

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

NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that 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

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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:

Mechanism	Recoverable Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
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)
Total	9,559,055,589.05	9,448,459,174.34	110,596,414.71

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

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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:

FOLDER NO.	ANNEX MARKINGS	DESCRIPTION OF DOCUMENTS
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	

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		Summary of Over/Under-Recoveries Computation
	Annex H	Proposed Refund/Collect Scheme
Folder 2	SUPPLIER AND TRANSMISSION DATA	
	Annex I	Power Bills from Suppliers
	Annex J	NGCP Bills
Folder 3	STATISTICAL DATA	
	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	ACTUAL IMPLEMENTED RATES DATA	
	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	OTHER DOCUMENTS	
	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	LOCAL FRANCHISE BUSINESS, AND REAL PROPERTY	
	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

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applicant is submitting the following documents to form integral parts hereof, as follows, to wit:

ANNEX MARKINGS	DESCRIPTION OF THE DOCUMENTS
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.

Mechanism	(Over)/Under-Recovery (PhP)	Proposed Term of Refund /Collect	Rate per Month (Php/kWh)	Rate per Month (Php/kW)
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	

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Senior Citizen Subsidy/ Discount Rate	(132,101.33)	36 months	-0.0001	
Total	110,596,414.71			

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

The Commission hereby sets the instant *Application* for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence **on 26 March 2025 (Wednesday) at nine o'clock in the morning (09:00 A.M.) via MS Teams Application** as the 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).

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.

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 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.

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- 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 **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.

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 virtual hearings by providing the Commission, through legal.virtualhearings@erc.ph, their respective e-mail addresses and indicating therein the case number of the instant *Application*. The

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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 Chairperson and CEO **MONALISA C. DIMALANTA**, and the Honorable Commissioners **ALEXIS M. LUMBATAN**, **CATHERINE P. MACEDA**, **FLORESINDA G. BALDO-DIGAL**, and **MARKO ROMEO L. FUENTES**, Energy Regulatory Commission, this 26th day of December 2024 in Pasig City.

FOR AND BY AUTHORITY
OF THE COMMISSION:


KRISHA MARIE T. BUELA
Director III, Legal Service