

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



**IN THE MATTER OF THE
APPLICATION FOR APPROVAL
OF THE OVER/UNDER
RECOVERIES BASED ON THE
FORMULA ON THE VARIOUS
AUTOMATIC COST
ADJUSTMENTS AND TRUE-UP
MECHANISM AND
CORRESPONDING PROCESS
PURSUANT TO ERC
RESOLUTION NO. 16, SERIES OF
2009 AND RESOLUTION NO. 21,
SERIES OF 2010**

ERC CASE NO. 2015-014 CF

**CEBU II ELECTRIC
COOPERATIVE, INC. (CEBECO
II),
Applicant.
X-----X**

D O C K E T E D
Date: AUG 26 2015
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NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on March 30, 2015, Cebu II Electric Cooperative, Inc. (CEBECO II) filed an application for approval the over/under recoveries based on the formula on the various automatic cost adjustments and true-up mechanism and corresponding confirmation process pursuant to ERC Resolution No. 16, Series of 2009, and Resolution No. 21, Series of 2010.

In the said application, CEBECO II alleged, among others, the following:

1. It is an electric cooperative existing pursuant to Presidential Decree No. 269 (P.D. 269), as amended. It has its postal address at National Highway, Malingin, Bogo City, Cebu. It may be served with the processes of the Commission through its General Manager, Lowell O. Barciña whose authority is pursuant to Board Resolution No. 32b, series of 2015 dated March 14, 2015, attached to the application as Annex "A" and made an integral part thereof;
2. It holds an exclusive franchise issued by the National Electrification Administration (NEA) to operate an electric light and power distribution service in the Cities of Danao and Bogo and the municipalities of Compostela, Tuburan, San Remigio, Medellin, and Daanbantayan, all in the Province of Cebu;
3. It filed its application in compliance with the Commission's Resolution No. 16, Series of 2009, as amended by Resolution No. 21, Series of 2010, requiring all the Distribution Utilities (DUs) to file their respective consolidated application for over/under recoveries, hence the filing of this application;
4. The foregoing guidelines were adopted and issued by the Commission in the furtherance of the following reasons:
 - 4.a The Commission has adopted several automatic cost adjustment mechanisms in separate issuances and it is deemed ideal to consolidate, update and rationalize the requirements under all said separate issuances;
 - 4.b The Commission finds it necessary to establish a systematic confirmation process that conform to the due process requirement of the law for the following automatic cost adjustment and true-up mechanisms:
 1. Automatic Generation Rate and System Loss Adjustment Mechanism;
 2. Transmission Rate Adjustment Mechanism;
 3. Lifeline Rate Recovery Mechanism;
 4. Local Franchise Tax Recovery Mechanism;

5. Local Business Tax Recovery Mechanism;
6. Guidelines for the Calculation of the Over or Under Recovery in the Implementation of Lifeline Rates by Distribution Utilities;
7. Guidelines for the True-Up Mechanism of the Over or Under Recovery in the Implementation of Inter-Class Cross Subsidy Removal by the Distribution Utilities;
8. ERC Resolution No. 12, Series of 2005, "A Resolution Approving a New Policy on the Treatment of Prompt Payment Discount (PPD)";
9. Guidelines for the Calculation of the Over or Under Recovery in the Implementation of System Loss Rate by Distribution Utilities; and
10. Rules for the Calculation of the Over or Under Recovery in the Implementation of Transmission Rates;

5. It applied the formulae provided under Resolution No. 16, Series of 2009, as amended by Resolution No. 21, Series of 2010, and has determined that the over-recoveries and under-recoveries incurred in its implementation of the foregoing automatic cost adjustments and true-up mechanisms;

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

Particulars	Allowable Cost/ Pass Thru Cost (PhP)	Actual Recovery (PhP)	Difference (Over)/Under (PhP)
Generation Rate	3,910,759,599.24	3,930,011,020.10	(19,251,420.86)
Transmission Rate	581,832,521.08	593,336,094.76	(11,503,573.69)
System Loss Rate	449,040,426.04	439,791,512.72	9,248,913.33
Lifeline Subsidy	49,881,320.86	47,342,685.45	2,538,635.41
Senior Citizen Subsidy	398,325.07	399,487.96	2,845.53
TOTAL	4,991,912,192.30	5,010,880,800.99	(18,964,600.28)

7. The foregoing amounts were based on the computations attached to the application and marked as Annexes "B" to "F";

8. In support of the computations made, it is submitting the following data and documents, labeled together and made an integral part of the application, to wit:

As Annex:

- "G" - Power Supply and Transmission Data Sheet;
- "H" - Statistical Data Sheet;
- "I" - Actual Implemented Rates Data Sheet;
- "J" - Lifeline Discount Sheet;
- "K" - Senior Citizen Discount Sheet;
- "L" - Power Bills of Power Suppliers;
- "M" - Official Receipts (O.R.) issued by Power Suppliers;
- "N" - Breakdown of Payment with O.R.;
- "O" - Debit/Credit Memo of Power Suppliers;
- "P" - NATIONAL TRANSMISSION CORPORATION (TRANSCO)/NATIONAL GRID CORPORATION OF THE PHILIPPINES/(NGCP)/AESI Invoices;
- "Q" - O.R. issued by Transmission Providers;
- "R" - Breakdown of Payment with O.R.;
- "S" - Debit/Credit Memo Issued by Transmission Providers;
- "T" - MFSR, Page 1 and Page 3;
- "U" - Consumer Bills per Customer Class;
- "V" - Summary of Submitted URR;
- "W" - Certification of Receipt from Sangguniang Panlungsod of the City of Bogu; and
- "X" - Certification of Receipt from Sangguniang Panlungsod of the Province of Cebu;

9. In compliance with Rule 6, section 2 of the Commission's Rules of Practice and Procedure, copies of its application and its annexes had been furnished the legislative body of the City of Bogu where it principally operates and the legislative body of the Province of Cebu;

10. As proof of compliance of the service of the copies of its application together with all its annexes and accompanying documents is the certification issued by the legislative body of the City of Bogu marked as Annex "W" and the stamped "RECEIVED" on the first page of its application and a letter

issued to the legislative body of the Province of Cebu, marked as Annex "X", evidencing its receipt by the said legislative body;

11. Prior to the filing of its application, a pre-filing conference was conducted to determine the completeness of its supporting documents attached to the application; and
12. It prays that the calculations of over/under recoveries presented in the instant application be approved, and that it be allowed to refund/collect said over/under recoveries from its customers.

The Commission has set the application for jurisdictional hearing, expository presentation, pre-trial conference and evidentiary hearing on **September 15, 2015 (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 Chairman, **JOSE VICENTE B. SALAZAR**, and the Honorable Commissioners, **ALFREDO J. NON**, **GLORIA VICTORIA C. YAP-TARUC**, **JOSEFINA PATRICIA A. MAGPALE-ASIRIT**, and **GERONIMO D. STA. ANA**, Energy Regulatory Commission, this 17th day of August, 2015 at Pasig City.



ATTY. FRANCIS SATURNINO C. JUAN
Executive Director III