

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



IN THE MATTER OF THE APPLICATION FOR APPROVAL OF OVER OR UNDER RECOVERIES FOR THE PERIOD 2014 TO 2016, IN COMPLIANCE WITH ERC RESOLUTION NO. 16, SERIES OF 2009, AS AMENDED BY RESOLUTION NO. 21, SERIES OF 2010.

ERC CASE NO. 2017-021 CF

**ORIENTAL MINDORO
ELECTRIC COOPERATIVE,
INC. (ORMECO),
Applicant.**

X-----X

D O C K E T E D
Date: AUG 23 2017
By: [Signature]

O R D E R

On 30 March 2017, Oriental Mindoro Electric Cooperative, Inc. (ORMECO) filed an *Application* dated 21 March 2017 for confirmation and approval of its over/under recoveries in the implementation of the automatic cost adjustments and true-up mechanisms covering the period 2014 to 2016.

ORMECO alleged the following in its *Application*:

1. Applicant 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. Sta. Isabel, Calapan City, Province of Oriental Mindoro;
2. Applicant has been granted by the National Electrification Administration (NEA) an authority to operate and distribute electric light and power services within the City of Calapan and the Municipalities of Puerto Galera, San Teodoro, Baco, Naujan, Victoria, Socorro, Pola, Pinamalayan, Gloria, Bansud, Bongabong, Roxas, Mansalay and Bulalacao, all in the province of Oriental Mindoro;

3. This Application is filed in compliance with Energy Resolution Commission (ERC) Resolution No. 16, Series of 2009, as amended by ERC Resolution No. 21, Series of 2010, which 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 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, System Loss Rate, Lifeline Rate Recovery, Inter-Class Cross-Subsidy Removal, and Treatment of Prompt Payment Discount, as the case may be. ERC Resolution No. 23, Series of 2010, on the other hand, adopts the rules implementing the discounts to qualified senior citizen end-users and subsidy from subsidizing end-users on electricity consumption;
4. Applying the formulas provided under ERC Resolution No. 16, Series of 2009, as amended by ERC Resolution No. 21, Series of 2010 and ERC Resolution No. 23, Series of 2010, Applicant made calculations of the over-recoveries charged or under-recoveries incurred as against its customers, in the implementation of the foregoing automatic cost adjustments and true-up mechanisms, covering the period January 2014 to December 2016;
5. The results of its calculations are presented hereunder, as follows:

	Pass Through Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Rate (GR)	3,856,453,045.06	3,855,569,251.80	(883,793.26)
System Loss Rate (SLR)	468,959,856.50	476,218,549.01	7,258,692.51
Lifeline Rate (LR)	52,559,828.84	52,559,129.90	(698.95)
Senior Citizen Discount	291,175.62	286,745.31	(4,430.31)
Net Results	4,378,263,906.02	4,384,633,676.02	6,369,770.00

Summaries of the results of individual computations on the foregoing pass through charges are attached hereto and made integral parts hereof as Annexes "A" to "D", respectively;

6. ORMECO, Inc. presents its Proposed Refund Scheme, attached hereto and made integral part hereof as Annexes "E";
7. In support of the computations for the over-recoveries charged or under-recoveries incurred, Applicant is submitting the following data and documents, labelled together and made integral part hereof as Annex "F", to wit:
 - A. Supplier and Transmission Data
 - A.1. Fully accomplished Supplier & Data Sheet for the year

- A.2. Power Bills of Suppliers
- A.3. Proof of Payments
- B. Statistical Data
 - B.1. Fully accomplished Statistical Data sheet for the year
 - B.2. Summary of Pilferage Cost Recoveries
 - B.3. Monthly Financial & Statistical Report (MFSR) – sections A & E
- C. Actual Implemented Rates Data
 - C.1. Fully accomplished Actual Implemented Rates for the year
 - C.2. Fully accomplished Lifeline Discount sheet for the year
 - C.3. Fully accomplished Senior Citizen Discount sheet for the year
 - C.4. Consumer bills per costumer class (Non-lifeline)
 - C.5. Consumer bills per Lifeline bracket (Lifeline)
 - C.6. Senior Citizen Consumer bills per level
- D. Other Documents
 - D.1. URR for the years 2014 to 2016

8. Considering the foregoing, it is respectfully prayed that the Applicant's calculations of its over- or under-recoveries be confirmed and approved by the Honorable Commission.

PRAYER

WHEREFORE, premises considered, it is respectfully prayed that after due notice and hearing, Applicant ORMECO, Inc.'s calculations of over- or under-recoveries in the implementation of automatic cost adjustments and true-up mechanisms covering the period January 2014 to December 2016, made pursuant to ERC Resolution No. 16, Series of 2009 as amended by ERC Resolution No. 21, Series of 2010 and ERC Resolution No. 23, Series of 2011, be confirmed and approved; that the cooperative's submitted Proposed Refund Scheme be confirmed and approved; and that ORMECO, Inc. be allowed to refund the over recoveries or collect the under recoveries, as the case may be, to or from its customers, summarized as follows, to wit:

	Pass Through Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Rate (GR)	3,856,453,045.06	3,855,569,251.80	(883,793.26)
System Loss Rate (SLR)	468,959,856.50	476,218,549.01	7,258,692.51
Lifeline Rate (LR)	52,559,828.84	52,559,129.90	(698.95)
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Net Results	4,378,263,906.02	4,384,633,676.02	6,369,770.00

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 **13 September 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, ORMECO 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, at least ten (10) days before the scheduled date of 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 affidavits of the Editors or Business Managers of the newspapers where the said Notice of Public Hearing was published, and the complete issues of the said newspapers;
- 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*, its 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.

ORMECO 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, 15 August 2017.

FOR AND BY AUTHORITY
OF THE COMMISSION:


ALFREDO J. NON
OIC-Chairman & CEO

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Copy Furnished:

1. The Law Offices Cortez and Partners
Counsel for ORMECO
Attention: Atty. Adler L. Lasafin
No. 8-B Dakilang Lumpo St.,
Philvirra Homes, Proj. 8, Quezon City
2. Oriental Mindoro Electric Cooperative, Inc.
(ORMECO)
ATTENTION: Engr. Patrocinio M. Panagsagan, Jr.
Brgy. Sta. Isabel, Calapan City
Oriental Mindoro
3. Office of the Solicitor General
134 Amorsolo Street, Legaspi Village
Makati City, Metro Manila
4. The Commission on Audit
Commonwealth Avenue
Quezon City
5. The Senate Committee on Energy
GSIS Building, Roxas Boulevard
Pasay City
6. The House Committee on Energy
Batasan Hills, Quezon City
7. Office of the Provincial Governor
Province of Oriental Mindoro
8. Office of the Sangguniang Panlalawigan
Province of Oriental Mindoro
9. Office of the City Mayor
Calapan City, Oriental Mindoro
10. Office of the Sangguniang Panglunsod
Calapan City, Oriental Mindoro
11. Office of the Mayor
Puerto Galera, Oriental Mindoro
12. Office of the Sangguniang Bayan
Puerto Galera, Oriental Mindoro
13. Office of the Mayor
San Teodoro, Oriental Mindoro
14. Office of the Sangguniang Bayan
San Teodoro, Oriental Mindoro
15. Office of the Mayor
Baco, Oriental Mindoro
16. Office of the Sangguniang Bayan
Baco, Oriental Mindoro

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17. Office of the Mayor
Naujan, Oriental Mindoro
18. Office of the Sangguniang Bayan
Naujan, Oriental Mindoro
19. Office of the Mayor
Victoria, Oriental Mindoro
20. Office of the Sangguniang Bayan
Victoria, Oriental Mindoro
21. Office of the Mayor
Socorro, Oriental Mindoro
22. Office of the Sangguniang Bayan
Socorro, Oriental Mindoro
23. Office of the Mayor
Pola, Oriental Mindoro
24. Office of the Sangguniang Bayan
Pola, Oriental Mindoro
25. Office of the Mayor
Pinamalayan, Oriental Mindoro
26. Office of the Sangguniang Bayan
Pinamalayan, Oriental Mindoro
27. Office of the Mayor
Gloria, Oriental Mindoro
28. Office of the Sangguniang Bayan
Gloria, Oriental Mindoro
29. Office of the Mayor
Bansud, Oriental Mindoro
30. Office of the Sangguniang Bayan
Bansud, Oriental Mindoro
31. Office of the Mayor
Bongabong, Oriental Mindoro
32. Office of the Sangguniang Bayan
Bongabong, Oriental Mindoro
33. Office of the Mayor
Roxas, Oriental Mindoro
34. Office of the Sangguniang Bayan
Roxas, Mindoro
35. Office of the Mayor
Mansalay, Oriental Mindoro
36. Office of the Sangguniang Bayan
Mansalay, Oriental Mindoro

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37. Office of the Mayor
Bulalacao, Oriental Mindoro
38. Office of the Sangguniang Bayan
Bulalacao, Oriental Mindoro
39. Investigation and Enforcement Division
Energy Regulatory Commission
17th Floor, Pacific Center, San Miguel Avenue, Pasig City