

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. 2014-024 CF**

**ILOCOS SUR ELECTRIC  
COOPERATIVE, INC. (ISECO),  
Applicant.**

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**BOOKED**  
Date: JUL 28 2014  
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**NOTICE OF PUBLIC HEARING**

**TO ALL INTERESTED PARTIES:**

Notice is hereby given that on March 31, 2014, the Ilocos Sur Electric Cooperative, Inc. (ISECO) 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.

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

<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."

1. It is a non-stock, non-profit electric cooperative (EC), duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at Barangay Bigbiga, Santiago, Ilocos Sur;
2. It is the holder of an exclusive franchise issued by the National Electrification Commission (NEC) to operate an electric light and power distribution service in Candon City and Vigan City and in the Municipalities of Alilem, Banayoyo, Bantay, Burgos, Cabugao, Caoayan, Cervantes, Galimuyod, Gregorio Del Pilar, Lidlidda, Magsingal, Nagbukel, Narvacan, Quirino, Salcedo, San Emilio, San Esteban, San Ildefonso, San Juan, San Vicente, Santa, Santiago, Sigay, Sinit, Sta. Lucia, Sta. Catalina, Sta. Cruz, Sta. Maria, Sto. Domingo, Sugpon, Suyo and Tagudin, all in the Province of Ilocos Sur;
3. ERC 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, Transmission Rate, System Loss Rate, Lifeline Rate Recovery, Inter-Class Cross-Subsidy Removal, Treatment of Prompt Payment Discount, as the case may be. The Commission's Resolution 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. Applying the formulas provided under Resolution 16, Series of 2009 as amended by Resolution 21, Series of 2010 and Resolution 23, Series of 2010, it made calculations of the over recoveries charged or under-recoveries incurred as against its customers, in the implementation of the foregoing automatic cost adjustments and true-up mechanisms, covering the period January 2011 to December 2013;

5. The results of its calculations are presented hereunder, as follows:

	<b>Pass Through Cost (PhP)</b>	<b>Actual Revenue (PhP)</b>	<b>(Over)/Under Recovery (PhP)</b>
Generation Rate (GR)	2,806,503,141.16	2,720,840,517.70	85,662,623.46
Transmission Rate (TR)	639,052,541.40	644,252,866.72	(5,200,325.32)
System Loss Rate (SLR)	432,279,675.38	433,852,910.50	(1,573,235.13)
Lifeline Rate (LR)	25,627,618.85	25,397,883.01	229,735.84
Senior Citizen Discount	579,663.77	556,528.83	23,134.95
<b>Net Results</b>	<b>3,904,042,640.56</b>	<b>3,824,900,706.76</b>	<b>79,141,933.80</b>

Summaries of the results of individual computations on the foregoing pass through charges are attached hereto and made integral parts hereof as Annexes "A" to "E", respectively;

6. In support of the computations made, applicant is submitting the following data and documents, labelled together and made integral part hereof as Annex "F", to wit:
- a) Supplier and Transmission Data Sheet;
  - b) Statistical Data Sheet;
  - c) Implemented Rates Data Sheet;
  - d) Power Bills of Power Suppliers;
  - e) Official Receipts issued by Power Suppliers;
  - f) Breakdown of Payments with Official Receipts;
  - g) Debit/Credit Memo of Power Suppliers;
  - h) NGCP Invoices;
  - i) Official Receipts issued by NGCP;
  - j) Breakdown of Payments with Official Receipts;
  - k) Debit/Credit Memo issued by NGCP;
  - l) MFSR (Sections B and E);
  - m) Consumer Bills of Lifeliners (per level) and Non-Lifeliners per customer class; and
  - n) Consumer Bills of Senior Citizens (per lifeline level) and Non-lifeline Senior Citizens;

7. It prays that, after due notice and hearing, its calculations of over or under-recoveries in the implementation of certain automatic cost adjustments and true-up mechanisms covering the period January 2011 to December 2013, made pursuant to ERC Resolution 16, Series of 2009 as amended by Resolution 21, Series of 2010 and ERC Resolution 23, Series of 2011, 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, summarized as follows, to wit:

	<b>Pass Through Cost (PhP)</b>	<b>Actual Revenue (PhP)</b>	<b>(Over)/Under Recovery (PhP)</b>
Generation Rate (GR)	2,806,503,141.16	2,720,840,517.70	85,662,623.46
Transmission Rate (TR)	639,052,541.40	644,252,866.72	(5,200,325.32)
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The Commission has set the application for jurisdictional hearing, expository presentation, pre-trial conference and evidentiary hearing on **September 2, 2014 (Tuesday) 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