

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. 2013-022 CF

SULU ELECTRIC COOPERATIVE,
INC. (SULECO),

Applicant.

X-----X

BOOKETED
Date: JUL 28 2014
By: CA

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on May 31, 2013, the Sulu Electric Cooperative, Inc. (SULECO) 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. 16¹, Series of 2009 as amended by Resolution No. 21², Series of 2010.

In the said application, SULECO alleged, among others, that:

- ¹ "A Resolution Adopting the Rules Governing the Automatic Cost Adjustment and True-Up Mechanisms and Corresponding Confirmation Process for Distribution Utilities."
- ² "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."

1. It is an electric cooperative duly organized and existing under and by virtue of the laws of the Republic of the Philippines with principal office address at Bus-Bus-Street, Jolo, Sulu;
2. It holds an exclusive franchise issued by the National Electrification Commission (NEC) to operate an electric light and power distribution service in seven (7) Municipalities of Jolo, Patikul, Indanan, Parang, Maimbong, Talipao and Luuk, all in the Province of Sulu;
3. Under the Commission's Resolution No. 16, Series of 2009, as amended by Resolution No. 21, Series of 2010, Distribution Utilities (DUs) and Electric Cooperatives (ECs) are required to file their respective consolidated applications for the approval of the over-recoveries made or under-recoveries incurred in their implementation of various automatic cost adjustments and true-up mechanisms adopted by the Commission, such as the Automatic Generation Rate (GR), System Loss Adjustment Mechanism, Transmission Rate (TR) Adjustment Mechanism, Lifeline Rate Recovery Mechanism, Local Franchise Tax and Business Taxes Recovery Mechanism, Calculation of the Over/Under Recovery in the implementation of Lifeline Rates by DUs, True-up Mechanism of the Over/Under Recovery in the Implementation of Inter-Class Cross Subsidy Removal of DUs, Treatment of Prompt Payment Discount (PPD), Calculation of Over/Under Recovery in the Implementation of System Loss Rate (SLR) by DUs, and Calculation of the Over/Under Recovery in the Implementation of Transmission Rates;
4. It adopted and applied the formulas provided under Resolution No. 16, Series of 2009, as amended by Resolution No. 21, Series of 2010, and has determined that it has incurred under-recoveries or made over-recoveries in its implementation of the foregoing automatic cost adjustments and true-up mechanisms;
5. A summary of the pass through costs vis-à-vis actual collections in the above-mentioned implementation of various automatic cost adjustments and true-up mechanisms applying the formulas provided, showed the following results, to wit:

| | | Pass Through Cost | Actual Collection | Difference |
|--------------------|---------------------------|-------------------|-------------------|------------------------|
| A | Generation Rate (GR) | 666,686,205.70 | 528,287,351.41 | 138,398,854.34 |
| B | System Loss Rate (SLR) | 162,293,453.31 | 230,512,876.00 | (68,219,216.69) |
| C | Inter-Class Cross Subsidy | - | - | (22,629,614.13) |
| D | Lifeline Rate | 5,469,773.61 | - | (5,469,773.61) |
| Grand Total | | | | (42,080,249.91) |

6. Relative to the discounts mandated to be provided to the Senior Citizen, it respectfully manifest that no senior citizen was registered during the period of 2011 to 2012;

7. Summaries of the individual computations on the foregoing items are attached hereto and made an integral part hereof as Annexes "A";

8. It submitted supporting data and documents listed below, labeled together and made an integral part hereof as Annex "B-1" to "B-2", 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.; and
 - g) Consumer Bills of Lifeliners (per level) and Non-Lifeliners per customer class; and

9. It prays that its over/under recoveries in the implementation of the various automatic cost adjustments and true-up mechanism be confirmed and approved, and that it be allowed to refund/collect said over/under recoveries to or from its customers.

The Commission has set the application for jurisdictional hearing, expository presentation, pre-trial conference and evidentiary hearing on **September 16, 2014 (Tuesday) at ten o'clock in the morning (10:00 A.M.)**, 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 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 21st day of July 2014 at Pasig City.


ATTY. FRANCIS SATURNINO C. JUAN
Executive Director III