICELCO
Penthouse, Park Avenue Mansions
Park Avenue, Pasay City 1300
2. First Catanduanes Electric Cooperative, Inc. (FICELCO)
Applicant
Marinawa, Bato, Catanduanes
3. Office of the Governor
Province of Catanduanes
4. Office of the Local Government Unit (LGU) legislative body
Province of Catanduanes
5. Office of the Mayor
Virac, Catanduanes
6. Office of the LGU legislative body
Virac, Catanduanes
7. Office of the Mayor
San Andres, Catanduanes
8. Office of the LGU legislative body
San Andres, Catanduanes
9. Office of the Mayor
Caramoran, Catanduanes

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10. Office of the LGU legislative body
Caramoran, Catanduanes
11. Office of the Mayor
Pandan, Catanduanes
12. Office of the LGU legislative body
Pandan, Catanduanes
13. Office of the Mayor
Bato, Catanduanes
14. Office of the LGU legislative body
Bato, Catanduanes
15. Office of the Mayor
San Miguel, Catanduanes
16. Office of the LGU legislative body
San Miguel, Catanduanes
17. Office of the Mayor
Baras, Catanduanes
18. Office of the LGU legislative body
Baras, Catanduanes
19. Office of the Mayor
Viga, Catanduanes
20. Office of the LGU legislative body
Viga, Catanduanes
21. Office of the Mayor
Gigmoto, Catanduanes
22. Office of the LGU legislative body
Gigmoto, Catanduanes
23. Office of the Mayor
Panganiban, Catanduanes
24. Office of the LGU legislative body
Panganiban, Catanduanes
25. Office of the Mayor
Bagamanoc, Catanduanes
26. Office of the LGU legislative body
Bagamanoc, Catanduanes
27. Office of the Solicitor General
134 Amorsolo Street, Legaspi Village, Makati City
28. Commission on Audit
Commonwealth Avenue, Quezon City
29. Senate Committee on Energy
GSIS Bldg. Roxas Blvd., Pasay City
30. House Committee on Energy
Batasan Hills, Quezon City
31. 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
32. Investigation and Enforcement Division
17th Floor Pacific Center, San Miguel Avenue, Pasig City