

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 FOR THE VARIOUS AUTOMATIC COST ADJUSTMENTS AND TRUE-UP MECHANISMS AND CORRESPONDING CONFIRMATION PROCESS PURSUANT TO ERC RESOLUTION NO. 16, SERIES OF 2009 AND RESOLUTION NO. 21, SERIES OF 2010 AND ERC RESOLUTION NO. 23, SERIES OF 2010, COVERING YEARS 2017-2019

ERC CASE NO. 2020-009 CF

TARLAC II ELECTRIC COOPERATIVE, INC. (TARELCO II),
Applicant.

Promulgated:
November 3, 2020

X - - - - - X

ORDER

On 27 August 2020, Tarlac II Electric Cooperative, Inc. (TARELCO II) filed an *Application* dated 19 February 2020, seeking the Commission's confirmation and approval of calculations of the over or under recoveries in the implementation of automatic cost adjustments and true-up mechanisms for the years 2017 to 2019, pursuant to the 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 provisions 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 Brgy. San Nicolas, Concepcion, Tarlac where it may be served with summons and other legal processes, represented in this instance by its General Manager, **Engr. Jose F. Bognot, Jr.**, of legal age, Filipino, married and with office address also located at Brgy. San Nicolas, Concepcion, Tarlac;
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 (5) municipalities, namely the municipalities of Bamban, Capas, Concepcion, La Paz in the province of Tarlac and Zaragoza, Nueva Ecija;
3. That 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, Luzon Distribution Utilities (DUs) and Electric Cooperative (ECs) are required to file their respective consolidated application for the approval of their confirmation filing on the Calculation of the Over and Under recovery in the implementation of various adjustment calculations covering the period from January 2017 to December 2019, as follows:

Folder 1.

- a. Summary of O/U recoveries computation per charges for the entire period in yearly presentation;
- b. Proposed scheme of refund/collect using the latest kwh sales;

Folder 2. Supplier and Transmission Data

- c. Fully accomplished supplier and transmission data sheet;
- d. Power bills from suppliers (Power bill – Proof of Payment – Debit or Credit Memo);
- e. NGCP bills;

Folder 3. Statistical Data

- f. Fully accomplished Statistical Data Sheet for the year;
- g. MFSR – Sections B and E/Pilferage Cost Recoveries;
- h. Report of implemented other adjustments;

Folder 4. Actual Implemented Rates Data

- i. Fully accomplished Actual Implemented Rates sheet for the year;
- j. Fully accomplished Lifeline Discount sheet for the year;
- k. Fully accomplished Senior Citizen Discount sheet for the year;
- l. Consumer bills per customer class (non-lifeline);
- m. Consumer bill per Lifeline Bracket (lifeline);
- n. Senior citizen consumer bill;

Folder 5. Other Docs

- o. Computation on how the pass through charges were derived; and
- p. Submitted monthly URR (January 2017 to December 2019).

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 Resolution No. 21 Series of 2010 and ERC Resolution No. 23, Series of 2010, together with the specific definitions and sub-formula for each item thereof;
5. That in applying the above formulae, ERC Resolution No. 10 Series of 2018, the Distribution Utility shall submit Monthly Distribution System Loss (DSL); otherwise, non-submission shall be mean that it will be set to 0.00;
6. That TARELCO II was not able to submit Monthly DSL due to difficulty and timely gathering of data needed to come up with said report; instead, continuous submission on a quarterly basis is being made;
7. That in support of this application, applicant has hereby submitted and attached to this application the other requirements, as follows:

Result of Over-All (Over)/Under Recovery
CY 2017, 2018, and 2019

Particulars	ALLOWABLE (Php)	REVENUE (PhP)	(OVER)/UNDER
Generation (GR)	4,498,631,966.65	4,468,293,738.80	30,338,227.85
Transmission Rate (TR)	740,154,178.90	774,780,183.21	(34,626,004.31)
System Loss Rate (SLR)	499,043,114.69	507,999,162.93	(8,956,048.24)
Lifeline Rates (LR)	13,053,584.46	13,310,320.87	(256,736.41)
Senior Citizen Rates (SR)	215,857.94	211,171.98	4,685.96
Net Results	5,751,098,702.64	5,764,594,577.79	(13,495,875.15)

Proposed Scheme of Refund/Collect
CY 2017,2018, and 2019

PARTICULARS	Number of Months	(OVER)/UNDER RECOVERY		
		In Php	Php/Kwhr	Php/Kw
Generation	36	30,338,227.85	0.0318	
Transmission Residential Low Voltage Higher Voltage	36	(34,626,004.31) (3,131,530.24) (1,042,918.88) (30,451,555.19)	(0.0066) (0.0052)	(27.7019)
System Loss	36	(8,956,048.24)	(0.0084)	
Lifeline	36	(256,736.41)	(0.0490)	
Senior Citizen	36	4,685.96	0.0091	
Net Results		(13,495,875.15)	(0.0284)	

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 to propose the scheme of refund/recovery as the case may be.

Other relief/s just and equitable in the premises is 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 **12 January 2021 (Tuesday) at nine o'clock in the morning (9:00 A.M.)**, through a virtual hearing using the **MS Teams Application** as the online platform for the conduct thereof, pursuant to Resolution No. 07, Series of 2020¹ dated 23 July 2020.

ACCORDINGLY, TARELCO II is hereby directed to host the virtual hearing at **TARELCO II's Main Office in Brgy. San Nicolas, Concepcion, Tarlac**, 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. Moreover, TARELCO II shall guarantee that, during the conduct of the expository presentation, the participation of the public shall not be impaired.

RELATIVE THERETO, TARELCO II 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;
- 2) Furnish with copies of this *Order* and the attached *Notice of Virtual Hearing* the Offices of the Provincial Governors, Municipal Mayors, and the Local Government Unit (LGU) legislative bodies within TARELCO II's franchise area for the appropriate posting thereof on their respective bulletin boards;

¹ A Resolution for the Transitory Implementation of Legal e-Processes Pending the Adoption of the Interim Guidelines Governing Electronic Application, Filings, and Virtual Hearings Before the Energy Regulatory Commission;

- 3) Inform the consumers within TARELCO II's franchise area, by any other means available and appropriate, of the filing of the *Application*, its reasons therefor, and of the scheduled virtual hearing thereon;
- 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 and attend the scheduled hearing; 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 virtual hearing, TARELCO II must submit to the Commission via electronic mail (e-mail) at records@erc.gov.ph and records.erc.gov.ph@gmail.com, copy furnish the Legal Service through legal.erc.gov.ph@gmail.com, 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 Governors, Mayors, and LGU legislative bodies or their duly authorized representatives, bearing the seals of their offices;
- 3) The evidence of other means employed by TARELCO II to inform the consumers affected of the filing of the *Application*, its reasons therefor, and of the scheduled hearing 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, TARELCO II 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 Offices of the Provincial Governors, Mayors, and Local Legislative Bodies, and to submit proof of its posting thereof.

TARELCO II and all interested parties are also required to submit to the Commission via e-mail at records@erc.gov.ph and records.erc.gov.ph@gmail.com, copy furnish the Legal Service through legal.erc.gov.ph@gmail.com, 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.

TARELCO II 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 TARELCO II to comply with the above requirements within the prescribed period shall be a ground for cancellation of the scheduled hearing, and the resetting of which shall be six (6) months from the said date of cancellation.

TARELCO II 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.

TARELCO II is hereby directed to file a copy of its Expository Presentation via e-mail at records@erc.gov.ph and records.erc.gov.ph@gmail.com, copy furnish the Legal Service through legal.erc.gov.ph@gmail.com, at least five (5) calendar days prior to the scheduled virtual hearing. TARELCO II 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 records@erc.gov.ph and records.erc.gov.ph@gmail.com, copy furnish the Legal Service through legal.erc.gov.ph@gmail.com. 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.

TARELCO II 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, TARELCO II, including its authorized representative/s and witness/es, are hereby directed to provide the Commission, thru legal.virtualhearings.erc.gov.ph@gmail.com, 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.

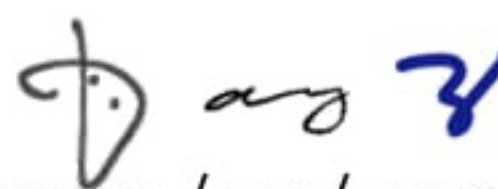
SO ORDERED.

Pasig City, 22 October 2020.

FOR AND BY AUTHORITY
OF THE COMMISSION:




AGNES VST DEVANADERA
Chairperson and CEO


LS: ema /arg/mccg.2020-009 CF TARELCO II.IO.doc

Copy furnished:

1. Atty. Zenon S. Suarez
Counsel for TARELCO II
#19 Bulacan St., 10th Ave.,
West Grace Park, Caloocan City
suarezzenon_412@yahoo.com
2. Office of the Solicitor General
134 Amorsolo Street, Legaspi Village
Makati City, Metro Manila
3. Commission on Audit
Commonwealth Avenue
Quezon City, Metro Manila
4. Senate Committee on Energy
GSIS Building, Roxas Boulevard
Pasay City, Metro Manila
5. House Committee on Energy
Batasan Hills
Quezon City, Metro Manila
6. Office of the Provincial Governor
Province of Nueva Ecija
7. Office of the LGU Legislative Body
Province of Nueva Ecija

ERC CASE NO. 2020-009 CF
ORDER/22 OCTOBER 2020
PAGE 9 OF 9

8. Office of the Provincial Governor
Province of Tarlac
9. Office of the LGU Legislative Body
Province of Tarlac
10. Office of the Municipal Mayor
Zaragoza, Nueva Ecija
11. Office of the LGU Legislative Body
Zaragoza, Nueva Ecija
12. Office of the Municipal Mayor
Bamban, Tarlac
13. Office of the LGU Legislative Body
Bamban, Tarlac
14. Office of the Municipal Mayor
Capas, Tarlac
15. Office of the LGU Legislative Body
Capas, Tarlac
16. Office of the Municipal Mayor
Concepcion, Tarlac
17. Office of the LGU Legislative Body
Concepcion, Tarlac
18. Office of the Municipal Mayor
La Paz, Tarlac
19. Office of the LGU Legislative Body
La Paz, Tarlac
20. Regulatory Operations Service-ERC
17th Floor, Pacific Center Building
San Miguel Avenue, Pasig City