

Republic of the Philippines
ENERGY REGULATORY COMMISSION
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
FOR THE PERIOD 2017 TO
2019, 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. 2020-058-CF

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

Applicant.

Promulgated:
January 07, 2021

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ORDER

On 02 December 2020, Applicant First Catanduanes Electric Cooperative, Inc. (FICELCO) filed an *Application* dated 22 September 2020, seeking the Commission's approval of its calculations of over or under recoveries based on the formula on the various automatic cost adjustments and true-up mechanisms and corresponding confirmation process for the period 2017 to 2019, pursuant to Commission's Resolution No. 16, Series of 2009, as amended by Resolution No. 21, Series of 2010 and Resolution No. 23, Series of 2010.

The pertinent allegations of the said *Application* are hereunder quoted as follows:

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 may be served with summons and other legal process in its instance by its General Manager, RAUL V. ZAFE, 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 2017 to December 2019 are presented hereunder, as follows:

No.	Particular	FOR THE YEAR 2017 TO 2019		
		Pass True Cost (PhP)	Actual Collection	(Over)/Under Recovery
1	Generation	891,364,744.15	892,115,079.75	(750,335.60)
2	System Loss	133,665,134.49	133,846,544.97	(181,410.48)
3	Lifeline	Lifeline Subsidy 9,952,306.42	Lifeline Discount (7,247,091.81)	(2,705,214.61)
4	Senior Citizen	Senior Citizen Subsidy 554,307.85	Senior Citizen Discount (499,675.63)	(54,632.22)
TOTAL				(3,691,592.92)

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

No.	Particulars	(Refund)/Recovery, PhP	2017 to 2019 Average Sales, kWh	Proposed (Refund)/Recovery Rate for 3 years, PhP/kWh
		a	b	c=(a/b)/36
1	Generation	(750,335.60)	4,281,789.98	(0.0049)
2	System Loss	(181,410.48)	4,281,789.98	(0.0012)
3	Lifeline	(2,705,214.61)	4,144,211.56	(0.0181)
4	Senior Citizen	(54,632.22)	4,261,694.15	(0.0004)

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

7.1 Folder 1 - Application

- 7.1.1 Application
- 7.1.2 Accomplished Supplier's Data Sheet
- 7.1.3 Accomplished Statistical Data Sheet
- 7.1.4 Accomplished URR Addendum/DSL
- 7.1.5 Accomplished Actual Implemented Rates Sheet
- 7.1.6 Accomplished Lifeline Discount Sheet
- 7.1.7 Accomplished Senior Citizen Discount Sheet
- 7.1.8 Summary of O/U Recoveries Computation
- 7.1.9 Proposed Refund/Collection Scheme

7.2 Folder 2- Supplier's Data

- 7.2.1 Power Bills/Proof of Payment/Debit/Credit Memo

7.3 Folder 3 - Statistical Data

- 7.3.1 Pilferage Cost Recoveries
- 7.3.2 Report of Implemented Orders/Decisions
- 7.3.3 Monthly Financial & Statistical Report- Sections B & E
- 7.3.4 Demand (kW) Sales Summary Report

7.4 Folder 4 - Actual Implemented Rates Data

- 7.4.4 Two (2) Consumer Bills per Customer Class (Non-Lifeline)
- 7.4.5 One (1) Consumer Bill per Lifeline Bracket (Lifeline)

7.4.6 One (1) Senior Citizen Consumer Bill

7.5 Folder 5 – Other Documents

- 7.5.1 Submitted URR for the Year 2017 to 2019
- 7.5.2 Submitted URR Addendum
- 7.5.3 Single Line Diagram

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.

Finding the said *Application* to be sufficient in substance with the required fees having been paid, the same is hereby set for the determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on the following dates and online platform for the conduct thereof, pursuant to Resolution No. 09, Series of 2020¹, dated 24 September 2020:

Date	Online Platform	Activity
16 February 2021 (Tuesday) at two o'clock in the afternoon (02:00 P.M.)	Microsoft Teams (MS Teams) Application	Determination of compliance with jurisdictional requirements and Expository Presentation
23 February 2021 (Tuesday) at two o'clock in the afternoon (02:00 P.M.)	Microsoft Teams (MS Teams) Application	Pre-Trial Conference and Presentation of Evidence

RELATIVE THERETO, FICELCO is hereby directed to:

- 1) Cause the publication of the attached *Notice of Virtual Hearing* once (1x) in a newspaper of nationwide circulation in the Philippines at its own expense, with the date of publication to be made not later than ten (10) days before the date of the scheduled initial hearing;

¹ A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.

- 2) Furnish with copies of this *Order* and the attached *Notice of Virtual Hearing* the Offices of the Provincial Governor, Mayors, and the Local Government Unit (LGU) legislative bodies within the franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within the franchise area of the filing of the *Application*, its reasons therefor, and of the scheduled hearings thereon, by any other means available and appropriate;
- ④ 4) Furnish with copies of this *Order* and the attached *Notice of Virtual Hearing*, the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress. They are hereby requested, if they so desire to send their duly authorized representatives at the scheduled hearings; and
- 5) Furnish with copies of the *Application* and its attachments all those making requests therefor, subject to reimbursement of reasonable photocopying costs.

Within five (5) calendar days prior to the date of the initial hearing, FICELCO must submit to the Commission via electronic mail (e-mail) at docket@erc.ph and records@erc.gov.ph, copy furnish the Legal Service through legal@erc.ph, the scanned copies of its written compliance with the aforementioned jurisdictional requirements attaching therewith, methodically arranged and duly marked the following:

- 1) The evidence of publication of the attached *Notice of Virtual Hearing* consisting of affidavit of the Editor or Business Manager of the newspaper where the said *Notice of Virtual Hearing* was published, and the complete issue of the said newspaper;
- 2) The evidence of actual posting of this *Order* and the attached *Notice of Virtual Hearing* consisting of certifications issued to that effect, signed by the aforementioned Governor, Mayors, and LGU legislative bodies or their duly authorized representatives, bearing the seals of their offices;
- 3) The evidence of other means employed by FICELCO to inform the consumers within the franchise area of the filing of the *Application*, its reasons therefor, and of the scheduled hearings thereon;

- 4) The evidence of receipt of copies of this *Order* and the attached *Notice of Virtual Hearing* by the OSG, COA, and the Committees on Energy of both Houses of Congress;
- 5) The evidence of receipt of copies of the *Application* and its attachments by all those making requests therefor, if any; and
- 6) Such other proofs of compliance with the requirements of the Commission.

Moreover, FICELCO is hereby required to post on its bulletin boards, the scanned copies of the foregoing jurisdictional requirements, together with the newspaper publication and certifications issued by the concerned Office of the Mayors, Governor and Local Legislative Bodies, and to submit proof of posting thereof.

FICELCO and all interested parties are also required to submit via e-mail at doCKET@erc.ph and records@erc.gov.ph, copy furnish the Legal Service through legal@erc.ph, at least five (5) calendar days before the date of the scheduled virtual hearing and Pre-trial Conference, their respective Pre-Trial Briefs containing, among others:

1. A summary of admitted facts and proposed stipulation of facts;
2. The issues to be tried or resolved;
3. The documents or exhibits to be presented, stating the purposes and proposed markings therefor, which should also be attached to the Pre-trial Brief; and
4. The number and names of the witnesses, with their written testimonies in a Judicial Affidavit form attached to the Pre-trial Brief.

FICELCO must ensure that all the documents or exhibits proposed to be presented have already been duly submitted to the Commission at least five (5) calendar days before the date of the scheduled initial virtual hearing and Pre-trial Conference pursuant to the preceding paragraph.

Failure of FICELCO to comply with the above requirements within the prescribed period shall be a ground for cancellation of the

scheduled hearings, and the resetting of which shall be six (6) months from the said date of cancellation.

FICELCO must also be prepared to make an expository presentation of the instant *Application*, aided by whatever communication medium that it may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned parties, the nature of the *Application* with relevant information and pertinent details substantiating the reasons and justifications being cited in support thereof.

FICELCO is hereby directed to file a copy of its Expository Presentation via e-mail at docket@erc.ph and records@erc.gov.ph, copy furnish the Legal Service through legal@erc.ph, at least five (5) calendar days prior to the scheduled virtual hearing. FICELCO shall also be required, upon the request of any stakeholder, to provide an advance copy of its expository presentation, at least five (5) calendar days prior to the scheduled virtual hearing.

Any interested stakeholder may submit its comments and/or clarifications at least one (1) calendar day prior to the scheduled virtual hearing, via e-mail at docket@erc.ph and records@erc.gov.ph, copy furnish the Legal Service through legal@erc.ph. The Commission shall give priority to the stakeholders who have duly submitted their respective comments and/or clarifications, to discuss the same and propound questions during the course of the expository presentation.

FICELCO is hereby directed to submit, either through personal service, registered or ordinary mail/private courier, one (1) set of the original or certified true hard/printed copy/ies of its Jurisdictional Compliance, Expository Presentation, Pre-trial Brief, and Judicial Affidavit/s of witness/es, within five (5) working days from the date that the same were electronically submitted, as reflected in the acknowledgment receipt e-mail sent by the Commission. Similarly, all interested parties who filed their Petition for Intervention or Opposition are required to submit the hard/printed copy thereof within the same period through any of the available modes of service.

Finally, Applicant, including their authorized representative/s and witness/es, are hereby directed to provide the Commission, thru legal.virtualhearings@erc.ph with their respective e-mail addresses upon receipt of this *Order*. The Commission will send the access link/s to the aforementioned hearing platform within five (5) working days prior to the scheduled hearing.

SO ORDERED.

Pasig City, 06 January 2021.

FOR AND BY AUTHORITY
OF THE COMMISSION:


AGNES VST DEVANADERA
Chairperson and CEO

fil 23
LS: AMA/ARG/MCCG

COPY FURNISHED:

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