



1. It is a non-stock, non-profit electric cooperative (EC), duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at Barangay Bigbiga, Santiago, Ilocos Sur;
2. It is the holder of an exclusive franchise issued by the National Electrification Commission (NEC) to operate an electric light and power distribution service in Candon City and Vigan City and in the Municipalities of Alilem, Banayoyo, Bantay, Burgos, Cabugao, Caoayan, Cervantes, Galimuyod, Gregorio Del Pilar, Lidlidda, Magsingal, Nagbukel, Narvacan, Quirino, Salcedo, San Emilio, San Esteban, San Ildefonso, San Juan, San Vicente, Santa, Santiago, Sigay, Sinit, Sta. Lucia, Sta. Catalina, Sta. Cruz, Sta. Maria, Sto. Domingo, Sugpon, Suyo and Tagudin, all in the Province of Ilocos Sur;
3. ERC 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, Transmission Rate, System Loss Rate, Lifeline Rate Recovery, Inter-Class Cross-Subsidy Removal, Treatment of Prompt Payment Discount, as the case may be. The Commission's Resolution 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 Resolution 16, Series of 2009 as amended by Resolution 21, Series of 2010 and Resolution 23, Series of 2010, it 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 2011 to December 2013;

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

|                         | <b>Pass Through Cost (PhP)</b> | <b>Actual Revenue (PhP)</b> | <b>(Over)/Under Recovery (PhP)</b> |
|-------------------------|--------------------------------|-----------------------------|------------------------------------|
| Generation Rate (GR)    | 2,806,503,141.16               | 2,720,840,517.70            | 85,662,623.46                      |
| Transmission Rate (TR)  | 639,052,541.40                 | 644,252,866.72              | (5,200,325.32)                     |
| System Loss Rate (SLR)  | 432,279,675.38                 | 433,852,910.50              | (1,573,235.13)                     |
| Lifeline Rate (LR)      | 25,627,618.85                  | 25,397,883.01               | 229,735.84                         |
| Senior Citizen Discount | 579,663.77                     | 556,528.83                  | 23,134.95                          |
| <b>Net Results</b>      | <b>3,904,042,640.56</b>        | <b>3,824,900,706.76</b>     | <b>79,141,933.80</b>               |

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 "E", respectively;

6. In support of the computations made, 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 Sheet;
  - b) Statistical Data Sheet;
  - c) Implemented Rates Data Sheet;
  - d) Power Bills of Power Suppliers;
  - e) Official Receipts issued by Power Suppliers;
  - f) Breakdown of Payments with Official Receipts;
  - g) Debit/Credit Memo of Power Suppliers;
  - h) NGCP Invoices;
  - i) Official Receipts issued by NGCP;
  - j) Breakdown of Payments with Official Receipts;
  - k) Debit/Credit Memo issued by NGCP;
  - l) MFSR (Sections B and E);
  - m) Consumer Bills of Lifeliners (per level) and Non-Lifeliners per customer class; and
  - n) Consumer Bills of Senior Citizens (per lifeline level) and Non-lifeline Senior Citizens;

7. It prays that, after due notice and hearing, its calculations of over or under-recoveries in the implementation of certain 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:

|                         | Pass Through Cost (PhP) | Actual Revenue (PhP) | (Over)/Under Recovery (PhP) |
|-------------------------|-------------------------|----------------------|-----------------------------|
| Generation Rate (GR)    | 2,806,503,141.16        | 2,720,840,517.70     | 85,662,623.46               |
| Transmission Rate (TR)  | 639,052,541.40          | 644,252,866.72       | (5,200,325.32)              |
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| Net Results             | 3,904,042,640.56        | 3,824,900,706.76     | 79,141,933.80               |

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 jurisdictional hearing, expository presentation, pre-trial conference and evidentiary hearing on **September 2, 2014 (Tuesday) 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**.

ISECO 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 Governor of Ilocos Sur and the Mayors of the Cities and Municipalities within the franchise area of ISECO for the appropriate posting thereof on their respective bulletin boards.

ISECO 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, ISECO 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 Governor 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.

ISECO 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 ISECO 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, ISECO 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 28

**Copy Furnished:**

1. **LERIOS-AMBOY AND DE LOS REYES LAW OFFICES**  
Units 1609-1610, Tycoon Centre  
Pearl Drive, Ortigas Avenue, Pasig City
2. **ILOCOS SUR ELECTRIC COOPERATIVE, INC. (ISECO)**  
Bigbiga, Santiago, Ilocos Sur
3. **The Office of the Solicitor General**  
134 Amorsolo Street, Legaspi Village, Makati City  
Metro Manila
4. **The Commission on Audit**  
Don Mariano Marcos Avenue  
Diliman, Quezon City, Metro Manila
5. **The Committee on Energy**  
Senate of the Philippines  
GSIS Building, Roxas Blvd., Pasay City, Metro Manila
6. **The Committee on Energy**  
House of Representatives  
Batasan Hills, Quezon City, Metro Manila
7. **Office of the President of PCCI**  
Philippine Chamber of Commerce and Industry (PCCI)  
3<sup>rd</sup> Floor, ECC Building, Sen. Gil Puyat Avenue  
Makati City
8. **Office of the Provincial Governor**  
Province of Ilocos Sur
9. **Office of the City Mayor**  
Vigan City, Ilocos Sur
10. **Office of the City Mayor**  
Candon City, Ilocos Sur
11. **Office of the Municipal Mayor**  
Sinait, Ilocos Sur
12. **Office of the Municipal Mayor**  
Cabugao, Ilocos Sur
13. **Office of the Municipal Mayor**  
San Juan, Ilocos Sur
14. **Office of the Municipal Mayor**  
Magsingal, Ilocos Sur
15. **Office of the Municipal Mayor**  
San Ildefonso, Ilocos Sur

16. **Office of the Municipal Mayor**  
Sto. Domingo, Ilocos Sur
17. **Office of the Municipal Mayor**  
Bantay, Ilocos Sur
18. **Office of the Municipal Mayor**  
Vigan, Ilocos Sur
19. **Office of the Municipal Mayor**  
Caoayan, Ilocos Sur
20. **Office of the Municipal Mayor**  
San Vicente, Ilocos Sur
21. **Office of the Municipal Mayor**  
Sta. Catalina, Ilocos Sur
22. **Office of the Municipal Mayor**  
Santa, Ilocos Sur
23. **Office of the Municipal Mayor**  
Narvacan, Ilocos Sur
24. **Office of the Municipal Mayor**  
Sta. Maria, Ilocos Sur
25. **Office of the Municipal Mayor**  
Nagbukel, Ilocos Sur
26. **Office of the Municipal Mayor**  
Burgos, Ilocos Sur
27. **Office of the Municipal Mayor**  
Lidlidda, Ilocos Sur
28. **Office of the Municipal Mayor**  
Banayoyo, Ilocos Sur
29. **Office of the Municipal Mayor**  
San Emilio, Ilocos Sur
30. **Office of the Municipal Mayor**  
San Esteban, Ilocos Sur
31. **Office of the Municipal Mayor**  
Santiago, Ilocos Sur
32. **Office of the Municipal Mayor**  
Candon, Ilocos Sur
33. **Office of the Municipal Mayor**  
Galimuyod, Ilocos Sur



34. **Office of the Municipal Mayor**  
Salcedo, Ilocos Sur
35. **Office of the Municipal Mayor**  
Sigay, Ilocos Sur
36. **Office of the Municipal Mayor**  
Del Pilar, Ilocos Sur
37. **Office of the Municipal Mayor**  
Sta. Lucia, Ilocos Sur
38. **Office of the Municipal Mayor**  
Sta. Cruz, Ilocos Sur
39. **Office of the Municipal Mayor**  
Tagudin, Ilocos Sur
40. **Office of the Municipal Mayor**  
Suyo, Ilocos Sur
41. **Office of the Municipal Mayor**  
Cervantes, Ilocos Sur
42. **Office of the Municipal Mayor**  
Sugpon, Ilocos Sur
43. **Office of the Municipal Mayor**  
Quirino, Ilocos Sur
44. **Office of the Municipal Mayor**  
Alilem, Ilocos Sur