

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

**IN THE MATTER OF THE  
APPLICATION FOR  
CONFIRMATION OF TRUE-  
UP CALCULATION OF  
AUTOMATIC PASS-THRU  
COST ADJUSTMENTS  
IMPLEMENTED FOR THE  
BILLING PERIODS FROM  
JANUARY 2020 TO  
DECEMBER 2022**

**ERC CASE NO. 2023-019 CF**

**CAGAYAN I ELECTRIC  
COOPERATIVE, INC.  
(CAGELCO I),**

*Applicant.*

**Promulgated:**

June 06, 2023

X-----X

**ORDER**

On 08 April 2023, Cagayan I Electric Cooperative, Inc. (CAGELCO I) filed an *Application* dated 02 March 2023, seeking the Commission's approval of the application for confirmation of true-up calculation of automatic pass-thru cost adjustments implemented for the billing periods from January 2020 to December 2022.

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

1. **CAGELCO I** is an electric cooperative duly organized and existing under Philippine law, with principal office address at Maddarulug, Solana, Cagayan; franchised to own and operate an electric distribution system in the municipalities of Alcala, Amulung, Baggao, Enrile, Iguig, Peñablanca, Piat, Rizal, Solana, Sto. Niño, Tuao; and in the City of Tuguegarao, all in the Province of Cagayan; represented its General Manager, Engr. Tito R. Lingan.
2. **CAGELCO I** seek confirmation of its true-up calculations of its automatic pass-thru cost adjustments implemented for the billing periods from January 2020 to December 2022, a summary of which is shown as follows:

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| Particulars            | Allowable Cost (PhP) | Revenue (PhP)    | (Over)/Under Recovery (PhP) |
|------------------------|----------------------|------------------|-----------------------------|
| Generation Rate (GR)   | 5,683,516,860.19     | 5,500,211,132.87 | 183,305,727.32              |
| Transmission Rate (TR) | 858,923,612.46       | 893,824,941.63   | (34,901,329.17)             |
| System Loss Rate (SLR) | 758,129,544.83       | 679,933,098.27   | 78,196,446.56               |
| Lifeline Subsidy       | 46,631,775.34        | 37,298,436.20    | 9,333,339.14                |
| Senior Citizen Subsidy | 236,764.79           | 239,604.97       | (2,840.18)                  |
| Local Franchise Tax    | 4,030,980.50         | 3,969,817.40     | 61,163.10                   |
| Business Tax           | 3,650,763.67         | 3,150,660.22     | 500,103.45                  |
| Real Property Tax      | 7,773,600.94         | 8,339,781.12     | (566,180.18)                |
| <b>Net Results</b>     |                      |                  | <b>235,926,430.04</b>       |

3. **CAGELCO I** propose to (refund)/collect the (over)/under-recovered amounts as follows:

| No.                | Particulars         | July 2022 Annualized Data | Unit       | Number of Months | Current (Over)/Under Recoveries (PhP) | Php/kWh  | Php/kW    | Remarks |
|--------------------|---------------------|---------------------------|------------|------------------|---------------------------------------|----------|-----------|---------|
| 1                  | Generation          | 29,312,266                | kWh        | 12               | 183,305,727.32                        | 0.5395   |           | Collect |
| 2                  | Transmission        |                           |            |                  |                                       |          |           |         |
|                    | Residential         | 15,572,968                | kWh        | 12               | (18,273,994.02)                       | (0.0978) |           | Refund  |
|                    | Low Voltage         | 8,081,101                 | kWh        | 12               | (9,482,713.34)                        | (0.0978) |           | Refund  |
|                    | High Voltage        | 23,320                    | Kw         | 12               | (7,144,621.81)                        |          | (25.5311) | Refund  |
|                    | <b>Sub-total</b>    |                           |            |                  | <b>(34,901,329.17)</b>                |          |           |         |
| 3                  | Systems Loss        | 29,742,665                | kWh        | 12               | 78,196,446.56                         | 0.2191   |           | Collect |
| 4                  | Lifeline            | 29,742,665                | kWh        | 12               | 9,333,339.14                          | 0.0262   |           | Collect |
| 5                  | Senior Citizen      | 29,483,182                | kWh        | 1                | (2,840.18)                            | (0.0001) |           | Refund  |
| 6                  | Local Franchise Tax |                           |            |                  |                                       |          |           |         |
|                    | City- Tuguegarao    | 16,738,165                | kWh        | 12               | 61,163.10                             | 0.0003   |           | Collect |
|                    | Provincial- Cagayan | 13,004,500                | kWh        | 12               | (0.00)                                | (0.0000) |           |         |
|                    | <b>Sub-total</b>    | <b>29,742,665</b>         | <b>kWh</b> |                  | <b>61,163.10</b>                      |          |           |         |
| 7                  | Business Tax        |                           |            |                  |                                       |          |           |         |
|                    | Tuguegarao City     | 16,738,165                | kWh        | 12               | 61,155.29                             | 0.0003   |           | Collect |
|                    | Solana              | 3,087,471                 | kWh        | 12               | 401,207.28                            | 0.0108   |           | Collect |
|                    | Alcala              | 236,291                   | kWh        | 12               | (0.01)                                | (0.0000) |           |         |
|                    | Amulung             | 480,394                   | kWh        | 12               | 18,348.53                             | 0.0032   |           | Collect |
|                    | Piat                | 845,724                   | kWh        | 12               | (0.00)                                | (0.0000) |           |         |
|                    | Enrile              | 1,032,385                 | kWh        | 12               | 19,392.36                             | 0.0016   |           | Collect |
|                    | <b>Sub-total</b>    | <b>22,420,430</b>         | <b>kWh</b> | <b>12</b>        | <b>500,103.45</b>                     |          |           |         |
| 8                  | Real Property Tax   | 29,742,665                | kWh        | 12               | (566,180.18)                          | (0.0016) |           | Refund  |
| <b>Grand Total</b> |                     |                           |            |                  | <b>235,926,430.04</b>                 |          |           |         |

4. **CAGELCO I** attach the following documents in support of this application:

**FOLDER NUMBER**

**PARTICULARS**

Folder 1

- a. Application
- b. Supplier & Statistical Data Per Year
- c. Statistical Data Sheet Per Year
- d. Distribution Systems Loss Data Per Year
- e. Actual Implemented Rates Per Year
- f. Lifeline Discount Sheet Per Year
- g. Senior Citizen Discount Sheet Per Year

- h. Summary of O/U Recoveries Computation
  - i. Proposed Refund/Collect Scheme
- Folder 2
- Supplier and Transmission Data
  - a. (Power Bills, Proof of Payment, Adjusted Bill / Debit or Credit Memo
  - a.1. Independent Electricity Market Operator of the Philippines (IEMOP)
  - a.2. GnPower Mariveles Coal Plant Ltd. Co. (GMCP) / GNPpower Mariveles Energy Center Ltd. Co. (GMEC)
  - a.3. ANDA Power Corporation (ANDA)
  - a.4. Net Metering
  - b. National Grid Corporation of the Philippines (NGCP)
- Folder 3
- Statistical Data
  - a. Summary of Pilferage Cost Recoveries/Manifestation
  - b. Summary of Implemented Orders / Decisions
  - c. MFSR - Sections B and E
  - d. Demand (kW) Sales Summary Report
- Folder 4
- Actual Implemented Rates Data
  - a. Consumer Bills:
  - a.1. Residential Non-Lifeline
  - a.2. Low Voltage
  - a.3. Higher Voltage
  - b. Residential Lifeline per bracket
  - c. Senior Citizen (1-100 kWh)
- Folder 5
- Other Documents
  - a. Submitted Monthly Uniform Reportorial Requirement (URR)
  - b. Submitted Monthly (URR) Addendum
  - c. Single Line Diagram
  - d. Monthly Reports as per ERC Res. 10 Series of 2018 (electronic / soft copy)
- Folder 6
- a. Business Tax
  - a.1. Local tax Ordinances of the Province
  - a.2. Tax Receipts
  - a.3. Summary of Business Tax Computation
  - a.4. Actual Distribution Revenues
  - a.5. Breakdown of Gross Sales / Receipts
  - b. Franchise Tax
  - b.1. Local tax Ordinances of the Province
  - b.2. Tax Receipts
  - b.3. Summary of Franchise Tax Computation
  - b.4. Actual Distribution Revenues
  - b.5. Breakdown of Gross Sales / Receipts
  - c. Real Property Tax

- c.1. Local tax Ordinances of the Province/  
Provincial Tax Ordinance/Resolution
- c.2. Tax Declaration
- c.3. Tax Assessment
- c.4. Statement of Account
- c.5. Official Receipt / Certificate of Full Payment
- c.6. Projected kWh Sales

**PRAYER**

**WHEREFORE, CAGELCO I that the Honorable Commission verify the foregoing and render a decision:**

1. Confirm CAGELCO I's true-up calculation of automatic pass-through costs implemented for the billing period from January 2020 to December 2022, more particularly described as follows:

| Particulars            | Allowable Cost (PhP) | Revenue (PhP)    | (Over)/Under Recovery (PhP) |
|------------------------|----------------------|------------------|-----------------------------|
| Generation Rate (GR)   | 5,683,516,860.19     | 5,500,211,132.87 | 183,305,727.32              |
| Transmission Rate (TR) | 858,923,612.46       | 893,824,941.63   | (34,901,329.17)             |
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| Lifeline Subsidy       | 46,631,775.34        | 37,298,436.20    | 9,333,339.14                |
| Senior Citizen Subsidy | 236,764.79           | 239,604.97       | (2,840.18)                  |
| Local Franchise Tax    | 4,030,980.50         | 3,969,817.40     | 61,163.10                   |
| Business Tax           | 3,650,763.67         | 3,150,660.22     | 500,103.45                  |
| Real Property Tax      | 7,773,600.94         | 8,339,781.12     | (566,180.18)                |
| <b>Net Results</b>     |                      |                  | <b>235,926,430.04</b>       |

2. CAGELCO I further pray for the approval of its proposed (refund)/collect scheme of the (over)/under-recovered amounts accumulated for the billing period from January 2020 to December 2022, more particularly described as follows:

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| No.                | Particulars         | July 2022 Annualized Data | Unit | Number of Months | Current (Over)/Under Recoveries (Php) | Php/kWh  | Php/kW    | Remarks |
|--------------------|---------------------|---------------------------|------|------------------|---------------------------------------|----------|-----------|---------|
| 1                  | Generation          | 28,312,266                | kWh  | 12               | 183,305,727.32                        | 0.5395   |           | Collect |
| 2                  | Transmission        |                           |      |                  |                                       |          |           |         |
|                    | Residential         | 15,572,968                | kWh  | 12               | (18,273,994.02)                       | (0.0978) |           | Refund  |
|                    | Low Voltage         | 8,081,101                 | kWh  | 12               | (9,482,713.34)                        | (0.0978) |           | Refund  |
|                    | High Voltage        | 23,320                    | Kw   | 12               | (7,144,621.81)                        |          | (25.5311) | Refund  |
|                    | Sub-total           |                           |      |                  | (34,901,329.17)                       |          |           |         |
| 3                  | Systems Loss        | 29,742,665                | kWh  | 12               | 78,196,446.56                         | 0.2191   |           | Collect |
| 4                  | Lifeline            | 29,742,665                | kWh  | 12               | 9,333,339.14                          | 0.0262   |           | Collect |
| 5                  | Senior Citizen      | 29,483,182                | kWh  | 1                | (2,840.18)                            | (0.0001) |           | Refund  |
| 6                  | Local Franchise Tax |                           |      |                  |                                       |          |           |         |
|                    | City- Tuguegarao    | 16,738,165                | kWh  | 12               | 61,163.10                             | 0.0003   |           | Collect |
|                    | Provincial- Cagayan | 13,004,500                | kWh  | 12               | (0.00)                                | (0.0000) |           |         |
|                    | Sub-total           | 29,742,665                | kWh  |                  | 61,163.10                             |          |           |         |
| 7                  | Business Tax        |                           |      |                  |                                       |          |           |         |
|                    | Tuguegarao City     | 16,738,165                | kWh  | 12               | 61,155.29                             | 0.0003   |           | Collect |
|                    | Solana              | 3,087,471                 | kWh  | 12               | 401,207.28                            | 0.0108   |           | Collect |
|                    | Alcala              | 236,291                   | kWh  | 12               | (0.01)                                | (0.0000) |           |         |
|                    | Amulung             | 480,394                   | kWh  | 12               | 18,348.53                             | 0.0032   |           | Collect |
|                    | Piat                | 845,724                   | kWh  | 12               | (0.00)                                | (0.0000) |           |         |
|                    | Enrile              | 1,032,385                 | kWh  | 12               | 19,392.36                             | 0.0016   |           | Collect |
|                    | Sub-total           | 22,420,430                | kWh  | 12               | 506,103.45                            |          |           |         |
| 8                  | Real Property Tax   | 29,742,665                | kWh  | 12               | (566,180.18)                          | (0.0016) |           | Refund  |
| <b>Grand Total</b> |                     |                           |      |                  | <b>235,926,430.04</b>                 |          |           |         |

3. **CAGELCO I** further pray that the monthly reports required under ERC Resolution No. 10, Series of 2018 submitted as part of Folder 5 of this application be given due consideration by the Commission. These monthly reports covering the period from January 2020 until January 2022 are being submitted only now because the effort needed to gather and prepare these reports were resource intensive, making it impossible to submit them on time.

**Finally, CAGELCO I** pray for such other relief or remedy as may be just and equitable under the circumstances.

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<sup>2</sup> (ERC Revised Rules of Practice and Procedure):

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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.

| <b>Date</b>  | <b>Platform</b>                            | <b>Activity</b>  |
|--|--|--|
| <b>12 July 2023</b><br>(Wednesday) at nine o'clock in the morning (9:00 A.M) | <b>Microsoft Teams or Zoom Application</b> | Determination of compliance with jurisdictional requirements and expository presentation |
| <b>19 July 2023</b><br>(Wednesday) at nine o'clock in the morning (9:00 A.M) |  | Pre-Trial Conference and Presentation of Evidence  |

Accordingly, CAGELCO I is directed to host the virtual hearings at **CAGELCO I's principal office at Solana, Cagayan**, as the designated venue for the conduct thereof, and ensure that the same is open to the public and the community quarantine guidelines are observed at all times. CAGELCO I shall guarantee that, during the conduct of the expository presentation, the participation of the public shall not be impaired.

**RELATIVE THERETO**, CAGELCO I 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 City and Municipal Mayors, and the Local Government Unit (LGU) legislative bodies of the areas affected by the project for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within the affected areas, 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, 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** prior to the date of the virtual hearings, Applicant CAGELCO I 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 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 Applicant CAGELCO I to inform the consumers within the affected 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, except those subject of a motion for confidential treatment of information, if any, by all those making requests therefor; and

- 6) Such other proofs of compliance with the requirements of the Commission.

Moreover, Applicant CAGELCO I 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 CAGELCO I 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 CAGELCO I 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 Applicant CAGELCO I 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 CAGELCO I 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 CAGELCO I 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. CAGELCO I 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.

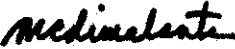
Applicant CAGELCO I is further directed to submit, through personal service, registered mail or ordinary mail/private courier, one (1) set of the original or certified true hard copies of its Jurisdictional Compliance, Expository Presentation, Pre-trial Brief, and Judicial Affidavits of witnesses, **within 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, Applicant CAGELCO I, including its authorized representatives and witnesses, are hereby directed to provide the Commission, thru [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 hearing.

**SO ORDERED.**

Pasig City, 06 June 2023.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

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

**ERC**

*Office of the Chairperson and CEO*



MCD2023-004936

  
LS: BBB/JGGW/MCCG

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Copies Furnished:

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2. Cagayan I Electric Cooperative, Inc. (CAGELCO I)  
*Applicant*  
Maddarlug, Solana, Cagayan
3. Office of the Governor  
Province of Cagayan
4. Office of the Municipal Mayor  
Municipality of Alcala, Province of Cagayan
5. Office of the Sangguiniang Bayan  
Municipality of Alcala, Province of Cagayan
6. Office of the Municipal Mayor  
Municipality of Amulung, Province of Cagayan
7. Office of the Sangguiniang Bayan  
Municipality of Amulung, Province of Cagayan
8. Office of the Municipal Mayor  
Municipality of Baggao, Province of Cagayan
9. Office of the Sangguiniang Bayan  
Municipality of Baggao, Province of Cagayan
10. Office of the Municipal Mayor  
Municipality of Enrile, Province of Cagayan
11. Office of the Sangguiniang Bayan  
Municipality of Enrile, Province of Cagayan
12. Office of the Municipal Mayor  
Municipality of Iguig, Province of Cagayan
13. Office of the Sangguiniang Bayan  
Municipality of Iguig, Province of Cagayan
14. Office of the Municipal Mayor  
Municipality of Penablanca, Province of Cagayan
15. Office of the Sangguiniang Bayan  
Municipality of Penablanca, Province of Cagayan
16. Office of the Municipal Mayor  
Municipality of Piat, Province of Cagayan
17. Office of the Sangguiniang Bayan  
Municipality of Piat, Province of Cagayan
18. Office of the Municipal Mayor  
Municipality of Rizal, Province of Cagayan
19. Office of the Sangguiniang Bayan  
Municipality of Rizal, Province of Cagayan
20. Office of the Municipal Mayor  
Municipality of Solana, Province of Cagayan
21. Office of the Sangguiniang Bayan  
Municipality of Solana, Province of Cagayan
22. Office of the Municipal Mayor

Municipality of Sto. Nino, Province of Cagayan

23. Office of the Sangguniang Bayan  
Municipality of Sto. Nino, Province of Cagayan
24. Office of the Municipal Mayor  
Municipality of Tuao, Province of Cagayan
25. Office of the Sangguniang Bayan  
Municipality of Tuao, Province of Cagayan
26. Office of the City Mayor  
City of Tuguegarao, Province of Cagayan
27. Office of the Solicitor General  
134 Amorsolo Street, Legaspi Village, Makati City  
Email: docket@osg.gov.ph
28. Commission on Audit  
Commonwealth Avenue, Quezon City  
Email: citizensdesk@coa.gov.ph
29. Senate Committee on Energy  
GSIS Bldg. Roxas Blvd., Pasay City  
Email: senateenergycommittee@gmail.com
30. House Committee on Energy  
Batasan Hills, Quezon City  
Email: committees@house.gov.ph
31. Regulatory Operations Service  
Energy Regulatory Commission  
14<sup>th</sup> Floor Exquadra Building, Jade Drive, Pasig City  
Email: ros@erc.ph