

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



IN THE MATTER OF THE
APPLICATION FOR CONFIRMATION
AND APPROVAL OF
CALCULATIONS OF OVER OR
UNDER-RECOVERIES IN THE
IMPLEMENTATION OF AUTOMATIC
COST ADJUSTMENTS AND TRUE-
UP MECHANISMS FOR THE PERIOD
2011 TO 2013, PURSUANT TO ERC
RESOLUTION NO. 16, SERIES OF
2009 AS AMENDED BY
RESOLUTION NO. 21, SERIES OF
2010, AND ERC RESOLUTION 23,
SERIES OF 2010

ERC CASE NO. 2014-025 CF

SORSOGON I ELECTRIC
COOPERATIVE, INC. (SORECO I),
Applicant.

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BOOKED
Date: JAN 28 2015

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on March 31, 2014, the Sorsogon I Electric Cooperative, Inc. (SORECO I) 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, and ERC Resolution No. 23, Series of 2010.

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."

In the said application, SORECO I alleged, among others, that:

1. It is a non-stock, non-profit electric cooperative duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at Gulang-Gulang, Irosin, Sorsogon;
2. It holds an exclusive franchise issued by the National Electrification Commission (NEC) to operate an electric light and power distribution service in the Municipalities of Bulusan, Bulan, Casiguran, Irosin, Juban, Magallanes, Matnog and Sta. Magdalena, all in the Province of Sorsogon;
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. Further, ERC Resolution 16, Series of 2009 likewise requires Distribution Utilities to file similar application for confirmation of over/under recoveries in the implementation of the above mentioned allowable costs every three (3) years from the last prescribed schedule of filing;

5. Sometime on March 31, 2011, it filed an application with the Commission for confirmation of its calculations of over or under-recoveries in the implementation of the above-referenced pass through charges, covering the period 2004 to 2010, docketed as ERC Case No. 2011-006 CF, and on November 2, 2011, the Commission rendered its decision directing the cooperative to recover certain under-recoveries and to refund certain over-recoveries;
6. In further compliance with the ERC requirement to file a similar application covering applicable pass through charges after three (3) years from the last prescribed filing, the cooperative made its calculations of over/under-recoveries in the implementation of automatic cost adjustments and true-up mechanisms covering the period January 2011 to December 2013;
7. The result of its calculations of the over/under-recoveries covering years 2011 to 2013, is presented below, as follows:

	Allowable Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Rate (GR)	508,059,674.18	498,860,374.84	9,199,299.34
Transmission Rate (TR)	157,311,121.68	156,797,867.39	513,254.29
System Loss Rate (SLR)	105,199,860.77	98,931,569.14	6,268,291.63
Lifeline Rate (LR)	15,692,634.76	15,671,601.47	21,033.29
Senior Citizen Discount	379,866.47	386,201.44	(6,334.97)
Net Results			15,995,543.58

8. With respect to ERC Case No. 2011-006 CF, the Commission directed it to refund among others, the amount of PhP1,166,914.16 representing over-recoveries in the Inter-Class Cross Subsidy (ICCS), as follows:

“d. INTER-CLASS CROSS SUBSIDY over-recoveries amounting to One Million One Hundred Sixty-Six Thousand Nine Hundred Fourteen and 16/100 Pesos (PhP1,166,914.16), equivalent to PhP0.0552/kWh to low and higher voltage customers.
9. In implementing the refund however, the cooperative committed an error such that, it made the refund likewise to residential customers, and made an over-refund of

PhP152,952.50 as of October 2013. The refunds made are presented below, as follows, to wit:

Particulars		Approved ICCS Rate (PhP/kWh)	YEAR 2013							
			March	April	May	June	July	August	September	October
Beginning Balance (PhP)			(1,166,914.16)	(1,035,802.15)	(868,462.02)	(685,003.51)	(509,465.84)	(346,381.21)	(177,583.66)	(13,405.13)
Residential (for Non-lifeliners)		(0.0552)	(89,013.92)	(116,296.30)	(132,406.36)	(123,273.14)	(112,281.99)	(116,573.57)	(113,157.68)	(113,881.68)
Low Voltage	Streetlights	(0.0552)	(2,206.51)	(2,242.00)	(2,315.42)	(2,367.09)	(2,308.41)	(2,548.36)	(2,485.16)	(2,661.69)
	Commercial	(0.0552)	(19,886.96)	(24,879.36)	(25,093.86)	(25,040.32)	(22,877.70)	(22,921.08)	(23,859.32)	(23,811.13)
	Public Bldg.	(0.0552)	(10,018.80)	(9,767.14)	(10,666.24)	(11,796.30)	(13,088.97)	(12,615.68)	(12,997.89)	(12,479.34)
	Industrial	(0.0552)	(5,699.87)	(8,255.00)	(6,930.24)	(6,917.07)	(7,209.93)	(7,302.66)	(6,192.37)	(8,999.82)
High Voltage	Industrial	(0.0552)	(4,285.95)	(5,900.33)	(6,046.39)	(6,143.76)	(5,317.64)	(6,836.19)	(5,486.11)	(4,523.97)
Total			(131,112.01)	(167,340.13)	(183,458.51)	(175,537.67)	(163,084.63)	(168,797.55)	(164,178.52)	(166,357.63)
Ending Balance (PhP)			(1,035,802.15)	(868,462.02)	(685,003.51)	(509,465.84)	(346,381.21)	(177,583.66)	(13,405.13)	152,952.50

10. Considering the above, it likewise intends to recover in the instant application the above-mentioned erroneous refund of ICCS to residential customers, to pay said erroneous refund to low voltage and higher voltage customers, and to recover over-refund of PhP152,952.50 in the ICCS over-recoveries;
11. In support of the computations made, applicant is submitting the following data and documents, which are being made integral parts hereof as follows, to wit:
 - a) Summary of results of the calculations of over or under recoveries for the period January 2011 to December 2013 as Annex "A";
 - b) Computation of over refund of Inter Class Cross Subsidy (ICCS) over-recoveries under ERC Case No. 2011-006 CF as Annex "B"; and
 - c) Supplier and Transmission Data Sheet, Statistical Data Sheet, Implemented Rates Data Sheet, Power Bills of Power Suppliers, Official Receipts issued by Power Suppliers, Breakdown of Payments with Official Receipts, Debit/Credit Memo of Power Suppliers, NGCP Invoices, Official Receipts issued by NGCP, Breakdown of Payments with Official Receipts, Debit/Credit Memo issued by NGCP, MFSR (Sections B and E), Consumer Bills of Lifeliners (per level) and Non-Lifeliners per customer class as Annex "C";

12. Considering the foregoing, it is prays that the its calculations of over or under-recoveries in the implementation of the automatic cost adjustments covering the period January 2011 to December 2013, together with the erroneous as well as over-refund of Inter-Class Cross Subsidy (ICCS) over-recoveries under ERC Case No. 2011-006 CF, be confirmed and approved by the Commission; and
13. It further prays that the Commission, after due notice and hearing:
 - a. Its calculations of over or under-recoveries in the implementation of automatic cost adjustments and true-up mechanisms covering the period January 2011 to December 2013, be confirmed and approved, and the it 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:

	Allowable Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Rate (GR)	508,059,674.18	498,860,374.84	9,199,299.34
Transmission Rate (TR)	157,311,121.68	156,797,867.39	513,254.29
System Loss Rate (SLR)	105,199,860.77	98,931,569.14	6,268,291.63
Lifeline Rate (LR)	15,692,634.76	15,671,601.47	21,033.29
Senior Citizen Discount	379,866.47	386,201.44	(6,334.97)
Net Results			15,995,543.58

- b. It be allowed to recover from its residential customers the erroneous refund of Inter-Class Cross Subsidy over-recoveries provided under ERC Case No. 2011-006 CF and to refund the same to its low voltage and higher voltage customers, and to recover the over-refund of PhP152,952.50 in the ICCS over-recoveries.

The Commission has set the application for jurisdictional hearing, expository presentation, pre-trial conference and evidentiary hearing on **February 20, 2015 (Friday) at nine o'clock in the morning (9:00 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, **ALFREDO J. NON** and **GLORIA VICTORIA C. YAP-TARUC**, Energy Regulatory Commission, this 20th day of January 2015 at Pasig City.


ATTY. FRANCIS SATURNINO C. JUAN
Executive Director III