

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 2021 TO 2023,  
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, ERC  
RESOLUTION NO. 02,  
SERIES OF 2021, AND ERC  
RESOLUTION NO. 14, SERIES  
OF 2022**

**ERC CASE NO. 2024-017 CF**

**ILOILO III ELECTRIC  
COOPERATIVE, INC (ILECO  
III),**

*Applicant.*

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**Promulgated:**

December 26, 2024

**NOTICE OF VIRTUAL HEARING**

**TO ALL INTERESTED PARTIES:**

Notice is hereby given that on 02 May 2024, Iloilo III Electric Cooperative Inc. (ILECO III) filed an *Application* dated 11 April 2024, seeking the Commission's approval of its calculations of over or under recoveries in the implementation of automatic cost adjustments and true-up mechanisms for the period 2021 to 2023, pursuant to ERC Resolution No. 16, Series of 2009, as amended by ERC Resolution No. 21, Series of 2010, ERC Resolution No. 23, Series of 2010, ERC Resolution No. 02, Series of 2021, and ERC Resolution No. 14, Series of 2022.

Resolution No. 02, Series of 2021, and ERC Resolution No. 14, Series of 2022.

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

**THE APPLICANT**

1. ILECO III 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 Brgy. Preciosa, Sara, Iloilo:
2. It holds an exclusive franchise issued by the National Electrification Commission to operate an electric light and power distribution service in the municipalities of Ajuy, Anilao, Balasan, Banate, Barotac Viejo, Batad, Carles, Concepcion, Estancia, Lemery, San Dionisio, San Rafael and Sara.

**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. Further, 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. Finally, ERC Resolution No. 14, Series of 2022, directs the distribution utilities to adopt the Revised Rules governing the automatic cost adjustment and true-up mechanisms and corresponding confirmation process for DUs with its revised Uniform Reportorial Requirement (URR) spreadsheet template.

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7. Foregoing resolutions further require the distribution utilities to file their respective consolidated applications once every three (3) years.
8. Hence, the filing of the instant application, covering the period of January 2021 to December 2023.

**OVER AND UNDER-RECOVERIES OF ALLOWABLE COSTS**

9. Applying the formulae provided under Resolution No. 16, Series of 2009 as amended by Resolution No. 21, Series of 2010, Resolution No. 23, Series of 2010, Resolution No. 02, Series of 2021, and ERC Resolution No. 14, Series of 2022, respectively, ILECO III 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 2021 to December 2023;
10. The results of its calculations are presented hereunder, as follows:

<b>Particulars</b>	<b>Allowable Cost (PhP)</b>	<b>Revenue (PhP)</b>	<b>(Over)/Under Recovery (PhP)</b>
Generation Rate (GR)			
Mainland	2,982,829,848.26	2,982,239,298.35	590,549.91
SPUG	47,470,978.92	47,174,351.52	296,627.40
Transmission Rate (TR)	375,596,762.69	377,316,662.20	(1,719,899.51)
Systems Loss Rate (SLR)			
Mainland	290,127,111.39	292,826,916.22	(2,699,804.83)
SPUG	5,077,651.47	5,494,837.64	(417,186.17)
Lifeline Subsidy	30,951,396.16	31,851,499.08	(900,102.92)
Senior Citizen Subsidy	56,705.85	53,607.22	3,098.63
Local Franchise Tax			
Ajuy	2,984,227.24	-	2,984,227.24
Anilao			
Balasan			
Banate			
Barotac Viejo			
Batad			
Carles			
Concepcion			
Estancia			
Lemery			
San Dionisio			
San Rafael			
Sara			
Business Tax			

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Sara	200,014.90	-	200,014.90
Real Property Tax	118,468.57	-	118,468.57
<b>Net Results</b>			(1,544,006.78)

**REASON FOR THE OVER OR UNDER-RECOVERIES**

11. The following factors are major contributors in the causes of the over/under recoveries:
  - A. **kWh Sales** – The changes in the monthly kWh Sales influences the results of the over/under recovery. Additionally, an increase in kWh Sales also increases the variance between the Allowable Cost and the Revenue, and vice versa.
  - B. **Generation/Transmission Cost** - This cost charged by the Generation Companies (PEDC, GCGI, SIPC, PCPC, GNPD, WESM, NPC) and the Transmission Company (NGCP) are translated into Rate/kWh. In this regard, this causes the increase or decrease of our monthly rate. Likewise, the Transmission Cost is not applicable to SPUG areas.
  - C. **Timing Difference** - One of the purpose of ERC’s Automatic Cost Adjustment and True-up Mechanisms is to match the revenue and the cost of all pass-through charges for transparency and equity. However, due to the natural limitation of the rate formula, variance is inevitable.

**SUPPORTING DATA AND DOCUMENTS**

12. In support of foregoing calculations, ILECO III is submitting the following data and documents covering the period of January 2021 to December 2023, attached hereto and made integral parts hereof, as follows:

<b>FOLDER NO.</b>	<b>ANNEX MARKINGS</b>	<b>DESCRIPTION OF DOCUMENTS</b>
Folder 1	Annex A	Supplier and Transmission Data Sheet Per Year
	Annex B	Statistical Data Sheet Per Year
	Annex C	Actual Implemented Rates Sheet Per Year
	Annex D	Lifeline Discount Sheet Per Year
	Annex E	Senior Citizen Discount Sheet Per Year

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	Annex F	Additional Statistical Data Sheet Per Year
	Annex G	Summary of Over/Under-Recoveries Computation
	Annex H	Proposed Refund/Collect Scheme
Folder 2	<b>SUPPLIER AND TRANSMISSION DATA</b>	
	Annex I	Power Bills from Suppliers
Folder 3	<b>STATISTICAL DATA</b>	
	Annex J	Summary of Pilferage Cost Recoveries
	Annex K	Report on the Implemented Orders/Decisions
	Annex L	MFSR – Sections B and E
	Annex M	Demand (kW) Sales Summary Report
Folder 4	<b>ACTUAL IMPLEMENTED RATES DATA</b>	
	Annex N	Consumer Bills per Customer Class (Non-Lifeline)
	Annex O	Consumer Bills per Lifeline Bracket (Lifeline)
	Annex P	Senior Citizen Consumer Bills
Folder 5	<b>OTHER DOCUMENTS</b>	
	Annex Q	Submitted Monthly URR per Reso. 17, Series of 2009
	Annex R	Submitted Monthly URR Addendum
	Annex S	Single Line Diagram
	Annex T	Power Supply Contracts with Generation Companies
Folder 6	<b>LOCAL FRANCHISE, BUSINESS, AND REAL PROPERTY TAXES</b>	
	Annex U Series	a) Local Franchise Tax Local Tax Ordinance, Tax Receipts for payments made, Actual Distribution Revenues, Breakdown of Gross Sales/Receipts; Appendix B

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

13. 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, to wit:

<b>ANNEX MARKINGS</b>	<b>DESCRIPTION OF THE DOCUMENTS</b>
Annex AA series	Proof of furnishing copies of the Application to the Offices of the Mayor and Sangguniang Bayan of Sara and Governor and Sangguniang Panlalawigan of Iloilo
Annex BB series	Proof of publication of the Application in a newspaper of general within ILECO III's franchise area or where it principally operates

14. Considering the foregoing, it is respectfully prayed that ILECO III'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 Iloilo III Electric Cooperative, Inc. (ILECO III) respectfully prays of this Honorable Commission, after due notice and hearing, to confirm and approve its calculations of over or under-recoveries in the

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implementation of subject automatic cost adjustments and true-up mechanisms covering the period of January 2021 to December 2023 made pursuant to ERC Resolution No. 16, Series of 2009 as amended by Resolution No. 21, Series of 2010, ERC Resolution No. 23, Series of 2011, ERC Resolution No. 02, Series of 2021, and ERC Resolution No. 14, Series of 2022 and allow the cooperative to refund the over-recoveries or collect the under-recoveries, as the case maybe, to or from its customers, based on the following refund/collect scheme, to wit:

<b>Particulars</b>	<b>(Over)/Under-Recovery (PhP)</b>	<b>Proposed Term of Refund /Collect</b>	<b>Rate per Month</b>
Generation Rate (GR)			
Mainland	590,549.91	36 months	0.0001
SPUG	296,627.40	36 months	0.0031
Transmission Rate (TR)	(1,719,899.51)	36 months	(0.0004)
Systems Loss Rate (SLR)			
Mainland	(2,699,804.83)	36 months	(0.0005)
SPUG	(417,186.17)	36 months	(0.0043)
Lifeline Subsidy	(900,102.92)	36 months	(0.0002)
Senior Citizen Subsidy	3,098.63	1 month	0.00002
Local Franchise Tax			
<i>Ajuy</i>			
<i>Anilao</i>			
<i>Balasan</i>			
<i>Banate</i>			
<i>Barotac Viejo</i>			
<i>Batad</i>			
<i>Carles</i>			
<i>Concepcion</i>	2,984,227.24	12 months	0.0016
<i>Estancia</i>			
<i>Lemery</i>			
<i>San Dionisio</i>			
<i>San Rafael</i>			
<i>Sara</i>			
Business Tax			
Sara	200,014.90	12 months	0.0008
Real Property Tax	118,468.57	12 months	0.0001
<b>Net Results</b>	<b>(1,544,006.78)</b>		

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

The Commission hereby sets the instant *Application* for hearing for the determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence **on 27 March 2025 (Thursday) at nine**

**o'clock in the morning (09:00 A.M.)** as the online platforms for the conduct thereof, pursuant to Resolution No. 09, Series of 2020<sup>1</sup> and Resolution No. 01, Series of 2021<sup>2</sup> (ERC Revised Rules of Practice and Procedure).

Accordingly, ILECO III is hereby directed to host the virtual hearing at **ILECO III's principal office located at Brgy. Preciosa, Sara, Iloilo**, as the designated venue for the conduct thereof, and ensure that the same is open to the public. Moreover, ILECO III shall 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), and 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, all 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](mailto:docket@erc.ph), and copy furnishing 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. 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.

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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.



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), and 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. 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](http://www.erc.gov.ph).

Finally, all interested persons may be allowed to join the scheduled virtual hearings by providing the Commission, through [legal.virtualhearings@erc.ph](mailto: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.

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**WITNESS**, the Honorable Chairperson and CEO **MONALISA C. DIMALANTA**, and the Honorable Commissioners **ALEXIS M. LUMBATAN**, **CATHERINE P. MACEDA**, **FLORESINDA G. BALDO-DIGAL**, and **MARKO ROMEO L. FUENTES**, Energy Regulatory Commission, this 26<sup>th</sup> day of December 2024 in Pasig City.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

  
**KRISHA MARIE T. BUELA**  
*Director III, Legal Service*