

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  
PURSUANT TO ERC RESOLUTION  
NO. 16, SERIES OF 2009 AS  
AMENDED BY RESOLUTION NO. 21,  
SERIES OF 2010**

**ERC CASE NO. 2013-021 CF**

**ZAMBOANGA DEL SUR II ELECTRIC  
COOPERATIVE, INC. (ZAMSURECO  
II),**

**Applicant.**

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BOOKETED  
Date: JUL 28 2014  
By: *[Signature]*

**NOTICE OF PUBLIC HEARING**

**TO ALL INTERESTED PARTIES:**

Notice is hereby given that on May 31, 2013, the Zamboanga del Sur II Electric Cooperative, Inc. (ZAMSURECO II) 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.

<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, ZAMSURECO II alleged, among others, that:

1. It is an electric cooperative duly organized and existing under and by virtue of the laws of the Republic of the Philippines. Its principal office is at Pangi, Ipil, Zamboanga Sibugay;
2. It is the holder of an exclusive franchise issued by the National Electrification Commission (NEC) to operate an electric light and power distribution system in the Municipalities of Lakewood, Bayog and Kumalarang in the Province of Zamboanga del Sur; Buug, Diplahan, Malangas, Imelda, Alicia, Payao, Siay, Kabasalan, Naga, Ipil, Titay, Roseller T. Lim, Tungawan, Mabuhay, Talusan and Olutanga in the Province of Zamboanga Sibugay; Sirawai, Siocon, Sibuco and Baliguian in the Province of Zamboanga del Norte; and in the District of Vitali, Zamboanga City;
3. The Commission's 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, System Loss Rate, Transmission Rate, Lifeline Rate Recovery, Inter-Class Cross-Subsidy Removal, Treatment of Prompt Payment Discount, as the case may be. The Commission's Resolution No. 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. It applied the formulas provided under Resolution No. 16, Series of 2009, as amended by Resolution No. 21, Series of 2010 and Resolution No. 23, Series of 2010, in determining the over or under-recoveries charged or incurred in the implementation of the foregoing automatic cost adjustments and true-up mechanisms;
5. The results of its calculations are presented hereunder as follows:

		Pass Through Cost (PhP)	Actual Collection (PhP)	(Over)/Under- Recovery (PhP)
A	Generation Rate (GR)	1,707,961,050.88	1,735,098,639.44	(27,137,588.56)
B	Transmission Rate (TR)	753,113,950.04	727,752,765.90	25,361,184.14
C	System Loss Rate (SLR)	382,963,204.99	390,439,485.32	(7,476,280.33)
D	Lifeline Rate (LR)	27,530,696.38	42,521,895.91	(14,991,199.54)
E	Inter-Class Cross Subsidy	-	1,922,106.72	1,922,106.72
F	PPD Reinstatement	1,803,062.46	1,984,466.94	(901,404.48)
G	Senior Citizen Subsidy (SCS)	233,884.10	243,239.85	9,355.75
<b>Net Results</b>				<b>(23,213,826.29)</b>

6. Summaries of the results of individual computations on the foregoing pass through charges are attached hereto and made an integral part hereof as Annexes "A" to "G", respectively;
7. In support of the computations made, it is submitting the following data and documents, labeled together and made an integral part hereof as Annex "H", 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 (O.R.) issued by Power Suppliers;
  - f) Breakdown of Payment with O.R.;
  - g) Debit/Credit Memo of Power Suppliers;

- h) National Transmission Corporation/National Grid Corporation of the Philippines (TRANSCO/NGCP) Invoices;
- i) Official Receipts issued by the TRANSCO/NGCP;
- j) Breakdown of Payments with O.R.
- k) Debit/Credit Memo issued by TRANSCO/NGCP
- l) DU-MO1 and DU-MO2, MFSR; and
- m) Consumer Bills of Lifeliners (per level) and Non-Lifeliners per customer class;

8. It prays that its calculations of over/under recoveries presented in the instant application be confirmed and approved, and that it be allowed to refund/collect said over/under recoveries to or from its customers.

On August 2, 2013, ZAMSURECO II filed an "*Urgent Motion To Reset Hearing*" praying that the hearing scheduled on August 6, 2013 be reset to another date.

The Commission has set the application anew for jurisdictional hearing, expository presentation, pre-trial conference and evidentiary hearing on **September 17, 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.**

All persons who have an interest in the subject matter of the proceeding may become a party by filing, at least five (5) days prior to the initial hearing and subject to the requirements in the ERC's Rules of Practice and Procedure, a verified petition with the Commission giving the docket number and title of the proceeding and stating: (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 proceeding may file their opposition to the application or comment thereon at any stage of the proceeding before the applicant concludes the presentation of its evidence. No particular form of opposition or comment is required, but the document, letter or writing should contain the name and address of such person and a concise statement of the opposition or comment and the grounds relied upon.

All such persons who may wish to have a copy of the application may request the applicant, prior to the date of the initial hearing, that they be furnished with a copy of the application. The applicant is hereby directed to furnish all those making a request with copies of the application and its attachments, subject to reimbursement of reasonable photocopying costs. Likewise, any such person may examine the application and other pertinent records filed with the Commission during the usual office hours.

**WITNESS**, the Honorable Chairperson, **ZENAIDA G. CRUZ-DUCUT**, and the Honorable Commissioners, **GLORIA VICTORIA C. YAP-TARUC**, and **JOSEFINA PATRICIA A. MAGPALE-ASIRIT**, Energy Regulatory Commission, this 21<sup>st</sup> day of July 2014 at Pasig City.

  
**ATTY. FRANCIS SATURNINO C. JUAN**  
Executive Director III