

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



**IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF
OVER/UNDER RECOVERIES
BASED ON FORMULA FOR
VARIOUS AUTOMATIC
COST ADJUSTMENT AND
TRUE-UP MECHANISMS
AND CORRESPONDING
PROCESS FOR PERIOD 2015
TO 2017, PURSUANT TO ERC
RESOLUTION NO. 16,
SERIES OF 2009, AS
AMENDED BY ERC
RESOLUTION NO. 21,
SERIES OF 2010**

ERC CASE NO. 2018-006 CF

**LEYTE II ELECTRIC
COOPERATIVE, INC.
(LEYECO II),**

Applicant.

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DOCKED
Date: JUL 04 2018
By: _____

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 21 March 2018, the Leyte II Electric Cooperative Inc. (LEYECO II) filed an *Application* dated 13 March 2018, seeking approval of over or under-recoveries based on formula for various automatic cost adjustments and true-up mechanisms and corresponding process for period 2015 to 2017, pursuant to the Commission's Resolution No. 16, Series of 2009, as amended by Resolution No. 21, Series of 2010.

LEYECO II alleged the following in its *Application*:

1. LEYECO II is a non-stock, non-profit electric cooperative, duly registered, organized and existing under and by virtue of Presidential Decree No. 269, as amended, with principal office

address at Real St., Sagkahan District, Tacloban City, Leyte, Philippines;

2. LEYECO II holds an exclusive franchise, issued by the National Electrification Commission, to operate an electric light and power distribution service in the city of Tacloban and in the municipalities of Palo and Babatngon, all in the province of Leyte;

LEGAL BASES OF THE APPLICATION

3. ERC Resolution No. 16, Series of 2009 as amended by Resolution No. 21, Series of 2010 establishes 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 Honorable 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, Senior Citizen Subsidy Recovery, as the case may be;
4. The foregoing resolutions further require the distribution utilities to file their respective consolidated applications once every three (3) years. Hence, the filing of the instant application, covering the period January 2015 to December 2017.

OVER OR UNDER RECOVERIES OF ALLOWABLE COSTS

5. Applying the formulas provided under Resolution 16, Series of 2009 as amended by Resolution 21, Series of 2010 and Resolution 23, Series of 2010, LEYECO II conducted calculations of the over recoveries charged or under recoveries incurred as against its customers, in the implementation of certain automatic cost adjustments and true-up mechanisms, covering the period January 2015 to December 2017;
6. The calculation conducted resulted to over/under recoveries, which is summarized hereunder, to wit:

Particulars	Allowable Revenue	Generated Revenue	(Over)/Under Recovery
Generation	3,193,135,579.41	3,226,978,005.28	(33,842,425.87)
Transmission	459,787,769.41	459,201,437.16	586,332.25
System Loss	371,330,453.29	339,970,085.26	31,360,368.03
Lifeline	51,420,462.30	52,331,449.55	(910,987.25)
Senior Citizen	165,575.98	0.00	165,575.98

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(Over)/Under Recoveries			(2,641,136.85)
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SUPPORTING DATA AND DOCUMENTS

7. In support of the foregoing, applicant is submitting the following data and documents covering the period January 2015 to December 2017, attached hereto and made integral parts hereof as follows:

ANNEX MARKINGS	NATURE OF DOCUMENT
Annex A	Summary of Over/Under Recoveries Computation
Annex B	Proposed Scheme of Recovery – (Refund)/Collect
	SUPPLIER AND TRANSMISSION DATA
Annex C	Fully Accomplished Supplier and Transmission Data Sheet
Annex D and Series	PSALM Power Bills, ORs, Debit/Credit Memos
	Net Metering Billing Report
	WESM Power Bills, ORs, Debit/Credit Memos
	GCGI (11&5 MW) Power Bills, ORs, Debit/Credit Memos
	KEPCO Power Bills, ORs, Debit/Credit Memos
	TRANS-ASIA Power Bills, ORs, Debit/Credit Memos
	FDCUI Power Bills, ORs, Debit/Credit Memos
	GNPower Power Bills, ORs, Debit/Credit Memos
	SMEC Power Bills, ORs, Debit/Credit Memos
	NGCP Power Bills, ORs, Debit/Credit Memos
	STATISTICAL DATA
Annex E	Fully Accomplished Statistical Data Sheet
Annex F	Summary of Pilferage Cost Recoveries
Annex G	Report of Implemented Other Adjustments (ERC Approved Over/Under Recoveries 2004-2011)
Annex H	Monthly Financial and Statistical Report Section A and E

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Annex I	Summary of Demand Sales (kW)
Annex J	Summary kW CP per Customer Class
	ACTUAL IMPLEMENTED RATES
Annex K	Fully Accomplished Actual Implemented Rates Sheet
Annex L	Fully Accomplished Lifeline Discount Sheet
Annex M	Fully Accomplished Senior Citizen Discount Sheet
Annex N	Two (2) Consumer Bills Per Customer Class (Non-Lifeline)
Annex O	Lifeline Summary
Annex P	One (1) Consumer Bill Per Lifeline Bracket
Annex Q	Senior Citizen Summary
Annex R	One (1) Senior Citizen Bill - Residential
Annex S	One (1) Senior Citizen Bill – Facility / Institution
	OTHER DOCUMENTS
Annex T	Submitted URR for the Years 2015 to 2017
Annex U	LEYECO II Board Resolution No. 035-02-2018

8. Additionally, LEYECO II is respectfully submitting herewith in support of the instant application, the required electronic copies of the Application together with the foregoing data and documents saved in a USB Drive;
9. Considering the foregoing, it is respectfully prayed that LEYECO II's calculations of over or under recoveries in the implementation of subject automatic cost adjustments and true-up mechanisms 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.
10. Finally, the representative of LEYECO II is duly authorized by the Board of Directors per Board Resolution No. 035-02-2018, 037-02-2018 and 038-02-2018. A copy of which is hereto attached as **Annex "U", "U-1" and "U-2"**.

PRAYER

WHEREFORE, premises considered, it is respectfully prayed of this Honorable Commission, that after due notice and hearing:

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1. LEYECO II's calculations of over or under recoveries in the implementation of subject automatic cost adjustments and true-up mechanisms covering the period January 2015 to December 2017, made pursuant to ERC Resolution 16, Series of 2009 as amended by Resolution 21, Series of 2010, be confirmed and approved; and
2. LEYECO II be allowed to refund the over recoveries or collect the under recoveries, as the case maybe, to or from its customers, under LEYECO II's proposed recovery scheme summarized as follows, to wit:

Period of Recovery	36 Months
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Projected Kwh Sales	740, 477,000.00	
2018	234,556,000	
2019	246,590,000	
2020	259,331,000	

Particulars	Allowable Revenue	Generated Revenue	(Over)/Under Recovery	RATE IMPACT
Generation	3,193,135,579.41	3,226,978,005.28	(33,842,425.87)	(0.0457)
Transmission	459,787,769.41	459,201,437.16	586,332.25	0.0008
System Loss	371,330,453.29	339,970,085.26	31,360,368.03	0.0424
Lifeline	51,420,462.30	52,331,449.55	(910,987.25)	(0.0012)
Senior Citizen	165,575.98	0.00	165,575.98	0.0002
(Over)/Under Recoveries			(2,641,136.85)	(0.0036)

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 **23 July 2018 (Tuesday) at two o'clock in the morning (2:00 PM), at the ERC Hearing Room, 15th Floor, Pacific Center Building, San Miguel Avenue, Pasig City.**

All persons who have an interest in the subject matter of the instant case may become a party by filing with the Commission a verified Petition to Intervene at least five (5) days prior to the initial

hearing and subject to the requirements under Rule 9 of the 2006 ERC Rules of Practice and Procedure, indicating therein the docket number and title of the case and stating the following:

- 1) The petitioner's name and 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.

All other persons who may want their views known to the Commission with respect to the subject matter of the case may file their Opposition or Comment thereon at any stage of the proceeding before Applicant rests its case, subject to the requirements under Rule 9 of the 2006 ERC 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 and address of such person;
- 2) A concise statement of the Opposition or Comment; and
- 3) The grounds relied upon.

All such persons who wish to have a copy of the *Application* may request from Applicant that they be furnished with the same, prior to the date of the initial hearing. Applicant is hereby directed to furnish all those making such request with copies of the *Application* and its attachments, subject to the reimbursement of reasonable photocopying costs. Any such person may likewise examine the *Application* and other pertinent records filed with the Commission during the standard office hours.

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WITNESS, the Honorable Chairperson and CEO **AGNES VST DEVANADERA**, and the Honorable Commissioners **ALFREDO J. NON**, **GLORIA VICTORIA C. YAP-TARUC**, and **GERONIMO D. STA. ANA**, Energy Regulatory Commission, this 18th day of June 2018 in Pasig City.


JOSEFINA PATRICIA A. MAGPALE-ASIRIT
Oversight Commissioner for Legal


LS: JTB/LSP/APV