

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 2013 TO 2015,
PURSUANT TO ERC
RESOLUTION NO. 16, SERIES
OF 2009, AS AMENDED BY
RESOLUTION NO. 21, SERIES
OF 2010 AND ERC
RESOLUTION NO. 23, SERIES
OF 2010**

ERC CASE NO. 2016-009 CF

**SURIGAO DEL NORTE
ELECTRIC COOPERATIVE,
INC. (SURNECO),**

Applicant.

X ----- X

D O C K E T E D
Date: JUN 01 2016
By: *[Signature]*

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 30 March 2016, the Surigao Del Norte Electric Cooperative, Inc. (SURNECO) filed an 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 2013 to 2015, pursuant to *ERC Resolution No. 16, Series of 2009*, as amended by *Resolution No. 21, Series of 2010* and *ERC Resolution No. 23, Series of 2010*.

In the said Application, SURNECO alleged the following:

1. Applicant is an electric cooperative duly organized and existing under and by virtue of Philippine laws, with principal office address at No 01308 Narciso corner Espina Sts., Surigao City;

2. It holds an exclusive franchise issued by the National Electrification Commission to operate an electric light and power distribution service in Surigao City as well as certain municipalities in the Province of Surigao del Norte, namely: Alegria, Bacuag, Claver, Gigaquit, Mainit, Malimono, Placer, San Francisco, Sison, Taganaan, and Tubod.

LEGAL BASIS FOR THE APPLICATION

3. ERC Resolution No. 16, Series of 2009, as amended by Resolution No. 21, Series of 2010 establishes 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 Honorable 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, or Treatment of Prompt Payment Discount, as the case may be;

4. On the other hand, ERC Resolution No. 23, Series of 2010, adopts the rules implementing the discounts to qualified senior citizen end-users and subsidy from subsidizing end-users on electricity consumption;

5. Foregoing resolutions further require the distribution utilities to file their respective consolidated applications once every three (3) years. Hence, the filing of the instant application, covering the period of January 2013 to December 2015.

OVER OR UNDER RECOVERIES OF ALLOWABLE COSTS

6. Applying 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, applicant made calculations of the over recoveries charged or under recoveries incurred as against its customers, in the implementation of certain automatic cost adjustments and true-up mechanisms, covering the period January 2013 to December 2015;

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

	Allowable Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Rate (GR)			
A. Main Grid	1,482,868,221.83	1,485,496,200.69	(2,627,978.86)
B. Hikdop	2,165,976.58	2,183,684.79	(17,708.21)
C. Sale for Resale	1,172,477.22	1,172,594.48	(117.26)
Transmission Rate (TR)			
A. Main Grid	297,472,386.71	307,664,017.05	(10,191,630.34)
System Loss Rate (SLR)			
A. Main Grid	225,812,090.96	238,194,162.39	(12,382,071.43)
B. Hikdop	362,000.44	373,407.28	(11,406.84)
C. Sale for Resale	135,106.02	167,046.63	(31,940.60)
	Discount (PhP)	Subsidy (PhP)	
Lifeline Rate (LR)			
A. Main Grid	6,502,758.49	6,704,665.98	(201,907.49)
B. Hikdop	512,610.18	5,233.62	507,376.55
C. Sale for Resale	93,452.35	3,187.76	90,264.59
Senior Citizen Discount and Subsidy			
A. Main Grid	729,220.74	634,620.67	94,600.07
B. Hikdop	994.91	493.79	501.12
C. Sale for Resale	-	352.73	(352.73)
	Franchise Tax Paid (Php)	Franchise Tax Revenue (PhP)	
Franchise Tax			
A. Main Grid	1,255,020.36	1,385,938.03	(130,917.67)
Net Results			
A. Main Grid			(25,439,905.73)
B. Hikdop			478,762.62
C. Sale for Resale			57,854.00

SUPPORTING DATA AND DOCUMENTS

8. In support of the foregoing, applicant is submitting the following data and documents covering the period January 2013 to December 2015, labelled together and made integral part hereof as Annex "A", to wit:

- a) Summary of the results of individual calculations of over or under recoveries made on the subject allowable costs;
- b) Supplier and Transmission Data;
- c) Statistical Data;
- d) Implemented Rates Data;
- e) Power Bills of Power Suppliers;
- f) Official Receipts issued by Power Suppliers;
- g) Debit/Credit Memo of Power Suppliers;
- h) MFSR (Sections B and E);

- i) DU-MO1 and DU-MO2;
- j) Consumer Bills of Lifeliners (per level), Non-Lifeliners per (customer class), and Senior Citizens (per level).

9. Considering the foregoing, it is respectfully prayed that the cooperative's calculations of over or under recoveries in the implementation of subject automatic cost adjustments and true-up mechanisms 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.

PRAYER

WHEREFORE, premises considered, it is respectfully prayed of this Honorable Commission, that after due notice and hearing, SURNECO's calculations of over or under recoveries in the implementation of certain automatic cost adjustments and true-up mechanisms covering the period January 2013 to December 2015, made pursuant to ERC Resolution No. 16, Series of 2009, as amended by Resolution No. 21, Series of 2010 and ERC Resolution No. 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:

	Allowable Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Rate (GR)			
A. Main Grid	1,482,868,221.83	1,485,496,200.69	(2,627,978.86)
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Senior Citizen Discount and			

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Subsidy			
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B. Hikdop			478,762.62
C. Sale for Resale			57,854.00

Other reliefs, just and equitable in the premises are likewise prayed for.

The Commission has set the Application for determination of compliance with the jurisdictional requirements, Expository Presentation, Pre-trial Conference, and presentation of evidence on **15 June 2016 (Wednesday) 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 wish to have a copy of the Application may request from the applicant that they be furnished with the same, prior to the date of the initial hearing. The applicant is hereby

directed to furnish all those making such request with copies of the Application and its attachments, subject to the reimbursement of reasonable photocopying costs. Any such person may likewise examine the Application and other pertinent records filed with the Commission during standard 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 18th day of May 2016 at Pasig City.


ATTY. NATHAN J. MARASIGAN
Chief of Staff
Office of the Chairman and CEO

LS: ARG/ICG/APV 