

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 NO. 06,  
SERIES OF 2013**

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

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

**Applicant.**

Promulgated:  
MAY 03, 2019.

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**NOTICE OF PUBLIC HEARING**

**TO ALL INTERESTED PARTIES:**

Notice is hereby given that 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:

**ERC CASE NO. 2019-006 CF**  
**NOTICE OF PUBLIC HEARING/ 22 April 2019**  
**PAGE 2 OF 5**

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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"**;

**ERC CASE NO. 2019-006 CF**  
**NOTICE OF PUBLIC HEARING/ 22 April 2019**  
**PAGE 3 OF 5**

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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 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	0.0000005
<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.

The Commission has set the *Application* 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.**

All persons who have an interest in the subject matter of the instant case may become a party by filing with the Commission a verified Petition to Intervene at least five (5) days prior to the initial hearing and subject to the requirements under Rule 9 of the 2006 Rules of Practice and Procedure, indicating therein the docket number and title of the case and stating the following:

- 1) The petitioner's name and address;
- 2) The nature of petitioner's interest in the subject matter of the proceeding and the way and manner in which such interest is affected by the issues involved in the proceeding; and
- 3) A statement of the relief desired.

All other persons who may want their views known to the Commission with respect to the subject matter of the case may file their Opposition or Comment thereon at any stage of the proceeding before Applicant rests its case, subject to the requirements under Rule 9 of the 2006 Rules of Practice and Procedure. No particular form of Opposition or Comment is required, but the document, letter, or writing should contain the following:

- 1) The name and address of such person;
- 2) A concise statement of the Opposition or Comment; and
- 3) The grounds relied upon.

*(This space was intentionally left blank.)*

**ERC CASE NO. 2019-006 CF**  
**NOTICE OF PUBLIC HEARING/ 22 April 2019**  
**PAGE 5 OF 5**

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All such persons who wish to have a copy of the *Application* may request from Applicant that they be furnished with the same, prior to the date of the initial hearing. Applicant is hereby directed to furnish all those making such request with copies of the *Application* and its attachments, subject to the reimbursement of reasonable photocopying costs. Any such person may likewise examine the *Application* and other pertinent records filed with the Commission during the standard office hours.

**WITNESS**, the Honorable Chairperson and CEO **AGNES VST DEVANADERA** and the Honorable Commissioners **CATHERINE P. MACEDA, ALEXIS M. LUMBATAN** and **PAUL CHRISTIAN M. CERVANTES**, Energy Regulatory Commission, this 22<sup>nd</sup> day of April 2019 in Pasig City.

  
**JOSEFINA PATRICIA A. MAGPALE-ASIRIT**  
Commissioner

LS: RSPV/ARG/GIO  
