

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 2020 TO 2022,
PURSUANT TO ERC
RESOLUTION NO. 16, SERIES
OF 2009 AS AMENDED BY
ERC RESOLUTION NO. 21,
SERIES OF 2010 AND ERC
RESOLUTION NO. 23,
SERIES OF 2010**

ERC CASE NO. 2023-056 CF

**ILOCOS NORTE ELECTRIC
COOPERATIVE, INC. (INEC),**
Applicant.

X-----X

Promulgated:

August 1, 2023

NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 18 July 2023, Ilocos Norte Electric Cooperative, Inc. (INEC) filed an *Application* dated 30 May 2023, seeking the Commission's approval of its calculations of over or under recoveries in the implementation of the 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 and Resolution No. 23, Series of 2010.

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

THE APPLICANT

1. INEC is a non-stock, non-profit electric cooperative, duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at Brgy. Suyo, Dingras, Ilocos Norte;
2. It holds an exclusive franchise issued by the National Electrification Commission to operate an electric light and power distribution service in the whole the Province of Ilocos Norte consisting of the cities of Laoag and Batac, and the municipalities of Adams, Bacarra, Badoc, Bangui, Banna, Burgos, Carasi, Currimao, Dingras, Dumalneg, Marcos, Nueva Era, Pagudpud, Paoay, Pasuquin, Piddig, Pinili, San Nicolas, Sarrat, Solsona and Vintar.

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 Resolutions No. 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. Foregoing resolutions further require the distribution utilities to file their respective consolidated applications once every three (3) years;
6. Hence, the filing of the instant application, covering the period January 2020 to December 2022.

OVER OR UNDER RECOVERIES OF ALLOWABLE COSTS

7. Applying the formulas provided under Resolution No. 16, Series of 2009 as amended by Resolution No. 21, Series 2010 and Resolution No. 23, Series of 2010, INEC made calculations of the over recoveries charged or under recoveries incurred as against its consumers, in the implementation of

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certain automatic cost adjustments and true-up mechanisms, covering the period January 2020 to December 2022;

8. The results of its calculations are presented hereunder, as follows:

Particulars	Allowable Cost (PhP)	Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Rate (GR)	6,421,147,058.97	6,307,588,818.55	113,558,240.42
Transmission Rate (TR)	883,552,728.66	906,596,705.21	(23,043,976.55)
System Loss Rate (SLR)	842,788,433.30	849,660,366.34	(6,871,933.04)
Lifeline Subsidy	31,457,831.07	32,280,533.95	(822,702.88)
Senior Citizen Subsidy	246,740.57	263,116.50	(16,375.93)
Local Franchise Tax			
Province	2,127,297.07	2,138,498.44	(11,201.37)
Laoag City	1,853,979.60	1,943,825.63	(89,846.03)
Business Tax	0.00	0.00	0.00
Real Property Tax			
Province	502,903.29	0.00	502,903.29
Laoag City	86,041.36	0.00	86,041.36
Net Results			83,291,149.27

SUPPORTING DATA AND DOCUMENTS

9. In support of the foregoing calculations, INEC hereby submits the following data and documents covering the period January 2020 to December 2022, attached hereto and made an integral part hereof, as follows:

Folder No.	ANNEX MARKINGS	NATURE/DESCRIPTION OF DOCUMENTS
	APPLICATION	
Folder 1	Annex A	Application
	Annex B	Supply & Trans. Data Sheet for the Year
	Annex C	Statistical Data Sheet for the Year
	Annex D	Actual implemented Rates Sheet for the Year
	Annex E	Lifeline Discount Sheet per Year
	Annex F	Senior Citizen Discount Sheet per Year
	Annex G	Additional Statistical Sheet for the Year
	Annex H	Summary of O/U Recoveries Computation
	Annex I	Proposed Refund/Collection Scheme
	SUPPLIER AND TRANSMISSION DATA	
Folder 2	Annex A	Power Bills from Suppliers (Power Bills and Proof of Payment)
	Annex B	Power Bills from Transmission (NGCP Proof of Payment)
	STATISTICAL DATA	
	Annex A	Summary of Pilferage Cost Recoveries

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Folder No.	ANNEX MARKINGS	NATURE/DESCRIPTION OF DOCUMENTS
Folder 3	Annex B	Report on Implemented Orders/Decisions
	Annex C	MFSR - Sections B and E
	Annex D	Demand (kW) Sales Summary Report
Folder 4	ACTUAL IMPLEMENTED DATA	
	Annex A	Two (2) Consumer Bills per Customer Class (Non-Lifeline) - Residential, Low Voltage, High Voltage
	Annex B	One (1) Consumer Bill per Lifeline Bracket (Lifeline)
	Annex C	One (1) Senior Citizen Consumer Bill
Folder 5	OTHER DOCUMENTS	
	Annex A	Submitted Monthly URR
	Annex B	Submitted Monthly URR Addendum
	Annex C	Single Line Diagram
	Annex D	Power Supply Contracts with Generation Companies
	Annex E	Computation on how the pass-through charges were derived
	Annex F	Reason/s for not implementing the URR and URR Addendum
Folder 6	PASS-THROUGH TAXES	
	Annex A	Real Property Tax (Proof of Payment, Sample Bills, Summary of Tax Paid, Tax Declarations, Basis of pass-through)
	Annex B	Local Franchise Tax (Batac City, Laoag City, Ilocos Norte)

10. Additionally, INEC is likewise submitting herewith the required electronic files of the Application and supporting data and documents;
11. Considering the foregoing, it is respectfully prayed that INEC'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 maybe, to or from its consumers.

PRAYER

WHEREFORE, premises considered, applicant respectfully prays of this Honorable Commission that after due notice and hearing, Applicant INEC's calculations of over or under recoveries in the implementation of certain automatic cost adjustments and true-up mechanisms covering the period January 2020 to December 2022, made pursuant to ERC Resolution No. 16, Series of 2009 as

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amended by Resolution No. 21, Series of 2010 and ERC Resolution No. 23, Series of 2011, be confirmed and approved, and the cooperative be allowed to collect the under recoveries from its customers, summarized as follows:

	Allowable Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery (PhP)
Generation Rate (GR)	6,421,147,058.97	6,307,588,818.55	113,558,240.42
Transmission (TR)	883,552,728.66	906,596,705.21	(23,043,976.55)
System Loss Rate (SLR)	842,788,433.30	849,660,366.34	(6,871,933.04)
Lifeline Rate (LR)	31,457,831.07	32,280,533.95	(822,702.88)
Senior Citizen Discount and Subsidy	246,740.57	263,116.50	(16,375.93)
Local Franchise Tax			
<i>Province</i>	2,127,297.07	2,138,498.44	(11,201.37)
<i>Laoag City</i>	1,853,979.60	1,943,825.63	(89,846.03)
Business Tax	0.00	0.00	0.00
Real Property Tax			
<i>Province</i>	502,903.21	0.00	502,903.29
<i>Laoag City</i>	86,041.36	0.00	86,041.36
Net Results			83,291,149.27

Other reliefs, just and equitable in the premises are 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 platform 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):

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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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Date	Platform	Activity
14 September 2023 (Thursday) at two o'clock in the afternoon (2:00 P.M.)	Microsoft Teams Application	Determination of compliance with the Jurisdictional Requirements and Expository Presentation
21 September 2023 (Thursday) at two o'clock in the afternoon (2:00 P.M.)		Pre-Trial Conference and presentation of evidence

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:

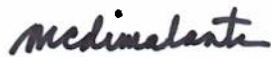
- 1) The name, mailing address, and e-mail address of such person;
- 2) A concise statement of the Opposition or Comment; and
- 3) The grounds relied upon.

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 1st day of August 2023 in Pasig City.


MONALISA C. DIMALANTA
Chairperson and CEO


LS: AVL/LSP/MCCG

ERC
Office of the Chairperson and CEO



MCD2023-007532