

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



**IN THE MATTER OF THE  
APPLICATION FOR  
APPROVAL OF THE  
OVER/UNDER RECOVERIES  
BASED ON THE FORMULA  
FOR VARIOUS AUTOMATIC  
COST ADJUSTMENTS AND  
TRUE-UP MECHANISMS AND  
CORRESPONDING  
CONFIRMATION PROCESS  
PURSUANT TO ERC  
RESOLUTION NO. 16, SERIES  
OF 2009 AND RESOLUTION  
NO. 06, SERIES OF 2013**

**ERC CASE NO. 2019-006 CF**

**MISAMIS ORIENTAL-1  
RURAL ELECTRIC SERVICE  
COOPERATIVE, INC.  
(MORESCO-1),**

**Applicant.**

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Promulgated:  
MAY 03 2019

**ORDER**

On 26 March 2019, Applicant Misamis Oriental-1 Rural Electric Service Cooperative, Inc. (MORESCO-1) filed an *Application* dated 13 March 2019, seeking the Commission's approval of its over or under recoveries based on the formulae for various automatic cost adjustments and true-up mechanisms and corresponding confirmation process, pursuant to ERC Resolution No. 16, Series of 2009, as amended by ERC Resolution No. 21, Series of 2010, and ERC Resolution No. 06, Series of 2013.

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

1. That the Applicant is an electric cooperative existing pursuant to law (P.D. 269) with postal address at Laguindingan, Misamis Oriental, where it may be served with the processes of this Honourable Commission through its Board President, **Albert Benedict F. Bacus** and General Manager, **Jovel B. Ubay-ubay**, PEE, whose joint authority to file this Application is authorized by the Board of Directors of the Applicant pursuant to **Board Resolution No. 2019-0305-17** which hereto attached as **Annex "A"** and made an integral part of this Application. The undersigned counsel is likewise duly authorized to represent and bind the applicant in the expository and trial proper including the authority to enter into the pre-trial conference and stipulation of facts is the **Board Resolution No. 2019-0305-17.1** to as proof of his authority is hereto attached as **Annex "A-1"**;
2. That Applicant's franchise area includes nine (9) municipalities, one (1) city, all in the Province of Misamis Oriental, a portion of Cagayan de Oro City and two (2) municipalities in the Province of Bukidnon. Specifically, in the province of Misamis Oriental: El Salvador City, the municipalities of Alubijid, Initao, Opol, Lugait, Laguindingan, Manticao, Gitagum, Libertad, Naawan; and in the province of Bukidnon: the municipalities of Talakag and Baungon;
3. That pursuant to ERC Resolution No. 16, Series of 2009 and ERC Resolution No. 06, Series of 2013, Mindanao Distribution Utilities and Electric Cooperatives are directed to file their respective applications for the approval of over/under recoveries on cost adjustments and true-up mechanism.
4. That the period covered for the over/under recoveries start from year 2016 to 2018 or three (3) years;
5. That the summary of the under/(over) recoveries for the 3 years are summarized and presented below:

	<b>Allowable Cost</b>	<b>Actual Revenue</b>	<b>(OVER) UNDER RECOVERIES</b>
Generation	4,937,875,272.75	4,890,419,686.05	47,455,586.70
Transmission	981,621,170.45	933,965,482.10	47,655,688.35
System Loss	142,814,223.24	254,098,959.54	(111,284,736.30)
Lifeline Discount	57,249,536.79	38,290,748.62	18,958,788.18
Senior Citizen	245,497.41	238,635.98	6,861.43
<b>Total</b>	<b>6,119,805,700.64</b>	<b>6,117,013,512.29</b>	<b>2,792,188.36</b>

6. That the foregoing amounts are based on the computations hereto attached and marked as **Annexes "B" to "F"**;

7. Further, in support of the foregoing, Applicant submits the following data and documents hereto attached as **Annex “G”** with submarkings, to wit:
- G-1. Power Bills of Power Suppliers and NGCP;
  - G-2. Official Receipts issued by Power Suppliers and NGCP;
  - G-3. Check Voucher of PSALM;
  - G-4. Credit/Debit Memos;
  - G-5. Monthly Financial and Statistical Report (MFSR);
  - G-6. Consumer Bills per customer class;
  - G-7. Consumer Bills of lifeline per bracket and non lifeline;
  - G-8. Consumer Bills of senior citizen per bracket;
  - G-9. Computation of Generation Rates;
  - G-10. Computation of System Loss Rates;
  - G-11. Computation of Transmission Rates;
  - G-12. Computation of Lifeline Rates;
  - G-13. Computation of Senior Citizen Subsidy Rates;
  - G-14. 12-month System Loss Computation;
  - G-15. Notarized Prompt Payment Discount;
  - G-16. Power Factor Monitoring Report;
  - G-17. Summary of Bills;
  - G-18. Lifeline Discount;
  - G-19. Senior Citizen Discount;
  - G-20. Supplier and Transmission Data Sheet;
  - G-21. Statistical Data Sheet;
  - G-22. Frequency Distribution by kWh consumption.
8. That Applicant proposes to recover the net under recoveries of 2,792,188.36, starting January 2020 to January 2023, as follows:

<b>Rate Components</b>	<b>(OVER) UNDER RECOVERIES</b>	<b>Recovery Period</b>	<b>Php/kWh</b>
Generation	47,455,586.70	36 months	0.0369
Transmission	47,655,688.35	36 months	0.0370
System Loss	(111,284,736.30)	36 months	(0.0865)
Lifeline Discount	18,958,788.18	36 months	0.0147
Senior Citizen	6,861.43	36 months	0.000005
<b>TOTAL</b>	<b>2,792,188.36</b>	<b>36 months</b>	<b>0.002169</b>

WHEREFORE, foregoing premises considered, it is most respectfully prayed of this Honourable Commission, to approve the submitted calculations and computations made by the Applicant and the proposed recovery scheme.

Other reliefs consistent with justice and equity are likewise prayed for.

Finding the said *Application* to be sufficient in form and substance, with the required fees having been paid, the same is hereby set for determination of compliance with the jurisdictional requirements, expository presentation, pre-trial conference, and

presentation of evidence on **23 May 2019 (Thursday) at nine o'clock in the morning (9:00 A.M.) at 15th Floor, ERC Hearing Room, Pacific Center Building, San Miguel Avenue, Pasig City.**

Accordingly, MORESCO-1 is hereby directed to:

- 1) Cause the publication of the attached *Notice of Public Hearing* once (1x) in a newspaper of nationwide circulation in the Philippines at its own expense, with the date of publication to be made not later than ten (10) days before the date of the scheduled initial hearing;
- 2) Furnish with copies of this *Order* and the attached *Notice of Public Hearing* the Offices of the Provincial Governors, the City and Municipal Mayors, and the Local Government Unit (LGU) legislative bodies within MORESCO-1's franchise areas for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within the MORESCO-1's franchise areas of the filing of the *Application*, the reasons therefor, and of the scheduled hearing thereon, by any other means available and appropriate;
- 4) Furnish with copies of this *Order* and the attached *Notice of Public 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 at the scheduled hearing; and
- 5) Furnish with copies of the *Application* and its attachments all those making requests therefor, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing, MORESCO-1 must submit to the Commission its written compliance with the aforementioned jurisdictional requirements attaching therewith, methodically arranged and duly marked the following:

- 1) The evidence of publication of the attached *Notice of Public Hearing* consisting of affidavit of the Editor or Business Manager of the newspaper where the said *Notice of Public 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 Public Hearing*, consisting of certifications issued to that effect, signed by the Provincial Governors, the City and Municipal Mayors, and LGU legislative bodies or their duly authorized representatives, bearing the seals of their offices;
- 3) The evidence of other means employed by MORESCO-1 to inform the consumers within the affected areas 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 Public 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 proofs of compliance with the requirements of the Commission.

Applicant and all interested parties are also required to submit, at least five (5) days before the date of initial 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 therefore; and
- 4) The number and names of the witnesses, with their written testimonies in a Judicial Affidavit form attached to the Pre-trial Brief.

Failure of Applicant 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 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* with relevant information and pertinent details substantiating the reasons and justifications being cited in support thereof.

**SO ORDERED.**

Pasig City, 22 April 2019.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

  
**JOSEFINA PATRICIA A. MAGPALE-ASIRIT**

Commissioner  


  
LS: RSPV/ARG/CRO

**COPY FURNISHED:**

1. Atty. Eleuterio F. Diao IV  
*Counsel for Applicant MORESCO-1*  
1906 Bontong, Camaman-an, Cagayan de Oro City
2. Misamis Oriental-1 Rural Electric Service Cooperative, Inc. (MORESCO-1)  
*Applicant*  
Laguindingan, Misamis Oriental
3. Office of the Solicitor General (OSG)  
134 Amorsolo Street, Legaspi Village, Makati City
4. Commission on Audit (COA)  
Commonwealth Avenue, Quezon City 1121
5. Senate Committee on Energy  
GSIS Building, Roxas Boulevard, Pasay City 1307
6. House Committee on Energy  
Batasan Hills, Quezon City 1126
7. Office of the Governor  
Province of Misamis Oriental
8. Office of the Local Government (LGU) legislative body  
Province of Misamis Oriental
9. Office of the Mayor  
El Salvador City
10. Office of the Local Government (LGU) legislative body  
El Salvador City
11. Office of the Municipal Mayor  
Alubijid, Misamis Oriental

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12. Office of the Local Government (LGU) legislative body  
Alubijid, Misamis Oriental
13. Office of the Municipal Mayor  
Initao, Misamis Oriental
14. Office of the Local Government (LGU) legislative body  
Initao, Misamis Oriental
15. Office of the Municipal Mayor  
Opol, Misamis Oriental
16. Office of the Local Government (LGU) legislative body  
Opol, Misamis Oriental
17. Office of the Municipal Mayor  
Lugait, Misamis Oriental
18. Office of the Local Government (LGU) legislative body  
Lugait, Misamis Oriental
19. Office of the Municipal Mayor  
Laguindingan, Misamis Oriental
20. Office of the Local Government (LGU) legislative body  
Laguindingan, Misamis Oriental
21. Office of the Municipal Mayor  
Manticao, Misamis Oriental
22. Office of the Local Government (LGU) legislative body  
Manticao, Misamis Oriental
23. Office of the Municipal Mayor  
Gitagum, Misamis Oriental
24. Office of the Local Government (LGU) legislative body  
Gitagum, Misamis Oriental
25. Office of the Municipal Mayor  
Libertad, Misamis Oriental
26. Office of the Local Government (LGU) legislative body  
Libertad, Misamis Oriental
27. Office of the Municipal Mayor  
Naawan, Misamis Oriental
28. Office of the Local Government (LGU) legislative body  
Naawan, Misamis Oriental
29. Office of the Governor  
Province of Bukidnon
30. Office of the Local Government (LGU) legislative body  
Province of Bukidnon
31. Office of the Municipal Mayor  
Talakag, Bukidnon
32. Office of the Local Government (LGU) legislative body  
Talakag, Bukidnon
33. Office of the Municipal Mayor  
Baungon, Bukidnon
34. Office of the Local Government (LGU) legislative body  
Baungon, Bukidnon

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35. Office of the Mayor  
Cagayan de Oro City
36. Office of the Local Government (LGU) legislative body  
Cagayan de Oro City
37. Regulatory Operations Service (ROS)  
Energy Regulatory Commission  
17th Floor, Pacific Center, San Miguel Avenue, Pasig City