

Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City

IN THE MATTER OF THE
APPLICATION FOR THE
CONFIRMATION OF AUTOMATIC
COST ADJUSTMENT AND TRUE UP
MECHANISM OF THE
OVER/UNDER RECOVERIES OF
THE GENERATION RATE,
TRANSMISSION RATE, SYSTEM
LOSS RATE, LIFELINE SUBSIDY,
AND SENIOR CITIZEN DISCOUNT
SUBSIDY FOR THE PERIOD
JANUARY 2018 TO DECEMBER
2020,

ERC CASE NO. _____

MACTAN ELECTRIC COMPANY,
INC. (MECO),

Applicant.

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APPLICATION

Applicant **MACTAN ELECTRIC COMPANY, INC. (MECO)**,
by counsel, respectfully states:

1. MECO is a corporation duly organized and existing under the laws of the Republic of the Philippines, with principal office at MECO Building, Sangi Road, Lapu-Lapu City, Cebu. It may be served with notices and other processes through the undersigned counsel.
2. MECO has legislative franchise and Certificate of Public Convenience and Necessity as a distribution utility to operate and maintain a distribution system and provide distribution services in the City of Lapu-Lapu and in the Municipality of Cordova.
3. Pursuant to Section 43 of Republic Act No. 9136 or the Electric Power Industry Reform Act (EPIRA), the Energy Regulatory Commission (ERC) adopted and promulgated rules to establish a 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 Commission.

4. This Application seeks to confirm MECO’s calculations of over/under recoveries of the following pass-through costs: Generation Rate Over/Under Recovery (**GOUR**), Transmission Rate Over/Under Recovery (**TOUR**), System Loss Rate Over/Under Recovery (**SLOUR**), Lifeline Subsidy Over/Under Recovery (**LSOUR**), and Senior Citizen Discount Subsidy Over/Under Recovery (**SrDSOUR**) for the period from January 2018 to December 2020, pursuant to the following ERC resolutions:

- a. **Resolution No. 16, Series of 2009**, entitled, “A Resolution Adopting the Rules Governing the Automatic Cost Adjustment and True-Up Mechanisms and Corresponding Confirmation Process for Distribution Utilities,” which provides the formulae for the calculation of over or under recovery on the Generation Rate, Transmission Rate, System Loss Rate, and Lifeline Subsidy Rate;
- b. **Resolution No. 21, Series of 2010**, entitled, “A Resolution Amending Section 4 of Article 4 and Section 1 of Article 5 of the Rules Governing the Automatic Cost Adjustment and True-Up Mechanisms and Corresponding Confirmation Process for Distribution Utilities,” which provides the amended formula for the determination of actual system loss; and
- c. **Resolution No. 23, Series of 2010**, entitled, “A Resolution Adopting the Rules Implementing the Discounts to Qualified Senior Citizen End-Users and Subsidy from the Subsidizing End-Users on Electricity Consumption Under Sections 4 & 5 of Republic Act No. 9994,” which provides the formulae for the calculation of the over or under recovery in the implementation of the Senior Citizen Discounts and Subsidy Rates.

5. The calculated over/under recoveries of MECO from January 2018 to December 2020 based on the formulae provided in the said ERC Resolutions are as follows:

	GOUR	TOUR	SLOUR	LSOUR	SrDSOUR	Net Results
Allowable Cost/ Discount	7,195,547,842	1,129,088,504	790,429,045	45,514,050	1,267,865	9,161,847,307
Actual Revenue/ Subsidy	7,201,775,156	1,158,945,461	704,046,239	43,988,812	0	9,108,755,669
(Over)/Under	(6,227,314)	(29,856,957)	86,382,806	1,525,238	1,267,865	53,091,638

6. In support of this Application, MECO respectfully submits physical/hard copies and electronic copies of the following documents:

Folder No.	Marking	Description
Folder 1	1A	Application
	1B	Supplier & Transmission Data Sheet for (Year 1, Year 2, Year 3)
	1C	Statistical Data Sheet for Y1, Y2, Y3
	1D	URR Addendum/DSL Data for Y1, Y2, Y3
	1E	Actual Implemented Rates Sheet for Y1, Y2, Y3
	1F	Lifeline Discount Sheet for Y1, Y2, Y3
	1G	Senior Citizen Discount Sheet for the Y1, Y2, Y3
	1H	Summary of O/U Recoveries Computation
	1I	Proposed refund/collect scheme
Folder 2	Bill 1, 2, etc.	Power Bills from Suppliers
Folder 3 Statistical Data	3A	Summary of Pilferage Cost Recoveries
	3B	Summary of Implemented Orders/Decisions
	3C	Demand (kW) Sales
Folder 4 Actual Implemented Rates Data	4A	Two (2) Consumer Bills per customer class
	4B	One (1) consumer bill per Lifeline Bracket
	4C	One (1) Senior Citizen Consumer Bill
Folder 5 Other Docs	5A	Submitted Mo. URR
	5B	Submitted Mo. URR Addendum
	5C	Single Line Diagram
	5D	ERC Resolution No. 10. Series of 2018
	5E	Computation on how the pass-through charges were derived

7. MECO will also submit proof of publication and proof of service of copies of the Application and its supporting documents to the following local government offices upon the filing of this Application (**Folder 6**, marked as 6A, series) –

LGU	Address
Office of the Sangguniang Panlalawigan, Province of Cebu	4/F Legislative Bldg., Capitol Compound, Escario St., Cebu City
Hon. Gwendolyn Garcia Office of the Governor of Cebu	Office of the Provincial Governor, Cebu Provincial Capitol, Cebu City
Office of the Sangguniang Panlungsod, City of Lapu-Lapu	ML Quezon Highway, City Hall Compound Lapu-Lapu City, Cebu

Hon. Junard Chan Office of the Mayor of Lapu-Lapu	ML Quezon Highway, City Hall Compound, Lapu-Lapu City, Cebu
Office of the Sangguniang Bayan, Municipality of Cordova	ABC Building, Poblacion Road, Cordova, Cebu
Hon. Mary Therese Sitoy-Cho Office of the Mayor of Cordova	ABC Building, Poblacion Road, Cordova, Cebu

RELIEF

MECO prays that the Honorable Commission APPROVE this Application and CONFIRM its calculations of over/under recovery as follows:

(Over)/Under Recovery	Amount (PhP)
Generation (Over) Recovery	(6,227,314.00)
Transmission (Over) Recovery	(29,856,957.00)
System Loss Under Recovery	86,382,806.00
Lifeline Subsidy Under Recovery	1,525,238.00
Senior Citizen Discount and Subsidy Under Recovery	1,267,865.00

MECO also prays for other equitable relief.

Muntinlupa City for Pasig City, February 3, 2021.

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Copy Furnished:

1. Office of the Sangguniang Panlalawigan
Province of Cebu
2. Hon. Gwendolyn Garcia
Office of the Provincial Governor, Province of Cebu
3. Office of the Sangguniang Panlungsod
City of Lapu-Lapu
4. Hon. Junard Chan
Office of the Mayor, City of Lapu-Lapu
5. Office of the Sangguniang Bayan
Municipality of Cordova
6. Hon. Mary Therese Sitoy-Cho
Office of the Mayor, Municipality of Cordova