



OneDORELCO

May 6, 2024

OFFICE OF THE SANGGUNIANG PANLALAWIGAN
Province of Leyte

Attention: HON. VICE GOVERNOR LEONARDO M. JAVIER JR.
Presiding Officer

Subject : IN THE MATTER OF THE APPLICATION FOR OVER OR UNDER RECOVERIES IN THE IMPLEMENTATION OF AUTOMATIC ADJUSTMENT AND TRUE UP MECHANISMS DURING THE PERIOD 2021 – 2023 PURSUANT TO ERC RESOLUTION No. 16, SERIES OF 2009 AS AMENDED BY RESOLUTION Nos. 21, AND 23 SERIES OF 2010 AND ERC RESOLUTION 14, SERIES OF 2022 AND FOR LOCAL TAXES ERC RESOLUTION No. 2 SERIES OF 2021, DON ORESTES ROMUALDEZ ELECTRIC COOPERATIVE, INC. (DORELCO), Applicant

Sir:

In compliance with the directives of the Energy Regulatory Commission (ERC) in connection with the above application, we are furnishing this Honorable Office the following:

1. ERC Order dated April 17, 2024
2. ERC Notice of Virtual Hearing dated April 17, 2024

Likewise, in compliance with the directives of the ERC, may we request that said Order and Notice be posted at the Bulletin Board of the Sangguniang Panglungsod and thereafter, a **Certification** (Please refer to the suggested format) bearing the **Dry Seal** of your Office be issued as a proof of posting

Thank you very much.

Very truly yours,

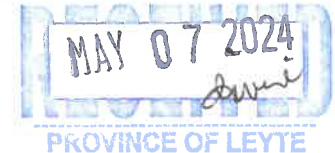
CHRISTOPHER A. GARCIA
Acting General Manager

Item No.: 05

Date: 14 2024 MAY

"Energizing Households, Empowering People"

SANGGUNIANG PANLALAWIGAN



PROVINCE OF LEYTE

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

IN THE MATTER OF
THE APPLICATION FOR
OVER OR UNDER
RECOVERIES IN THE
IMPLEMENTATION OF
AUTOMATIC ADJUSTMENT
AND TRUE UP
MECHANISMS DURING THE
PERIOD 2021 – 2023
PURSUANT TO ERC
RESOLUTION No. 16,
SERIES OF 2009 AS
AMENDED BY RESOLUTION
Nos. 21, AND 23 SERIES OF
2010 AND ERC
RESOLUTION 14, SERIES OF
2022 AND FOR LOCAL
TAXES ERC RESOLUTION
No. 2 SERIES OF 2021

ERC CASE NO. 2024-004 CF

DON ORESTES ROMUALDEZ
ELECTRIC COOPERATIVE,
INC. (DORELCO),

Applicant.

Promulgated:

April 17, 2024

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ORDER

On 03 April 2024, Don Orestes Romualdez Electric Cooperative, Inc. (DORELCO) filed an *Application* dated 19 March 2024, seeking the Commission's approval for its over or under recoveries in the implementation of automatic adjustments and true-up mechanisms during the period 2021 to 2023, pursuant to the Commission's Resolution No. 16, Series 2009, as amended by the Commission's Resolutions Nos. 21 and 23, Series of 2010, Commission's Resolution No. 14, Series of 2022, and Commission's Resolution No. 2, Series of 2021.

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

I. THE APPLICANT

1. The applicant, DORELCO is a non-stock, non-profit Electric Cooperative duly organized and existing under and by virtue of the Presidential Decree 269, as amended, with the capacity to sue and be sued, with principal office address at DORELCO Compound, Brgy. San Roque, Tolosa, Leyte, Philippines, represented in this instance by its Acting General Manager, CHRISTOPHER A. GARCIA, who was authorized to file, execute verification and certification relative to this Application per Board Resolution No. 2024-029 (Annex A) with corresponding Secretary Certificate (Annex B).
2. Herein applicant is the exclusive franchise holder issued by the National Electrification Administration (NEA) to operate electric light and power services to the 13¹ municipalities of Leyte, namely: Burauen, Dagami, Lapaz[,] Abuyog, Javier, Mahaplag, Mayorga, La Paz, Tabon-tabon, Julita, MacArthur, Tolosa, and Tanauan. A copy of Applicant DORELCO's Certificate of Franchise is hereto attached as "ANNEX C".

II. THE ANTECEDENT FACTS

3. Before this filing, herein Applicant had undergone computation and reportorial submission to the Energy Regulatory Commission on its over or under-recoveries incurred in the implementation of automatic cost adjustments and true-up mechanisms on pass-through costs of DORELCO following the formulas prescribed under ERC Resolution No. 16, Series of 2009, as amended by ERC Resolution No. 21, 23, Series of 2010 and ERC Resolution No. 14 Series of 2022, such as automatic generation rate (GR) and system loss adjustment mechanism; transmission rate (TR) adjustment mechanism; Lifeline rate recovery mechanism; senior citizen subsidy recovery mechanism; franchise tax recovery mechanism; Property tax recovery mechanism and Business tax recovery mechanism.
4. In fact, herein Applicant had completed the implementation of its approved 2004-2011 Over/Under Recoveries on September 2020 billing period. However, Applicant DORELCO is still awaiting the ERC decision on its pending application for Over/Under recoveries 2012-2014 docketed as ERC Case [N]o. 2015-003 CF, application for Over/Under

¹ The thirteen (13) municipalities based on the Certificate of Franchise issued by the National Electrification Commission are the following: Abuyog, Burauen, Dagami, Dulag, Javier, Julita, La Paz, Macarthur, Mahaplag, Mayonga, Tabon-Tabon, Tanauan, and Tolosa.

recoveries 2015-2017 docketed as ERC Case [N]o. 2018-016 CF and application for Over/Under recoveries 2018-2020 docketed as ERC Case [N]o. 2021-010 CF[.]

III. LEGAL BASES FOR THE APPLICATION

5. Under Section 43 (t) of the Republic Act No. 9136, the Energy [R]egulatory Commission (ERC) is mandated to promulgate rules and regulations and perform such other regulatory functions as are appropriate and necessary in order to ensure the successful restructuring and modernizing of the electric power industry.
6. On July 13, 2009, pursuant to Section 43 (f) and (t) of the Republic Act No. 9136 or the Act, Rule 7 of its Implementing Rules and Regulations (IRR) and Section 10 of the Republic Act No. 7832, the ERC had resolved to approve and adopt the so called "Rules Governing the Automatic Cost Adjustment and True – up Mechanisms and Corresponding Confirmation Process for Distribution Utilities", by virtue of ERC Resolution No. 16, Series of 2009.
7. However, the aforementioned rules promulgated under Resolution [N]o. 16, series of 2009, failed to address the mismatch between meter reading periods at the wholesale and retail levels due to unequal number of billing days, which results to misalignment of kWh sales and purchase power. Recognizing the need to address and resolve the said misalignment of kWh sales and purchase power which causes spikes and dips in the computed monthly system loss and adversely affects the actual system loss of the DUs during certain billing months; The ERC had passed a Resolution No. 21, series of 2010, dated On (*sic*) October 18, 2010, which amended Section 4 of Article 4 and Section 1 of the Article 5 of the "Rules Governing the Automatic Cost Adjustment and True –up Mechanisms and Corresponding Confirmation Process for Distribution Utilities".
8. On the other hand, ERC Resolution 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.
9. Moreover, ERC Resolution No. 14 Series of 2022 approved and adopt the "Revised Rules Governing the Automatic Cost Adjustment and True-Up Mechanisms and Corresponding Confirmation Process for Distribution Utilities," with its corresponding "Revised Uniform Reportorial Requirement (URR) Spreadsheet Template". Applicable also in this Application is the ERC Resolution No. 02, Series of 2021 which pertains

to Recovery of Pass-Through Taxes (real property, local franchise and business tax of the distribution utilities.

10. Hence, this Application is pursuant to ERC Resolution No. 16, Series of 2009, as amended by ERC Resolution No. 21, and 23, Series of 2010, ERC Resolution No. 14 Series of 2022, and ERC Resolution No. 2 Series of 2021.

IV. THE RESULTING COMPUTED OVER OR UNDER RECOVERIES INCURRED IN THE IMPLEMENTATION OF AUTOMATIC ADJUSTMENT AND TRUE UP MECHANISMS FOR PERIOD 2021 TO 2023

11. In the application of formulas prescribed under ERC Resolution 16, Series of 2009, as amended by ERC Resolution 21, 23, Series of 2010 and ERC Resolution No. 14 Series of 2022. Applicant's pass through (*sic*) cost vis-a-vis the actual collections, resulted to under recoveries in the items of; Generation Rate (GR), Lifeline Subsidy, System Loss Rate (SLR), Senior Citizen Subsidy, Franchise Tax, Property Tax and Business Tax. On the other hand, over-recovery was incurred in the item of Transmission Rate (TR). The following table reflects the summary of over/under recoveries for years 2021 to 2023:

	YEAR	PASS THROUGH COST	ACTUAL COLLECTIONS	DIFFERENCE (OVER) / UNDER
Generation Rate (GR)	2021	501,467,246.72	493,602,604.83	7,864,641.89
	2022	858,781,369.27	846,926,090.82	11,855,278.45
	2023	756,792,051.63	766,543,691.01	(9,751,639.38)
	TOTAL	2,117,040,867.62	2,107,072,386.66	9,968,480.96
Transmission Rate (TR)	2021	81,945,437.86	87,133,123.65	(5,187,685.79)
	2022	87,227,240.90	92,118,482.91	(4,891,242.02)
	2023	83,924,355.35	83,219,878.18	704,477.17
	TOTAL	253,097,034.11	262,471,484.74	(9,374,450.64)
SYSTEM LOSS RATE (SLR)	2021	71,077,023.39	56,307,562.53	14,749,460.86
	2022	123,045,360.86	120,516,822.25	2,528,538.61
	2023	109,498,296.64	109,664,032.00	(165,735.36)
	TOTAL	303,620,680.90	286,508,416.78	17,112,264.12
LIFELINE SUBSIDY	2021	4,257,579.38	3,997,781.77	259,797.61
	2022	7,013,209.73	6,805,335.04	207,874.69
	2023	6,753,144.94	6,444,423.63	308,721.31

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	TOTAL	18,023,934.05	17,247,540.44	776,393.60
SENIOR CITIZEN SUBSIDY	2021	404,113.82	385,003.41	19,110.40
	2022	613,502.72	579,850.28	33,652.44
	2023	515,947.86	516,859.72	(911.86)
	TOTAL	1,533,564.39	1,481,713.41	51,850.98
FRANCHISE TAX	2021	781,625.25		781,625.25
	2022	829,603.77		829,603.77
	2023	834,081.22		834,081.22
	TOTAL	2,445,310.24		2,445,310.24
PROPERTY TAX	2021	543,913.40		543,913.40
	2022	652,499.10		652,499.10
	2023	419,868.82		419,868.82
	TOTAL	1,616,281.32		1,616,281.32
Business Tax	2023	30,000.00		30,000.00
	TOTAL	30,000.00		30,000.00
GRAND TOTAL/DIFFERENCE, RESULTING TO UNDER RECOVERIES FOR YEARS 2021 TO 2023				22,626,130.58

Formulas used in computing the above over or under-recoveries, as well as, (sic) the reasons for incurring the same are explained in the Executive Summary, hereto attached as Annex "D".

REASONS OF OVER/UNDER RECOVERIES

A. Generation

Particular	Year	Allowable Pass Through Costs	Actual Revenue	(Over)/Under Recovery
Generation Rate (Over)/Under Recovery GOIR	2021	501,467,246.72	493,602,604.83	7,864,641.89
	2022	853,781,569.37	845,926,390.89	7,855,178.48
	2023	756,792,051.63	766,543,691.01	(9,751,639.38)
Total		2,117,040,867.62	2,107,072,386.66	9,968,480.96

DORELCO incurred an UNDER RECOVERY in the generation due to the following reasons:

Volatility of Generation Cost billed by Power Suppliers AND One Month lag approach in the calculation of generation rate.

Since most of our Power Supply Contracts contain a variable factor in the calculation of power cost, it is unattainable for us to have a fixed power rate supply contract. Moreover, Electric Cooperative as

recoveries 2015-2017 docketed as ERC Case [N]o. 2018-016 CF and application for Over/Under recoveries 2018-2020 docketed as ERC Case [N]o. 2021-010 CF[.]

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6. On July 13, 2009, pursuant to Section 43 (f) and (t) of the Republic Act No. 9136 or the Act, Rule 7 of its Implementing Rules and Regulations (IRR) and Section 10 of the Republic Act No. 7832, the ERC had resolved to approve and adopt the so called "Rules Governing the Automatic Cost Adjustment and True – up Mechanisms and Corresponding Confirmation Process for Distribution Utilities", by virtue of ERC Resolution No. 16, Series of 2009.
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11. In the application of formulas prescribed under ERC Resolution 16, Series of 2009, as amended by ERC Resolution 21, 23, Series of 2010 and ERC Resolution No. 14 Series of 2022. Applicant's pass through (*sic*) cost vis-a-vis the actual collections, resulted to under recoveries in the items of: Generation Rate (GR), Lifeline Subsidy, System Loss Rate (SLR), Senior Citizen Subsidy, Franchise Tax, Property Tax and Business Tax. On the other hand, over-recovery was incurred in the item of Transmission Rate (TR). The following table reflects the summary of over/under recoveries for years 2021 to 2023:

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	2023	83,924,355.35	83,219,878.18	704,477.17
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	2022	123,045,360.86	120,516,822.25	2,528,538.61
	2023	109,498,296.64	109,664,032.00	(165,735.36)
	TOTAL	303,620,680.90	286,508,416.78	17,112,264.12
LIFELINE SUBSIDY	2021	4,257,579.38	3,997,781.77	259,797.61
	2022	7,013,209.73	6,805,335.04	207,874.68
	2023	6,753,144.94	6,444,423.63	308,721.31

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distribution utilities are members, either directly or indirectly, of the [Wholesale Electricity Spot Market] WESM. Depending on our market exposure, a portion of our generation rate is always subject to the volatility of price in the spot market.

Furthermore, in the calculation of monthly generation cost, the current cost of power billed by our power supplier is to be applied in the next month's billing period so on and so forth.

Hence, the generation rate we pass on to our consumers on a certain month is always subject to the over/under recovery depending on the monthly price difference of the total power cost billed by our power suppliers.

When the cost of fuel and coal spiked in the global market in 2022, the continuous increase in power cost resulted in a huge amount of under-recovery in our generation rate. In 2023, since the price of fuel and coal is relatively decreasing, the impact of which resulted in over recovery of generation cost.

In view of the foregoing explanations, the net impact of the 3 years in our generation cost is under recovery in the amount of Ph[P] 9,968,480.96

B. Transmission

Particular	Year	Allowable Pass Through Costs	Actual Revenue	(Over)/Under Recovery
Transmission Rate (Over)/Under Recovery TOUR	2021	81,945,437.86	87,133,123.65	(5,187,685.79)
	2022	87,227,240.90	92,118,482.91	(4,891,242.02)
	2023	83,924,355.35	83,219,878.18	704,477.17
Total		253,097,034.11	262,471,484.74	(9,374,450.64)

DORELCO incurred an OVER RECOVERY in the transmission due to the following reasons:

A different method of computation between the actual monthly calculation and for Over/Under recovery purposes AND One Month lag approach in the calculation of transmission rate

Our actual monthly calculation of transmission rate is based on the customer classification. The transmission cost allocation per customer type depends on the main kW Coincident Peak (CP) ratio allocation. Moreover, the transmission rate is per kWh for Residential and Low Voltage customers while per kW for High Voltage customers.

However, for over/under recovery purposes, the transmission rate is simply calculated by dividing the Net Transmission cost by the Total Energy Input regardless of the customer type.

Aside from the one-month lag approach in the calculation of the monthly transmission rate, the over/under recovery for the transmission cost is greatly affected by this distinct method of calculation between the actual and for over-under recovery purposes.

C. System Loss

Particular	Year	Allowable Pass Through Costs	Actual Revenue	(Over)/Under Recovery
System Loss (Over)/Under Recovery SLOUR	2021	71,077,023.39	56,327,562.53	14,749,460.86
	2022	123,045,360.86	120,516,822.25	2,528,538.61
	2023	109,498,296.64	109,664,032.00	(165,735.36)
Total		303,620,680.90	286,508,416.78	17,112,264.12

DORELCO incurred an UNDER RECOVERY in the System Loss (SL) due to the following reasons:

1. The over/under-recoveries in the System Loss Rate were caused by the over/under-recoveries in the Generation and Transmission Costs as major components in the Formula used in computing the System Loss Rate.
2. The Coop incurred under-recovery due to the implementation of average system loss percentage (%) using the historical/previous year data against the current kWh sales.
3. In the year 2021, our calculation of the SL rate is still based on the old formula using the total SL. Only in the last quarter of 2021, we applied the Feeder Loss rate in the calculation of the System Loss rate. The SL we used in the actual implementation is relatively higher than the average Feeder Loss. Thus, this is the main reason for the under-recovery of our System Loss

D. Lifeline Discount and Subsidy

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Particular	Year	Allowable Pass Through Costs	Actual Revenue	(Over)/Under Recovery
Lifeline Discount and Subsidy	2021	4,257,579.38	3,997,781.77	259,797.61
(Over)/Under Recovery	2022	7,013,209.73	6,805,335.04	207,874.68
	2023	6,753,144.94	6,444,423.63	308,721.31
Total		18,023,934.05	17,247,540.44	776,393.60

DORELCO incurred an UNDER RECOVERY in the Lifeline Discount and Subsidy due to the following reasons:

1. One month lag approach in the computation of Lifeline Rate.
2. Adjustment of kWh Sales due to the varied behaviour of monthly kWh consumption of Lifeliners versus Non-Lifeliners.

E. Senior Citizen Discount and Subsidy

Particular	Year	Allowable Pass Through Costs	Actual Revenue	(Over)/Under Recovery
Senior Citizen Discount and Subsidy	2021	404,113.82	385,003.41	19,110.40
(Over)/Under Recovery	2022	613,502.72	579,850.28	33,652.44
	2023	515,947.86	516,859.79	(911.86)
Total		1,533,564.39	1,481,713.41	51,850.98

DORELCO made (over)/under recovery in the senior citizen subsidy is due (sic) to the one month lag approach in the computation

F. FRANCHISE TAX, PROPERTY TAX AND BUSINESS TAX

Particular	Year	Allowable Pass Through Costs	Actual Revenue	(Over)/Under Recovery
FRANCHISE TAX	2021	781,625.25		781,625.25
	2022	829,603.77		829,603.77
	2023	834,081.22		834,081.22
	TOTAL	2,445,310.24		2,445,310.24
PROPERTY TAX	2021	543,913.40		543,913.40
	2022	652,499.10		652,499.10
	2023	419,868.82		419,868.82
	TOTAL	1,616,281.32		1,616,281.32
Business Tax	2023	30,000.00		30,000.00

DORELCO did not recover any of the presented taxes from our consumers. Hence, the stated amounts are all UNDER RECOVERY. For Business Tax, DORELCO first payment is made only in the year 2023.

V. THE PROPOSED COLLECTION AND REFUND SCHEMES:

12. The herein Applicant DORELCO is proposing a staggering way to collect the computed under recoveries on items of Generation, System Loss, Lifeline, Franchise Tax and Property Tax for a period of 48 months; while for Senior Citizen and Business Tax will be collected within a period of 12 months. On the other hand, Applicant is proposing an instalment refund for it's over recoveries on Transmission Cost for a period of 48 months. Thus, the computed resulting proposed rates of collection and refund are shown below:

PROPOSED COLLECTION/ REFUND SCHEMES:

Particulars	Total (Refund) Collect	No. of Months	PhP/kWh	Remarks
Generation Rate (GR)	9,968,480.96	48	0.0259	Recover/Collect
Transmission Rate (TR)	(9,374,450.64)	48	(0.0243)	Refund
System Loss Rate (SLR)	17,112,264.12	48	0.0444	Recover/Collect
Life Line Rate (LR)	776,393.60	48	0.0020	Recover/Collect
Senior Citizen Rate (SR)	51,850.98	12	0.0005	Recover/Collect
FRANCHISE TAX	2,445,310.24	48	0.0064	Recover/Collect
PROPERTY TAX	1,616,281.32	48	0.0042	Recover/Collect
Business TAX	30,000.00	12	0.0003	Recover/Collect
Total	22,626,130.58			
Total Impact on Rates	0.0594			

VI. SUPPORTING DATA AND DOCUMENTS:

13. In support to this Application, DORELCO is respectfully submitting herewith the following data and documents, which are being made integral parts hereof, to wit:

Folder	ANNEX	NATURE OF DOCUMENT
Folder 1	ANNEX E	Fully Accomplished Supplier & Transmission Data Sheet for the Years 2021-2023
	ANNEX E-1	Fully Accomplished Actual Implemented Rates Sheet for the year
	ANNEX E-2	Fully Accomplished Lifeline discount sheet for the year
	ANNEX E-3	Fully Accomplished Senior Citizen Discount Sheet for the year

	ANNEX E-4	Fully Accomplished Additional Statistical Data Sheet for the year
	ANNEX F	Summary of Over / Under Recoveries Computations for 2021-2023 (Per Charge and Yearly Basis)
	ANNEX G	Proposed Recovery/Refund Scheme using the latest kWh Sales
Folder 2	SUPPLIER AND TRANSMISSION DATA	
	ANNEX H	Power Bills from Suppliers (Power Bill, Proof of Payment, Adjusted Bill/Debit or Credit Memo)
Folder 3	STATISTICAL DATA	
	ANNEX I	Manifestation of no Pilferage Cost Recoveries
	ANNEX J	Monthly Financial & Statistical Report (MFSR) Sections A and E
	ANNEX K	Demand (kW) Sales Report
Folder 4	ACTUAL IMPLEMENTED RATES	
	ANNEX L	Consumer Bills for Residential Consumers
	ANNEX M	Consumer Bills for Low Voltage Consumers
	ANNEX N	Consumer Bills for Higher Voltage Consumers
	ANNEX O	Consumer Bills per Lifeline Bracket (Lifeline)
	ANNEX P	Senior Citizen Consumer Bills
Folder 5	OTHER DOCUMENTS	
	ANNEX Q	Submitted Uniform Reportorial Requirements (URR) for the years 2021 to 2023
	ANNEX R	Submitted Additional Statistical Data
	ANNEX S	Single Line Diagram
	ANNEX T	Power Supply Contracts with Generation Companies
	ANNEX U	Franchise tax proof of payments and Local Tax Ordinance
	ANNEX V	Real Property tax proof of payments and Local Tax Ordinances
	ANNEX W	Business Tax proof of payment and Local Tax Ordinances

14. Further, in support of this Application, the "Judicial Affidavit" of DORELCO's Finance Services Department Manager, Marinchie Y. Olarte, CPA is hereto attached and made integral part of this application and marked as "ANNEX X".

VII. COMPLIANCE WITH PRE-FILING REQUIREMENTS

15. In compliance with the ERC prescribed Pre-filing requirements for O/U applications filing, DORELCO had provided copies of the Application and its annexes to Sangguniang Bayan of Municipality of Tolosa where the principal office of is located (*sic*), proof of which is

the duly received Transmittal Letter and Certification hereto attached as "ANNEX Y" and "ANNEX Z", respectively. Same copy of Application with annexes was given to Sangguniang Panlalawigan of Province of Leyte of Leyte, proof of which are hereto attached as "ANNEX AA" and "ANNEX BB", respectively.

16. Moreover, applicant DORELCO had initiated the publication of this Application in a newspaper with general circulation within the franchise area of DORELCO in Leyte Province, proof of which are hereto attached as "ANNEX CC" and "ANNEX DD".

PRAYER

WHEREFORE, premises considered it is respectfully and humbly prayed of this Honorable Commission that DORELCO's determination of its over and under recoveries in the implementation of automatic cost adjustment and true-up mechanisms be confirmed and approved, and that Applicant be allowed to collect the computed under recoveries in the items of: Generation Rate (GR), Lifeline Subsidy, System Loss Rate (SLR), Senior Citizen Subsidy, Franchise Tax, Property Tax and Business Tax; likewise be allowed to refund the over-recovery in the item of Transmission Rate (TR), under the proposed collection and refund schemes.

Other reliefs, just and equitable under the premises are likewise most respectfully 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 determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on **17 May 2024 (Friday), at two o'clock in the afternoon (2:00 P.M.) via Microsoft Teams Application** as the online platform for the conduct thereof, pursuant to Resolution No. 09, Series of 2020² and Resolution No. 01, Series of 2021³ (ERC Revised Rules of Practice and Procedure).

RELATIVE THERETO, Applicant DORELCO is hereby directed to:

- 1) Cause the publication of the attached *Notice of Virtual Hearing* once (1x) in a newspaper of nationwide circulation

² A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.

³ A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.

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 City and Municipal Mayors, and the Local Government Unit (LGU) Legislative Bodies within Applicant DORELCO's franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within Applicant DORELCO'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, 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 prior to the date of the virtual hearing, Applicant DORELCO must submit to the Commission via electronic mail (e-mail) at docket@erc.ph, and copy furnish the Legal Service through 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 Applicant DORELCO 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, Applicant DORELCO 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 DORELCO and all interested parties are also required to submit via e-mail at docket@erc.ph, and copy furnish the Legal Service through 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 DORELCO 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 Applicant DORELCO to comply with the above requirements within the prescribed period shall be a ground for cancellation of the scheduled hearing.

Applicant DORELCO 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 DORELCO is hereby directed to file a copy of its Expository Presentation via e-mail at docket@erc.ph, and copy furnish the Legal Service through legal@erc.ph, **at least five (5) calendar days** prior to the scheduled virtual hearing. Applicant DORELCO 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 DORELCO is further directed to submit, either 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, Applicant DORELCO, including its authorized representatives and witnesses, are hereby directed to provide the Commission, thru 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, 17 April 2024.

FOR AND BY AUTHORITY
OF THE COMMISSION:


MONALISA C. DIMALANTA
Chairperson and CEO


LS:JSC/MA/LSP/KTB

ERC
Office of the Chairperson and CEO



MCD2024-016421

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PAGE 16 OF 17

Copy Furnished:

1. Don Orestes Romualdez Electric Cooperative, Inc. (DORELCO)
Applicant
Brgy. San Roque, Tolosa, Leyte
Email address: acctg.dorelco@gmail.com
2. Guia Law & Notarial Office
Counsel for DORELCO
Door 7, Cabigon Bldg.,
Del Pilar Street, Brgy. 8, 6500
Tacloban City, Leyte
Email address: nhoYGula@yahoo.com
3. Office of the Solicitor General (OSG)
134 Amorsolo Street, Legaspi Village, Makati City
Email address: docket@osg.gov.ph
4. Commission on Audit (COA)
Commonwealth Avenue, Quezon City
Email address: citizensdesk@coa.gov.ph
5. Senate Committee on Energy
GSIS Building, Roxas Boulevard, Pasay City
Email address: senateenergycommittee@gmail.com
6. House Committee on Energy
Batasan Hills, Quezon City
Email address: committee.energy@house.gov.ph
7. Office of the Governor
Province of Leyte
8. Office of the LGU Legislative Body
Province of Leyte
9. Office of the Municipal Mayor
Buraen, Leyte
10. Office of the Sangguniang Bayan
Buraen, Leyte
11. Office of the Municipal Mayor
Dagami, Leyte
12. Office of the Sangguniang Bayan
Dagami, Leyte
13. Office of the Municipal Mayor
La Paz, Leyte
14. Office of the Sangguniang Bayan
La Paz, Leyte
15. Office of the Municipal Mayor
Abuyog, Leyte
16. Office of the Sangguniang Bayan
Abuyog, Leyte
17. Office of the Municipal Mayor
Javier, Leyte
18. Office of the Sangguniang Bayan
Javier, Leyte

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19. Office of the Municipal Mayor
Mahaplag, Leyte
20. Office of the Sangguniang Bayan
Mahaplag, Leyte
21. Office of the Municipal Mayor
Mayorga, Leyte
22. Office of the Sangguniang Bayan
Mayorga, Leyte
23. Office of the Municipal Mayor
Tabon-tabon, Leyte
24. Office of the Sangguniang Bayan
Tabon-tabon, Leyte
25. Office of the Municipal Mayor
Julita, Leyte
26. Office of the Sangguniang Bayan
Julita, Leyte
27. Office of the Municipal Mayor
MacArthur, Leyte
28. Office of the Sangguniang Bayan
MacArthur, Leyte
29. Office of the Municipal Mayor
Tolosa, Leyte
30. Office of the Sangguniang Bayan
Tolosa, Leyte
31. Office of the Municipal Mayor
Tanauan, Leyte
32. Office of the Sangguniang Bayan
Tanauan, Leyte
33. Office of the Municipal Mayor
Dulag, Leyte
34. Office of the Sangguniang Bayan
Dulag, Leyte
35. Regulatory Operations Service (ROS)
Energy Regulatory Commission
14th Floor, Exquadra Tower, 1 Jade Drive,
Ortigas Center San Antonio, Pasig City
Email: ros@erc.ph

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

**IN THE MATTER OF
THE APPLICATION FOR
OVER OR UNDER
RECOVERIES IN THE
IMPLEMENTATION OF
AUTOMATIC ADJUSTMENT
AND TRUE UP
MECHANISMS DURING THE
PERIOD 2021 – 2023
PURSUANT TO ERC
RESOLUTION No. 16,
SERIES OF 2009 AS
AMENDED BY RESOLUTION
Nos. 21, AND 23 SERIES OF
2010 AND ERC
RESOLUTION 14, SERIES OF
2022 AND FOR LOCAL
TAXES ERC RESOLUTION
No. 2 SERIES OF 2021**

ERC CASE NO. 2024-004 CF

**DON ORESTES ROMUALDEZ
ELECTRIC COOPERATIVE,
INC. (DORELCO),**

Applicant.

Promulgated:

April 17, 2024

X-----X

NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 03 April 2024, Don Orestes Romualdez Electric Cooperative, Inc. (DORELCO) filed an *Application* dated 19 March 2024, seeking the Commission's confirmation and approval of its calculations of over or under recoveries in the implementation of automatic cost adjustments and true-up mechanisms during the period 2021 to 2023, pursuant to the Commission's Resolution No. 16, Series 2009, as amended by the Commission's Resolutions Nos. 21 and 23, Series of 2010, Commission's Resolution No. 14, Series of 2022, and Commission's Resolution No. 2, Series of 2021.

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

I. THE APPLICANT

1. The applicant, DORELCO is a non-stock, non-profit Electric Cooperative duly organized and existing under and by virtue of the Presidential Decree 269, as amended, with the capacity to sue and be sued, with principal office address at DORELCO Compound, Brgy. San Roque, Tolosa, Leyte, Philippines, represented in this instance by its Acting General Manager, CHRISTOPHER A. GARCIA, who was authorized to file, execute verification and certification relative to this Application per Board Resolution No. 2024-029 (Annex A) with corresponding Secretary Certificate (Annex B).
2. Herein applicant is the exclusive franchise holder issued by the National Electrification Administration (NEA) to operate electric light and power services to the 13¹ municipalities of Leyte, namely: Burauen, Dagami, Lapaz[,] Abuyog, Javier, Mahaplag, Mayorga, La Paz, Tabon-tabon, Julita, MacArthur, Tolosa, and Tanauan. A copy of Applicant DORELCO's Certificate of Franchise is hereto attached as "ANNEX C".

II. THE ANTECEDENT FACTS

3. Before this filing, herein Applicant had undergone computation and reportorial submission to the Energy Regulatory Commission on its over or under-recoveries incurred in the implementation of automatic cost adjustments and true-up mechanisms on pass-through costs of DORELCO following the formulas prescribed under ERC Resolution No. 16, Series of 2009, as amended by ERC Resolution No. 21, 23, Series of 2010 and ERC Resolution No. 14 Series of 2022, such as automatic generation rate (GR) and system loss adjustment mechanism; transmission rate (TR) adjustment mechanism; Lifeline rate recovery mechanism; senior citizen subsidy recovery mechanism; franchise tax recovery mechanism; Property tax recovery mechanism and Business tax recovery mechanism.
4. In fact, herein Applicant had completed the implementation of its approved 2004-2011 Over/Under Recoveries on September 2020 billing

¹ The thirteen (13) municipalities based on the Certificate of Franchise issued by the National Electrification Commission are the following: Abuyog, Burauen, Dagami, Dulag, Javier, Julita, La Paz, Macarthur, Mahaplag, Mayonga, Tabon-Tabon, Tanauan, and Tolosa.

period. However, Applicant DORELCO is still awaiting the ERC decision on its pending application for Over/Under recoveries 2012-2014 docketed as ERC Case [N]o. 2015-003 CF, application for Over/Under recoveries 2015-2017 docketed as ERC Case [N]o. 2018-016 CF and application for Over/Under recoveries 2018-2020 docketed as ERC Case [N]o. 2021-010 CF[.]

III. LEGAL BASES FOR THE APPLICATION

5. Under Section 43 (t) of the Republic Act No. 9136, the Energy [R]egulatory Commission (ERC) is mandated to promulgate rules and regulations and perform such other regulatory functions as are appropriate and necessary in order to ensure the successful restructuring and modernizing of the electric power industry.
6. On July 13, 2009, pursuant to Section 43 (f) and (t) of the Republic Act No. 9136 or the Act, Rule 7 of its Implementing Rules and Regulations (IRR) and Section 10 of the Republic Act No. 7832, the ERC had resolved to approve and adopt the so called “Rules Governing the Automatic Cost Adjustment and True – up Mechanisms and Corresponding Confirmation Process for Distribution Utilities”, by virtue of ERC Resolution No. 16, Series of 2009.
7. However, the aforementioned rules promulgated under Resolution [N]o. 16, series of 2009, failed to address the mismatch between meter reading periods at the wholesale and retail levels due to unequal number of billing days, which results to misalignment of kWh sales and purchase power. Recognizing the need to address and resolve the said misalignment of kWh sales and purchase power which causes spikes and dips in the computed monthly system loss and adversely affects the actual system loss of the DUs during certain billing months; The ERC had passed a Resolution No. 21, series of 2010, dated On (*sic*) October 18, 2010, which amended Section 4 of Article 4 and Section 1 of the Article 5 of the “Rules Governing the Automatic Cost Adjustment and True –up Mechanisms and Corresponding Confirmation Process for Distribution Utilities”.
8. On the other hand, ERC Resolution 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.
9. Moreover, ERC Resolution No. 14 Series of 2022 approved and adopt the “Revised Rules Governing the Automatic Cost Adjustment and True-Up Mechanisms and Corresponding Confirmation Process for

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Distribution Utilities," with its corresponding "Revised Uniform Reportorial Requirement (URR) Spreadsheet Template". Applicable also in this Application is the ERC Resolution No. 02, Series of 2021 which pertains to Recovery of Pass-Through Taxes (real property, local franchise and business tax of the distribution utilities.

10. Hence, this Application is pursuant to ERC Resolution No. 16, Series of 2009, as amended by ERC Resolution No. 21, and 23, Series of 2010, ERC Resolution No. 14 Series of 2022, and ERC Resolution No. 2 Series of 2021.

IV. THE RESULTING COMPUTED OVER OR UNDER RECOVERIES INCURRED IN THE IMPLEMENTATION OF AUTOMATIC ADJUSTMENT AND TRUE UP MECHANISMS FOR PERIOD 2021 TO 2023

11. In the application of formulas prescribed under ERC Resolution 16, Series of 2009, as amended by ERC Resolution 21, 23, Series of 2010 and ERC Resolution No. 14 Series of 2022. Applicant's pass through (*sic*) cost vis-a-vis the actual collections, resulted to under recoveries in the items of: Generation Rate (GR), Lifeline Subsidy, System Loss Rate (SLR), Senior Citizen Subsidy, Franchise Tax, Property Tax and Business Tax. On the other hand, over-recovery was incurred in the item of Transmission Rate (TR). The following table reflects the summary of over/under recoveries for years 2021 to 2023:

	YEAR	PASS THROUGH COST	ACTUAL COLLECTIONS	DIFFERENCE (OVER) / UNDER
Generation Rate (GR)	2021	501,467,246.72	493,602,604.83	7,864,641.89
	2022	858,781,569.27	846,926,090.82	11,855,478.45
	2023	756,792,051.63	766,543,691.01	(9,751,639.38)
	TOTAL	2,117,040,867.62	2,107,072,386.66	9,968,480.96
Transmission Rate (TR)	2021	81,945,437.86	87,133,123.65	(5,187,685.79)
	2022	87,227,240.90	92,118,482.91	(4,891,242.02)
	2023	83,924,355.35	83,219,878.18	704,477.17
	TOTAL	253,097,034.11	262,471,484.74	(9,374,450.64)
SYSTEM LOSS RATE (SLR)	2021	71,077,023.39	56,337,562.53	14,749,460.86
	2022	123,045,360.86	120,516,822.25	2,528,538.61
	2023	109,498,296.64	109,664,032.00	(165,735.36)
	TOTAL	303,620,680.90	286,508,416.78	17,112,264.12
LIFELINE SUBSIDY	2021	4,257,579.38	3,997,781.77	259,797.61
	2022	7,013,209.73	6,805,335.04	207,874.68
	2023	6,753,144.94	6,444,423.63	308,721.31

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	TOTAL	18,023,934.05	17,247,540.44	776,393.60
SENIOR CITIZEN SUBSIDY	2021	404,113.82	385,003.41	19,110.40
	2022	613,502.72	579,850.28	33,652.44
	2023	515,947.86	516,859.72	(911.86)
	TOTAL	1,533,564.39	1,481,713.41	51,850.98
FRANCHISE TAX	2021	781,625.25		781,625.25
	2022	829,603.77		829,603.77
	2023	834,081.22		834,081.22
	TOTAL	2,445,310.24		2,445,310.24
PROPERTY TAX	2021	543,913.40		543,913.40
	2022	652,499.10		652,499.10
	2023	419,868.82		419,868.82
	TOTAL	1,616,281.32		1,616,281.32
Business Tax	2023	30,000.00		30,000.00
	TOTAL	30,000.00		30,000.00
GRAND TOTAL/DIFFERENCE, RESULTING TO UNDER RECOVERIES FOR YEARS 2021 TO 2023				22,626,130.58

Formulas used in computing the above over or under-recoveries, as well as, (sic) the reasons for incurring the same are explained in the Executive Summary, hereto attached as Annex "D".

REASONS OF OVER/UNDER RECOVERIES

A. Generation

Particular	Year	Allowable Pass Through Costs	Actual Revenue	(Over)/Under Recovery
Generation Rate (Over)/Under Recovery GOUR	2021	501,467,246.72	493,602,604.83	7,864,641.89
	2022	858,781,509.37	846,926,190.82	11,855,318.55
	2023	756,792,031.63	766,543,691.01	(9,751,639.38)
Total		2,117,040,867.62	2,107,072,386.66	9,968,480.96

DORELCO incurred an UNDER RECOVERY in the generation due to the following reasons:

Volatility of Generation Cost billed by Power Suppliers AND One Month lag approach in the calculation of generation rate.

Since most of our Power Supply Contracts contain a variable factor in the calculation of power cost, it is unattainable for us to have a fixed power rate supply contract. Moreover, Electric Cooperative as distribution utilities are members, either directly or indirectly, of the [Wholesale Electricity Spot Market] WESM. Depending on our market exposure, a portion of our generation rate is always subject to the volatility of price in the spot market.

Furthermore, in the calculation of monthly generation cost, the current cost of power billed by our power supplier is to be applied in the next month's billing period so on and so forth.

Hence, the generation rate we pass on to our consumers on a certain month is always subject to the over/under recovery depending on the monthly price difference of the total power cost billed by our power suppliers.

When the cost of fuel and coal spiked in the global market in 2022, the continuous increase in power cost resulted in a huge amount of under-recovery in our generation rate. In 2023, since the price of fuel and coal is relatively decreasing, the impact of which resulted in over recovery of generation cost.

In view of the foregoing explanations, the net impact of the 3 years in our generation cost is under recovery in the amount of Ph[P] 9,968,480.96

B. Transmission

Particular	Year	Allowable Pass Through Costs	Actual Revenue	(Over)/Under Recovery
Transmission Rate (Over)/Under Recovery IOUR	2021	81,945,437.86	87,133,123.65	{5,187,685.79}
	2022	87,227,240.90	92,118,482.91	{4,891,242.02}
	2023	83,924,355.35	83,219,878.18	704,477.17
Total		253,097,034.11	262,471,484.74	{9,374,450.64}

DORELCO incurred an OVER RECOVERY in the transmission due to the following reasons:

A different method of computation between the actual monthly calculation and for Over/Under recovery purposes AND One Month lag approach in the calculation of transmission rate

Our actual monthly calculation of transmission rate is based on the customer classification. The transmission cost allocation per customer type depends on the main kW Coincident Peak (CP) ratio

allocation. Moreover, the transmission rate is per kWh for Residential and Low Voltage customers while per kW for High Voltage customers.

However, for over/under recovery purposes, the transmission rate is simply calculated by dividing the Net Transmission cost by the Total Energy Input regardless of the customer type.

Aside from the one-month lag approach in the calculation of the monthly transmission rate, the over/under recovery for the transmission cost is greatly affected by this distinct method of calculation between the actual and for over-under recovery purposes.

C. System Loss

Particular	Year	Allowable Pass Through Costs	Actual Revenue	(Over)/Under Recovery
System Loss (Over)/Under Recovery SLOUR	2021	71,077,023.39	56,327,562.53	(14,749,460.86)
	2022	123,045,360.86	120,516,822.25	2,528,538.61
	2023	109,498,296.64	109,664,032.00	(165,735.36)
Total		303,620,680.90	286,508,416.78	17,112,264.12

DORELCO incurred an UNDER RECOVERY in the System Loss (SL) due to the following reasons:

1. The over/under-recoveries in the System Loss Rate were caused by the over/under-recoveries in the Generation and Transmission Costs as major components in the Formula used in computing the System Loss Rate.
2. The Coop incurred under-recovery due to the implementation of average system loss percentage (%) using the historical/previous year data against the current kWh sales.
3. In the year 2021, our calculation of the SL rate is still based on the old formula using the total SL. Only in the last quarter of 2021, we applied the Feeder Loss rate in the calculation of the System Loss rate. The SL we used in the actual implementation is relatively higher than the average Feeder Loss. Thus, this is the main reason for the under-recovery of our System Loss

D. Lifeline Discount and Subsidy

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Particular	Year	Allowable Pass Through Costs	Actual Revenue	(Over)/Under Recovery
Lifeline Discount and Subsidy (Over)/Under Recovery	2021	4,257,579.38	3,997,781.77	259,797.61
	2022	7,013,209.73	6,805,335.04	207,874.68
	2023	6,753,144.94	6,444,423.63	308,721.31
Total		18,023,934.05	17,247,540.44	776,393.60

DORELCO incurred an UNDER RECOVERY in the Lifeline Discount and Subsidy due to the following reasons:

1. One month lag approach in the computation of Lifeline Rate.
2. Adjustment of kWh Sales due to the varied behaviour of monthly kWh consumption of Lifeliners versus Non-Lifeliners.

E. Senior Citizen Discount and Subsidy

Particular	Year	Allowable Pass Through Costs	Actual Revenue	(Over)/Under Recovery
Senior Citizen Discount and Subsidy (Over)/Under Recovery	2021	404,113.82	385,003.41	19,110.40
	2022	613,502.72	579,850.28	33,652.44
	2023	515,947.86	516,559.72	(91,866)
Total		1,533,564.39	1,481,713.41	51,850.98

DORELCO made (over)/under recovery in the senior citizen subsidy is due (sic) to the one month lag approach in the computation

F. FRANCHISE TAX, PROPERTY TAX AND BUSINESS TAX

Particular	Year	Allowable Pass Through Costs	Actual Revenue	(Over)/Under Recovery
FRANCHISE TAX	2021	781,625.25		781,625.25
	2022	829,603.77		829,603.77
	2023	834,081.22		834,081.22
	TOTAL	2,445,310.24		2,445,310.24
PROPERTY TAX	2021	543,913.40		543,913.40
	2022	652,499.10		652,499.10
	2023	419,868.82		419,868.82
	TOTAL	1,616,281.32		1,616,281.32
Business Tax	2023	30,000.00		30,000.00

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DORELCO did not recover any of the presented taxes from our consumers. Hence, the stated amounts are all UNDER RECOVERY. For Business Tax, DORELCO first payment is made only in the year 2023.

V. THE PROPOSED COLLECTION AND REFUND SCHEMES:

12. The herein Applicant DORELCO is proposing a staggering way to collect the computed under recoveries on items of Generation, System Loss, Lifeline, Franchise Tax and Property Tax for a period of 48 months; while for Senior Citizen and Business Tax will be collected within a period of 12 months. On the other hand, Applicant is proposing an instalment refund for it's over recoveries on Transmission Cost for a period of 48 months. Thus, the computed resulting proposed rates of collection and refund are shown below:

PROPOSED COLLECTION/ REFUND SCHEMES:

Particulars	Total (Refund) Collect	No. of Months	PhP/kWh	Remarks
Generation Rate (GR)	9,968,480.96	48	0.0259	Recover/Collect
Transmission Rate (TR)	(9,374,450.64)	48	(0.0243)	Refund
System Loss Rate (SLR)	17,112,264.12	48	0.0444	Recover/Collect
Life Line Rate (LR)	776,393.60	48	0.0020	Recover/Collect
Senior Citizen Rate (SR)	51,850.98	12	0.0005	Recover/Collect
FRANCHISE TAX	2,445,310.24	48	0.0064	Recover/Collect
PROPERTY TAX	1,616,281.32	48	0.0042	Recover/Collect
Business TAX	30,000.00	12	0.0003	Recover/Collect
Total	22,626,130.58			
Total impact on Rates	0.0594			

VI. SUPPORTING DATA AND DOCUMENTS:

13. In support to this Application, DORELCO is respectfully submitting herewith the following data and documents, which are being made integral parts hereof, to wit:

Folder	ANNEX	NATURE OF DOCUMENT
Folder 1	ANNEX E	Fully Accomplished Supplier & Transmission Data Sheet for the Years 2021-2023
	ANNEX E-1	Fully Accomplished Actual Implemented Rates Sheet for the year
	ANNEX E-2	Fully Accomplished Lifeline discount sheet for the year
	ANNEX E-3	Fully Accomplished Senior Citizen Discount Sheet for the year

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	ANNEX E-4	Fully Accomplished Additional Statistical Data Sheet for the year
	ANNEX F	Summary of Over / Under Recoveries Computations for 2021-2023 (Per Charge and Yearly Basis)
	ANNEX G	Proposed Recovery/Refund Scheme using the latest kWh Sales
Folder 2	SUPPLIER AND TRANSMISSION DATA	
	ANNEX H	Power Bills from Suppliers (Power Bill, Proof of Payment, Adjusted Bill/Debit or Credit Memo)
Folder 3	STATISTICAL DATA	
	ANNEX I	Manifestation of no Pilferage Cost Recoveries
	ANNEX J	Monthly Financial & Statistical Report (MFSR) Sections A and E
	ANNEX K	Demand (kW) Sales Report
Folder 4	ACTUAL IMPLEMENTED RATES	
	ANNEX L	Consumer Bills for Residential Consumers
	ANNEX M	Consumer Bills for Low Voltage Consumers
	ANNEX N	Consumer Bills for Higher Voltage Consumers
	ANNEX O	Consumer Bills per Lifeline Bracket (Lifeline)
	ANNEX P	Senior Citizen Consumer Bills
Folder 5	OTHER DOCUMENTS	
	ANNEX Q	Submitted Uniform Reportorial Requirements (URR) for the years 2021 to 2023
	ANNEX R	Submitted Additional Statistical Data
	ANNEX S	Single Line Diagram
	ANNEX T	Power Supply Contracts with Generation Companies
	ANNEX U	Franchise tax proof of payments and Local Tax Ordinance
	ANNEX V	Real Property tax proof of payments and Local Tax Ordinances
	ANNEX W	Business Tax proof of payment and Local Tax Ordinances

14. Further, in support of this Application, the "Judicial Affidavit" of DORELCO's Finance Services Department Manager, Marinchie Y. Olarte, CPA is hereto attached and made integral part of this application and marked as "ANNEX X".

VII. COMPLIANCE WITH PRE-FILING REQUIREMENTS

15. In compliance with the ERC prescribed Pre-filing requirements for O/U applications filing, DORELCO had provided copies of the Application and its annexes to Sangguniang Bayan of Municipality of Tolosa where the principal office of is located (*sic*), proof of which is

the duly received Transmittal Letter and Certification hereto attached as "ANNEX Y" and "ANNEX Z", respectively. Same copy of Application with annexes was given to Sangguniang Panlalawigan of Province of Leyte of Leyte, proof of which are hereto attached as "ANNEX AA" and "ANNEX BB", respectively.

16. Moreover, applicant DORELCO had initiated the publication of this Application in a newspaper with general circulation within the franchise area of DORELCO in Leyte Province, proof of which are hereto attached as "ANNEX CC" and "ANNEX DD".

PRAYER

WHEREFORE, premises considered it is respectfully and humbly prayed of this Honorable Commission that DORELCO's determination of its over and under recoveries in the implementation of automatic cost adjustment and true-up mechanisms be confirmed and approved, and that Applicant be allowed to collect the computed under recoveries in the items of: Generation Rate (GR), Lifeline Subsidy, System Loss Rate (SLR), Senior Citizen Subsidy, Franchise Tax, Property Tax and Business Tax; likewise be allowed to refund the over-recovery in the item of Transmission Rate (TR), under the proposed collection and refund schemes.

Other reliefs, just and equitable under the premises are likewise most respectfully 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 **17 May 2024 (Friday), at two o'clock in the afternoon (2:00 P.M.) via Microsoft Teams Application** as the online platform for the conduct thereof, pursuant to Resolution No. 09, Series of 2020² and Resolution No. 01, Series of 2021³ (ERC Revised Rules of Practice and Procedure).

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.

² A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.

³ A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.

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.

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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 hearing 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 hearing.

WITNESS, the Honorable Commissioners **ALEXIS M. LUMBATAN**, **CATHERINE P. MACEDA**, **FLORESINDA G. BALDO-DIGAL**, and **MARKO ROMEO L. FUENTES**, Energy Regulatory Commission, this 17th day of April 2024 in Pasig City.


MONALISA C. DIMALANTA
Chairperson and CEO


LS: JSC/VMM/LSP/RTB

ERC
Office of the Chairperson and CEO



MCD2024-016421