

Republic of the Philippines  
**ENERGY REGULATORY COMMISSION** www.erc.gov.ph  
San Miguel Avenue, Pasig City



**IN THE MATTER OF THE APPLICATION FOR APPROVAL OF OVER OR UNDER RECOVERIES FOR THE PERIOD 2014 TO 2016, IN COMPLIANCE WITH ERC RESOLUTION NO. 16, SERIES OF 2009, AS AMENDED BY RESOLUTION NO. 21, SERIES OF 2010.**

**ERC CASE NO. 2017-021 CF**

**ORIENTAL MINDORO  
ELECTRIC COOPERATIVE,  
INC. (ORMECO),**  
**Applicant.**

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**D O C K E T E D**  
Date: AUG 23 2017  
By: [Signature]

**NOTICE OF PUBLIC HEARING**

**TO ALL INTERESTED PARTIES:**

Notice is hereby given that on 30 March 2017, Oriental Mindoro Electric Cooperative, Inc. (ORMECO) filed an *Application* dated 21 March 2017 for confirmation and approval of its over/under recoveries in the implementation of the automatic cost adjustments and true-up mechanisms covering the period 2014 to 2016.

ORMECO alleged the following in its *Application*:

1. Applicant 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 Brgy. Sta. Isabel, Calapan City, Province of Oriental Mindoro;
2. Applicant has been granted by the National Electrification Administration (NEA) an authority to operate and distribute electric light and power services within the City of Calapan and the Municipalities of Puerto Galera, San Teodoro, Baco, Naujan, Victoria, Socorro, Pola, Pinamalayan, Gloria, Bansud,

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Bongabong, Roxas, Mansalay and Bulalacao, all in the province of Oriental Mindoro;

3. This Application is filed in compliance with Energy Resolution Commission (ERC) Resolution No. 16, Series of 2009, as amended by ERC Resolution No. 21, Series of 2010, which established 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, System Loss Rate, Lifeline Rate Recovery, Inter-Class Cross-Subsidy Removal, and Treatment of Prompt Payment Discount, as the case may be. ERC Resolution No. 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 ERC Resolution No. 16, Series of 2009, as amended by ERC Resolution No. 21, Series of 2010 and ERC 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 the foregoing automatic cost adjustments and true-up mechanisms, covering the period January 2014 to December 2016;
5. The results of its calculations are presented hereunder, as follows:

	Pass Through Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Rate (GR)	3,856,453,045.06	3,855,569,251.80	(883,793.26)
System Loss Rate (SLR)	468,959,856.50	476,218,549.01	7,258,692.51
Lifeline Rate (LR)	52,559,828.84	52,559,129.90	(698.95)
Senior Citizen Discount	291,175.62	286,745.31	(4,430.31)
Net Results	4,378,263,906.02	4,384,633,676.02	6,369,770.00

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 "D", respectively;

6. ORMECO, Inc. presents its Proposed Refund Scheme, attached hereto and made integral part hereof as Annexes "E";
7. In support of the computations for the over-recoveries charged or under-recoveries incurred, Applicant is submitting the following data and documents, labelled together and made integral part hereof as Annex "F", to wit:

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- A. Supplier and Transmission Data
  - A.1. Fully accomplished Supplier & Data Sheet for the year
  - A.2. Power Bills of Suppliers
  - A.3. Proof of Payments
- B. Statistical Data
  - B.1. Fully accomplished Statistical Data sheet for the year
  - B.2. Summary of Pilferage Cost Recoveries
  - B.3. Monthly Financial & Statistical Report (MFSR) – sections A & E
- C. Actual Implemented Rates Data
  - C.1. Fully accomplished Actual Implemented Rates for the year
  - C.2. Fully accomplished Lifeline Discount sheet for the year
  - C.3. Fully accomplished Senior Citizen Discount sheet for the year
  - C.4. Consumer bills per costumer class (Non-lifeline)
  - C.5. Consumer bills per Lifeline bracket (Lifeline)
  - C.6. Senior Citizen Consumer bills per level
- D. Other Documents
  - D.1. URR for the years 2014 to 2016

8. Considering the foregoing, it is respectfully prayed that the Applicant's calculations of its over- or under-recoveries be confirmed and approved by the Honorable Commission.

PRAYER

WHEREFORE, premises considered, it is respectfully prayed that after due notice and hearing, Applicant ORMECO, Inc.'s calculations of over- or under-recoveries in the implementation of automatic cost adjustments and true-up mechanisms covering the period January 2014 to December 2016, made pursuant to ERC Resolution No. 16, Series of 2009 as amended by ERC Resolution No. 21, Series of 2010 and ERC Resolution No. 23, Series of 2011, be confirmed and approved; that the cooperative's submitted Proposed Refund Scheme be confirmed and approved; and that ORMECO, Inc. be allowed to refund the over recoveries or collect the under recoveries, as the case may be, to or from its customers, summarized as follows, to wit:

	Pass Through Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Rate (GR)	3,856,453,045.06	3,855,569,251.80	(883,793.26)
System Loss Rate (SLR)	468,959,856.50	476,218,549.01	7,258,692.51
Lifeline Rate (LR)	52,559,828.84	52,559,129.90	(698.95)
Senior Citizen Discount	291,175.62	286,745.31	(4,430.31)
Net Results	4,378,263,906.02	4,384,633,676.02	6,369,770.00

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

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The Commission has set the *Application* for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on **13 September 2017 (Wednesday) at two o'clock in the afternoon (2:00 P.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 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:

- i. The petitioner's name and address;
- ii. 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
- iii. 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.

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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.

**WITNESS**, the OIC-Chairman and CEO, **ALFREDO J. NON**, and the Honorable Commissioners, **GLORIA VICTORIA C. YAP-TARUC**, and **GERONIMO D. STA. ANA**, Energy Regulatory Commission, this 15<sup>th</sup> day of August 2017 in Pasig City.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

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

  
LS: JLMG/LSH/APV/nph\_2017-021 cf ormecc