

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. 2016-017 CF**

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

**Applicant.**

X-----X

**D O C K E T E D**  
Date: JUN 21 2016  
By: *[Signature]*

**ORDER**

On 31 March 2016, Bukidnon Second Electric Cooperative, Inc. (BUSECO) filed an application for the approval and confirmation of the over/under recoveries in the implementation of automatic cost adjustments and true up mechanisms for the period 2005 to 2012, and corresponding process pursuant to ERC Resolution No. 16, Series of 2009 as Amended by Resolution No. 21, Series of 2010 and ERC Resolution No. 23, Series of 2010.

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

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 Commission through its Board President, Mr. Edwin B. Galicia and General Manager, Deiter Hoff P. Arellano, CPA, MBA, 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.16-023 which is attached to the application as **Annex “A”** and made an integral part of this application;

2. That Applicant’s franchise area includes nine (9) municipalities, one (1) city, all in the Province of Bukidnon, and a portion of Valencia City specifically, the City of Malaybalay and the Municipalities of Baungon, Malitbog, Libona, Manolo Fortich, Sumilao, Impasug-ong, Lantapan, Cabanglasan, Talakag, and Barangay Lilingayon, 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 the over/under recoveries on cost adjustments and true-up mechanism.
4. That the period covered for the over/under recoveries start from year 2013 to 2015 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	1,504,902,589.74	1,483,779,004.62	21,123,585.12
Transmission	355,367,254.57	355,250,287.34	116,967.23
System Loss	222,370,737.13	221,560,671.79	810,065.34
Lifeline Discount	36,335,771.72	36,497,408.59	(161,636.87)
Senior Citizen	296,112.40	287,657.93	8,454.47
<b>Total</b>	<b>2,119,272,465.57</b>	<b>2,097,375,030.27</b>	<b>21,897,435.30</b>

6. That the foregoing amounts are based on the computations hereto attached to the application and marked as Annexes "B" to "F";
7. Further, in support of the foregoing, Applicant submits the following data and documents hereto attached to the application as Annex "G", to wit:

- G-1. Power Bills of Power Suppliers and NGCP;
- G-2. Official Receipts issued by Power Suppliers and NGCP;
- G-3. Credit/Debit Memos;
- G-4. Monthly Financial and Statistical Report (MFSR);
- G-5. Consumer Bills per customer class;
- G-6. Consumer Bills of lifeliner per bracket and non lifeliner;
- G-7. Consumer Bills of senior citizen lifeliner and senior citizen non lifeliner;
- G-8. Computation of Generation Rates
- G-9. Computation of System Loss Rate;
- G-10. Computation of Transmission Rate;
- G-11. Computation of Lifeline Rate;
- G-12. Computation of Senior Citizen Subsidy Rate;
- G-13. 12-month System Loss Computation;
- G-14. Notarized Prompt Payment Discount;
- G-15. Lifeline Discount;
- G-16. Senior Citizen Discount;
- G-17. Supplier and Transmission Data Sheet;
- G-18. Statistical Data Sheet;
- G-19. Frequency Distribution by kWh consumption

8. That Applicant proposes to recover the net under recoveries of Twenty One Million Eight Hundred Ninety Seven Thousand Four Hundred Thirty Five & 30/100 Pesos (Php 21,897,435.30), starting January 2017 as follows:

	<b>(OVER) UNDER RECOVERIES</b>	<b>no. of year/s</b>	<b>PhP/kWh</b>
Generation	21,123,585.12	2	0.0600
Transmission	116,967.23	1	0.0007
System Loss	810,065.34	1	0.0047
Lifeline Discount	(161,636.87)	1	(0.0009)
Senior Citizen	8,454.47	1	0.00005

9. BUSECO prays that the Commission approve the submitted calculations and computations and the proposed recovery scheme.

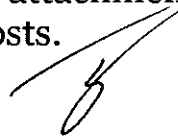
Finding the said application to be sufficient in form and in substance with the required fees having been paid, the same is hereby set for jurisdictional hearing, expository presentation, pre-trial conference and evidentiary hearing on **03 August 2016 (Wednesday) at three o'clock in the afternoon (3:00 P.M.) at the ERC Hearing Room, 15<sup>th</sup> Floor, Pacific Center Building, San Miguel Avenue, Pasig City.**

BUSECO 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 Bukidnon as well as the Mayor and the Local Government Legislative Body of the province, city or municipality within BUSECO's franchise area for the appropriate posting thereof on their respective bulletin boards.

BUSECO 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.

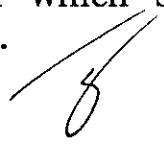


On the date of the initial hearing and pre-trial conference, BUSECO must submit to the Commission its written Compliance with the jurisdictional requirements attaching therewith, methodically arranged and duly marked, the evidence on the actual posting and publication of the Notice of Public Hearing 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.

BUSECO 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 BUSECO 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.

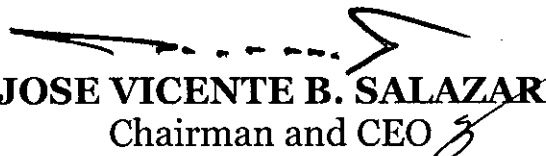



As part of the pre-trial conference, BUSECO must also be prepared to make an expository presentation of its application, aided by whatever communication medium that it may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned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

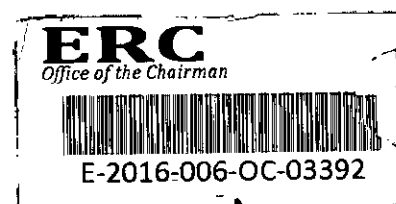
**SO ORDERED.**

Pasig City, 14 June 2016.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

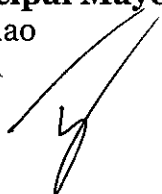
  
**JOSE VICENTE B. SALAZAR**  
Chairman and CEO

  
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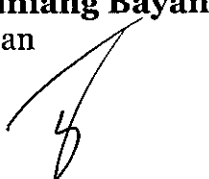


**Copy Furnished:**

1. **ATTY. ELEUTERIO F. DIAO, IV**  
Counsel for BUSECO  
1906 Bontong, Camaman-an  
Cagayan De Oro City
  
2. **Bukidnon Second Electric Cooperative, Inc.**  
(BUSECO)  
ATTENTION: Mr. Dieter Hoff P. Arellano  
General Manager  
BUSECO, Manolo Fortich, Bukidnon
  
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**  
Malaybalay City  
Province of Bukidnon
  
7. **Office of the Municipal Mayor**  
Municipality of Baungon  
Province of Bukidnon
  
8. **Office of the Municipal Mayor**  
Municipality of Malitbog  
Province of Bukidnon
  
9. **Office of the Municipal Mayor**  
Municipality of Libona  
Province of Bukidnon
  
10. **Office of the Municipal Mayor**  
Municipality of Manolo Fortich  
Province of Bukidnon
  
11. **Office of the Municipal Mayor**  
Municipality of Sumilao  
Province of Bukidnon



- 12. Office of the Municipal Mayor**  
Municipality of Impasugong  
Province of Bukidnon
- 13. Office of the Municipal Mayor**  
Municipality of Lantapan  
Province of Bukidnon
- 14. Office of the Municipal Mayor**  
Municipality of Cabanglasan  
Province of Bukidnon
- 15. Office of the Municipal Mayor**  
Municipality of Talakag  
Province of Bukidnon
- 16. Office of the City Mayor**  
Valencia City  
Province of Bukidnon
- 17. Office of the Sangguniang Bayan**  
Malaybalay City  
Province of Bukidnon
- 18. Office of the Sangguniang Bayan**  
Municipality of Baungon  
Province of Bukidnon
- 19. Office of the Sangguniang Bayan**  
Municipality of Malitbog  
Province of Bukidnon
- 20. Office of the Sangguniang Bayan**  
Municipality of Libona  
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- 21. Office of the Sangguniang Bayan**  
Municipality of Manolo Fortich  
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- 22. Office of the Sangguniang Bayan**  
Municipality of Sumilao  
Province of Bukidnon
- 23. Office of the Sangguniang Bayan**  
Municipality of Impasugong  
Province of Bukidnon
- 24. Office of the Sangguniang Bayan**  
Municipality of Lantapan  
Province of Bukidnon





25. **Office of the Sangguniang Bayan**  
Municipality of Cabanglasan  
Province of Bukidnon
26. **Office of the Sangguniang Bayan**  
Municipality of Talakag  
Province of Bukidnon
27. **Office of the Sangguniang Bayan**  
Valencia City  
Province of Bukidnon
28. **Office of the Governor**  
Province of Bukidnon
29. **Office of the Sangguniang Panlalawigan**  
Province of Bukidnon

