

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 MECHANISMS AND
CORRESPONDING
CONFIRMATION PROCESS
PURSUANT TO ERC
RESOLUTION NO. 16,
SERIES OF 2009 AND ERC
RESOLUTION NO. 21,
SERIES OF 2010**

ERC CASE NO. 2017-016 CF

**QUIRINO ELECTRIC
COOPERATIVE, INC.
(QUIRELCO),
Applicant.**

D O C K E T E D
Date: APR 20 2018
By: W

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NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 29 March 2017, an *Application* dated 15 March 2017 was filed by applicant Quirino Electric Cooperative, Inc. (QUIRELCO) seeking the Commission's approval of its (over)/under recoveries based on the formula on the various Automatic Cost Adjustments and True-up Mechanisms and corresponding confirmation process, pursuant to ERC Resolution No. 16, Series of 2009 and ERC Resolution No. 21, Series of 2010.

QUIRELCO alleged the following in its *Application*:

THE APPLICANT

1. Applicant, **QUIRELCO** 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 address at Aurora East, Diffun, Quirino.

2. **QUIRELCO** is the grantee of an exclusive franchise issued by the National Electrification Commission (“NEC”) to operate an electric light and power distribution service in the Municipalities of Diffun, Saguday, Cabarroguis, Aglipay, Maddela and Nagtipunan all in the Province of Quirino (collectively the “Franchise Area”).

3. **QUIRELCO** is represented in this Application by its General Manager, Mr. **JIMMY M. TUMACDER**. Attached and marked as **Annex “A”** is a copy of the Board Resolution authorizing Mr. **TUMACDER** to sign the Verification and Certification on Non-Forum Shopping attached to the Application and the law firm of undersigned counsel to file the same and represent **QUIRELCO**.

RESOLUTION NO. 16, SERIES OF 2009
AND
RESOLUTION NO. 21, SERIES OF 2010

On 13 July 2009, this Honorable Commission issued its 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**” directing Luzon DUs to file their respective consolidated applications on or before 30 October 2009.

On 18 October 2010, this Honorable Commission issued its Resolution No. 21, Series of 2010 entitled “**A RESOLUTION AMENDING SECTION 4 OF ARTICLE 4 AND SECTION 1 OF ARTICLE 5 OF THE RULES GOVERNING THE AUTOMATIC COST ADJUSTMENT AND TRUE-UP MECHANISMS AND CORRESPONDING CONFIRMATION PROCESS FOR DISTRIBUTION UTILITIES**”. Said filing by Luzon DUs of the required consolidated application was moved to 31 March 2011 for adjustments implemented until the billing month of December 2010 and filing period of March 31, 2014 for adjustments covered by January 2011 to December 2013.

In compliance with the aforementioned Resolutions, **QUIRELCO** filed in ERC Case No. 2011-030 CF and ERC Case No. 2014-035 CF dated May 30, 2011 and March 31, 2014, respectively, its Applications entitled “**IN THE MATTER OF THE APPLICATION FOR APPROVAL OF (OVER)/UNDER RECOVERIES BASED ON THE FORMULA ON THE VARIOUS AUTOMATIC COST ADJUSTMENTS AND TRUE-UP MECHANISMS AND CORRESPONDING CONFIRMATION PROCESS PURSUANT TO ERC**

ERC CASE NO. 2017-016 CF
NOTICE OF PUBLIC HEARING/26 MARCH 2018
PAGE 3 OF 7

RESOLUTION NO. 16, SERIES OF 2009 AND RESOLUTION NO. 21, SERIES OF 2010”.

On December 2, 2013 and February 16, 2016, this Honorable Commission issued its Decisions approving with modifications QUIRELCO's Applications in ERC Case No. 2011-030CF and ERC Case No. 2014-035CF, respectively.

Article 5, Section 1 of Resolution No. 21, Series of 2010 likewise mandates all Luzon Distribution Utilities (DUs) to file their respective consolidated application every three (3) years following the sequence of period of filing.

In compliance, therefore, with the aforementioned provision of the Resolution, QUIRELCO herein submits for this Honorable Commission's confirmation/approval the following Under/Over-Recoveries for the period 2014 to 2016:

Category	(Over)/Under Recovery
Generation (Over) recovery	PhP (2,230,598.65)
Transmission Under recovery	Php 2,394,727.71
System Loss (Over) recovery	Php (2,025,517.37)
Lifeline Under recovery	Php 1,614,057.40
Senior Citizen Under recovery	Php 91,340.29
Total (Over) recovery	PhP (155,990.60)

Shown below is the breakdown of QUIRELCO's (over)/under-recoveries per line item:

1. GENERATION

Generation Allowable Cost	Php397,677,833.70
Generation Revenue	<u>Php399,908,432.34</u>
(Over) Recovery	Php (2,230,598.65)

2. TRANSMISSION

Transmission Allowable Cost	Php116,206,567.93
Transmission Revenue	<u>Php113,811,840.21</u>
Under Recovery	Php 2,394,727.71

3. SYSTEM LOSS

System Loss Allowable Cost	Php79,242,679.31
System Loss Revenue	Php81,268,196.68
Over Recovery	<u>Php(2,025,517.37)</u>

4. LIFELINE SUBSIDY

Lifeline Subsidy Charge	Php 3,234,351.45
Lifeline Discount	Php(4,848,408.85)
Under Recovery	<u>Php 1,614,057.40</u>

5. SENIOR CITIZEN

Senior Citizen Subsidy	Php 259,219.85
Senior Citizen Discount	Php(350,560.15)
Under Recovery	<u>Php 91,340.29</u>

In compliance with the filing requirements of this Honorable Commission and in further support of the instant Application, QUIRELCO herein submits the following:

- a. Power Supplier Data Sheet
- b. Statistical Data Sheet
- c. Implemented Rates Data Sheet
- d. Power Bills of Power Suppliers
- e. Official Receipts issued by Power Suppliers
- f. Breakdown of Payments with Official Receipts
- g. Debit/Credit Memo of Power Suppliers
- h. NGCP Invoices
- i. Official Receipts issued by NGCP
- j. Breakdown of Payments with Official Receipts
- k. Debit/Credit Memo issued by NGCP
- l. DU-MO1 and DU-MO2, and
- m. Consumer Bills of Lifeliners (per level) and Non-Lifeliners per customer class

**QUIRELCO'S COMPLIANCE WITH
THE PRE-FILING REQUIREMENTS**

Finally, in compliance with Rule 6, Section 2 of the Rules of Practice and Procedure of this Honorable Commission, QUIRELCO has furnished the Sangguniang Bayan of Diffun and Sangguniang Panlalawigan of Quirino with copies of QUIRELCO's Application, inclusive of its Annexes (in CD).

Attached and marked as **Annexes "B" and "C"** are the Certifications issued by the Sangguniang Bayan of Diffun and Sangguniang Panlalawigan of Quirino acknowledging receipt of the aforementioned documents.

Applicant has likewise caused the publication of the Application (*sans* Annexes) in a newspaper of general circulation. The Affidavit of Publication and the newspaper issue containing the published Application are hereto attached as **Annexes "D" and "E"**, respectively.

PRAYER

WHEREFORE, in view of all the foregoing, it is respectfully prayed that after due notice, hearing and evaluation, the (over)/under-recoveries of **QUIRINO ELECTRIC COOPERATIVE** for the period 2014 to 2016, as presented in the instant application, be confirmed and approved accordingly.

Category	(Over)/Under Recovery
Generation (Over) recovery	PhP (2,230,598.65)
Transmission Under recovery	Php 2,394,727.71
System Loss (Over) recovery	Php (2,025,517.37)
Lifeline Under recovery	Php 1,614,057.40
Senior Citizen Under recovery	Php 91,340.29
Total (Over) recovery	PhP (155,990.60)

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 **21 May 2018 at one o'clock in the afternoon (1:00 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 Chairperson and CEO **AGNES VST DEVANADERA**, and the Honorable Commissioners **ALFREDO J. NON**, **GLORIA VICTORIA C. YAP-TARUC** and **GERONIMO D. STA. ANA**, Energy Regulatory Commission, this 26th day of March 2018 in Pasig City.

FOR AND BY AUTHORITY
OF THE COMMISSION:


JOSEFINA PATRICIA A. MAGPALE-ASIRIT
Oversight Commissioner for Legal


LS: SLAN/KYB/APV