

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 FOR 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. 2014-002 CF

OCCIDENTAL MINDORO  
ELECTRIC COOPERATIVE,  
INC. (OMECO),

Applicant.

X-----X

DOCKETED

Date: SEP 16 2014

By: *M*

## ORDER

On March 14, 2014, the Occidental Mindoro Electric Cooperative, Inc. (OMECO) 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. 16<sup>1</sup>, Series of 2009 as amended by Resolution No. 21<sup>2</sup>, Series of 2010, and ERC Resolution No. 23, Series of 2010.

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

<sup>2</sup> "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."

In the said application, OMECO alleged, among others, that:

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 San Jose, Occidental Mindoro;
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 the Municipalities of Abra de Ilog, Calintaan, Magsaysay, Mamburao, Paluan, Rizal, Sablayan, San Jose, and Santa Cruz, all in the Province of Occidental Mindoro. The Municipality of Paluan provides its own power service by the municipal government;
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)	1,223,409,978.00	1,227,849,038.00	(4,439,060.00)
System Loss Rate (SLR)	193,622,632.00	189,128,147.00	4,494,485.00
Lifeline Rate (LR)	16,225,899.00	16,024,062.00	201,837.00
Senior Citizen Discount	116,287.00	123,580.00	(7,293.00)
<b>Net Results</b>	<b>1,433,374,796.00</b>	<b>1,433,124,827.00</b>	<b>249,969.00</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 "D", respectively;

6. In support of the results computations made, applicant is submitting the following data and documents, labelled together and made integral part hereof as Annex "E", 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 issued by Power Suppliers;
- f) Breakdown of Payments with Official Receipts;
- g) Debit/Credit Memo of Power Suppliers;
- h) MFSR (Sections B and E); and
- i) Consumer Bills of Lifeliners (per level) and Non-Lifeliners per customer class; and

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:

	<b>Pass Through Cost (PhP)</b>	<b>Actual Revenue (PhP)</b>	<b>(Over)/Under Recovery (PhP)</b>
Generation Rate (GR)	1,223,409,978.00	1,227,849,038.00	(4,439,060.00)
System Loss Rate (SLR)	193,622,632.00	189,128,147.00	4,494,485.00
Lifeline Rate (LR)	16,225,899.00	16,024,062.00	201,837.00
Senior Citizen Discount	116,287.00	123,580.00	(7,293.00)
<b>Net Results</b>	<b>1,433,374,796.00</b>	<b>1,433,124,827.00</b>	<b>249,969.00</b>

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 **October 8, 2014 (Wednesday) 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.**

OMEKO 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 Occidental Mindoro and the Mayors of the Municipalities within the franchise area of OMEKO for the appropriate posting thereof on their respective bulletin boards.

OMEKO 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, OMECO 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.

OMECO 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 OMECO 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, OMECO 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, September 8, 2014.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

  
**ZENAIDA G. CRUZ-DUCUT**  
Chairperson *me 4*

**Copy Furnished:**

1. **LERIOS-AMBOY PINGOL AND GONZALES LAW OFFICES**  
Units 1609-1610, Tycoon Centre  
Pearl Drive, Ortigas Avenue, Pasig City
2. **OCCIDENTAL MINDORO ELECTRIC COOPERATIVE, INC. (OMECO)**  
San Jose, Occidental Mindoro
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 SENATE COMMITTEE ON ENERGY**  
Senate of the Philippines  
GSIS Building, Roxas Blvd., Pasay City, Metro Manila
6. **THE HOUSE 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 Occidental Mindoro
9. **Office of the Municipal Mayor**  
Abra de Ilog, Occidental Mindoro
10. **Office of the Municipal Mayor**  
Calintaan, Occidental Mindoro
11. **Office of the Municipal Mayor**  
Magsaysay, Occidental Mindoro
12. **Office of the Municipal Mayor**  
Mamburao, Occidental Mindoro
13. **Office of the Municipal Mayor**  
Paluan, Occidental Mindoro
15. **Office of the Municipal Mayor**  
Rizal, Occidental Mindoro
16. **Office of the Municipal Mayor**  
Sablayan, Occidental Mindoro

**17. Office of the Municipal Mayor**  
San Jose, Occidental Mindoro

**18. Office of the Municipal Mayor**  
Santa Cruz, Occidental Mindoro