

Republic of the Philippines  
**ENERGY REGULATORY COMMISSION**  
Pasig City



**IN THE MATTER OF THE  
APPLICATION FOR  
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**

**ERC CASE NO. 2021-011 CF**

**CEBU III ELECTRIC  
COOPERATIVE, INC. (CEBECO  
III),**

*Applicant.*

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**Promulgated:**

June 29, 2021

**NOTICE OF VIRTUAL HEARING**

**TO ALL INTERESTED PARTIES:**

Notice is hereby given that on 08 April 2021, Cebu III Electric Cooperative, Inc. (CEBECO III) filed an *Application* dated 25 March 2021 (Application), seeking the Commission's 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.

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

1. Applicant CEBECO III is an Electric Cooperative created and existing pursuant to the provisions of Presidential Decree No. 269 as amended, with principal office located at Luray II, Toledo City, Cebu, Philippines, represented herein by its General Manager, Virgilio C. Fortich, Jr., duly authorized by virtue of Resolution No. 18, 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 City of Toledo and the Municipalities of Aloguinsan, Pinamungajan, Balamban and Asturias, 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;
    4. Local Franchise Tax Recovery Mechanism;
    5. Local Business Tax Recovery Mechanism;

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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:

<b>Particulars</b>	<b>Allowable Cost/Pass Thru Cost (PhP)</b>	<b>Actual Recovery (PhP)</b>	<b>(Over)/Under Recoveries (PhP)</b>
<b>GENERATION</b>	2,291,781,158.50	2,306,646,364.99	(14,865,206.49)
<b>TRANSMISSION</b>	129,339,582.41	132,083,314.83	(2,743,732.42)
<b>SYSTEM LOSS</b>	234,547,452.08	234,727,147.10	(179,695.02)
<b>LIFELINE</b>	50,559,785.78	50,258,023.63	301,762.15
<b>Sr. CITIZEN</b>	559,483.41	554,497.66	4,985.75
<b>TOTAL</b>	<b>2,706,787,462.18</b>	<b>2,724,269,348.21</b>	<b>(17,481,886.03)</b>

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

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

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Particulars	(Over)/Under Recoveries PhP	kWh sales for January 2021	(REFUND)/RECOVER RATE	
			No. of Months	(PhP/kWh)
Generation (captive consumers)	14,865,206.49)	13,645,039	36	(0.0303)
Transmission	(2,743,732.42)	13,905,558	36	(0.0055)
Systems Loss	(179,695.02)	13,645,039	36	(0.0004)
Lifeline Subsidy	301,762.15	13,080,473	36	0.0006
Senior Citizen Subsidy	4,985.75	13,041,537	1	0.0004
<b>TOTAL</b>	<b>(17,481,886.03)</b>			

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

***Folder 2 – Supplier and Transmission Data***

As Annex:

“C” - Power Supplier and Transmission Data Sheet

“D” - 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

“E” - 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:

“F” - Statistical Data Sheet

“G” - Summary of Pilferage Cost Recoveries

“H” - Report of Implemented Other Adjustments

“I” - MFSR (Sections B and E)

***Folder 4 – Actual Implemented Rates Data***

As Annex:

- “J” - Actual Implemented Rates Sheet
- “K” - Lifeline Discount Sheet
- “L” - Senior Citizen Discount Sheet
- “M” - Two (2) Consumer Bills per customer Class (Non-Lifeline)
- “N” - One (1) Consumer Bill per Lifeline Bracket (Lifeline)
- “O” - Senior Citizen consumer bills

**Folder 5 – Other Documents**

As Annex:

- “P” - Submitted URR for the year

**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 Toledo 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 “Q” and “R”** respectively. Likewise attached hereto as **Annexes “S” and “T”** 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 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:

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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 III be allowed to refund/collect said over/under recoveries.

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

The Commission has set the *Application* 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 2020,<sup>1</sup> dated 24 September 2020 and Resolution No. 01, Series of 2021, dated 17 December 2020 (ERC Revised Rules of Practice and Procedure)<sup>2</sup>:

<b>Date</b>	<b>Platform</b>	<b>Activity</b>
<b>10 August 2021</b> (Tuesday) at nine o'clock in the morning (9:00 AM)	<b>Microsoft Teams</b>	Determination of compliance with the jurisdictional requirements and expository presentation
<b>17 August 2021</b> (Tuesday) at nine o'clock in the morning (9:00 AM)	<b>Microsoft Teams</b>	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](mailto:docket@erc.ph), copy furnish the Legal Service through [legal@erc.ph](mailto:legal@erc.ph). The Commission shall give 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.

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<sup>1</sup> A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission

<sup>2</sup> A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.

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Moreover, any 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](mailto:docket@erc.ph), copy furnish the Legal Service through [legal@erc.ph](mailto: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 Procedure, 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 file through e-mail at [docket@erc.ph](mailto:docket@erc.ph), copy furnish the Legal Service through [legal@erc.ph](mailto: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 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](http://www.erc.gov.ph).

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Finally, all interested persons may be allowed to join the scheduled initial virtual hearings by providing the Commission, thru [legal.virtualhearings@erc.ph](mailto: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 hearings.

**WITNESS**, the Honorable Commissioners **ALEXIS M. LUMBATAN**, **CATHERINE P. MACEDA**, **FLORESINDA G. BALDO-DIGAL** and **MARKO ROMEO L. FUENTES**, Energy Regulatory Commission, this 15<sup>th</sup> day of June 2021 in Pasig City.

  
**AGNES VST DEVANADERA**  
*Chairperson and CEO*



  
LS: EDR/MCCG