

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



**IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF
APPLICANT'S BUSINESS
SEPARATION AND
UNBUNDLING PLAN
(BSUP) IN ACCORDANCE
WITH THE PROVISIONS OF
SECTION 36 OF REPUBLIC
ACT NO. 9136 AND RULE 10
OF ITS IMPLEMENTING
RULES AND REGULATIONS**

ERC CASE NO. 2015-048 MC

**SAN JOSE CITY ELECTRIC
COOPERATIVE, INC.
(SAJELCO),**

Applicant.

X-----X

D O C K E T E D

Date: APR 29 2016.

By: *[Signature]*

ORDER

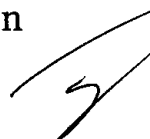
On 29 June 2015, the San Jose City Electric Cooperative, Inc. (SAJELCO) filed an application for the approval of its Business Separation and Unbundling Plan (BSUP) in accordance with Republic Act No. 9136 and Rule 10 of its Implementing Rules and Regulations (IRR).

In the said application, SAJELCO alleged, among others, that:

1. SAJELCO is an electric cooperative duly organized with the principal office at San Jose City, Nueva Ecija, where it may be served with summons and other legal processes, represented in this instance by its General Manager, Celestino P. Pobre, of legal age, Filipino, married and with office address as indicated above;

A handwritten signature or mark, possibly the name 'Pobre', written in ink.

2. SAJELCO was issued by the National Electrification Administration (NEA) with the exclusive franchise to operate electric light and power services in San Jose City and adjacent towns of Muñoz, Llanera, and Carranglan, all in the province of Nueva Ecija;
3. That in compliance with the provisions of Section 36 of the EPIRA and Rule 10, Section 3 (b) of its Implementing Rules and Regulations (IRR), requiring power industry participants to structurally and functionally unbundle their business activities into generation, transmission, distribution and supply, SAJELCO seeks for the approval of its BSUP which is in accordance with the Business Separation Guidelines (BSG) as well as the BSUP Filing Package of the Commission.
4. Pursuant to the said mandate of the EPIRA as well as Rule 10 of its IRR, the Commission promulgated Resolution No. 49, Series of 2006 otherwise known as "Business Separation Guidelines, as Amended" as well as Resolution No. 07, Series of 2012, Adopting the Accounting And Cost Allocation Manual (ACAM) for Electric cooperatives;
5. Pursuant to and in compliance with the requirements of the foregoing law, rules and regulations, SAJELCO is submitting herewith for the Commission's consideration and approval, its proposed BUSINESS SEPARATION AND UNBUNDLING PLAN (BSUP) for the business separation and structural and functional unbundling of its business activities, with the end view of separating its distribution activities into appropriate business segments and to have a clear separation of operations and accounts between its regulated and non-regulated activities.
6. SAJELCO's proposed BSUP is composed of the following major sections;
 - a) Details Of Current Structure
 - b) Details Of Business Segments
 - c) Accounting Separation
 - d) Description Of Separation



e) Milestones And Highlights

f) Code Of Conduct

7. In line with this, applicant is attaching the following documents identified herein as Annexes A to F;

A. DETAILS OF CURRENT STRUCTURE (Annex A with 110 pages)

1. EC Profile (Annex A-1)

2. Organizational Structure (Annex A-2)

a. Organizational Chart per Department (Annex A-2-a)

b. Statement of General Function of each Dept (Annex A-2-b)

c. Specific Functions of each Department (Annex A-2-c)

3. Description of Current Process (Annex A-3)

a. Detailed Description (Annex A-3-a)

b. Flow Chart (Annex A-3-b)

B. DETAILS OF BUSINESS SEGMENTS (Annex B with 6 pages)

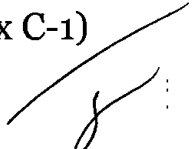
1. The Business Segments (Annex B-1)

2. Segregation of Employees (Annex B-2)

3. Description of Assets (Annex B-3)

C. ACCOUNTING SEPARATION (Annex C with 11 pages)

1. Principles to Achieve Accounting Separation (Annex C-1)



2. Allocation Principles (Annex C-2)

3. Chart of Accounts (Annex C-3)

4. Basic Accounting Principles (Annex C-4)

5. Reporting Principles (Annex C-5)

6. Other Requirements (Annex C-6)

D. DESCRIPTION OF SEPARATION (Annex D with 2 pages)

1. Detailed Structure per Business Segment (Annex D-1)

2. Detailed Structure per Department (Annex D-2)

E. MILESTONES AND HIGHLIGHTS (Annex E)

F. CODE OF CONDUCT (Annex F)

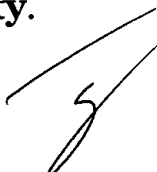
8. Furthermore, for reference, the following documents are made integral parts of this Application as Annexes G, H & I, respectively.

G. Accounting Separation Statements 2010-2011 (Annex G)

H. Audited Financial Statement For The Year 2010-2011 (Annex H)¹

9. SAJELCO prays that the Commission, after due notice and hearing, approve its proposed BSUP.

Finding the said application to be sufficient in form and in substance with the required fees having been paid, the same is hereby set for jurisdictional hearing, expository presentation, pre-trial conference and evidentiary hearing on **30 May 2016 (Monday) at ten o'clock in the morning (10:00 A.M.) at the ERC Hearing Room, 15th Floor, Pacific Center Building, San Miguel Avenue, Pasig City.**



SAJELCO is hereby directed to cause the publication of the attached Notice of Public Hearing, at its own expense, once (1x) in a newspaper of general circulation in the Philippines, at least ten (10) days before the scheduled date of initial hearing. It is also directed to inform the consumers within its franchise area, by any other means available and appropriate, of the filing of the instant application, its reasons therefor and of the scheduled hearing thereon.

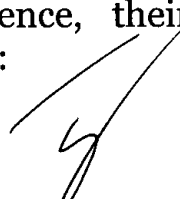
Let copies of the application, this Order, and the attached Notice of Public Hearing be furnished the Office of the Solicitor General (OSG), the Commission on Audit (COA) and the Committees on Energy of both Houses of Congress. They are hereby requested, if they so desire, to send their duly authorized representatives at the scheduled hearings.

Likewise, let copies of this Order and the attached Notice of Public Hearing be furnished the Offices of the Governor of the Province of Nueva Ecija as well as the Mayor and the Local Government Legislative Body of the city or municipality within SAJELCO's franchise area for the appropriate posting thereof on their respective bulletin boards.

SAJELCO is hereby directed to furnish all those making requests therefor with copies of the application and its attachments, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing and pre-trial conference, SAJELCO must submit to the Commission its written Compliance with the jurisdictional requirements attaching therewith, methodically arranged and duly marked, the evidence on the actual posting and publication of the Notice of Public Hearing consisting of certifications issued to that effect, signed by the afore-mentioned Governor, Mayors, and Local Government Legislative Body, or their duly authorized representatives, bearing the seals of their offices, and the affidavits of the Editors or Business Managers of the newspapers where the said Notice of Public Hearing were published together with the complete issues of the said newspapers, and such other proofs of compliance with the requirements of the Commission.

SAJELCO and all interested parties are directed 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:



- (a) A summary of admitted facts and proposed stipulation of facts;
- (b) The issues to be tried or resolved;
- (c) The documents or exhibits to be presented, stating the purposes thereof and proposed markings therefore; and
- (d) The number and names of the witnesses, with their written testimonies in an individual affidavit form, to be attached to the Pre-Trial Brief.

Failure of SAJELCO to submit the required Pre-Trial Brief and Judicial Affidavits of its witnesses 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 said date of cancellation.

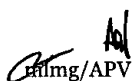
As part of the pre-trial conference, SAJELCO must also be prepared to make an expository presentation of its application, aided by whatever communication medium that it may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned parties, what the application is all about and the reasons and justifications being cited in support thereof.

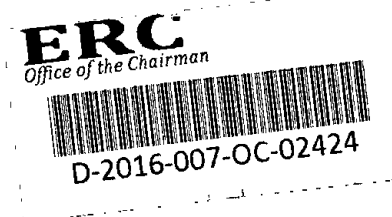
SO ORDERED.

Pasig City, 14 April 2016.

FOR AND BY AUTHORITY
OF THE COMMISSION:

JOSE VICENTE B. SALAZAR
Chairman and CEO

 [http://img/APV/legal_io_2015-048mc](#)



Copy Furnished:

1. **ATTY. DICK FRANCISCO FERNANDEZ**
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Rafael Rueda Sr., San Jose City, Nueva Ecija
2. **SAN JOSE CITY ELECTRIC COOPERATIVE, INC.**
(SAJELCO)
ATTENTION: Mr. Celestino P. Pobre
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San Jose City, Nueva Ecija
2. **Office of the Solicitor General**
134 Amorsolo Street, Legaspi Village
Makati City, Metro Manila
3. **The Commission on Audit**
Commonwealth Avenue
Quezon City
4. **The Senate Committee on Energy**
GSIS Building, Roxas Boulevard
Pasay City
5. **The House Committee on Energy**
Batasan Hills, Quezon City
6. **Office of the City Mayor and the Local Government Legislative Body**
San Jose City
Province of Nueva Ecija
7. **Office of the Municipal Mayor and the Local Government Legislative Body**
Municipality of Muñoz
Province of Nueva Ecija
8. **Office of the Municipal Mayor and the Local Government Legislative Body**
Municipality of Llanera
Province of Nueva Ecija
9. **Office of the Municipal Mayor and the Local Government Legislative Body**
Municipality of Carranglan
Province of Nueva Ecija
10. **Office of the Governor**
Province of Nueva Ecija

