

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

**IN THE MATTER OF THE
APPLICATION FOR THE
APPROVAL OF THE
OVER/UNDER RECOVERIES
BASED ON THE FORMULA
FOR VARIOUS AUTOMATIC
COST ADJUSTMENTS AND
TRUE-UP MECHANISMS AND
CORRESPONDING
CONFIRMATION PROCESS
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. 2023-052 CF

**IBAAN ELECTRIC
CORPORATION (IEC),**
Applicant.

Promulgated:
August 04, 2023

X-----X

O R D E R

On 26 June 2023, the Ibaan Electric Corporation (IEC) filed an *Application* dated 30 March 2023, seeking the Commission's approval of IEC's over or under recoveries based on the formula for various automatic cost adjustments and true-up mechanisms and the Commission's corresponding confirmation process pursuant to Resolution No. 16, Series of 2009, as amended by Resolution No. 21, Series of 2010, Resolution No. 23, Series of 2010, and Resolution No. 02, Series of 2021.

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

1. Applicant is a private distribution utility existing pursuant to law (R.A.10892) with postal address at Metro-Rei Business Park, Brgy. Palindan, Ibaan, Batangas, where it may be served with the processes of this Honourable Commission through its President, Engr. Edelyn Jane A. Salvame and General Manager, John Michael A. Yap, whose joint authority to file this Application is authorized by the Board of Directors of the Applicant pursuant to **Secretary's Certificate No. 15** which 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 and trial proper including the authority to enter into the pre-trial conference and stipulation of facts is the **Secretary's Certificate No. 14** to as proof of his authority is 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, Barangay Adya, City of Lipa and Barangay Salaban, Municipality of San Jose, all in the Province of Batangas;

3. That pursuant to ERC Resolution No. 16, Series of 2009 and ERC Resolution No. 06, Series of 2013, Private Distribution Utilities and Electric Cooperatives in Luzon are directed to file their respective applications for the approval of over/under recoveries on cost adjustments and true-up mechanism.

4. That the period covered for the over/under recoveries start from year 2020 to 2022 or three (3) years;

5. That the summary of the under/(over) recoveries for the 3 years are summarized and presented below:

Particulars	Allowable Cost	Revenue	(Over)/Under Recovery
	(Php)	(Php)	(Php)
Generation Rate (GR)	438,597,865.36	439,018,150.14	(420,284.78)
Transmission Rate (TR)	87,285,321.74	93,708,614.93	(6,423,293.19)
System Loss Rate (SLR)	43,392,125.27	42,290,831.06	1,101,294.21
Lifeline Subsidy	8,803,839.23	5,801,392.56	3,002,446.67
Senior Citizen Subsidy	508,928.40	516,212.64	(7,284.24)
Local Franchise Tax	724,034.52	749,808.22	(25,773.70)
Real Property Tax	337,828.44	313,736.14	24,092.30
Net Results	579,649,942.96	582,398,745.69	(2,748,802.73)

6. That the foregoing amounts are based on the computations hereto attached and marked as **Annexes "D" to "J"**;

7. Further, in support of the foregoing, Applicant submits the following data and documents hereto attached with submarkings, to wit:

- a. Application Filed for Over/Under Recoveries as **Annex “B”**;
- b. Summary of Over/Under Recoveries as **Annex “C”**;
- c. Computation of Over/Under Recoveries – Generation Rate for the Year 2020-2022 as **Annex “D”**;
- d. Computation of Over/Under Recoveries – Transmission Rate for the Year 2020-2022 as **Annex “E”**;
- e. Computation of Over/Under Recoveries – System Loss Rate for the Year 2020-2022 as **Annex “F”**;
- f. Computation of Over/Under Recoveries – Lifeline Rate for the Year 2020-2022 as **Annex “G”**;
- g. Computation of Over/Under Recoveries – Senior Citizen Rate for the Year 2020-2022 as **Annex “H”**;
- h. Computation of Over/Under Recoveries – Local Franchise Tax as **Annex “I”**;
- i. Computation of Over/Under Recoveries – Real Property Tax as **Annex “J”**;
- j. Proposed Scheme of Refund Using the Projected kWh Sales as **Annex “K”**;
- k. Power Bills from Therma Luzon, Inc. with Official Receipts for the Year 2020-2022 as **Annex “L”**;
- l. Power Bills from NGCP with Official Receipts for the Year 2020-2022 as **Annex “M”**;
- m. Monthly Financial Summary Report (MFSR) Section A and E for the Year 2020-2022 as **Annex “N”**;
- n. Summary Report for Demand (kW) Sales for the year 2020-2022 as **Annex “O”**;
- o. Consumer Bills (Non-Lifeline for the Year 2020-2022) as **Annex “P”**;
- p. Consumer Bills (Lifeline for the Year 2020-2022) as **Annex “Q”**;
- q. Consumer Bills (Senior Citizen Bills for the Year 2020-2022) as **Annex “R”**;
- r. Supplier and Transmission Data Sheet for the Year 2020-2022 as **Annex “S”**;
- s. Statistical Data Sheet for the Year 2020-2022 as **Annex “T”**;
- t. Summary of Actual Implemented Rates Sheet for the Year 2020-2022 as **Annex “U”**;
- u. Lifeline Discount Sheet for the Year 2020-2022 as **Annex “V”**;
- v. Senior Citizen Discount Sheet for the Year 2020-2022 as **Annex “W”**;
- w. Additional Statistical Data Sheet for the Year 2020-2022 as **Annex “X”**

8. That Applicant proposes to refund the net over recoveries of 2,748,802.73 starting June 2023 to May 2024 as follows:

Rate Components	(OVER) UNDER RECOVERIES	Recovery Period	Php/kWh
Generation	(420,284.78)	12 months	(0.0099)
Transmission	(6,423,293.19)	12 months	(0.1510)
System Loss	1,101,294.21	12 months	0.0259
Lifeline Discount	3,002,446.67	12 months	0.0706
Senior Citizen	(7,284.24)	12 months	(0.0002)

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Local Franchise Tax	(25,773.70)	12 months	(0.0006)
Real Property Tax	24,092.30	12 months	0.0006
TOTAL	(2,748,802.73)	12 months	(0.0646)

WHEREFORE, foregoing premises considered, it is most respectfully prayed of this Honourable Commission, to approve the submitted calculations and computations made by the Applicant and the proposed recovery scheme.

Other reliefs consistent with justice and equity are likewise prayed for.

Finding the said *Application* to be sufficient in form and with the required fees having been paid, the Commission hereby sets the same for 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 thereof, pursuant to Resolution No. 09, Series of 2020¹ and Resolution No. 01, Series of 2021² (ERC Revised Rules of Practice and Procedure):

Date	Platform	Activity
20 September 2023 (Wednesday) at nine o'clock in the morning (9:00 A.M.)	Microsoft Teams or Zoom Application	Determination of compliance with the jurisdictional requirements and expository presentation
27 September 2023 (Wednesday) at nine o'clock in the morning (9:00 A.M.)		Pre-Trial Conference and presentation of evidence

RELATIVE THERETO, IEC is hereby directed to:

- 1) Cause the publication of the attached *Notice of Virtual Hearing* once (1x) in a newspaper of nationwide circulation in the Philippines at its own expense, at least ten (10) days before the date of the scheduled initial virtual hearing;
- 2) Furnish with copies of this *Order* and the attached *Notice of Virtual Hearing* the Offices of the Provincial Governor,

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.

the Mayors, the Local Government Unit (LGU) legislative bodies, within IEC's franchise area for the appropriate posting thereof on their respective bulletin boards;

- 3) Inform the consumers within IEC's franchise area, by any other means available and appropriate, of the filing of the *Application*, its reasons therefor, and of the scheduled virtual hearings thereon;
- 4) Furnish with copies of this *Order* and the attached *Notice of Virtual Hearing*, the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress. They are hereby requested, if they so desire, to send their duly authorized representatives and attend the scheduled hearings; and
- 5) Furnish with copies of the *Application* and its attachments, all those making requests therefor, if any, subject to reimbursement of reasonable photocopying costs.

Within five (5) calendar days before the date of the initial virtual hearing, IEC 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 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 bodies or their duly authorized representatives, bearing the seals of their offices;
- 3) The evidence of other means employed by IEC to inform the consumers within its franchise area of the filing of the

Application, its reasons therefor, and of the scheduled hearings 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, by all those making requests therefor, if any; and
- 6) Such other proof of compliance with the requirements of the Commission.

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

Applicant IEC 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 IEC 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 IEC to comply with the above requirements within the prescribed period shall be a ground for cancellation of the scheduled hearing, and the resetting of which shall be six (6) months from the said date of cancellation.

Applicant IEC 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 IEC 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. IEC 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 IEC is further directed to submit, through personal service, registered mail or ordinary mail/private courier, one (1) set of the original or certified true hard copies of its Jurisdictional Compliance, Expository Presentation, Pre-Trial Brief, and Judicial Affidavits of witnesses, **within five (5) working days** from the date that the same were electronically submitted, as reflected in the acknowledgment receipt e-mail sent by the Commission.


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Finally, IEC, including its authorized representatives and witnesses, are hereby directed to provide the Commission, through 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, 04 August 2023.

FOR AND BY AUTHORITY
OF THE COMMISSION:


MONALISA C. DIMALANTA
Chairperson and CEO

ERC

Office of the Chairperson and CEO



MCD2023-008110


LS: ADGS/ARG/MCCG

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