

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

**IN THE MATTER OF THE APPLICATION FOR: (A) CONFIRMATION OF THE TRUE UP CALCULATION OF THE ACTUAL WEIGHTED AVERAGE TARIFF (AWAT) VIS-A-VIS ERC APPROVED AVERAGE RATE IMPLEMENTED FOR THE LAPSED REGULATORY YEARS; AND (B) APPROVAL OF THE FINAL RECOVERY SCHEME FOR THE LAPSED REGULATORY YEARS; WITH PRAYER FOR THE ISSUANCE OF PROVISIONAL AUTHORITY**

**ERC CASE NO. 2023-003 RC**

**IBAAN ELECTRIC CORPORATION,**  
*Applicant.*  
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**Promulgated:**  
February 09, 2023

**NOTICE OF VIRTUAL HEARING**

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 16 January 2023, Ibaan Electric Corporation (IEC) filed an *Application* dated 28 September 2022, seeking the Commission's (1) confirmation of the true-up calculations of its Actual Weighted Average Tariff (AWAT) against its Maximum Average Price (MAP) implemented during the lapsed regulatory years, and (2) approval of the final recovery scheme for the lapsed regulatory years, with prayer for the issuance of provisional authority.

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

1. That Applicant IBAAN ELECTRIC CORPORATION (IEC) is a private distribution utility with principal office address at

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Metro-Rei Business Park, Brgy. Palindan, Ibaan, Batangas, where it may be served with the processes of this [Honorable] Commission through its Chief Executive Officer Engr. Edelyn Jane A. Salvame and General Manager, Ms. Ma. Asuncion S. Magpantay, whose joint authority to file this Application and represent the Applicant is authorized by the Board of Directors of the Applicant pursuant to Board Resolution No. 016, Series of 2022 which is hereto attached as *Annex "A"* and made an integral part of this Application. The undersigned counsel is likewise duly authorized to represent and bind the applicant in the expository presentation and evidentiary hearing including the authority to enter into the pre-trial conference, stipulation of facts, simplification of issues and other modes to expedite the proceedings, with Board Resolution No. 017, Series of 2022 as proof of his authority, hereto attached as *Annex "A-1"*;

2. Pursuant to Republic Act 10892, IEC has a legislative franchise to construct, operate and maintain an electric power distribution system for the conveyance of electric power to the end-users in the municipality of Ibaan, Batangas and in the Barangay of Adya, City of Lipa and also in the Barangay of Salaban, Municipality of San Jose, Batangas;
3. IEC, along with Cabanatuan Electric Corporation (CELCOR), Davao Light & Power Company, Inc. (DLPC), La Union Electric Company, Inc. (LUECO), Tarlac Electric Inc. (TEI) and Visayan Electric Company (VECO), comprise the Third Entry Group entrants Group "C" of distribution utilities (DUs) that entered Performance Based Regulation (PBR) which is the rate setting methodology adopted by the [Honorable] Commission to set the distribution rates of private DUs;
4. Pursuant to the Rules for Setting Distribution Wheeling Rates for privately owned electricity Distribution Utilities operating under PBR (Third Entry Group: Third Regulatory Period), this Group completed the Regulatory Reset Process for the Third Regulatory Period (3RP) covering the period July 1, 2014 to June 30, 2024. However, IEC was unable to file its Application for the final third regulatory period. As such, IEC was using and implementing the MAP for the second regulatory period;
5. That the [Honorable] Commission has not released the rules for the reset process to govern the Fourth Regulatory Period and IEC did not have any interim average distribution rate to govern into the distribution rates for its various customer classes and relied only on its MAP for the second regulatory period;
6. To resolve these issues, Applicant proposes to true up its Actual Weighted Average Tariff (AWAT) as against the approved MAP from the period July 1, 2014 to June 30, 2024 (Third Regulatory Period). The difference between the AWAT and the MAP will be recovered by the IEC from its customers.

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7. Under Article 4.3.1.a of the 3RP RDWR pertaining to the Over/Under Recovery Formula, the AWAT is calculated based on the actual revenues and actual kWh sales for the period. The actual revenues come from the distribution, supply and metering charges of IEC. Added to this revenue will be the plowback of 50% of the related business net income, in accordance with the mandate under Sec. 26 of the EPIRA, which shall be used to reduce the distribution wheeling rates;
8. IEC proposes to adopt the calculation in Article 6.2 of the 3RP RDWR, related to the Annual Verification and Adjustment of Distribution Tariffs, and the implementation of the K factor. However, instead of annual rate setting, the process is proposed to apply to the Lapsed Period;
9. Shown in the table below are the details of the Distribution, Supply and Metering (DSM) revenues, Net Income from the related Business and Actual Energy Sales for the lapsed period from July 1, 2014 to June 30, 2024:

Regulatory Year	Actual DSM Revenues (in Php)	Actual Energy Sales (kWh)	CY Related Business Revenues (in Php)
RY-2015	47,807,945	20,639,697	24,362
RY-2016	56,155,211	22,917,198	25,788
RY-2017	59,506,986	24,322,280	0
RY-2018	63,143,147	26,526,052	0
RY-2019	69,799,682	29,295,635	33,756
RY-2020	77,178,003	32,762,187	64,420
RY-2021	79,940,075	32,648,689	1,004,270
RY-2022	86,989,471	35,584,986	1,205,664
RY-2023 <sup>1</sup>	96,815,560	40,924,050	1,446,148.80
RY-2024 <sup>2</sup>	103,426,474	44,676,412	1,735,378.56
<b>TOTAL</b>	<b>740,762,554</b>	<b>310,297,186</b>	<b>5,539,247.36</b>

10. The table below shows the true up calculations of IEC's AWAT vis-à-vis its last approved MAP<sup>3</sup>, described as follows:

Period	kWh Sales	Approved MAP	AWAT	(Over)/Under Recovery	
				PhP/kWh	Amount
July 2014 - June 2015	20,639,697	2.5834	2.3169	0.2665	5,500,466.90
July 2015 - June 2016	22,917,198	2.5834	2.4509	0.1325	3,036,184.27
July 2016 - June 2017	24,322,280	2.5834	2.4466	0.1368	3,327,192.27
July 2017 - June 2018	26,526,052	2.5834	2.3804	0.2030	5,384,255.80
July 2018 - June 2019	29,295,635	2.5834	2.3832	0.2002	5,865,783.32
July 2019 - June 2020	32,762,187	2.5834	2.3567	0.2267	7,427,620.64
July 2020 - June 2021	32,648,689	2.5834	2.4639	0.1195	3,902,413.63
July 2021 - June 2022	35,584,986	2.5834	2.4615	0.1219	4,338,219.94
July 2022 - June 2023	40,924,050	2.5834	2.3834	0.2000	8,184,555.91

<sup>1</sup> Calculated based on Forecast.  
<sup>2</sup> Likewise, calculated based on Forecast.  
<sup>3</sup> Per ERC Case No 2013-047 RC.

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Period	kWh Sales	Approved MAP	AWAT	(Over)/Under Recovery	
				PhP/kWh	Amount
July 2023 - June 2024	44,676,412	2,5834	2.3344	0.2490	11,122,878.53
<b>TOTAL (OVER)/UNDER</b>					<b>58,089,571.21</b>

11. IEC proposes to collect among its customer classes the total net amount of Fifty-Eight Million Eighty-Nine Thousand Five Hundred Seventy-One & 21/100 (PhP 58,089,571.21) for a period of Sixty (60) months, as follows:

RECOVERY RATE PER CUSTOMER CLASS	Share to latest DSM revenues (A)	Recovery Amount Allocation (B)	Share to latest kWh Sales (C)	Forecast Sales Allocation (D)	Recovery Rate (E = B / D)
STREET LIGHTS	0.72%	419,236.26	0.89%	2,267,559.93	0.1849
RESIDENTIAL	84.37%	49,010,157.13	58.75%	149,667,213.48	0.3275
COMMERCIAL	12.06%	7,007,799.68	27.00%	68,779,922.21	0.1019
INDUSTRIAL	2.84%	1,652,378.14	13.37%	34,050,936.30	0.0485
<b>TOTAL</b>	<b>100.0%</b>	<b>58,089,571.21</b>	<b>100.0%</b>	<b>254,765,631.91</b>	<b>0.2280</b>

12. Furthermore, in support of the Application, IEC is submitting the following documents duly marked as Annexes:

- “Annex - B” Breakdown of the Distribution, Supply and Metering Revenues and Actual Energy Sales (kWh) for the covered period;
- “Annex - C” Breakdown of the Net Income from Related Business for the covered period per Calendar Year;
- “Annex - D” Forecast Energy Sales (kWh) for the years 2022 to 2024 per Calendar Year;
- “Annex - E” Calculation of the Proposed Recovery Rate and Recovery Period;
- “Annex - F” Breakdown of Recovery Rate per Customer Class;
- “Annex - G” Document to Support Related Business Revenue;
- “Annex - H” Rate Impact Simulation (in Excel); and
- “Annex - I” Document to Support Application for Provisional Authority. Justification for the Forecast Sales, Number of customers and Revenues.



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13. The [Honorable] Commission has the authority to grant interim relief to IEC to cure the disruptions caused by a regulatory lag.
14. In support of the prayer for the issuance of provisional authority pending the final approval that will allow IEC to immediately recover the difference providing relief to IEC, the affidavit of Ms. Milagros S. Castro, Accountant and head of Tariff Rate for IEC, is hereto attached as "Annex J".
15. Finally, as part of the pre-filing requirement, IEC has furnished a copy of this Application to the Local government Units of Ibaan, San Jose and Lipa City, the transmittal letters are attached and marked as *Annexes "K", "L" and "M"*, all within the province of Batangas and also published the Application in a newspaper of general circulation in its franchise area, marked and attached hereto as *Annex "N"*.

PRAYER

WHEREFORE, foregoing premises considered, Ibaan Electric Corporation (IEC) respectfully prays that, after due notice and hearing, a Decision be rendered:

- a. Approving [IEC's] proposed mechanism to address the issue of the rates governing the Lapsed Period from July 1, 2014 to June 30, 2024 through the true up mechanisms between [IEC's] AWAT and approved MAP;
- b. Confirming [IEC's] resulting calculation of the total amount to be recovered from its customers in the total amount of Fifty-Eight Million Eighty-Nine Thousand Five Hundred Seventy-One & 21/100 (PhP 58,089,571.21) over a period of sixty (60) months;
- c. Approving [IEC's] proposed recovery scheme within sixty (60) months until fully recovered, as follows:

Street lights.....	Php 0.1849 per kWh
Residential.....	Php 0.3275 per kWh
Commercial.....	Php 0.1019 per kWh
Industrial.....	Php 0.0485 per kWh

- d. Pending the hearing on the merits, a Provisional Authority be issued to immediately implement the recovery from the customers.

IEC prays for such other relief just and equitable under the premises.

The Commission has set the 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 platforms for the conduct

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thereof, pursuant to Resolution No. 09, Series of 2020<sup>4</sup> and Resolution No. 01, Series of 2021<sup>5</sup> (ERC Revised Rules of Practice and Procedure):

<b>Date</b>	<b>Platform</b>	<b>Activity</b>
<b>02 March 2023</b> (Thursday) at two o'clock in the afternoon (2:00 P.M.)	<b>Microsoft Teams or Zoom Application</b>	Determination of compliance with jurisdictional requirements, and Expository Presentation
<b>09 March 2023</b> (Thursday) at two o'clock in the afternoon (2:00 P.M.)		Pre-Trial Conference and Presentation of Evidence

IEC was directed to host the virtual hearings at **IEC's principal office located at Metro-Rei Business Park, Brgy. Palindan, Ibaan, Batangas**, as the designated venue for the conduct thereof, and ensure that the same is open to the public and the community quarantine guidelines are observed at all times. IEC shall also 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](mailto:doCKET@erc.ph), copy furnish the Legal Service through [legal@erc.ph](mailto: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 person who has 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](mailto:doCKET@erc.ph), copy furnish the Legal Service through [legal@erc.ph](mailto:legal@erc.ph), a verified **Petition to Intervene** at least five (5) calendar days prior to the date of the initial virtual hearing and subject to the requirements under Rule 9 of the ERC Revised Rules of Practice and Procedure, indicating therein the docket number and title of the case and stating the following:

- 1) The petitioner's name, mailing address, and e-mail address;

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<sup>4</sup> A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.

<sup>5</sup> A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.

- 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](mailto:docket@erc.ph), copy furnish the Legal Service through [legal@erc.ph](mailto:legal@erc.ph), their **Opposition or Comment** at least five (5) calendar days prior to the initial virtual hearing and subject to the requirements under Rule 9 of the ERC Revised Rules of Practice and Procedure. 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/printed copy/ies thereof either through personal service, registered 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](http://www.erc.gov.ph).

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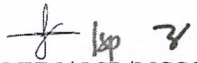
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Finally, all interested persons may be allowed to join the scheduled initial virtual hearings by providing the Commission, thru [legal.virtualhearings@erc.ph](mailto:legal.virtualhearings@erc.ph), with their respective e-mail addresses and indicating 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 Chairperson and CEO **MONALISA C. DIMALANTA**, and the Honorable Commissioners **ALEXIS M. LUMBATAN**, **CATHERINE P. MACEDA**, and **MARKO ROMEO L. FUENTES**, Energy Regulatory Commission, this 9<sup>th</sup> day of February 2023 in Pasig City.

  
**FLORESINDA G. BALDO-DIGAL**  
Commissioner 

  
LS: MVM/ LSP/MCCG