

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 COVERING THE PERIOD 2011 TO 2013, 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,

ERC CASE NO. 2017 -066 CF

CAMARINES SUR III ELECTRIC COOPERATIVE, INC. (CASURECO III),
Applicant.

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DOCKETED
Date: JUN 26 2017
By: K

ORDER

On 10 May 2017, the Camarines Sur III Electric Cooperative, Inc. (CASURECO III) filed an *Application* dated 7 April 2017, seeking confirmation and approval of its calculations of over or under-recoveries in the implementation of the automatic cost adjustments and true-up mechanisms, covering the period 2011 to 2013, pursuant to the Commission's Resolution No. 16, Series of 2009, as amended by Resolution No. 21, Series of 2010 and Resolution No. 23, Series of 2010.

CASURECO III alleged the following in its *Application*:

1. CASURECO III 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 San Isidro, Iriga City, Camarines Sur;

2. It holds an exclusive franchise from the National Electrification Commission, to operate an electric light and power distribution service in Iriga City and certain municipalities of the province of Camarines Sur, namely: Baao, Buhi, Bula, Bato, Balatan and Nabua.

LEGAL BASES 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 January 2011 to December 2013.

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 underrecoveries incurred as against its customers, in the implementation of certain automatic cost adjustments and true-up mechanisms, covering the period January 2011 to December 2013;

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

	Allowable Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Rate (GR)	935,781,333.16	929,409,000.18	6,372,332.99

Transmission Rate (TR)	230,510,260.02	226,027,008.92	4,483,251.09
System Loss Rate (SLR)	197,410,149.88	183,055,986.02	14,354,163.86
	Discount (PhP)	Subsidy (PhP)	
Lifeline Rate (LR)	15,236,239.61	18,166,895.39	(2,930,655.78)
Senior Citizen and Discount Subsidy	195,190.97	310,113.61	(114,922.65)
Net Results	1,379,133,173.64	1,356,969,004.12	22,164,169.52

SUPPORTING DATA AND DOCUMENTS

8. In support of the foregoing, applicant is submitting the following data and documents covering the period January 2011 to December 2013, attached hereto and made integral parts hereof as follows:

FOLDER	ANNEX MARKINGS	NATURE OF DOCUMENT
Folder 1	Annex A	Summary of over/under recoveries computation for the entire period (Per charges and yearly basis)
	Annex B	Proposed scheme of refund/collect using the latest kWh sales
Folder 2	SUPPLIER AND TRANSMISSION DATA	
	Annex C	Fully accomplished Supplier and Transmission Data Sheet for the year
	Annex D	Power Bills from Suppliers (Power bill, proof of payment, Adjusted bill/Debit or Credit Memo)
Folder 3	STATISTICAL DATA	
	Annex E	Fully accomplished Statistical Data Sheet for the year
	Annex F	Summary of Pilferage Cost Recoveries/Manifestation if no PCR
	Annex G	Report of implemented Other Adjustments
	Annex H	MFSR – Sections A, B and E
Folder 4	ACTUAL IMPLEMENTED RATES DATA	
	Annex I	Fully accomplished Actual implemented Rates Data Sheet for the year
	Annex J	Fully accomplished Lifeline Discount Sheet for the year
	Annex K	Fully accomplished Senior Citizen Discount Sheet for the year
	Annex L	Consumer bills per customer class (Non-Lifeline)
	Annex M	Consumer bills per Lifeline Bracket (Lifeline)

	Annex N	Senior Citizen consumer bills
Folder 5	OTHER DOCUMENTS	
	Annex O	Submitted URR for the year
	Annex P	Computation on how the computed pass-through charges were derived (if not implementing the URR-computed rates)

9. Additionally, applicant is submitting herewith in support of the instant application, the required electronic copies of the Application and the foregoing data and documents.

10. Further, in compliance with the pre-filing requirements of the Honorable Commission, applicant is likewise submitting the following documents, to form integral parts hereof, to wit:

ANNEX MARKINGS	NATURE OF DOCUMENT
Annexes Q and series	Proof of furnishing copies of the Application to the Sangguniang Panlungsod of Iriga City and Sangguniang Panlalawigan of Camarines Sur
Annexes R and series	Proof of publication of the Application in a newspaper in circulation in CASURECO III's franchise area.

11. Considering the foregoing, it is respectfully prayed that applicant'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, CASURECO III's calculations of over or under recoveries in the implementation of subject automatic cost adjustments and true-up mechanisms covering the period January 2011 to December 2013, made 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 the cooperative 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 (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Rate (GR)	935,781,333.16	929,409,000.18	6,372,332.99
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Net Results	1,379,133,173.64	1,356,969,004.12	22,164,169.52

Other reliefs, just and equitable in 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 **9 August 2017 (Wednesday) 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.**

Accordingly, CASURECO III is hereby directed to:

- 1) Cause the publication of the attached Notice of Public Hearing once (1x) in a newspaper of nationwide circulation in the Philippines at its own expense, with the date of publication to be made not later than ten (10) days before the date of the scheduled initial hearing;
- 2) Furnish with copies of this Order and the attached Notice of Public Hearing the Offices of the Provincial Governors, the City and Municipal Mayors, and the Local Government Unit (LGU) legislative bodies within the affected franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform of the filing of the *Application*, its reasons therefor, and of the scheduled hearing thereon, the consumers within the affected franchise area, by any other means available and appropriate;
- 4) Furnish with copies of this Order and the attached Notice of Public Hearing, 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; and

- 5) Furnish with copies of the *Application* and its attachments all those making requests therefor, 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 Governors, Mayors, and LGU legislative bodies or their duly authorized representatives, bearing the seals of their offices;
- 3) The evidence of other means employed by Applicant to inform of the filing of the *Application*, the reasons therefore, and of the scheduled hearing thereon, the consumers within the affected franchise area;
- 4) The evidence of receipt of copies of 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 proofs 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 therefore; 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 comply with the above requirements 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.

CASURECO III 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, 17 July 2017.

FOR AND BY AUTHORITY
OF THE COMMISSION:



ALFREDO J. NON
Officer-in-Charge of the ERC

LS: ARG/4. N
GLS/APV

Copy Furnished:

1. Dechavez & Evangelista Law Offices
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Counsel for Applicant CASURECO III
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2. Camarines Sur III Electric Cooperative, Inc. (CASURECO III)
Applicant
San Isidro, Iriga City, Camarines Sur
3. Office of the Solicitor General
134 Amorsolo Street, Legaspi Village, Makati City
4. Commission on Audit
Commonwealth Avenue, Quezon City
5. Senate Committee on Energy
GSIS Bldg. Roxas Blvd., Pasay City
6. House Committee on Energy
Batasan Hills, Quezon City
7. 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
8. Office of the Governor
Province of Camarines Sur
9. Office of the LGU legislative body
Province of Camarines Sur
10. Office of the Mayor
Iriga City, Camarines Sur
11. Local Government Unit (LGU) legislative body
Iriga City, Camarines Sur
12. Office of the Mayor
Bao, Camarines Sur
13. Office of the LGU legislative body
Bao, Camarines Sur
14. Office of the Mayor
Buhi, Camarines Sur
15. Office of the LGU legislative body
Buhi, Camarines Sur
16. Office of the Mayor
Bula, Camarines Sur

17. Office of the LGU legislative body
Bula, Camarines Sur
18. Office of the Mayor
Bato, Camarines Sur
19. Office of the LGU legislative body
Bato, Camarines Sur
20. Office of the Mayor
Balatan, Camarines Sur
21. Office of the LGU legislative body
Balatan, Camarines Sur
22. Office of the Mayor
Nabua, Camarines Sur
23. Office of the LGU legislative body
Nabua, Camarines Sur
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17th Floor, Pacific Center Bldg., San Miguel Avenue, Pasig City