

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



IN THE MATTER OF THE
APPLICATION FOR
CONFIRMATION AND
APPROVAL OF CALCULATION
OF OVER/UNDER
RECOVERIES IN THE
IMPLEMENTATION OF
AUTOMATIC COST
ADJUSTMENTS AND TRUE UP
MECHANISMS PURSUANT TO
ERC RESOLUTION NO. 16,
SERIES OF 2009 AS AMENDED
BY RESOLUTION NO. 21,
SERIES OF 2010

ERC CASE NO. 2013-021 CF

ZAMBOANGA DEL SUR II
ELECTRIC COOPERATIVE,
INC. (ZAMSURECO II),

Applicant.

X-----X

DOCKETED
Date: JUL 28 2014
By: *[Signature]*

ORDER

On May 31, 2013, the Zamboanga del Sur II Electric Cooperative, Inc. (ZAMSURECO II) filed an application for confirmation and approval of its calculations of over/under recoveries in the implementation of Automatic Cost Adjustments and True Up Mechanisms pursuant to Commission's Resolution No. 16¹, Series of 2009 as amended by Resolution No. 21², Series of 2010.

In the said application, ZAMSURECO II alleged, among others, that:

¹ "A Resolution Adopting the Rules Governing the Automatic Cost Adjustment and True-Up Mechanisms and Corresponding Confirmation Process for Distribution Utilities."

² "A Resolution Amending Section 4 of Article 4 and Section 1 of Article 5 of the Rules Governing the Automatic Cost Adjustment and True-Up Mechanisms and Corresponding Confirmation Process for Distribution Utilities."

1. It is an electric cooperative duly organized and existing under and by virtue of the laws of the Republic of the Philippines. Its principal office is at Pangi, Ipil, Zamboanga Sibugay;
2. It is the holder of an exclusive franchise issued by the National Electrification Commission (NEC) to operate an electric light and power distribution system in the Municipalities of Lakewood, Bayog and Kumalarang in the Province of Zamboanga del Sur; Buug, Diplahan, Malangas, Imelda, Alicia, Payao, Siay, Kabasalan, Naga, Ipil, Titay, Roseller T. Lim, Tungawan, Mabuhay, Talusan and Olutanga in the Province of Zamboanga Sibugay; Sirawai, Siocon, Sibuco and Baliguian in the Province of Zamboanga del Norte; and in the District of Vitali, Zamboanga City;
3. The Commission's Resolution No. 16, Series of 2009, as amended by Resolution No. 21, Series of 2010 establish 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, System Loss Rate, Transmission Rate, Lifeline Rate Recovery, Inter-Class Cross-Subsidy Removal, Treatment of Prompt Payment Discount, as the case may be. The Commission's 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. It applied the formulas provided under Resolution No. 16, Series of 2009, as amended by Resolution No. 21, Series of 2010 and Resolution No. 23, Series of 2010, in determining the over or under-recoveries charged or incurred in the implementation of the foregoing automatic cost adjustments and true-up mechanisms;

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

		Pass Through Cost (PhP)	Actual Collection (PhP)	(Over)/Under- Recovery (PhP)
A	Generation Rate (GR)	1,707,961,050.88	1,735,098,639.44	(27,137,588.56)
B	Transmission Rate (TR)	753,113,950.04	727,752,765.90	25,361,184.14
C	System Loss Rate (SLR)	382,963,204.99	390,439,485.32	(7,476,280.33)
D	Lifeline Rate (LR)	27,530,696.38	42,521,895.91	(14,991,199.54)
E	Inter-Class Cross Subsidy	-	1,922,106.72	1,922,106.72
F	PPD Reinstatement	1,803,062.46	1,984,466.94	(901,404.48)
G	Senior Citizen Subsidy (SCS)	233,884.10	243,239.85	9,355.75
Net Results				(23,213,826.29)

6. Summaries of the results of individual computations on the foregoing pass through charges are attached hereto and made an integral part hereof as Annexes "A" to "G", respectively;

7. In support of the computations made, it is submitting the following data and documents, labeled together and made an integral part hereof as Annex "H", to wit:

- a) Power Supplier Data Sheet;
- b) Statistical Data Sheet;
- c) Implemented Rates Data Sheet;
- d) Power Bills of Power Suppliers;
- e) Official Receipts (O.R.) issued by Power Suppliers;
- f) Breakdown of Payment with O.R.;
- g) Debit/Credit Memo of Power Suppliers;
- h) National Transmission Corporation/National Grid Corporation of the Philippines (TRANSCO/NGCP) Invoices;
- i) Official Receipts issued by the TRANSCO/NGCP;
- j) Breakdown of Payments with O.R.
- k) Debit/Credit Memo issued by TRANSCO/NGCP
- l) DU-MO1 and DU-MO2, MFSR; and
- m) Consumer Bills of Lifeliners (per level) and Non-Lifeliners per customer class;

8. It prays that its calculations of over/under recoveries presented in the instant application be confirmed and approved, and that it be allowed to refund/collect said over/under recoveries to or from its customers.

On June 13, 2013, the Commission issued an Order and a Notice of Public Hearing setting the case for hearing on August 6, 2013.

On August 2, 2013, ZAMSURECO II filed an "*Urgent Motion To Reset Hearing*" praying that the hearing scheduled on August 6, 2013 be reset to another date.

Finding the said "*Urgent Motion To Reset Hearing*" meritorious, the same is hereby **GRANTED**. Accordingly, the instant application is hereby set anew for jurisdictional hearing, expository presentation, pre-trial conference and evidentiary hearing on **September 17, 2014 (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.**

ZAMSURECO 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 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 hearings.

Likewise, let copies of this Order and the attached Notice of Public Hearing be furnished the Offices of the Governors of Zamboanga del Sur, Zamboanga Sibugay, Zamboanga del Norte and the Mayors of the City/Municipalities within the franchise area of ZAMSURECO II for the appropriate posting thereof on their respective bulletin boards.

ZAMSURECO 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, ZAMSURECO II must submit to the Commission its written Compliance with the jurisdictional requirements attaching therewith, methodically arranged and duly marked, the evidences of the actual posting and publication of the Notice of Public Hearing consisting of certifications issued to that effect, signed by the afore-mentioned Governors and 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 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.

ZAMSURECO 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 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 ZAMSURECO II 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.

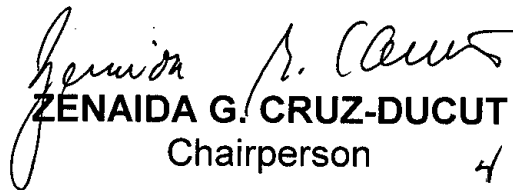
As part of the pre-trial conference, ZAMSURECO II must also be prepared to make an expository presentation of its application, aided by whatever communication medium that it may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned parties, what

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

SO ORDERED.

Pasig City, July 21, 2014.

FOR AND BY AUTHORITY
OF THE COMMISSION:


ZENAIDA G. CRUZ-DUCUT
Chairperson 4

Copy Furnished:

1. **LERIOS AMBOY AND DE LOS REYES LAW OFFICES**
Counsel for ZAMSURECO II
Units 1609-1610, Tycoon Centre
Pearl Drive, Ortigas Center, Pasig City
2. **ZAMBOANGA DEL SUR II ELECTRIC COOPERATIVE, INC. (ZAMSURECO II)**
Pangi, Ipil, Zamboanga Sibugay
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
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 President of PCCI**
Philippine Chamber of Commerce and Industry (PCCI)
3rd Floor, ECC Building, Sen. Gil Puyat Avenue
Makati City
8. **Office of the Provincial Governor**
Province of Zamboanga del Sur
9. **Office of the Provincial Governor**
Province of Zamboanga Sibugay
10. **Office of the Provincial Governor**
Province of Zamboanga del Norte
11. **Office of the City Mayor**
Zamboanga City
12. **Office of the Municipal Mayor**
Lakewood, Zamboanga del Sur
13. **Office of the Municipal Mayor**
Bayog, Zamboanga del Sur
14. **Office of the Municipal Mayor**
Kumalarang, Zamboanga del Sur
15. **Office of the Municipal Mayor**
Buug, Zamboanga del Sur

16. **Office of the Municipal Mayor**
Diplahan, Zamboanga Sibugay
17. **Office of the Municipal Mayor**
Malangas, Zamboanga Sibugay
18. **Office of the Municipal Mayor**
Imelda, Zamboanga Sibugay
19. **Office of the Municipal Mayor**
Alicia, Zamboanga Sibugay
20. **Office of the Municipal Mayor**
Payao, Zamboanga Sibugay
21. **Office of the Municipal Mayor**
Siay, Zamboanga Sibugay
22. **Office of the Municipal Mayor**
Kabasalan, Zamboanga Sibugay
23. **Office of the Municipal Mayor**
Naga, Zamboanga Sibugay
24. **Office of the Municipal Mayor**
Ipil, Zamboanga Sibugay
25. **Office of the Municipal Mayor**
Titay, Zamboanga Sibugay
26. **Office of the Municipal Mayor**
Roseller T. Lim, Zamboanga Sibugay
27. **Office of the Municipal Mayor**
Tungawan, Zamboanga Sibugay
28. **Office of the Municipal Mayor**
Mabuhay, Zamboanga Sibugay
29. **Office of the Municipal Mayor**
Talusán, Zamboanga Sibugay
30. **Office of the Municipal Mayor**
Olutanga, Zamboanga Sibugay
31. **Office of the Municipal Mayor**
Siraway, Zamboanga del Norte
32. **Office of the Municipal Mayor**
Siocon, Zamboanga del Norte
33. **Office of the Municipal Mayor**
Sibuco, Zamboanga del Norte
34. **Office of the Municipal Mayor**
Baliguian, Zamboanga del Norte