

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



**IN THE MATTER OF THE
APPLICATION FOR THE
CONFIRMATION AND
APPROVAL OF OVER/
UNDER RECOVERIES FOR
THE YEARS 2018 TO 2020
PURSUANT TO ERC
RESOLUTION NO. 16,
SERIES OF 2009, AS
AMENDED BY ERC
RESOLUTION NO. 21,
SERIES OF 2010, AND ERC
RESOLUTION NO. 23,
SERIES OF 2010 WITH
MOTION FOR
CONFIDENTIAL
TREATMENT OF
INFORMATION**

ERC CASE NO. 2021-003 CF

**VISAYAN ELECTRIC
COMPANY, INC. (VECO),**

Promulgated:
June 29, 2021

Applicant.

x- ----- x

NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 31 March 2021, Visayan Electric Company, Inc. (VECO), filed an *Application* dated 17 March 2021 (Application), seeking the Commission's approval of its over/under recoveries for the years 2018 to 2020 pursuant to ERC Resolution No. 16, Series of 2009, as amended by ERC Resolution No. 21, Series of 2010, and ERC Resolution No. 23, Series of 2010 with motion for confidential treatment of information.

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

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1. Visayan Electric is a domestic corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines with office address at J. Panis Street, Banilad, Cebu City. It is a grantee of a legislative franchise under Republic Act No. 9339 to construct, operate and maintain a distribution system for the conveyance of electric power in the municipalities of San Fernando, Minglanilla, Consolacion and Lilo-an and the Cities of Naga, Talisay, Cebu and Mandaue, Province of Cebu
2. On 13 July 2009, the Honorable Commission promulgated Resolution No. 16, series of 2009, entitled “A Resolution Adopting the Rules Governing the Automatic Cost Adjustment and True-Up Mechanisms and Corresponding Confirmation Process for Distribution Utilities” (the “True-Up Guidelines”).
 - 2.1. The True-Up Guidelines provided the formulas for the determination of the adjusted rates in Generation, Transmission, System Loss, Lifeline Subsidy, and Local Franchise and Business Taxes.¹
 - 2.2. It likewise provided for the calculation of over- and under- recoveries on the said rates due to the variance in the allowable cost and the revenues billed using the applicable formula.²
3. On 18 October 2010, the Honorable Commission promulgated ERC Resolution No. 21, Series of 2010,³ wherein the Honorable Commission amended the formula for the calculation of over- and under-recovery for System Loss and updated the timelines set in Article 5 of the True-Up Guidelines.
4. On 15 December 2010, the Honorable Commission promulgated ERC Resolution No. 23, Series of 2010.⁴
 - 4.1. The Resolution provided the formulas for the calculation of the senior citizen discount rates,⁵ the calculation of the subsidy rate to be charged to subsidizing end-users,⁶ and the over- and under-recovery in the implementation of the senior citizen discount and subsidy rates.⁷

¹ ERC Resolution No. 16, Series of 2009, Article 2.

² *Id.* at Article 4.

³ Entitled “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”.

⁴ Entitled “A Resolution adopting the Rules Implementing the Discounts to Qualified Senior Citizen End- Users and Subsidy from the Subsidizing End- users on Electricity Consumption under Sections 4 and 5 of Republic Act No. 9994”.

⁵ Article 4 of ERC Resolution No. 23, Series of 2010.

⁶ *Id.* at Article 5

⁷ *Id.* at Article 7.

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4.2. It also provided that the ERC shall verify the over- and under- recovery in the senior citizen discount and subsidy rates once every three (3) years to coincide with the time frames set forth under Article 5 of the True-up Guidelines.⁸

5. The instant Application is being filed pursuant to the above Resolutions. Based on the formulas on the various automatic cost adjustments and true-up mechanisms, Visayan Electric incurred over- and under – recoveries for the period from January 2018 to December 2020, summarized as follows:

(Over)/Under Recoveries				
	2018	2019	2020	Total
Generation	23,061,326	40,537,313	20,768,571	84,367,210
Transmission	(570,013)	(39,633,578)	838,580	(39,365,010)
System Loss	(9,676,822)	(5,412,264)	12,472,197	(2,616,889)
Lifeline/Senior	(115,922)	1,455,394	2,538,694	3,878,166
Total	12,698,568	(3,053,135)	36,618,042	46,263,476

Based on the foregoing, Visayan Electric has incurred a net under-recovery in the amount of **PhP 46,263,476** for the billing periods from January 2018 to December 2020.

6. In support of the foregoing are the following documents covering the period January 2018 to December 2020, attached as Annexes of the instant Application, to wit:

- Annex A: Calculated Over/Under Recoveries;
- Annex B: Proposed Scheme of Refund/Collection;
- Annex C: Power Bills from Suppliers and Proof of Payment;
- Annex D: Summary of Pilferage Cost Recoveries;
- Annex E: Report on Other Implemented Adjustments;
- Annex F: Consumer Bills per Customer Class (Non-Lifeline)*;
- Annex G: Consumer Bills per Lifeline Bracket*;
- Annex H: Consumer Bills per Senior Citizen Discount Level*;
- Annex I: Fully Accomplished Uniform Reportorial Requirement(URR) with URR Addendum Template;
- Annex J: Single Line Diagram;
- Annex K: Distribution System Loss Reportorial Submission;
- Annex L: Rate Computations (Generation, Transmission, System Loss, Lifeline and Senior Citizen Discount Rate)

**Confidential*

⁸ Id. at Section 3, Article 7.

**MOTION FOR CONFIDENTIAL TREATMENT OF
INFORMATION**

7. Under Rule 4 of the ERC Rules of Practice and Procedure, the Honorable Commission may, upon request of a party and determination of the existence of conditions, which would warrant such remedy, treat certain information submitted to it as confidential.
8. Annexes “F”, “G”, and “H” contain information on customers’ personal details, which are confidential in nature. As such, Visayan Electric respectfully requests that the foregoing documents and the information contained therein be treated as confidential and privileged, and not be disclosed to persons other than the necessary officers and staff of this Honorable Commission, for the duration of the case and even after the case has been decided with finality by the Honorable Commission
9. Accordingly, Visayan Electric hereby submits one (1) copy of Annexes “F”, “G”, and “H” in a sealed envelope, with the envelope and each page of the confidential document stamped with the word “Confidential”.⁹

PRAYER

WHEREFORE, it is respectfully prayed that the Honorable Commission, after due notice, hearing and examination:

1. Confirm and approve Applicant’s under-recoveries for January 2018 to December 2020 billing periods and authorize Visayan Electric to collect the amount of PhP 46,263,476 as net under-recovery.
2. Treat Annexes “F”, “G”, and “H” and the information contained therein as confidential, and direct their non-disclosure to persons other than the authorized representatives of Visayan Electric and necessary officers and staff of this Honorable Commission, and issue the corresponding Protective Order in accordance with Rule 4 of the ERC Rules of Practice and Procedure.
Other just and equitable relief 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 2020¹⁰ dated 24 September 2020 and

⁹ Soft copies of the confidential annexes provided to this Honorable Commission are password protected.

¹⁰ A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission

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Resolution No. 01, Series of 2021, dated 17 December 2020 (ERC Revised Rules of Practice and Procedure):¹¹

Date and Time	Platform	Activity
19 August 2021 (Thursday) at nine o'clock in the morning (9:00 A.M.)	Microsoft Teams	Determination of compliance with the jurisdictional requirements and Expository presentation
26 August 2021 (Thursday) at nine o'clock in the morning (9:00 A.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 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 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

¹¹ A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.

- 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 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.

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 **ALEXIS M. LUMBATAN**, **CATHERINE P. MACEDA**, **FLORESINDA G. BALDO-DIGAL** and **MARKO ROMEO L. FUENTES**, Energy Regulatory Commission, this 11th day of June 2021 in Pasig City.


AGNES VST DEVANADERA
Chairperson and CEO


LS: EDR/CLB/MCCG

