

Republic of the Philippines  
**ENERGY REGULATORY COMMISSION**  
Pasig City

**IN THE MATTER OF THE  
APPLICATION FOR  
CONFIRMATION AND  
APPROVAL OF  
CALCULATIONS OF OVER OR  
UNDER RECOVERIES IN THE  
IMPLEMENTATION OF  
AUTOMATIC COST  
ADJUSTMENTS AND TRUE-  
UP MECHANISMS FOR THE  
PERIOD 2021 TO 2023,  
PURSUANT TO ERC  
RESOLUTION NO. 16, SERIES  
OF 2009 AS AMENDED BY  
RESOLUTION NO. 21, SERIES  
OF 2010, ERC RESOLUTION  
23, SERIES OF 2010, ERC  
RESOLUTION NO. 02,  
SERIES OF 2021, AND ERC  
RESOLUTION NO. 14, SERIES  
OF 2022**

**ERC CASE NO. 2024-012 CF**

**ILOILO I ELECTRIC  
COOPERATIVE, INC. (ILECO  
I),**

*Applicant.*

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**Promulgated:**

December 26, 2024

**ORDER**

On 24 April 2024, Iloilo I Electric Cooperative, Inc. (ILECO I) filed an *Application* dated 21 March 2024, for the confirmation and approval of its calculations of over or under recoveries in the implementation of automatic cost adjustments and true-up mechanisms for the period 2020 to 2022, pursuant to the Commission's Resolution No. 16, Series of 2009, as amended by Resolution No. 21, Series of 2010, Resolution No. 02, Series of 2021, and Resolution No. 14, Series of 2022.

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

**THE APPLICANT**

1. ILECO I is a non-stock, non-profit electric cooperative, duly organized and existing under and by virtue of the laws of the Philippines, with principal office at Brgy. Namucon, Tigbauan, Iloilo;
2. It holds an exclusive franchise issued by the National Electrification Commission to operate an electric light and power distribution service in certain municipalities of the Province of Iloilo, namely: Cabatuan, Sta. Barbara, Pavia, Tigbauan, Guimbal, Tubungan, Igaras, Leon, Miag-ao, San Joaquin, San Miguel, Alimodian, Oton, Leganes, and Maasin;

**THE LEGAL BASES FOR THE APPLICATION**

3. ERC Resolution No. 16, Series of 2009 as amended by Resolution No. 21, Series of 2010 establishes the procedure for the automatic recovery or refund of pass through costs and the confirmation process that would govern the automatic cost adjustment and true-up mechanisms approved by the Honorable Commission, with the objective of ensuring appropriate recovery of the pass through costs in an efficient manner and to put in place a fair and transparent process for the confirmation of the automatic cost adjustments implemented by distribution utilities and the true-up of other pass-through charges, involving Generation Rate, Transmission Rate, System Loss Rate and Lifeline Rate Recovery, as the case may be;
4. On the other hand, ERC Resolution 23, Series of 2010 adopts the rules implementing the discounts to qualified senior citizen end-users and subsidy from subsidizing end-users on electricity consumption;
5. Further, ERC Resolution No. 02, Series of 2021, provides for the recovery of all just and reasonable costs pertaining to current taxes (real property, local franchise, and business tax) that are levied by local government units within the distribution utilities' franchise area, subject to the post-validation and confirmation process mechanism of the Commission.
6. Finally, ERC Resolution No. 14, Series of 2022, directs the distribution utilities to adopt the Revised Rules governing the automatic cost adjustment and true-up mechanisms and corresponding confirmation process for DUs with its revised Uniform Reportorial Requirement (URR) spreadsheet template.
7. From the foregoing Resolutions, ILECO I opted not to recover the costs pertaining to the real property tax, local franchise

tax, and business tax that were levied upon the cooperative and paid to the concerned local government units in its franchise area.

8. Foregoing resolutions further require the distribution utilities to file their respective consolidated applications once every three (3) years.
9. Hence, the filing of the instant application, covering the period of January 2021 to December 2023:

**OVER OR UNDER-RECOVERIES OF ALLOWABLE COSTS**

10. Applying the formulae provided under Resolution No. 16, Series of 2009 as amended by Resolution No. 21, Series of 2010, Resolution No. 23, Series of 2010, Resolution No. 02, Series of 2021, and ERC Resolution No. 14, Series of 2022, respectively, ILECO I made calculations of the over-recoveries charged or under-recoveries incurred as against its customers, in the implementation of certain automatic cost adjustments and true-up mechanisms, covering the period of January 2021 to December 2023;
11. The result of its calculations are presented hereunder, as follows:

<b>Mechanism</b>	<b>Recoverable Cost (PhP)</b>	<b>Actual Revenue (PhP)</b>	<b>(Over)/Under Recovery (PhP)</b>
Generation	7,947,739,838.35	7,875,809,079.12	71,930,759.23
Transmission	780,901,623.55	778,680,575.13	2,221,048.42
Systems Loss	791,100,297.12	755,134,245.67	35,966,051.45
Lifeline Subsidy/ Discount	38,979,107.51	38,368,450.57	610,656.94
Senior Citizen Subsidy/ Discount	334,722.52	466,823.85	(132,101.33)
<b>Total</b>	<b>9,559,055,589.05</b>	<b>9,448,459,174.34</b>	<b>110,596,414.71</b>

**REASON FOR THE OVER OR UNDER-RECOVERIES**

12. The under-recovery of the Generation Cost was due to timing difference. In determining the calculation of Allowable Generation Cost for this application, the current month's actual data is used. Consequently, in the computation of the Implemented Rate (Generation Rate being passed-on for the current month's sales), the previous month's data as prescribed in the formula is used. Thus, any increase or

decrease in kWh sales in a given billing period affects the result of the recovery costs.

13. The under-recovery of the Transmission Rate was likewise due to timing difference. Changes in the energy consumption every month plus the coincident peak ratio used in the monthly determination of the Transmission Cost per type of customer, varies every month.
14. The under-recovery in the System Loss Rate was caused by the under recoveries in the Transmission and Generation Costs which are major components of the formula in the computation of System Loss Rate as provided under ERC Resolution No. 16, Series of 2009.
15. Regarding the Lifeline Rate, the actual Lifeline Subsidy is greater than the Lifeline Discount, resulting in an over-recovery. This is due to the over and under recoveries in the Total Rate which includes Generation, Transmission, and System Loss charges. There is a variance between the actual Lifeline Subsidy collected and the Lifeline Discount that should have been provided.
16. Finally, in the case of the Senior Citizen Rate, the actual Senior Citizen Subsidy collected is more than the Senior Citizen Discount, resulting in an over-recovery of the Senior Citizen Rate.

**SUPPORTING DATA AND DOCUMENTS**

17. In support of foregoing calculations, ILECO I is submitting the following data and documents covering the period of January 2021 to December 2023, attached hereto and made integral parts hereof, as follows:

<b>FOLDER NO.</b>	<b>ANNEX MARKINGS</b>	<b>DESCRIPTION OF DOCUMENTS</b>
Folder 1	Annex A	Supplier and Transmission Data Sheet Per Year
	Annex B	Statistical Data Sheet Per Year
	Annex C	Actual Implemented Rates Sheet Per Year
	Annex D	Lifeline Discount Sheet Per Year
	Annex E	Senior Citizen Discount Sheet Per Year
	Annex F	Additional Statistical Data Sheet Per Year
	Annex G	

		Summary of Over/Under-Recoveries Computation
	Annex H	Proposed Refund/Collect Scheme
Folder 2	<b>SUPPLIER AND TRANSMISSION DATA</b>	
	Annex I	Power Bills from Suppliers
	Annex J	NGCP Bills
Folder 3	<b>STATISTICAL DATA</b>	
	Annex K	Summary of Pilferage Cost Recoveries
	Annex L	Report on the Implemented Orders/Decisions
	Annex M	MFSR – Sections B and E
	Annex N	Demand (kW) Sales Summary Report
Folder 4	<b>ACTUAL IMPLEMENTED RATES DATA</b>	
	Annex O	Consumer Bills per Customer Class (Non-Lifeline)
	Annex P	Consumer Bills per Lifeline Bracket (Lifeline)
	Annex Q	Senior Citizen Consumer Bills
Folder 5	<b>OTHER DOCUMENTS</b>	
	Annex R	Submitted Monthly URR per Reso. 17, Series of 2009
	Annex S	Submitted Monthly URR Addendum
	Annex T	Single Line Diagram
	Annex U	Power Supply Contracts with Generation Companies
	Annex V	Submitted URR for the year
Folder 6	<b>LOCAL FRANCHISE BUSINESS, AND REAL PROPERTY</b>	
	Annex W	Manifestation of Non-Recovery of Local Taxes

18. Further, in compliance with the pre-filing requirements under the Revised ERC Rules of Practice and Procedure, herein applicant is submitting the following documents to form integral parts hereof, as follows, to wit:

<b>ANNEX MARKINGS</b>	<b>DESCRIPTION OF THE DOCUMENTS</b>
Annex X series	Proof of furnishing copies of the Application to the Offices of the Mayor and Sangguniang Bayan of Tigbauan and Governor and Sangguniang Panlalawigan of Iloilo.
Annex Y series	Proof of publication of the Application in a newspaper of general within ILECO I's franchise area or where it principally operates

19. Considering the foregoing, it is respectfully prayed that ILECO I's calculations of over or under-recoveries in the implementation of subject automatic cost adjustments and true-up mechanisms be confirmed and approved, and the cooperative be allowed to refund the over-recoveries or collect the under-recoveries, as the case may be, to or from its customers:

**PRAYER**

**WHEREFORE**, premises considered, applicant Iloilo I Electric Cooperative, Inc. (ILECO I) respectfully prays of this Honorable Commission, after due notice and hearing, to confirm and approve its calculations of over or under-recoveries in the implementation of subject automatic cost adjustments and true-up mechanisms covering the period of January 2021 to December 2023, and allow the cooperative to refund the over-recoveries or collect the under-recoveries, as the case maybe, to or from its customers, based on the following refund/collect scheme, to wit.

<b>Mechanism</b>	<b>(Over)/Under-Recovery (PhP)</b>	<b>Proposed Term of Refund /Collect</b>	<b>Rate per Month (Php/kWh)</b>	<b>Rate per Month (Php/kW)</b>
Generation Rate	71,930,759.23	36 months	0.0587	
Transmission Rate	2,221,048.42			
Residential	1,686,664.17	36 months	0.0023	
Lower Voltage	360,476.16	36 months	0.0020	
Higher Voltage	174,352.30	36 months		0.1771
System Loss Rate	35,966,051.45	36 months	0.0294	

Lifeline Subsidy/ Discount Rate	610,656.94	36 months	0.0005	
Senior Citizen Subsidy/ Discount Rate	(132,101.33)	36 months	-0.0001	
<b>Total</b>	110,596,414.71			

Other reliefs, just and equitable in the premises are likewise prayed for.

Finding the said *Application* to be sufficient in form and with the required fees having been paid, the Commission hereby sets the same for hearing for determination of compliance with the jurisdictional requirements, expository presentation, and Pre-trial Conference **on 26 March 2025 (Wednesday) at nine o'clock in the morning (09:00 A.M.)**, through **MS Teams Application** as the online platform for the conduct thereof, pursuant to Resolution No. 09, Series of 2020<sup>1</sup> and Resolution No. 01, Series of 2021<sup>2</sup> (ERC Revised Rules of Practice and Procedure).

Accordingly, ILECO I is hereby directed to host the virtual hearing at **ILECO I's principal office located at Barangay Namucon, Tigbauan, Iloilo**, as the designated venue for the conduct thereof, and ensure that the same is open to the public. Moreover, ILECO I shall guarantee that, during the conduct of the expository presentation, the participation of the public shall not be impaired.

**RELATIVE THERETO**, Applicant ILECO I 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, at least 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 Governor, the Mayors, and the Local Government Unit (LGU) Legislative Bodies within ILECO I franchise area for the appropriate posting thereof on their respective bulletin boards;

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

<sup>2</sup> A Resolution Adopting the Revised Rules of Practices and Procedures of the Energy Regulatory Commission.

- 3) Inform the consumers within ILECO I's franchise area, by any other means available and appropriate, of the filing of the *Application*, its reasons therefor, and of the scheduled virtual hearings 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, except those subject of a motion for confidential treatment of information, all those making requests therefor, subject to reimbursement of reasonable photocopying costs.

**Within five (5) calendar days** before the date of the virtual hearing, ILECO I must submit to the Commission via electronic mail (e-mail) at [docket@erc.ph](mailto:docket@erc.ph), and copy furnish the Legal Service through [legal@erc.ph](mailto:legal@erc.ph), the scanned copies of its written compliance with the aforementioned jurisdictional requirements, attaching the following methodically arranged and duly marked documents:

- 1) The evidence of publication of the attached *Notice of Virtual Hearing* consisting of an 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 the 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 body or their duly authorized representatives, bearing the seals of their offices;
- 3) The evidence of other means employed by ILECO I to inform the consumers within its franchise area 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, the COA, and the Committees on Energy of both Houses of Congress;
- 5) The evidence of receipt of copies of the *Application* and its attachments, except those subject of a motion for confidential treatment of information, if any, by all those making requests therefor; and
- 6) Such other proof of compliance with the requirements of the Commission.

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

Applicant ILECO I and all interested parties are also required to submit via e-mail at [doCKET@erc.ph](mailto:doCKET@erc.ph), and copy furnish the Legal Service through [legal@erc.ph](mailto: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.

Applicant ILECO I 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 ILECO I to comply with the above requirements within the prescribed period shall be a ground for cancellation of the scheduled hearing.

Applicant ILECO I 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*. Relevant information and pertinent details substantiating the reasons and justifications for the *Application* must be cited in support thereof.

Applicant ILECO I is hereby directed to file a copy of its Expository Presentation via e-mail at [doCKET@erc.ph](mailto:doCKET@erc.ph), and copy furnish the Legal Service through [legal@erc.ph](mailto:legal@erc.ph), **at least five (5) calendar days** prior to the scheduled virtual hearing. ILECO I 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.

Applicant ILECO I is further directed to submit, through personal service, registered mail or ordinary mail/private courier, one (1) set of the original or certified true hard copies of its Jurisdictional Compliance, Expository Presentation, Pre-trial Brief, and Judicial Affidavits of witnesses, **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.

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Finally, ILECO I, including its authorized representatives and witnesses, are hereby directed to provide the Commission, thru [legal.virtualhearings@erc.ph](mailto:legal.virtualhearings@erc.ph), 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, 26 December 2024.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

  
**KRISHA MARIE T. BUELA**  
*Director III, Legal Service*

**Copy Furnished:**

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1. Iloilo I Electric Cooperative, Inc. (ILECO I)  
*Applicant*  
Barangay Namucon, Tigbauan, Iloilo
2. DECHAVEZ LERIOS-AMBOY AND EVANGELISTA LAW OFFICES  
*Counsel for ILECO I*  
Unit 2008, Tycoon Centre Pearl Drive,  
Ortigas Center, Pasig City 1605  
Email address: [powerlawfirm@gmail.com](mailto:powerlawfirm@gmail.com)
3. Office of the Solicitor General (OSG)  
134 Amorsolo Street, Legaspi Village, Makati City  
Email address: [docket@osg.gov.ph](mailto:docket@osg.gov.ph)
4. Commission on Audit (COA)  
Commonwealth Avenue, Quezon City  
Email address: [citizensdesk@coa.gov.ph](mailto:citizensdesk@coa.gov.ph)
5. Senate Committee on Energy  
GSIS Building, Roxas Boulevard, Pasay City  
Email address: [senateenergycommittee@gmail.com](mailto:senateenergycommittee@gmail.com)
6. House Committee on Energy  
Batasan Hills, Quezon City  
Email address: [committee.energy@house.gov.ph](mailto:committee.energy@house.gov.ph)
7. Office of the Governor  
Province of Iloilo
8. Office of the Local Government Unit (LGU) Legislative Body  
Province of Iloilo
9. Office of the Municipal Mayor  
Cabatuan, Iloilo City
10. Office of the Local Government Unit (LGU) Legislative  
Cabatuan, Iloilo City
11. Office of the Municipal Mayor  
Sta. Barbara, Iloilo City
12. Office of the Local Government Unit (LGU) Legislative  
Sta. Barbara, Iloilo City
13. Office of the Municipal Mayor  
Pavia, Iloilo City
14. Office of the Local Government Unit (LGU) Legislative  
Pavia, Iloilo City
15. Office of the Municipal Mayor  
Tigbauan, Iloilo City
16. Office of the Local Government Unit (LGU) Legislative  
Tigbauan, Iloilo City
17. Office of the Municipal Mayor  
Guimbal, Iloilo City
18. Office of the Local Government Unit (LGU) Legislative  
Guimbal, Iloilo City
19. Office of the Municipal Mayor  
Tubungan, Iloilo City

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20. Office of the Local Government Unit (LGU) Legislative  
Tubungan, Iloilo City
21. Office of the Municipal Mayor  
Igaras, Iloilo City
22. Office of the Local Government Unit (LGU) Legislative  
Igaras, Iloilo City
23. Office of the Municipal Mayor  
Leon, Iloilo City
24. Office of the Local Government Unit (LGU) Legislative  
Leon, Iloilo City
25. Office of the Municipal Mayor  
Miag-ao, Iloilo City
26. Office of the Local Government Unit (LGU) Legislative  
Miag-ao, Iloilo City
27. Office of the Municipal Mayor  
San Joaquin, Iloilo City
28. Office of the Local Government Unit (LGU) Legislative  
San Joaquin, Iloilo City
29. Office of the Municipal Mayor  
San Miguel, Iloilo City
30. Office of the Local Government Unit (LGU) Legislative  
San Miguel, Iloilo City
31. Office of the Municipal Mayor  
Alimodian, Iloilo City
32. Office of the Local Government Unit (LGU) Legislative  
Alimodian, Iloilo City
33. Office of the Municipal Mayor  
Oton, Iloilo City
34. Office of the Local Government Unit (LGU) Legislative  
Oton, Iloilo City
35. Office of the Municipal Mayor  
Leganes, Iloilo City
36. Office of the Local Government Unit (LGU) Legislative  
Leganes, Iloilo City
37. Office of the Municipal Mayor  
Maasin, Iloilo City
38. Office of the Local Government Unit (LGU) Legislative  
Maasin, Iloilo City
39. Regulatory Operations Service (ROS)  
14<sup>th</sup> Floor, Exquadra Tower, 1 Jade Drive,  
Ortigas Center San Antonio, Pasig City  
[ros@erc.ph](mailto:ros@erc.ph)