

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



IN THE MATTER OF THE APPLICATION FOR THE APPROVAL OF THE OVER/ UNDER RECOVERIES BASED ON THE FORMULA ON THE VARIOUS AUTOMATIC COST ADJUSTMENTS AND TRUE-UP MECHANISM AND CORRESPONDING CONFIRMATION PROCESS PURSUANT TO ERC RESOLUTION NO. 16, SERIES OF 2009 AS AMENDED BY RESOLUTION NOS. 21 AND 23, SERIES OF 2010

ERC CASE NO. 2021-029 CF

CEBU II ELECTRIC COOPERATIVE, INC. (CEBECO II),

Applicant.

X-----X

Promulgated:
June 29, 2021

NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 19 May 2021, Cebu II Electric Cooperative, Inc. (CEBECO II) filed an *Application* dated 25 March 2021 (Application), seeking the Commission's approval of its computations of over or under recoveries in the implementation of automatic cost adjustments and true-up mechanisms covering the period of January 2018 to December 2020 and to allow the cooperative to refund the over recoveries or collect the under recoveries, as the case maybe, to or from the customers.

The pertinent allegations of the *Application* are hereunder quoted as follows:

1. Applicant CEBECO II is an Electric Cooperative created and existing pursuant to the provisions of Presidential Decree No. 269 as amended, with principal office located at Malingin, Bogo City, Cebu, Philippines, represented herein by its General Manager, Lowell O. Belciña, duly authorized by virtue of Board Resolution No. 19, Series of 2021 dated February 13, 2021 of the Board of Directors, copy of which is attached hereto as Annex "A" and made an integral part hereof.

The filing of the instant Application is likewise authorized under the aforecited Board Resolution;

2. Applicant has been granted by the National Electrification Administration (NEA) an authority to operate and distribute electric light and power within the coverage area comprising the Cities of Danao and Bogo and the Municipalities of Borbon, Carmen, Catmon, Compostela, Daanbantayan, Medellin, San Remigio, Sogod, Tabogon, Tabuelan, and Tuburan, all in the Province of Cebu;

THE APPLICATION AND ITS PURPOSE

3. This Application is filed in compliance with ERC RESOLUTION NO. 16, Series of 2009, otherwise known as "A RESOLUTION ADOPTING THE RULES GOVERNING THE AUTOMATIC COST ADJUSTMENT AND TRUE-UP MECHANISMS AND CORRESPONDING CONFIRMATION PROCESS FOR DISTRIBUTION UTILITIES" adopted pursuant to the mandate of Section 43 of Republic Act No. 9136 otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA) and its implementing Rules and Regulations, in relation to ERC Resolutions No. 17 and 23, all Series of 2009, Resolution No. 21, series of 2010, and Resolution No. 10, series of 2018, mandating the filing of consolidated application for the over/under recoveries of all distribution utilities for the approval/confirmation of the Commission;
4. The aforecited Guidelines were adopted and issued by the Honorable Commission in the furtherance of the following reasons, to wit:
 - 4.a. The Commission has adopted several automatic cost adjustment mechanisms in separate issuances and it is deemed ideal to consolidate, update, and rationalize the requirements under all said separate issuances;
 - 4.b. The Commission finds it necessary to establish a systematized confirmation process that conform to the due process requirement of the law for the following automatic cost adjustment and true-up mechanisms:
 1. Automatic Generation Rate and System Loss Adjustment Mechanism;
 2. Transmission Rate Adjustment Mechanism;
 3. Lifeline Rate Recovery Mechanism;

ERC CASE NO. 2021-029 CF
NOTICE OF VIRTUAL HEARING/ 04 June 2021
Page 3 of 8

4. Local Franchise Tax Recovery Mechanism;
5. Local Business Tax Recovery Mechanism;
6. Guidelines for the Calculation of the Over or Under Recovery in the Implementation of Lifeline Rates by Distribution Utilities;
7. Guidelines for a True-Up Mechanism of the Over or Under Recovery in the Implementation of the Inter-Class Cross Subsidy Removal by Distribution Utilities;
8. ERC Resolution No. 12, Series of 2005, “A Resolution Approving a New Policy on the Treatment of Prompt Payment Discount (PPD)”;
9. Guidelines for the Calculation of the Over or Under Recovery in the Implementation of System Loss Rate by Distribution Utilities; and
10. Rules for the Calculation of the Over or Under Recovery in the Implementation of Transmission Rates.

5. For purposes of determining the under/over recoveries on the implementation of the afore-enumerated automatic cost adjustments and true-up mechanisms, the formula provided for under Resolution No. 16, series of 2009, as amended by Resolution No. 21 and 23, series of 2010 and Resolution 10, series of 2018 was applied by the Applicant;
6. A summary of the pass true cost vis-a-vis the actual collection on the above-mentioned implementation of various automatic cost adjustments and true up mechanisms are presented hereunder, as follows:

Particulars	Allowable Cost/Pass Thru Cost (PhP)	Actual Recovery (PhP)	(Over)/Under Recoveries (PhP)
GENERATION	4,352,132,249.47	4,389,174,858.23	(37,042,608.75)
TRANSMISSION	950,721,032.73	987,125,093.93	(36,404,061.20)
SYSTEM LOSS	809,859,601.04	823,679,408.37	(13,819,807.33)
LIFELINE	62,474,684.33	62,569,597.36	(94,913.02)
Sr. CITIZEN	700,871.43	702,390.48	(1,519.05)
TOTAL	6,175,888,439.01	6,263,251,348.36	(87,362,909.35)

The foregoing amounts are based on the computations hereto attached as *Annex “B”*;

7. That, CEBECO II proposes to recover/refund the foregoing amounts based on the January 2021 kWh sales hereunder presented:

Particulars	No. of Months	(OVER) UNDER RECOVERIES	kWh Sales (JAN 2021)	RECOVERY (REFUND)
GENERATION	36	(37,042,608.75)	23,605,215	(0.0436)

ERC CASE NO. 2021-029 CF
NOTICE OF VIRTUAL HEARING/ 04 June 2021
Page 4 of 8

TRANSMISSION	36	(36,404,061.20)	38,769,453	(0.0261)
SYSTEM LOSS	36	(13,819,807.33)	38,769,453	(0.0099)
LIFELINE	36	(94,913.02)	35,115,747	(0.0001)
Sr. CITIZEN	1	(1,519.05)	35,076,090	(0.000043)

8. Further, in support of the foregoing, Applicant submits the following data and documents, to wit:

Folder 1

As Annex:

- “C” - Power Supplier and Transmission Data Sheet
- “D” - Statistical Data Sheet
- “E” - Actual Implemented Rates Sheet
- “F” - Lifeline Discount Sheet
- “G” - Senior Citizen Discount Sheet
- “H” - Additional Statistical Data Sheet

Folder 2 – Supplier and Transmission Data

As Annex:

- “I” - Power Bills from Suppliers in the following order:
 - a. Power Bill
 - b. Official Receipts or Certifications issued by the Power Supplier
 - c. Debit/Credit Memo issued by the Power Supplier
- “J” - NGCP bills in the following order:
 - a. NGCP Bill
 - b. Official Receipts issued by NGCP
 - c. Debit/Credit Memo issued by NGCP

Folder 3 – Statistical Data

As Annex:

- “K” - Summary of Pilferage Cost Recoveries
- “L” - Report on the Implemented Orders/Decisions of Previous Over-Under Applications

- “M” - MFSR (Sections B and E)
- “N” - Demand (kW) Sales Summary Report

Folder 4 – Actual Implemented Rates Data

As Annex:

- “O” - Two (2) Consumer Bills per customer Class (Non-Lifeline)
- “P” - One (1) Consumer Bill per Lifeline Bracket (Lifeline)
- “Q” - Senior Citizen consumer bills

Folder 5 – Other Documents

As Annex:

- “R” - Submitted Monthly URR for the years 2018-2020
- “S” - Submitted Monthly URR Addendum
- “T” - Single Line Diagram
- “U” - Submitted Monthly Reports as per ERC Resolution No. 10, series of 2018

COMPLIANCE
WITH PRE-FILING REQUIREMENTS

9. In compliance with Section 2, Rule 6 of the ERC Rules of Practice and Procedure, copies of this Application together with all its annexes and accompanying documents had been furnished by Applicant the Legislative Body of the City of Bogu where Applicant principally operates and the Legislative Body of the Province of Cebu. Likewise, the Application was published in a newspaper of general circulation within the franchise area of the Applicant.
10. As proof of compliance of the service of the copies of the Application together with all its annexes are the Certifications issued by the Authorized Representatives of the Local Government Units and/or the Affidavit of Service executed by an employee of the Applicant and the first page of the Application bearing the receiving stamp of the aforementioned Offices as Annexes “V” and “W” respectively. Likewise attached hereto as Annexes “X” and “Y” are the Affidavit of Publication and the newspaper issue containing the published Application;
11. Moreover, prior to the filing of this Application, a pre-filing conference with the concerned staff of the Commission was

ERC CASE NO. 2021-029 CF
NOTICE OF VIRTUAL HEARING/ 04 June 2021
Page 6 of 8

conducted pursuant to Section 4 of Rule 6, and for purposes of determining completeness of the supporting documents attached to the Application.

PRAYER

WHEREFORE, foregoing premises considered, Applicant most respectfully prays:

1. That the submitted monthly reports on the Distribution System Loss Data be considered as substantial compliance in accordance with ERC Resolution No. 10, series of 2018; and
2. That the computations of over/under recoveries presented in the instant application be approved and confirmed, and CEBECO II be allowed to refund/collect said over/under recoveries.

Other reliefs, just and equitable under the premises are likewise prayed for.

The Commission hereby sets the same for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference and presentation of evidence on the following dates and online platform for the conduct thereof, pursuant to Resolution No. 09, Series of 2020¹ dated 24 September 2020:

Date and Time	Platform	Activity
13 August 2021 (Friday) at two o'clock in the afternoon (2:00 P.M.)	Microsoft Teams	Determination of compliance with jurisdictional requirements and Expository presentation
20 August 2021 (Friday) at two o'clock in the afternoon (2:00 P.M.)	Microsoft Teams	Pre-trial Conference and presentation of evidence

Any interested stakeholder may submit its comments and/or clarifications at least one (1) calendar day prior to the scheduled virtual hearing, via electronic mail (e-mail) at docket@erc.ph, copy furnish the Legal Service through legal@erc.ph. The Commission shall give

¹ Entitled: *A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.*

priority to the stakeholders who have duly submitted their respective comments and/or clarifications, to discuss the same and propound questions during the course of the expository presentation.

Moreover, all persons who have an interest in the subject matter of the instant case may become a party by filing with the Commission via e-mail at doCKET@erc.ph, copy furnish the Legal Service through legal@erc.ph, a verified Petition to Intervene at least five (5) calendar days prior to the date of the initial virtual hearing and subject to the requirements under Rule 9 of the ERC Revised Rules of Practice and Procedure², indicating therein the docket number and title of the case and stating the following:

- 1) The petitioner's name, mailing address and e-mail address;
- 2) The nature of petitioner's interest in the subject matter of the proceeding and the way and manner in which such interest is affected by the issues involved in the proceeding; and
- 3) A statement of the relief desired.

Likewise, all other persons who may want their views known to the Commission with respect to the subject matter of the case may likewise file through e-mail at doCKET@erc.ph, copy furnish the Legal Service through legal@erc.ph, their Opposition or Comment thereon at least five (5) calendar days prior to the initial virtual hearing and subject to the requirements under Rule 9 of the of the ERC Revised Rules of Practice and Procedure. No particular form of Opposition or Comment is required, but the document, letter, or writing should contain the following:

- 1) The name, mailing address and e-mail address of such person;
- 2) A concise statement of the Opposition or Comment; and
- 3) The grounds relied upon.


Any of the persons mentioned in the preceding paragraphs may access the copy of the *Application* on the Commission's official website at www.erc.gov.ph.

² Resolution No. 01, Series of 2021, Entitled "A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission".

Finally, all interested persons may be allowed to join the scheduled initial virtual hearing by providing the Commission, thru legal.virtualhearings@erc.ph, with their respective e-mail addresses and indicating therein the case number of the instant *Application*. The Commission will send the access link/s to the aforementioned hearing platform within five (5) working days prior to the scheduled hearing.

WITNESS, the Honorable Commissioners **CATHERINE P. MACEDA, FLORESINDA G. BALDO-DIGAL** and **MARKO ROMEO L. FUENTES**, Energy Regulatory Commission, this 4th day of June 2021 in Pasig City.


AGNES VST DEVANADERA
Chairperson and CEO


LS: MBVM/MCCG

