

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
RESOLUTION NO. 21, SERIES
OF 2010, ERC RESOLUTION
NO. 23, SERIES OF 2010 AND
ERC RESOLUTION NO. 02,
SERIES OF 2021

ERC CASE NO. 2023-005 CF

BATANGAS II ELECTRIC
COOPERATIVE, INC.
(BATELEC II),

Applicant.

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Promulgated:
April 18, 2023

NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 03 April 2023, Batangas II Electric Cooperative, Inc. (BATELEC II) filed an *Application* dated 23 March 2023, seeking the Commission's confirmation and approval of calculations of its over or under recoveries in the implementation of automatic cost adjustments and true-up mechanisms for the period 2020 to 2022, pursuant to the Commission's Resolution No. 16, Series of 2009, as amended by Resolution No. 21, Series of 2010, Resolution No. 23, Series of 2010 and Resolution No. 02, Series of 2021.

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

THE APPLICANT

1. BATELEC II is a non-stock, non-profit electric cooperative, duly organized and existing under and by virtue of the laws of the Philippines, with principal office at Antipolo Del Norte, Lipa City, Batangas;
2. It holds an exclusive franchise issued by the National Electrification Commission to operate an electric light and power distribution service in two (2) cities and fifteen (15) municipalities in the Province of Batangas: Lipa City, Tanauan City, Padre Garcia, Mataas na Kahoy, Balete, Cuenca, Alitagtag, Malvar, Talisay, Laurel, Mabini, Tingloy, Rosario, Taysan, San Juan, Lobo, and San Jose.

LEGAL BASES FOR THE APPLICATION

3. ERC Resolution No. 16, Series of 2009, as amended by Resolution No. 21, Series of 2010, establishes the procedure for the automatic recovery or refund of pass through costs and the confirmation process that would govern the automatic cost adjustment and true-up mechanisms approved by the Honorable Commission, with the objective of ensuring appropriate recovery of the pass through costs in an efficient manner and to put in place a fair and transparent process for the confirmation of the automatic cost adjustments implemented by Distribution Utilities and the true-up of other pass-through charges, involving Generation Rate, Transmission Rate, System Loss Rate and Lifeline Rate Recovery, as the case may be;
4. On the other hand, ERC Resolution 23, Series of 2010, adopts the rules implementing the discounts to qualified senior citizen end-users and subsidy from subsidizing end-users on electricity consumption;
5. Finally, ERC Resolution No. 02, Series of 2021, provides for the recovery of all just and reasonable costs pertaining to current taxes (real property, local franchise, and business tax) that are levied by local government units within the distribution utilities' franchise area, subject to the post-validation and confirmation process mechanism of the Commission.
6. Foregoing resolutions further require the distribution utilities to file their respective consolidated applications once every three (3) years.
7. Hence, the filing of the instant application, covering the period of January 2020 to December 2022.

OVER OR UNDER-RECOVERIES OF ALLOWABLE COSTS

8.

Applying the formulae provided under Resolution 16, Series of 2009 as amended by Resolution 21, Series of 2010, Resolution 23, Series of 2010, and Resolution 02, Series of 2021, BATELEC II made calculations of the over-recoveries charged or under- recoveries incurred as against its customers, in the implementation of certain automatic cost adjustments and true-up mechanisms, covering the period of January 2020 to December 2022;
9.

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

Mechanism	Recoverable Cost (PhP)	Revenue (PhP)	(Over)/Under Recovery (PhP)
Total Generation	16,658,363,129.03	16,341,772,799.01	316,590,330.02
Mainland	16,578,263,567.10	16,262,491,591.63	315,771,975.47
Tingloy/SPUG	37,014,947.11	36,820,902.96	194,044.15
LEZ/Campo Verde	43,084,614.82	42,460,304.42	624,310.40
Transmission-Main	2,701,103,935.62	2,935,157,071.21	(234,053,135.59)
Total Systems Loss	2,338,231,364.21	2,308,555,398.22	29,675,965.99
Mainland	2,329,520,878.54	2,299,811,641.86	29,709,236.68
Tingloy/Spug	5,217,007.01	5,196,510.06	20,496.95
LEZ/Campo Verde	3,493,478.66	3,547,246.30	(53,767.64)
Lifeline Subsidy/ Discount	145,323,454.47	140,812,362.41	4,511,092.06
Senior Citizen Subsidy/ Discount	2,750,441.85	2,757,073.57	(6,631.72)
Franchise Tax and/or Business Tax	14,951,591.82	1,953,645.77	12,997,946.05
Real Property Tax	5,346,467.30	736,840.59	4,609,626.71
TOTAL (Php)	21,866,070,384.30	21,731,745,190.78	134,325,193.52

SUPPORTING DATA AND DOCUMENTS

10.

In support of foregoing calculations, BATELEC II is submitting the following data and documents covering the period of January 2020 to December 2022, attached hereto and made integral parts hereof, as follows:

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FOLDER NO.	ANNEX MARKINGS	DESCRIPTION OF DOCUMENTS
Folder 1	Annex A	Supplier and Transmission Data Sheet Per Year
	Annex B	Statistical Data Sheet Per Year
	Annex C	URR Addendum/DSL Data Sheet Per Year
	Annex D	Actual Implemented Rates Sheet Per Year
	Annex E	Lifeline Discount Sheet Per Year
	Annex F	Senior Citizen Discount Sheet Per Year
	Annex G	Summary of Over/Under-Recoveries Computation
	Annex H	Proposed Refund/Collect Scheme
Folder 2	SUPPLIER AND TRANSMISSION DATA	
	Annex I	Power Bills from Suppliers
Folder 3	STATISTICAL DATA	
	Annex J	Summary of Pilferage Cost Recoveries
	Annex K	Summary of Implemented Orders/Decisions
	Annex L	MFSR – Sections B and E
	Annex M	Demand (kW) Sales Summary Report
Folder 4	ACTUAL IMPLEMENTED RATES DATA	
	Annex N	Consumer Bills per Customer Class (Non-Lifeline)
	Annex O	Consumer Bills per Lifeline Bracket (Lifeline)
	Annex P	Senior Citizen Consumer Bills
	Annex Q	Statement of Accounts of Consumers Other than Captive
	Annex R	Actual Lifeline Discount Report
	Annex R-1	Actual Senior Citizen Discount Report
Folder 5	OTHER DOCUMENTS	
	Annex S	Submitted Monthly URR per Reso. 17, Series of 2009
	Annex T	Submitted Monthly URR Addendum
	Annex U	Single Line Diagram
	Annex V	Power Supply Contracts with Generation Companies
	Annex W	Computation on how the pass-through charges were derived
Folder 6	FRANCHISE, BUSINESS AND REAL PROPERTY TAXES	
	Annex X Series	a) Franchise Tax Local Tax Ordinance, Tax Receipts for payments made, Actual Distribution Revenues, Breakdown of Gross Sales/Receipts; Appendix B;

		Sample Consumer Bills per LGU
	Annex Y Series	b) Business Tax Local Tax Ordinance; Tax Receipts for payments made; Actual Distribution Revenues; Breakdown of Gross Sales/Receipts; Appendix A; Sample Consumer Bills per LGU
	Annex Z Series	Real Property Tax a) Local Tax Ordinance; Tax Declarations; Tax Assessments; Statements of Account; Official Receipts; Appendix A; Sample Consumer Bills per LGU
	Annex AA	Computations on how the implemented pass-through taxes were derived

11. Further, in compliance with the pre-filing requirements under the Revised ERC Rules of Practice and Procedure, herein applicant is submitting the following documents to form integral parts hereof, as follows:

ANNEX MARKINGS	NATURE OF DOCUMENT
Annex BB series	Proof of furnishing copies of the Application to the Offices of the Governor and Sangguniang Panlalawigan of Batangas, as well as the Mayor and Sangguniang Panlungsod of Lipa City
Annex CC series	Proof of publication of the Application in a newspaper of general circulation within BATELEC II's franchise area or where it principally operates

12. Considering [the] foregoing, it is respectfully prayed that BATELEC II's calculations of over or under-recoveries in the implementation of subject automatic cost adjustments and true-up mechanisms be confirmed and approved, and the cooperative be allowed to refund the over recoveries or collect the under recoveries, as the case may be, to or from its customers.

PRAYER

WHEREFORE, premises considered, applicant Batangas II Electric Cooperative, Inc. (BATELEC II) respectfully prays of this Honorable Commission, after due notice and hearing, to confirm and approve its calculations of over or under-recoveries in the implementation of subject automatic cost adjustments and true-up mechanisms covering the period of January 2020 to December 2022 made pursuant to ERC Resolution 16, Series of 2009 as amended by Resolution 21, Series of 2010, ERC Resolution 23, Series of 2010, and ERC Resolution 02, Series of 2021, and allow the cooperative to

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refund the over recoveries or collect the under recoveries, as the case maybe, to or from its customers, based on the following refund/collect schemer (*sic*), to wit:

Mechanism	(Over)/Under Recovery (PhP)	Proposed Term of Refund /Collect	Billing Determinant kWh / kW	Rate per Month
GENERATION:				
Generation-Main	315,771,975.47	36 months	2,596,339,623.28	0.1216
Generation - Tingloy	194,044.15	36 months	6,394,299.00	0.0303
Generation –Campo Verde	624,310.40	36 months	4,576,405.90	0.1364
TRANSMISSION:				
Residential kWh	(8,930,984.99)	36 months	1,494,079,789.070	(0.0060)
Lower Voltage kWh	4,569,787.77	36 months	588,092,548.400	0.0078
Higher Voltage – Php / kW	(229,691,938.37)	36 months	97,518	(65.4272)
Systems Loss -Main	29,709,236.68	36 months	3,169,639,650.56	0.0094
Systems Loss - Tingloy	20,496.95	36 months	6,394,299.00	0.0032
Systems Loss – Campo Verde	(53,767.64)	36 months	4,576,405.90	(0.0117)
Lifeline Subsidy/ Discount	4,511,092.06	36 months	3,117,073,500.46	0.0014
Senior Citizen Subsidy/ Discount	(6,631.72)	1 month	86,436,024.18	(0.0001)
Franchise and/or Business Tax Recovery	12,997,946.05	24 months	3,359,381,801.98	Table AD
Real Property - Lipa City, Tanauan City and all Municipalities (Provincial Gov't of Batangas) Tax Recovery	4,609,626.71	24 months	1,168,376,643.24	Table AD 0.0039
TOTAL	134,325,193.52			

Table AD: Over/Under Recovery of the Pass-Through Charges and True-Up Mechanism (2021-2022)

Coverage Area	Unrecovered Taxes on years 2021-2022 (PhP)	Total kWh Sales	<div>Proposed Rate</div> <div>Recovery Rate per Month (Php/kWh)</div>
Real Property Tax: All Cities / Municipalities			
Lipa City, Tanauan City and all Municipalities (Provincial Gov't of Batangas)	4,609,626.71	1,168,376,643.24	0.0039
Franchise Tax :			
Provincial Gov't of Batangas	3,069,836.57	1,168,376,643.24	0.0026
Lipa City	4,770,553.15	757,226,928.86	0.0063
Tananuan City	1,239,769.62	269,985,622.64	0.0046
Total	9,080,159.34	2,195,589,194.74	
Business Tax: 14 Municipalities			
Alitagtag	67,817.15	26,004,432.69	0.0002
Balete	66,031.43	20,868,841.82	0.0003
Cuenca	105,135.10	32,886,010.29	0.0003
Laurel	111,085.45	41,186,717.38	0.0002
Lobo	79,196.34	26,583,972.01	0.0002
Mabini	498,001.05	182,994,115.49	0.0002
Malvar	284,048.88	169,191,719.33	0.0001
Mataas na Kahoy	233,026.87	31,370,150.92	0.0006
Padre Garcia	701,779.35	86,392,520.13	0.0007
Rosario	555,042.44	169,109,619.85	0.0003
San Jose	512,294.00	149,793,150.45	0.0003
San Jaun	309,893.63	116,121,743.45	0.0002
Talisay	183,950.27	51,137,384.28	0.0003
Taysan	210,484.76	60,152,229.15	0.0003
Total	3,917,786.72	1,163,792,607.24	

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

The Commission sets 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 thereof, pursuant to Resolution No. 09, Series of 2020¹ and Resolution No. 01, Series of 2021 (ERC Revised Rules of Practice and Procedure):²

Date	Platform	Activity
31 May 2023 (Wednesday) at two o'clock in the afternoon (2:00 P.M.)	Microsoft Teams or Zoom Application	Determination of compliance with the jurisdictional requirements and expository presentation
07 June 2023 (Wednesday) 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

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.

interest is affected by the issues involved in the proceeding;
and

- 3) A statement of the relief desired.

Likewise, all other persons who may want their views known to the Commission with respect to the subject matter of the case may file through e-mail at docket@erc.ph, and copy furnish the Legal Service through legal@erc.ph, their Opposition or Comment **at least five (5) calendar days** prior to the initial virtual hearing. Rule 9 of the ERC Revised Rules of Practice and Procedure shall govern. No particular form of Opposition or Comment is required, but the document, letter, or writing should contain the following:

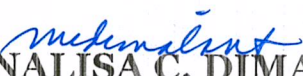

- 1) The name, mailing address, and e-mail address of such person;
- 2) A concise statement of the Opposition or Comment; and
- 3) The grounds relied upon.

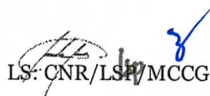
All interested parties filing their Petition to Intervene, Opposition or Comment are required to submit the hard copies thereof through personal service, registered mail or ordinary mail/private courier, **within five (5) working days** from the date that the same were electronically submitted, as reflected in the acknowledgment receipt e-mail sent by the Commission.

Any of the persons mentioned in the preceding paragraphs may access the copy of the *Application* on the Commission's official website at www.erc.gov.ph.

Finally, all interested persons may be allowed to join the scheduled 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 18th day of April 2023 in Pasig City.


MONALISA C. DIMALANTA
Chairperson and CEO 


LS: CNR/LSM/MCCG

ERC
Office of the Chairperson and CEO



MCD2023-002381