

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



**IN THE MATTER OF THE
APPLICATION FOR THE
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
06, SERIES OF 2013**

ERC CASE NO. 2019-002 CF

**BUKIDNON SECOND
ELECTRIC COOPERATIVE, INC.
(BUSECO),**
Applicant.

Promulgated:
MAY 10 2019

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ORDER

On 14 March 2019, Applicant Bukidnon Second Electric Cooperative, Inc. (BUSECO) filed an *Application* dated 11 March 2019, seeking the Commission's confirmation and approval of its 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.

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 Tankulan, Manolo Fortich, Bukidnon, where it may be served with the processes of this Honourable Commission through its Board President, **Alex D. Payangga** and OIC – General Manager,

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Cristopher A. Dulfo, CPA, MBM, whose joint authority to file this Application and represent the Applicant is authorized by the Board of Directors of the Applicant pursuant to **Board Resolution No. 19-03-04** which hereto attached as **Annex "A"** and made an integral part of this Application;

2. The Applicant's franchise area includes nine (9) municipalities, one (1) city, all in the Province of Bukidnon, and a portion of Valencia City. Specifically, City of Malaybalay and the municipalities of Baungon, Malitbog, Libona, Manolo Fortich, Sumilao, Impasug-ong, Lantapan, Cabanglasan, Talakag and Barangay Lilingayon, part of Valencia City;
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:

	Allowable Cost	Actual Revenue	(OVER) UNDER RECOVERIE S
Generation	2,539,167,318.45	2,522,526,657.14	16,640,661.31
Transmission	490,099,302.67	488,006,478.36	2,092,824.31
System Loss	339,497,321.92	339,064,181.33	433,140.59
Lifeline Discount	48,353,042.97	49,245,461.36	(892,418.39)
Senior Citizen	915,453.97	913,910.58	1,543.39
Total	3,418,032,439.98	3,399,756,688.77	18,275,751.21

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 lifeliner per bracket and non lifeliner;
 - 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 18,275,751.21, starting January 2019, as follows:
9. That Applicant proposes to recover the *net* under recoveries of 18,275,751.21, starting January 2019, as follows:

Rate Components	(OVER) UNDER RECOVERIES	Recovery Period	Php/kWh	Php/kW
Generation	16,640,661.31	24 months	0.0321	
Transmission	2,092,824.31	12 months		
Residential	966,312.96	12 months	0.0160	
Low Voltage	320,042.62	12 months	0.0098	
Higher Voltage	806.468.73	12 months		2.5281
System Loss	433,140.59	12 months	0.0018	
Lifeline Discount	(892,418.39)	12 months	(0.0037)	
Senior Citizen	1,543.39	1 month	0.00001	

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 **04 June 2019 (Tuesday) at two o'clock in the afternoon (02:00 P.M.) at 15th Floor, ERC Hearing Room, Pacific Center Building, San Miguel Avenue, Pasig City.**

Accordingly, BUSECO 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 BUSECO's franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within the BUSECO's franchise area 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, BUSECO shall 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
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legislative bodies or their duly authorized representatives, bearing the seals of their offices;

- 3) The evidence of other means employed by BUSECO 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. For the benefit of the consumers and other concerned parties, Applicant must be able to put in plain words and explain the nature of the *Application* with relevant information and pertinent


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details substantiating the reasons and justifications being cited in support thereof.

SO ORDERED.

Pasig City, 30 April 2019.

FOR AND BY AUTHORITY
OF THE COMMISSION:


AGNES VST DEVANADERA
Chairperson & CEO




LS/LED/BSA/CLD

COPY FURNISHED:

1. Atty. Eleuterio F. Diao IV
Counsel for Applicant BUSECO
1906 Bontong, Camaman-an,
Cagayan de Oro City
2. Bukidnon Second Electric Cooperative, Inc. (BUSECO)
Applicant
Tankulan, Manolo Fortich, Bukidnon
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 Provincial Governor
Province of Bukidnon
8. Office of the Local Government (LGU) legislative body
Province of Bukidnon
9. Office of the City Mayor
Valencia City, Bukidnon
10. Office of the Local Government (LGU) legislative body
Valencia City, Bukidnon
11. Office of the Mayor
Malaybalay City



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12. Office of the Local Government (LGU) legislative body
Malaybalay City
13. Office of the Municipal Mayor
Baungon, Bukidnon
14. Office of the Local Government (LGU) legislative body
Baungon, Bukidnon
15. Office of the Municipal Mayor
Malitbog, Bukidnon
16. Office of the Local Government (LGU) legislative body
Malitbog, Bukidnon
17. Office of the Municipal Mayor
Libona, Bukidnon
18. Office of the Local Government (LGU) legislative body
Libona, Bukidnon
19. Office of the Municipal Mayor
Manolo Fortich, Bukidnon
20. Office of the Local Government (LGU) legislative body
Manolo Fortich, Bukidnon
21. Office of the Municipal Mayor
Sumilao, Bukidnon
22. Office of the Local Government (LGU) legislative body
Sumilao, Bukidnon
23. Office of the Municipal Mayor
Impasug-ong, Bukidnon
24. Office of the Local Government (LGU) legislative body
Impasug-ong, Bukidnon
25. Office of the Municipal Mayor
Lantapan, Bukidnon
26. Office of the Local Government (LGU) legislative body
Lantapan, Bukidnon
27. Office of the Municipal Mayor
Cabanglasan, Bukidnon
28. Office of the Local Government (LGU) legislative body
Cabanglasan, Bukidnon
29. Office of the Municipal Mayor
Talakag, Bukidnon
30. Office of the Local Government (LGU) legislative body
Talakag, Bukidnon
31. Regulatory Operations Service (ROS)
Energy Regulatory Commission
17th Floor, Pacific Center, San Miguel Avenue, Pasig City