

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

**IN THE MATTER OF THE  
APPLICATION FOR  
APPROVAL OF OVER/UNDER  
RECOVERIES BASED ON THE  
FORMULA ON THE VARIOUS  
AUTOMATIC COST  
ADJUSTMENT AND TRUE-UP  
MECHANISMS AND  
CORRESPONDING  
CONFIRMATION PROCESS  
PURSUANT TO ERC  
RESOLUTION NO. 16, SERIES  
OF 2009, AS AMENDED BY  
RESOLUTION NO. 21, SERIES  
OF 2010, AND ERC  
RESOLUTION NO. 23, SERIES  
OF 2010**

**ERC CASE NO. 2023-054 CF**

**ZAMBALES II ELECTRIC  
COOPERATIVE, INC.  
(ZAMECO II),**

*Applicant.*

**Promulgated:**  
July 17, 2023

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**ORDER**

On 03 July 2023, the Zambales II Electric Cooperative, Inc. (ZAMECO II) filed an *Application* dated 08 May 2023, seeking the Commission's approval of its over- or under-recoveries based on the formula on the various automatic cost adjustment and true-up mechanisms and corresponding confirmation process for the period 2020 to 2023, 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.

The pertinent allegations in the said *Application* are hereunder quoted, as follows:

1. Applicant is an electric cooperative duly organized and existing under and by virtue of the laws of the Philippines, with the

principal office at Barangay Nagbunga, Castillejos, Zambales, where it may be served with summons and other legal processes, represented in this instance by its General Manager, ENGR. **ROMWIL F. DE JESUS**, of legal age, Filipino, and with office address also at ZAMECO II main office;

2. Herein applicant is the exclusive franchise holder issued by the National Electrification Administration (NEA) to operate an electric light and power services in the municipalities of the province of Zambales, namely: Subic, Castillejos, San Marcelino, San Antonio, San Narciso, San Felipe and Cabangan.
3. Pursuant to ERC Resolution No. 16, Series of 2009, as amended by ERC Resolution No. 21, Series of 2010, more specifically Article 5, Section 1 (Filing) thereof, and ERC Resolution No. 23, Series of 2010, all Luzon Distribution Utilities (Du's) shall file their respective consolidated applications, on or before May 31, 2014, for the (over)/under recoveries on their implementation of various automatic cost adjustment and true-up mechanisms. Subsequently, the DUs shall file their respective consolidated applications every three (3) years following the sequence of period of prescribed filing;
4. For purposes of compliance with the said ERC Resolution No. 16, Series of 2009, as amended, herein applicant adopted the formulae on Generation Rate, Transmission Rate, System Loss Rate, Lifeline Subsidy Rate and Senior Citizen Subsidy Rate, together with the specific definitions and sub-formulae for each item thereof;
5. Applicant ZAMECO II hereby submits its proposed application for approval of automatic cost adjustment and true-up mechanisms and corresponding confirmation process pursuant to the aforesaid resolution, as amended, as well as the attached summary of computations and actual calculations of (over)/under recoveries for 2020 to 2023 and the proposed scheme of refund for three (3) years using the latest kwh sales, duly marked as Annex "A", and form as part and parcel of this application;
6. In support of this application, herein applicant attached the following required documents contained in the guidelines issued by the Honorable Energy Regulatory Commission, to wit:
  - a. Power Supply Data Sheet;
  - b. Statistical Data Sheet;
  - c. Implemented Rates;
  - d. Power Bills of Power Supplier/s;
  - e. Official Receipts issued by Power Supplier/s;
  - f. Debit/Credit Memo of Power Supplier/s;
  - g. NGCP Invoices;
  - h. Official Receipts issued by NGCP;
  - i. Debit/Credit Memo of NGCP;
  - j. DU/MO1 and DU-MO2, MFSR;
  - k. Consumer bills of Lifeline (per level) and Non-Lifeline as per customer class;
  - l. URR Computation of Generation Rate;

- m. URR Computation of Transmission Rate;
  - n. URR Computation of System Loss Rate;
  - o. URR Computation of Lifeline Rate;
  - p. URR Computation of Senior Citizen Subsidy Rate;
  - q. Computation of (Over)/Under Recoveries;
  - r. Summary of Implementation of approved other charges (or Summary of Pilferage Cost Recoveries); and
  - s. Computation of (Over)/Under Recoveries Business Tax;
  - t. Computation of (Over)/Under Recoveries of Real Property Tax;
7. The summary of Actual Revenue vis-à-vis allowed Cost Recoveries and (Over)/Under Recoveries for Generation, Transmission, System Loss, Lifeline, Senior Citizen Rates, Business Tax and Real Property Tax as follows, to wit:

PARTICULARS	PASS THROUGH COST	ACTUAL REVENUE	(OVER)/UNDER RECOVERIES
GENERATION	Php 3,851,574,275.65	P 3,768,890,363.43	P 82,683,912.22
TRANSMISSION	460,829,001.47	463,354,712.88	(2,525,711.41)
SYSTEM LOSS	428,234,974.45	426,286,342.32	1,948,632.13
LIFELINER	23,847,649.32	23,685,732.56	161,916.76
SENIOR CITIZEN	214,316.82	190,047.69	24,269.13
BUSINESS TAX	1,200,293.00	900,219.75	300,073.25
REAL PROPERTY TAX	866,979.52	251,534.64	615,444.88
<b>GRAND TOTAL</b>	<b>Php 4,766,767,490.23</b>	<b>P 4,683,558,953.27</b>	<b>P 83,208,536.96</b>

**PRAYER**

**WHEREFORE**, premises considered, applicant Zambales II Electric Cooperative, Inc. (ZAMECO II) respectfully prays of this Honorable Commission that, after due notice and hearing and consideration, this application be approved and, upon approval thereof, the applicant be directed to submit the scheme on how to implement the said approval.

Other relief, just or equitable, is 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 2020<sup>1</sup> and Resolution No. 01, Series of 2021 (ERC Revised Rules of Practice and Procedure):<sup>2</sup>

<b>Date</b>	<b>Platform</b>	<b>Activity</b>
<b>12 September 2023</b> (Tuesday) at two o'clock in the afternoon (2:00 PM)	<b>Microsoft Teams or Zoom Application</b>	Determination of compliance with the jurisdictional requirements and expository presentation
<b>19 September 2023</b> (Tuesday) at two o'clock in the afternoon (2:00 PM)		Pre-Trial Conference and presentation of evidence

**RELATIVE THERETO**, ZAMECO II 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, the Mayors, and the Local Government Unit (LGU) legislative bodies within ZAMECO II's franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within ZAMECO II'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

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<sup>1</sup> A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.

<sup>2</sup> A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.

- 5) Furnish with copies of the *Application* and its attachments, 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, ZAMECO II must submit to the Commission via electronic mail (e-mail) at [doCKET@erc.ph](mailto:doCKET@erc.ph), and copy furnish the Legal Service through [legal@erc.ph](mailto: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 affidavit of the Editor or Business Manages 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 ZAMECO II 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, ZAMECO II 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 Office of the Provincial

Governor, Mayors, and Local Legislative Bodies, and to submit proof of posting thereof.

Applicant ZAMECO II and all interested parties are also required to submit via e-mail at [doCKET@erc.ph](mailto:doCKET@erc.ph), and copy furnish the Legal Service through [legal@erc.ph](mailto: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 ZAMECO II 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 virtual hearing and Pre-Trial Conference, pursuant to the preceding paragraph.

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

Applicant ZAMECO II 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 ZAMECO II is hereby directed to file a copy of its Expository Presentation via e-mail at [doCKET@erc.ph](mailto:doCKET@erc.ph), and copy furnish the Legal Service through [legal@erc.ph](mailto:legal@erc.ph), **at least five (5) calendar days** prior to the scheduled virtual hearing. ZAMECO II 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 ZAMECO II 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.

Finally, ZAMECO II, including its authorized representatives and witnesses, are hereby directed to provide the Commission, through [legal.virtualhearings@erc.ph](mailto: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 hearings.

**SO ORDERED.**

Pasig City, 17 July 2023.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

  
**MONALISA C. DIMALANTA**  
*Chairperson and CEO*

  
LS: MND/ARG/MCCG

**ERC**  
Office of the Chairperson and CEO



MCD2023-007379

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**Copy Furnished:**

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4. Commission on Audit (COA)  
Commonwealth Avenue, Quezon City  
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5. Senate Committee on Energy  
GSIS Building, Roxas Boulevard, Pasay City  
[senateenergycommittee@gmail.com](mailto:senateenergycommittee@gmail.com)
6. House Committee on Energy  
Batasan Hills, Quezon City  
[committee.energy@house.gov.ph](mailto:committee.energy@house.gov.ph)
7. Office of the Provincial Governor  
Province of Zambales
8. Office of the Sangguniang Panlalawigan  
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9. Office of the Municipal Mayor  
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10. Office of the Sangguniang Bayan  
Cabangan, Zambales
11. Office of the Municipal Mayor  
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12. Office of the Sangguniang Bayan  
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13. Office of the Municipal Mayor  
San Antonio, Zambales
14. Office of the Sangguniang Bayan  
San Antonio, Zambales
15. Office of the Municipal Mayor  
San Felipe, Zambales
16. Office of the Sangguniang Bayan  
San Felipe, Zambales
17. Office of the Municipal Mayor  
San Marcelino, Zambales
18. Office of the Sangguniang Bayan  
San Marcelino, Zambales
19. Office of the Municipal Mayor  
San Narciso, Zambales



20. Office of the Sangguniang Bayan  
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