

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



**IN THE MATTER OF THE APPLICATION FOR THE APPROVAL OF OVER/UNDER RECOVERY 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,**

**ERC CASE NO. 2017-003 CF**

**FIRST CATANDUANES  
ELECTRIC COOPERATIVE,  
INC. (FICELCO),**

**Applicant.**

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**DOCKETED**  
Date: MAY 31 2017  
By: [Signature]

**NOTICE OF PUBLIC HEARING**

**TO ALL INTERESTED PARTIES:**

Notice is hereby given that on 09 March 2017, First Catanduanes Electric Cooperative, Inc. (FICELCO) filed an *Application* dated 01 March 2017 seeking the Commission's approval of its over/under recovery 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.

FICELCO alleged the following in its *Application*:

1. That applicant is an electric cooperative duly organized and existing under and by virtue of the laws of the Philippines, with the principal office at Marinawa, Bato, Catanduanes, where it

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may be served with summons and other legal process in its instance by its OIC-General Manager, PETER L. AMARO, of legal age, Filipino, married and with office address also located at Marinawa, Bato, Catanduanes;

2. Herein applicant is the exclusive franchise holder issued by the National Electrification Administration (NEA) to operate an electric light and power services in the 11 municipalities, namely the Municipalities of Virac, San Andres, Caramoran, Pandan, Bato, San Miguel, Baras, Viga, Gigmoto, Panganiban, and Bagamanoc all in the Province of Catanduanes;
3. That pursuant to ERC Resolution No. 16, Series of 2009 and ERC Resolution No. 21, Series of 2010, Luzon Distribution Utilities (DUs) and Electric Cooperatives (ECs) are required to file their respective consolidated application for the approval of their confirmation filing on the Calculation of the Over or Under recovery in the implementation of various adjustment mechanism as follows:
  - a. Automatic Generation Rate and System on System Loss Adjustment Mechanism;
  - b. Transmission Rate Adjustment Mechanism;
  - c. Lifeline Rate Recovery Mechanism;
  - d. Local Franchise Tax Recovery Mechanism;
  - e. Local Business Tax Recovery Mechanism;
  - f. Calculation of the Over or Under Recovery in the Implementation of Lifeline Rates by Distribution Utilities;
  - g. Treatment of Prompt Payment Discount (PPD);
  - h. Calculation of the System Loss Rate Over/Under Recovery (SLOUR); and
  - i. Calculation of the Over or Under Recovery in the Implementation of Transmission Rates;
4. That in applying the various formulae in the determination of the adjustments and the recovery or refund of Over or Under Recoveries herein applicant hereby adopts the respective formula as provided for in ERC Resolution No. 16, Series of 2009 and ERC Resolution No. 21, Series of 2010 together with the specific definition and sub-formula for each item thereof;
5. A summary of pass true cost vis-à-vis the actual collection on the above mentioned implementation of various automatic cost adjustments and true-up mechanisms from January 2014 to December 2016 are presented hereunder, as follows:

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No.	Particular	For the Year 2014 to 2016		
		Pass True Cost (Php)	Actual Collection (Php)	(Over)/Under Recovery
1	Generation	782,242,075.30	774,376,812.92	7,865,262.38
2	System Loss	121,984,812.11	121,081,363.89	903,448.23
3	Lifeline	Lifeline Subsidy 14,461,759.57	Lifeline Discount (10,160,510.53)	(4,301,249.04)
4	Senior Citizen	Senior Citizen Subsidy 660,044.74	Senior Citizen Discount (423,004.22)	(237,040.52)
			<b>TOTAL:</b>	<b>4,230,421.05</b>

6. That the proposed rate for the implementation of (Over)/Under Recovery as shown in paragraph no. 5, breakdown as follows:

No.	Particular	(Refund)/Recovery, Php	Using November 2016 Sales, Kwhr	Proposed (Refund)/Recovery Rate for 2 years, Php/Kwhr
		a	b	c=(a/b)÷24
1	Generation	7,865,262.38	3,767,123.12	0.0870
2	System Loss	903,448.23	3,767,123.12	0.0100
3	Lifeline	(4,301,249.04)	3,767,123.12	(0.0476)
4	Senior Citizen	(237,040.52)	3,767,123.12	(0.0026)

7. Also shown below in this application the remaining balance of the implemented refund/collect for automatic cost adjustments and true-up mechanisms from January 2011 to December 2013 under ERC Case No. 2014-008 CF;

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No.	Particular	Beginning Balance	Ending Balance as of January 2017
1	Other Generation Rate Adjustment (OGA)	(3,924,784.66)	(1,723,356.72)
2	Other System Loss Cost Adjustment (OSLA)	(398,345.26)	(173,002.26)
3	Other Lifeline Rate Cost Adjustment (OLRA)	4,994,107.20	2,001,089.72
4	Senior Citizen Subsidy Under Recovery	216,191.27	25,517.03
<b>Total:</b>		<b>887,168.55</b>	<b>130,247.77</b>

8. That in support of this application, applicant hereby submits the following documents:

8.1 Folder 1 – Application

8.1.1 Application

8.1.2 Summary of O/U Recoveries Computation

8.1.3 Proposed Scheme of Refund/Collect Using Latest Khwr Sales

- 8.2 Folder 2- Supplier's Data
  - 8.2.1 Supplier's Data Sheet
  - 8.2.2 Power Bills/Proof of Payment/Debit/Credit Memo
- 8.3 Folder 3 – Statistical Data
  - 8.3.1 Statistical Data Sheet
  - 8.3.2 Pilferage Cost Recoveries
  - 8.3.3 Report of Implemented Other Adjustments
  - 8.3.4 Monthly Financial & Statistical Report – Sections A & E
- 8.4 Folder 4 – Actual Implemented Rates Data
  - 8.4.1 Accomplished Actual Implemented Rates Sheet
  - 8.4.2 Accomplished Lifeline Discount Sheet
  - 8.4.3 Accomplished Senior Citizen Discount Sheet
  - 8.4.4 Two (2) Consumer Bills per Customer Class (Non-Lifeline)
  - 8.4.5 One (1) Consumer Bill per Lifeline Bracket (Lifeline)
  - 8.4.6 One (1) Senior Citizen Consumer Bill
- 8.5 Folder 5 – Other Documents
  - 8.5.1 Submitted URR for the Year 2014 to 2016

**PRAYER**

**WHEREFORE**, premises considered, it is respectfully prayed of this Honorable Commission that the submitted calculations and computations prepared by applicant be approved, that upon receipt of the Order of approval, herein applicant be allowed the proposed scheme of refund/recovery as the case may be.

Other reliefs just and equitable under 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 2017 (Thursday) at two o'clock in the afternoon**

**(02:00 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 instant case may become a party by filing with the Commission a verified Petition to Intervene at least five (5) days prior to the initial hearing and subject to the requirements under Rule 9 of the 2006 Rules of Practice and Procedure, indicating therein the docket number and title of the case and stating the following:

- 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 case may file their Opposition or Comment thereon at any stage of the proceeding before Applicant rests its case, subject to the requirements under Rule 9 of the 2006 Rules of Practice and Procedure. No particular form of Opposition or Comment is required, but the document, letter, or writing should contain the following:

- 1) The name and address of such person;
- 2) A concise statement of the Opposition or Comment; and
- 3) The grounds relied upon.

All such persons who wish to have a copy of the *Application* may request from Applicant that they be furnished with the same prior to the date of the initial hearing. 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 the standard office hours.


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WITNESS, the Honorable Officer-in-Charge of ERC **ALFREDO J. NON**, and the Honorable Commissioners **GLORIA VICTORIA C. YAP-TARUC** and **GERONIMO D. STA. ANA**, Energy Regulatory Commission, this 19<sup>th</sup> day of May 2017 in Pasig City.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

  
**JOSEFINA PATRICIA A. MAGPALE-ASIRIT**  
*Oversight Commissioner for Legal*

  
LS: JHH/LSP/APV