

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

**IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF OVER/
UNDER RECOVERIES
BASED ON THE FORMULA
FOR VARIOUS AUTOMATIC
COST ADJUSTMENT AND
TRUE-UP MECHANISMS
AND CORRESPONDING
CONFIRMATION PROCESS
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 2010, FOR THE
PERIOD JUNE 2013 TO
DECEMBER 2016,**

ERC CASE NO. 2017-023 CF

**OLONGAPO ELECTRICITY
DISTRIBUTION COMPANY,
INC. (OEDC),**

Applicant.

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D O C K E T E D
Date: SEP 14 2017
By: M

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 30 March 2017, an *Application* dated 17 March 2017 was filed by applicant Olongapo Electricity Distribution Company, Inc. (OEDC) seeking the Commission's approval of (over)/under-recoveries based on the formula for various automatic cost adjustment and true-up mechanisms and corresponding confirmation process, 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 2010, for the period June 2013 to December 2016.

OEDC alleged the following in its *Application*:

1. Applicant is a corporation duly organized and existing under Philippine law, with principal office address at 1170 Rizal Avenue East Tapinac Olongapo City, and is franchised under Republic Act No. 10373 to construct, own, operate and maintain an electric distribution system in the City of Olongapo and its suburbs.

2. Pursuant to ERC Resolution No. 16, Series of 2009, entitled “*A Resolution Adopting the Rules Governing the Automatic Cost Adjustment and True-up Mechanisms and Corresponding Confirmation Process for Distribution Utilities*”, as amended by Resolution No. 21, Series of 2010 and Resolution No. 23, Series of 2010, applicant is filing its consolidated application for the approval of over/under recoveries on its implementation of the automatic cost adjustment and true-up mechanisms mentioned in said resolutions.

3. Applicant applies the formula provided under the foregoing resolutions and determined that it has incurred under-recoveries and made over-recoveries in the implementation of the above-mentioned automatic cost adjustments and true-up mechanisms.

4. A summary of the allowable pass through costs, computed in accordance with the above-mentioned automatic cost adjustments mechanism, vis-à-vis the actual revenues, from June 2013 to December 2016, for generation, transmission, system loss, lifeline discount rate and senior citizen discount subsidy rate showed a total over recovery of PhP 0.0023/kwh as presented in the table below:

		Allowable Pass Through Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recoveries (PhP)
1	Generation Rate (GR)	3,182,016,038	3,194,388,143	(12,372,105)
2	Transmission Rate (TR)	471,019,523	472,210,442	(1,190,919)
3	System Loss Rate (SLR)	360,707,528	347,636,079	13,071,449
4	Lifeline Discount Rate (LR)	24,505,361	25,242,887	(737,527)
5	Senior Citizen Discount and Subsidy Rate	65,065	60,901	4,164
	TOTAL	4,038,313,514	4,039,538,452	(1,224,938)

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5. The computation of the above Over/Under Recoveries are hereto attached as Annex "A" (for Generation), Annex "B" (for Transmission), Annex "C" (for System Loss), Annex "D" (for Lifeline Discount Rate) and Annex "E" (for Senior Citizen Discount and Subsidy Rate).

6. The foregoing Over/Under Recoveries are the results of the following:

- a. The use of twelve (12) month moving average for system loss recovery; and
- b. Lag in the recovery of pass through charges.

7. Applicant proposes to refund the PhPo.0023 over recovery to its electricity customers for a period of three (3) years, or until said amount is fully refunded. Based on the said refund period and estimated annual energy consumption of 174,046,683 kWh, the net amount of refund will be PhP1,224,938. The table below shows the amount to be refunded to or collected from the customers for each of the pass-through costs.

		Amount To Be (Refunded)/Collected P/kWh
1	Generation Rate (GR)	(0.0237)
2	Transmission Rate (TR)	(0.0023)
3	System Loss Rate (SLR)	0.0250
4	Lifeline Discount Rate (LR)	(0.0014)
5	Senior Citizen Discount and Subsidy Rate	0.0000
	TOTAL	(0.0023)

8. The computation of the proposed recovery/refund rates are hereto attached as Annex "F".

9. In support of this Application, the applicant has attached the following additional supporting documents:

Annex	Document
G	Fully Accomplished Supplier and Data Sheets for 2013 to 2016
H	Power Bills, Official Receipts and Debit/Credit Memo of Power Suppliers
I	Power Bills, Official Receipts and Debit/Credit Memo of Transmission

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Annex	Document
	Company
J	Fully Accomplished Statistical Data Sheets for 2013 to 2016
K	Summary of Pilferage Cost Recoveries
L	DU-MO1 and DU-MO2
M	Fully Accomplished Actual Implemented Rates Sheets for 2013 to 2016
N	Fully Accomplished Lifeline Discount Sheets for 2013 to 2016
O	Fully Accomplished Senior Citizen Discount Sheets for 2013 to 2016
P	Two (2) Consumer Bills per customer class per month (non-lifeline)
Q	One (1) Consumer Bill per Lifeline Bracket (lifeline) per month
R	One (1) Senior Citizen Consumer Bill per month
S	Letter from OEDC dated 13 November 2014 informing ERC about the Interim Supply Agreement between OEDC and SMEC
T	Application for Approval of the Power Supply Contract (PSC) between OEDC and SMEC docketed as ERC Case No. 2015-001 RC
U	Second Motion for Early Resolution ERC Case No. 2015-001 RC
V	Follow Up Letter on the Application for the Approval of PSC between OEDC and SMEC dated 24 November 2016

10. Applicant has no over/under-recoveries of Local Franchise and Business Taxes.

11. Applicant manifests that it has complied with the pre-filing requirements in accordance with the Implementing Rules and Regulations of the EPIRA and Rule 6 of ERC Rules of Practice and Procedure. Below is the document as proof of the compliance:

Annex	Document
W	Certification of Posting from the Presiding Officer of the City Council of Olongapo/ Affidavit of Service
X	Copy of the Local Newspaper where the Application was published
Y	Affidavit of Publication

PRAYER

WHEREFORE, premises considered, OEDC respectfully prays of this Honorable Commission, after due notice and proceedings, that the determination of its over or under-recoveries be approved and that it be allowed to refund or recover as appropriate, the following amounts for a period of three (3) years, or until such amount is fully refunded or recovered:

Rate Component	(Over)/Under Recovery, Peso	Recovery/ (Refund) Rate, P/kWh
1. Generation Rate	(12,372,105)	(0.0237)
2. Transmission Rate	(1,190,919)	(0.0023)
3. System Loss Rate	13,071,449	0.0250
4. Lifeline Discount Rate	(737,527)	(0.0014)
5. Senior Citizen Discount and Subsidy Rate	4,164	0.0000
TOTAL	(1,224,938)	(0.0023)

Other just and equitable relief are also 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 **25 October 2017 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:

- 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 it 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 Honorable Officer-In-Charge Chairman and CEO **ALFREDO J. NON**, and the Honorable Commissioners **GLORIA VICTORIA C. YAP-TARUC** and **GERONIMO D. STA. ANA**, Energy Regulatory Commission, this 13th day of September 2017 in Pasig City.

FOR AND BY AUTHORITY
OF THE COMMISSION:


JOSEFINA PATRICIA A. MAGPALE-ASIRIT
Oversight Commissioner for Legal