

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 ADJUSTMENT AND TRUE-UP MECHANISM AND CORRESPONDING CONFIRMATION PROCESS FOR THE PERIOD 2020 TO 2022, AND RECOVERY OF FRANCHISE TAX PAYMENTS TO THE PROVINCE OF CATANDUANES COVERING THE YEARS 2021 TO 2022; BUSINESS TAX PAYMENTS TO THE MUNICIPALITY OF BATO, CARAMORAN, GIGMOTO, PANDAN, SAN ANDRES, VIGA AND VIRAC COVERING THE YEARS 2021 TO 2022 REAL PROPERTY TAX PAYMENTS TO THE MUNICIPALITY OF BATO PURSUANT TO ERC RESOLUTION NO. 16 SERIES OF 2009, AS AMENDED BY ERC RESOLUTION NO. 21 SERIES OF 2010, ERC RESOLUTION NO. 23, SERIES OF 2010 AND ERC RESOLUTION NO. 02 SERIES OF 2021

ERC CASE NO. 2023-015 CF

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

Applicant.

X-----X

Promulgated:
May 08, 2023

NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 25 April 2023, First Catanduanes Electric Cooperative, Inc. (FICELCO) filed an *Application* dated 31 March 2023, seeking the Commission's approval of over/under recovery based on the formula on the various automatic cost adjustment and true-up mechanism and corresponding confirmation process for the period 2020 to 2022, and recovery of franchise tax payments to the province of Catanduanes covering the years 2021 to 2022; business tax payments to the Municipalities of Bato, Caramoran, Gigmoto, Pandan, San Andres, Viga and Virac covering the years 2021 to 2022, and real property tax payments to the Municipality of Bato, pursuant to the Commission's Resolution No. 16, Series of 2009, as amended by Resolution No. 21, Series of 2010, Resolution No. 23, Series of 2010, and Resolution No. 02, Series of 2021.

The pertinent allegations of the *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 principal office at Marinawa, Bato, Catanduanes, where it may be served with summons and other legal process through its OIC-General Manager, LEO S. AUSTERO, 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, as amended by ERC Resolution No. 21, Series of 2010 and ERC Resolution No. 02, Series of 2021, 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;

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- 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);
 - i. Calculation of the Over or Under Recovery in the Implementation of Transmission Rates; and
 - j. Local Real Property Tax Recovery Mechanism
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, as amended by ERC Resolution No. 21, Series of 2010 and ERC Resolution No. 02, Series of 2021 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 2020 to December 2022 are presented hereunder, as follows:

Table 1 – Summary of Over/Under Recoveries Computation

Particulars	Allowable Cost (PhP)	Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Rate (GR)	1,027,916,149.57	1,025,081,766.08	2,834,383.49
System Loss Rate (SLR)	108,750,320.39	126,293,201.68	(17,542,881.29)
Lifeline Subsidy	6,889,870.61	7,690,281.86	(800,411.25)
Senior Citizen Subsidy	169,443.97	175,620.68	(6,176.71)
Real Property Tax	327,495.73	-	327,495.73
Local Franchise Tax	1,549,938.87	502,219.50	1,047,719.37
Business Tax			
<i>Municipality of Bato</i>	120,967.77	41,970.26	78,997.51
<i>Municipality of Caramoran</i>	39,738.19	28,540.92	11,197.27
<i>Municipality of Pandan</i>	272,833.74	94,866.27	177,967.47
<i>Municipality of San Andres</i>	92,911.14	55,368.62	37,542.52
<i>Municipality of Viga</i>	237,125.30	107,265.83	129,859.47
<i>Municipality of Virac</i>	1,710,991.22	734,750.21	976,241.01
Net Results			(12,728,065.41)

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

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Table 2 – Proposed Scheme of Refund/Recovery for Three (3) Years, except for Senior Citizen which is One (1) Year

No.	Particulars	(Refund)/ Recovery, PhP	2020 to 2022 Average Sales, kWh	Proposed (Refund)/Recovery Rate for 3 years, PhP/kWh
		a	B	c=(a/b)÷36
1	Generation	2,834,383.49	4,929,235.39	0.0160
2	System Loss	(17,542,881.29)	4,929,235.39	(0.0989)
3	Lifeline	(800,411.25)	4,920,230.70	(0.0045)
4	Senior Citizen	(6,176.71)	4,920,230.70	(0.0001)
5	Real Property Tax	327,495.73	6,172,223.87	0.0015
6	Local Franchise Tax	1,047,719.37	6,172,223.87	0.0047
7	Business Tax:			
	Municipality of Bato	78,997.51	491,614.49	0.0045
	Municipality of Caramoran	11,197.27	345,725.15	0.0009
	Municipality of Pandan	177,967.47	290,572.88	0.0170
	Municipality of San Andres	37,542.52	662,464.24	0.0016
	Municipality of Viga	129,859.47	334,041.14	0.0108
	Municipality of Virac	976,241.01	3,167,402.76	0.0086

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 Actual Implemented Rates Sheet
- 7.1.5 Accomplished Lifeline Discount Sheet
- 7.1.6 Accomplished Senior Citizen Discount Sheet
- 7.1.7 Accomplished Additional Statistical Data 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 A & 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 2020 to 2022
- 7.5.2 Submitted URR Addendum

- 7.5.3 Single Line Diagram
- 7.5.4 Power Supply Contracts with Generation Companies

7.6 Folder 6 – Local Franchise Tax

- 7.6.1 Local Tax Ordinance
- 7.6.2 Tax Receipts for the Payments Made
- 7.6.3 Actual Distribution Revenues
- 7.6.4 Breakdown of Gross Sales/Receipts
- 7.6.5 Appendix “B”
- 7.6.6 Two (2) Consumer Bills per LGU

7.7 Folder 7 – Business Tax

- 7.7.1 Local Tax Ordinance
- 7.7.2 Tax Receipts for the Payments Made
- 7.7.3 Actual Distribution Revenues
- 7.7.4 Breakdown of Gross Sales/Receipts
- 7.7.5 Appendix “A”
- 7.7.6 Two (2) Consumer Bills per LGU

7.8 Folder 8 – Real Property Tax

- 7.8.1 Local Tax Ordinance
- 7.8.2 Tax Declaration/s duly issued to DU
- 7.8.3 Tax Assessment
- 7.8.4 Statement of Account
- 7.8.5 Official Receipts
- 7.8.6 Appendix “A”
- 7.8.7 Two (2) Consumer Bills per LGU

PRAYER

WHEREFORE, premises considered, applicant FICELCO respectfully prays of this Honorable Commission, after due notice and hearing:

1. to confirm and approve the calculations of over or under recoveries in the implementation of subject automatic cost adjustment and true-up mechanisms covering the period of January 2020 to December 2022 made pursuant to ERC Resolution 16, Series of 2009 as amended by Resolution 21, Series of 2010 and ERC Resolution 23, Series of 2011 and ERC Resolution No. 02, Series of 2021 and allow the cooperative to refund the over recoveries or collect the under recoveries, as the case may be, to and from its customers, as follows, to wit;

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Particulars	Allowable Cost (PhP)	Revenue (PhP)	(Over)/Under Recovery (PhP)
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Net Results			(12,728,065.41)

Other reliefs just and equitable under the premises is likewise prayed for.

The Commission hereby sets instant *Application* for determination of compliance with the jurisdictional requirements, expository presentation, Pre-Trial Conference, and presentation of evidence on the following dates and online platforms for the conduct thereof, pursuant to Resolution No. 09, Series of 2020¹ and Resolution No. 01, Series of 2021² (ERC Revised Rules of Practice and Procedure):

Date	Platform	Activity
28 June 2023 (Wednesday) at nine o'clock in the morning (9:00 A.M.)	Microsoft Teams or Zoom Application	Determination of compliance with the jurisdictional requirements and expository presentation
05 July 2023 Wednesday) at nine o'clock in the morning (9:00 A.M.)		Pre-trial Conference and presentation of evidence

FICELCO was directed to host the virtual hearings at **FICELCO's principal office located at Marinawa, Bato, Catanduanes**, as the designated venue for the conduct thereof, and ensure that the same is open to the public and the community quarantine guidelines are observed at all times. FICELCO shall also guarantee that, during the conduct of the expository presentation, the participation of the public shall not be impaired.

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

² A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.

Any interested stakeholder may submit its comments and/or clarifications **at least one (1) calendar day** prior to the scheduled initial virtual hearing, via electronic mail (e-mail) at doCKET@erc.ph, and 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.

Moreover, any persons who have an interest in the subject matter of the instant case may become a party by filing with the Commission via e-mail at doCKET@erc.ph, and copy furnishing the Legal Service through legal@erc.ph, a verified Petition to Intervene **at least five (5) calendar days** prior to the date of the initial virtual hearing. The verified Petition to Intervene must follow the requirements under Rule 9 of the ERC Revised Rules of Practice and Procedure, indicate therein the docket number and title of the case, and state the following:

- 1) The petitioner's name, mailing address, and e-mail 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.

Likewise, all other persons who may want their views known to the Commission with respect to the subject matter of the case may file through e-mail at doCKET@erc.ph, and copy furnish the Legal Service through legal@erc.ph, their Opposition or Comment thereon **at least five (5) calendar days** prior to the initial virtual hearing. Rule 9 of the ERC Revised Rules of Practice and Procedure shall govern. No particular form of Opposition or Comment is required, but the document, letter, or writing should contain the following:

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

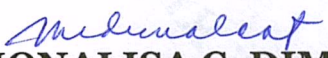
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All interested parties filing their Petition to Intervene, Opposition or Comment are required to submit the hard copies thereof through personal service, registered mail or ordinary mail/private courier, **within five (5) working days** from the date that the same were electronically submitted, as reflected in the acknowledgment receipt e-mail sent by the Commission.

Any of the persons mentioned in the preceding paragraphs may access the copy of the *Application* on the Commission's official website at www.erc.gov.ph.

Finally, all interested persons may be allowed to join the scheduled initial virtual hearings by providing the Commission, thru legal.virtualhearings@erc.ph, their respective e-mail addresses and indicating therein the case number of the instant *Application*. The Commission will send the access link/s to the aforementioned hearing platform within five (5) working days prior to the scheduled hearings.

WITNESS, the Honorable Commissioners **ALEXIS M. LUMBATAN, CATHERINE P. MACEDA, FLORESINDA G. BALDO-DIGAL**, and **MARKO ROMEO L. FUENTES**, Energy Regulatory Commission, this 8th day of May 2023 in Pasig City.


MONALISA C. DIMALANTA
Chairperson and CEO *m*


LS: SLD/LSP/MCCG

