

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

**IN THE MATTER OF THE
APPLICATION FOR
CONFIRMATION AND
APPROVAL OF THE
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
23, SERIES OF 2010, ERC
RESOLUTION NO. 02,
SERIES OF 2021 AND ERC
RESOLUTION NO. 14, SERIES
OF 2022**

ERC CASE NO. 2024-019 CF

**ANTIQUE ELECTRIC
COOPERATIVE, INC.
(ANTECO),**

Applicant

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Promulgated:
December 26, 2024

ORDER

On 09 May 2024, Antique Electric Cooperative, Inc. (ANTECO) filed an *Application* dated 18 April 2024, for 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 corresponding confirmation process 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.

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

THE APPLICANT

1. ANTECO is a non-stock, non-profit electric cooperative, duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at Brgy. Funda, San Jose de Buenavista, Antique;
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 Anini-y, Tobias Fornier, Hamtic, Sibalom, San Jose de Buenavista, San Remegio, Belison, Patnongon, Bugasong, Valderrama, Barbaza, Laua-an, Tibiao, Culasi, Sebaste and Caluya, all in the province of Antique.

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.

7. From the foregoing Resolutions, ANTECO opted not to recover the costs pertaining to the real property tax, local franchise tax, and business tax that were levied by and paid to certain local government units in its franchise area.
8. Foregoing resolutions further require the distribution utilities to file their respective consolidated applications once every three (3) years.
9. Hence, the filing of the instant application, covering the period of January 2021 to December 2023.

OVER OR UNDER-RECOVERIES OF ALLOWABLE COSTS

10. 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, ANTECO 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;
11. The results of its calculations are presented hereunder, as follows:

Mechanism	Recoverable Cost (PhP)	Actual Revenue (PhP)	(Over)/Under Recovery(PhP)
Generation –Main	3,152,019,175.78	3,130,156,093.85	21,863,081.93
Generation – SPUG1	57,068,761.18	58,163,981.23	(1,095,220.05)
Generation – SPUG2	41,162,816.26	41,165,182.50	(2,366.24)
Generation – Sale for Resale	554,610.49	463,617.26	90,993.23
Transmission	352,445,170.01	391,531,456.38	(39,086,286.37)
System Loss - Main	215,841,474.39	223,166,041.84	(7,324,567.45)
System Loss – SPUG1	(2,912,256.67)	(950,264.01)	(1,961,992.66)
System Loss – SPUG2	(9,036.55)		(9,036.55)
System Loss – Sale for Resale	32,152.63	2,909.69	29,242.94
Lifeline Subsidy/Discount	6,406,092.11	12,159,554.46	(5,753,462.35)
Senior Citizen Subsidy/Discount	1,073,397.37	1,449,580.38	(376,183.01)
Net Amount			(33,625,796.58)

REASONS FOR THE OVER/UNDER – RECOVERIES

12. In the case of the Generation Rate, ANTECO incurred an under-recovery due to the following reasons:

- a. There are variable factors present in the power supplier's bill that fluctuate over time especially for the year 2022, increase in fuel prices, foreign exchange, market dynamics and changes in regulatory policies;
 - b. Since ANTECO is a direct member of the Wholesale Electricity Spot Market (WESM) and where it is getting a percentage of its supply, the risk of exposure to the vulnerability of the fluctuations in prices of the spot market is a factor that contributes to the generation cost;
 - c. The formula for the calculation of generation cost follows a one-month lag approach, where the cost of power for the current month is being recovered in the following month;
 - d. The calculation formula for the monthly generation rate in years 2021-2022 was derived from ERC Resolution No. 16, Series of 2009. On the other hand, the recent ERC Resolution No. 14, Series of 2022, issued on December 19, 2022 introduced a new formula for calculating monthly generation rate and over/under-recovery. The variance between the Total kWh Purchased and Generated compared to Total Energy Input has led to an additional under-recovery in generation costs.
13. For the Transmission Rate, ANTECO incurred an over recovery due to the calculation formula for the monthly transmission rate differing from the formula used for over/under-recovery purposes. Additionally, the monthly calculation of the transmission costs follows a one-month lag approach, where the cost of power from the previous month is used for the current month's computation;
 14. For the System Loss Rate, ANTECO incurred an under-recovery. The calculation of System Loss Rate over/under-recoveries was primarily attributed to the over/under-recoveries in Generation and Transmission Costs which are major components of the formula used to compute the System Loss Rate. Additionally, the calculation formula for the monthly system loss rate differs from the formula used for over/under recovery purposes;
 15. For the Lifeline Discount and Subsidy, ANTECO incurred an over-recovery due to the calculation following a one-month lag approach and variation in the monthly calculated lifeline rate, which is affected by actual kWh consumption of lifeliners and non-lifeliners;
 16. For the Senior Citizen Discount and Subsidy, ANTECO incurred an over recovery due to calculation following a one-month lag approach.

SUPPORTING DATA AND DOCUMENTS

17. In support of foregoing calculations, ANTECO 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:

FOLDER NO.	ANNEX MARKINGS	DESCRIPTION OF THE DOCUMENTS
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
	Annex F	Additional Statistical Data 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	Manifestation of No 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	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
Folder 5	OTHER DOCUMENTS	
	Annex Q	Submitted Monthly URR per Reso. 17, Series of 2009
	Annex R	Single Line Diagram
	Annex S	Power Supply Contracts with Generation Companies

18. Further, in compliance with the pre-filing requirements under the Revised ERC Rules of Practice and Procedure, the

following documents are being submitted herein to form integral parts hereof, to wit:

ANNEX MARKINGS	DESCRIPTION OF THE DOCUMENTS
Annex T series	Proof of furnishing copies of the Application to the Offices of the Mayor and Sangguniang Bayan of San Jose de Buenavista and Governor and Sangguniang Panlalawigan of Antique
Annex U series	Proof of publication of the Application in a newspaper of general within ANTECO's franchise area or where it principally operates

19. Considering foregoing, it is respectfully prayed that ANTECO'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 Antique Electric Cooperative, Inc. (ANTECO) 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 2021 to December 2023, 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:

Mechanism	(Over)/Under-Recovery (PhP)	Proposed Term of Refund/Collect	Rate per Month
Generation – Main	21,863,081.93	24 months	0.0702
Generation – SPUG1	(1,095,220.05)	24 months	(0.1597)
Generation – SPUG2	(2,366.24)	6 months	(0.0008)
Generation – Sale for Resale	90,993.23	24 months	1.0844
Transmission		12 months	
Residential	(25,187,202.94)		(0.2528)
Low Voltage	(10,424,312.57)		(0.2480)
High Voltage	(3,474,770.86)		(70.6973)
System Loss – Main	(7,324,567.45)	12 months	(0.0470)
System Loss – SPUG1	(1,961,992.66)	12 months	(0.5723)
System Loss – SPUG2	(9,036.55)	6 months	(0.0030)
System Loss – Sale for Resale	29,242.94	24 months	0.3485
Lifeline Subsidy/Discount	(5,753,462.35)	12 months	(0.0348)
Senior Citizen Subsidy/Discount	(376,183.01)	12 months	(0.0023)

Other reliefs, just and equitable in the premises 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 hearing for determination of compliance with the jurisdictional requirements, expository presentation, and Pre-trial Conference **on 28 March 2025 (Friday) at nine o'clock in the morning (09:00 A.M.)**, through **MS Teams Application** as the online platform 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).

Accordingly, ANTECO is hereby directed to host the virtual hearing at **ANTECO's principal office located at Brgy. Funda, San Jose de Buenavista, Antique**, as the designated venue for the conduct thereof, and ensure that the same is open to the public. Moreover, ANTECO shall guarantee that, during the conduct of the expository presentation, the participation of the public shall not be impaired.

RELATIVE THERETO, Applicant ANTECO 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 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 ANTECO franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within ANTECO'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;

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 Practices and Procedures of the Energy Regulatory Commission.

- 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 hearing; and
- 5) Furnish with copies of the *Application* and its attachments, except those subject of a motion for confidential treatment of information, all those making requests therefor, subject to reimbursement of reasonable photocopying costs.

Within five (5) calendar days before the date of the virtual hearing, ANTECO 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 the 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 body or their duly authorized representatives, bearing the seals of their offices;
- 3) The evidence of other means employed by ANTECO to inform the consumers within its franchise area of the filing of the *Application*, its reasons therefor, and of the scheduled hearing 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, except those subject of a motion for confidential treatment of information, if any, by all those making requests therefor; and
- 6) Such other proof of compliance with the requirements of the Commission.

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

Applicant ANTECO 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 ANTECO 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 ANTECO to comply with the above requirements within the prescribed period shall be a ground for cancellation of the scheduled hearing.

Applicant ANTECO 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 ANTECO 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. ANTECO 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 ANTECO 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, ANTECO, including its authorized representatives and witnesses, are hereby directed to provide the Commission, thru 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, 26 December 2024.

FOR AND BY AUTHORITY
OF THE COMMISSION:


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

Copy Furnished:

1. Antique Electric Cooperative, Inc. (ANTECO)
Applicant
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Email address: docket@osg.gov.ph
4. Commission on Audit (COA)
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Email address: citizensdesk@coa.gov.ph
5. Senate Committee on Energy
GSIS Building, Roxas Boulevard, Pasay City
Email address: senateenergycommittee@gmail.com
6. House Committee on Energy
Batasan Hills, Quezon City
Email address: committee.energy@house.gov.ph
7. Office of the Governor
Province of Antique
8. Office of the Local Government Unit (LGU) Legislative Body
Province of Antique
9. Office of the Municipal Mayor
Anini-y, Antique
10. Office of the Local Government Unit (LGU) Legislative
Anini-y, Antique
11. Office of the Municipal Mayor
Tobias Fornier, Antique
12. Office of the Local Government Unit (LGU) Legislative
Tobias Fornier, Antique
13. Office of the Municipal Mayor
Hamtic, Antique
14. Office of the Local Government Unit (LGU) Legislative
Hamtic, Antique
15. Office of the Municipal Mayor
Sibalom, Antique
16. Office of the Local Government Unit (LGU) Legislative
Sibalom, Antique
17. Office of the Municipal Mayor
San Jose de Buenavista, Antique

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18. Office of the Local Government Unit (LGU) Legislative
San Jose de Buenavista, Antique
19. Office of the Municipal Mayor
San Remegio, Antique
20. Office of the Local Government Unit (LGU) Legislative
San Remegio, Antique
21. Office of the Municipal Mayor
Belison, Antique
22. Office of the Local Government Unit (LGU) Legislative
Belison, Antique
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Patnongon, Antique
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Patnongon, Antique
25. Office of the Municipal Mayor
Bugasong, Antique
26. Office of the Local Government Unit (LGU) Legislative
Bugasong, Antique
27. Office of the Municipal Mayor
Valderrama, Antique
28. Office of the Local Government Unit (LGU) Legislative
Valderrama, Antique
29. Office of the Municipal Mayor
Barbaza, Antique
30. Office of the Local Government Unit (LGU) Legislative
Barbaza, Antique
31. Office of the Municipal Mayor
Laua-an, Antique
32. Office of the Local Government Unit (LGU) Legislative
Laua-an, Antique
33. Office of the Municipal Mayor
Tibiao, Antique
34. Office of the Local Government Unit (LGU) Legislative
Tibiao, Antique
35. Office of the Municipal Mayor
Culasi, Antique
36. Office of the Local Government Unit (LGU) Legislative
Culasi, Antique
37. Office of the Municipal Mayor
Sebaste, Antique

38. Office of the Local Government Unit (LGU) Legislative
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