

Incorporation is attached to the instant application and marked as Annex "A";

2. It is the exclusive franchise holder authorized to operate and distribute electric power and/or service to nine (9) municipalities, namely: (1) Ocampo, (2) Tigaon, (3) Sagnay, (4) Goa, (5) San Jose, (6) Lagonoy, (7) Presentacion, (8) Caramoan, and (9) Garchitorena, with 258 barangays, all in the province of Camarines Sur with a total land area of 1,526.37 km². A copy of its Certificate of Franchise issued by the National Electrification Commission is attached and marked as Annex "B";
3. It is represented herein by its General Manager, Atty. Veronica T. Briones, CPA, by virtue of Board Resolution Nos. 120-2012 to 122-2012 which are attached to the instant application as Annexes "C" to "C-2";
4. The instant application is for the establishment of business separation and unbundling plan in compliance with the provisions of Section 36 of Republic Act No.9136 and Rule 10 of its IRR which provides that:

"Any electric power industry participants are required to structurally and functionally unbundle its business activities and rates in accordance with the sectors as identified in Section 5 hereof. The ERC shall ensure full compliance with this provision."

5. As such, all electric power industry participants are required to structurally and functionally unbundle its business activities into generation, transmission, distribution and supply. Furthermore, these activities are likewise required to be unbundled into regulated and non-regulated;
6. Pursuant to the foregoing provision of RA 9126 and 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. 7, Series of 2012, Adopting the Accounting and Cost Allocation Manual (ACAM) for the Electric Cooperatives, it is submitting herewith for the evaluation and approval of the Commission, its proposed BSUP;

7. Its BSUP provides for the business separation, 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;
8. In so doing, it issued Board Resolution No. 122A-2013 approving the application of the BSUP and authorizing the management to apply the same to Commission. A copy of its Board Resolution No. 122A-2013 is hereto attached and marked as Annex "D";
9. Its proposed BSUP which is accordance with Business Separation Guidelines is attached hereto and marked as Annex "E";
10. Its proposed BSUP is composed of the following sections, to wit:

SECTION 1 DETAILS OF CURRENT STRUCTURES

Section 1.1 EC PROFILE

a. EC BACKGROUND

CASURECO IV was officially registered with the NEA and incorporated as a non-stock, non-profit membership on February 18, 1977 under Registration No. 81 by virtue of Presidential Decree No. 269 as amended by Presidential Decree No. 1645.

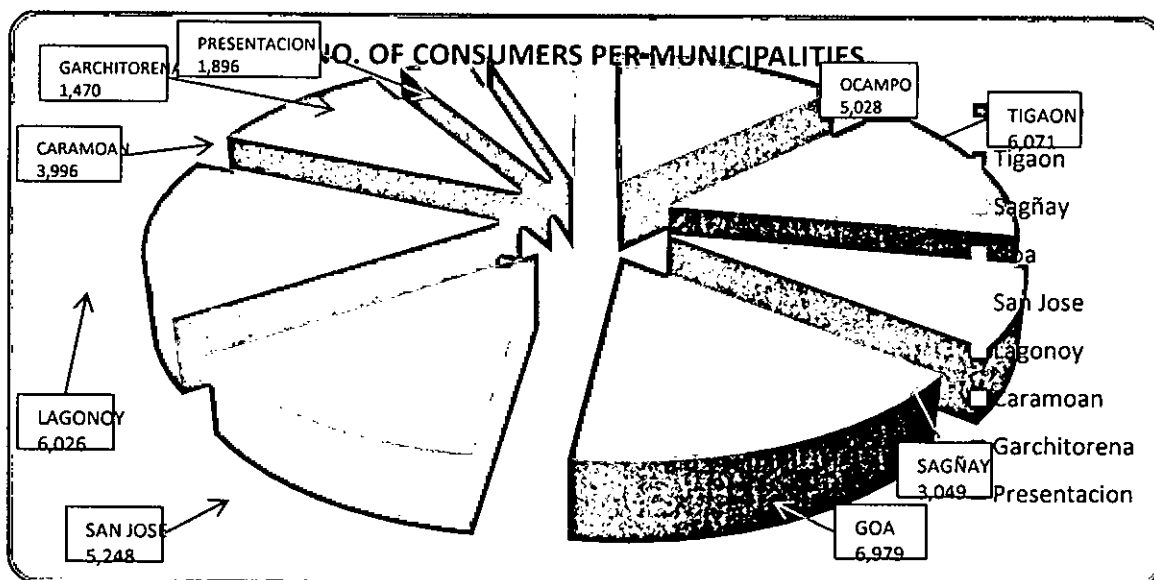
It was organized through the initiative and representations made by Governor Felix A. Fuentebella with the assistance of NEA, in his desire to hasten the electrification program in the third district of Camarines Sur.

For its Service Area, it covers nine (9) municipalities, namely, Ocampo, Tigaon, Sagnay, Goa, San Jose, Lagonoy, Presentacion, Caramoan and Garchitorea, with 258 barangays, all in the province of Camarines Sur with a total land area of 1,526.37 km².

Its business address is Talojongon, Tigaon, Camarines Sur 4420 with telephone numbers (054) 452-3085, (054) 452-3899 and (054) 452-3840 and electronic mail address (e-mail) at cs4ec77@yahoo.com.

As of December 31, 2011, it has a total energy in kWh and peso sales of 30,399,562.00 and ₱330,499,885.00, respectively. It purchases Ninety Percent (90%) of its power from Aboitiz Power Renewals, Inc. (APRI) while the Ten Percent (10%) from Wholesale Electricity Spot Market (WESM).

As of December 31, 2011, herein under is the pie chart showing the number of consumers per municipalities:

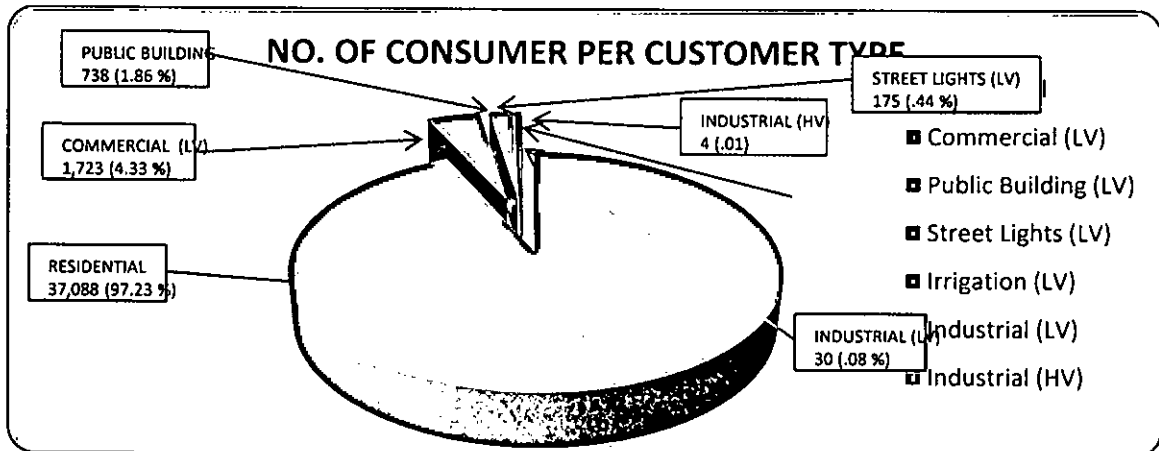


Herein under is the Summary of the Number of Billed Consumers per Districts as of December 31, 2011, to wit:

Name of Districts	# of Billed Consumers	Percentage
1.Ocampo	5,028	12.64%
2.Tigaon	6,071	15.27%
3.Sagnay	3,049	7.67%
4.Goa	6,979	17.55%
5.San Jose	5,248	13.20
6.Lagonoy	6,026	15.15%
7.Caramoan	3,996	10.05%
8.Garchitorea	1,470	3.70%
9.Presentacion	1,896	4.77%
TOTAL	39,763	100.00%

Clearly, the Municipality of Goa has the biggest number of billed consumers with 17.55%, followed by Tigaon with 15.27%, and Garchitorena has lowest number of consumer with 3.70%.

As of December 31, 2011, herein under is the pie chart showing the number of consumers per customer type:



Below is the Summary of the Number of Billed Consumers per Customer Type as of December 31, 2011, to wit:

Name of Districts	# of Billed Consumers	Percentage
1. Residential	37,088	93.27%
2. Low Voltage	2,671	6.72%
3. High Voltage	4	0.01%
TOTAL	39,763	100.00%

Evidently, it has total billed consumers of 39,763, of which majority or 93.27% are residential consumers. The 6.72% of which pertains to low voltage consumers, composed of public building, commercial, industrial and street lights consumers. The smallest consumer type is the high voltage, they are composed of 4 Industrial consumers or 0.01% percent only.

As of December 31, 2011, herein under is the Summary Sales per Customer type, to wit :

Class of Service	Sales in KWh	%	Sales in Pesos	%
Residential	19,903,915.00	65.47 %	224,720,706.00	67.99 %
Low Voltage				
Commercial	5,495,571.00	18.08 %	55,397,800.00	16.76 %
Industrial	922,649.00	3.04 %	8,989,559.00	2.72 %
Irrigation	5,8926.00	.19 %	586,274.00	0.18 %
Public Bldgs.	2,577,843.00	8.48 %	25,939,848.00	7.85 %
St. Lights	421,450.00	1.39 %	4,316,772.00	1.31 %
High Voltage				
Industrial	1,019,508.00	3.35 %	10,548,926.00	3.19 %
TOTAL	30,399,562.00	100.00 %	330,499,885.00	100.00%

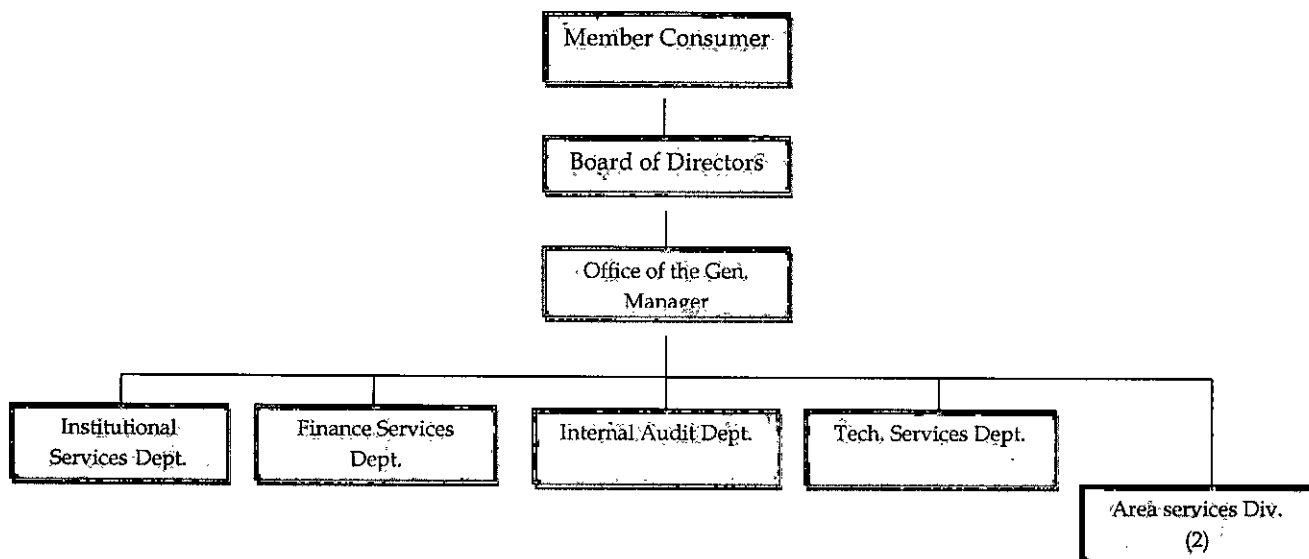
As of December 31, 2011, it has Two Hundred One (201) employees assigned to different departments and area services divisions, to wit:

Name of Departments/ Area Services	No. of Employees Assigned
1. Office of the General Manager	6
2. Internal Audit Department	2
3. Finance Services Department	58
4. Institutional Services Department	23
5. Technical Services Department	67
6. Area Services Divisions	45
TOTAL	201

Section 1.2 ORGANIZATIONAL STRUCTURES

It has implemented Management Tools for 2003 Reorganization with Board Resolution No. 93-2003 dated September 22, 2003 which was approved by NEA on October 3, 2003 and with approved salary adjustments effective July 1, 2005 and September 2011.

Herein under is its approved organization structure, to wit:



Based on the foregoing approved organization structure, its Member Consumers occupy the highest level, followed by the Board of Directors representing the Nine (9) districts/municipalities within its franchise area, the General Manager and the four (4) departments and two (2) area services division.

Its Board of Directors is duly elected by district as mandated in its By-laws. The Board's primary function is to provide the direction of the Cooperative through the formulation and adoption of guidelines, policies, rules and regulations. The operational management is vested upon the Office of the General Manager and management staffs of various departments.

Its approved organizational structure has four (4) departments and two (2) area services divisions. They are comprised of the Internal Audit Department (IAD), Finance Services Department (FSD), Institutional Services Department (ISD), Technical Services Department (TSD) and Area Services Division (ASD). It has One Hundred Fifty Two (152) approved plantilla positions.

1. OFFICE OF THE GENERAL MANAGER

The Office of the General Manager ensures implementation of NEA and Cooperative (Coop.) policies, guidelines, memoranda and rules and regulations. It coordinates with the different departments on the preparation of annual work plan and sees to it that all Coop. planned targets, activities and projects are efficiently accomplished on time at the least possible cost. He also updates Board and NEA on Coop. operations and plans feasibility of projects.

2. INTERNAL AUDIT DEPARTMENT

The Internal Audit Department is comprised of Operation/Financial Auditor, Technical Auditor and Audit Staff.

The Internal Audit Department assists the management in attaining efficient operation by adherence to Coop.'s guidelines and operating policies, determines the reliability of financial and technical data produced and the effectiveness of the internal control system, reveals and corrects inefficient operations. They are also responsible for providing the necessary information and data on financial operations/trends which will guide the management in setting up objectives, procedures for better operating performance and basis for decision making.

3. INSTITUTIONAL SERVICES DEPARTMENT

The Institutional Services Department is composed of two (2) divisions namely, Customer Services Division and HRD and Administrative Division.

It is responsible for advising the General Manager in all institutional matters which will enhance the customer's awareness of coop programs and policies as well as to promote the employee's welfare, develop programs which will enhance membership awareness and participation in the coop objectives. They must possess strong leadership qualities exemplifying a sound physical and mental disposition with the highest sense of values in integrity, morality, honesty, hard work and effective public service.

4. FINANCE SERVICES DEPARTMENT

The Finance Services Department (FSD) is also composed of three (3) divisions namely, Accounting Division, Consumer Accounts Division and Cashiering/Collection Division.

The Finance Services Department is responsible in advising and assisting the General Manager in the efficient operation of the Cooperative through budgetary controls, financial projections, cash management and data processing. Also, for planning, organizing, coordinating, controlling, directing and evaluating the operations of the FSD. And, the FSD is responsible for maintaining adequate accounting records and control which will enable the Board of Directors and the General Manager to measure past performance, determine current status and project future operations.

5. TECHNICAL SERVICES DEPARTMENT

The Technical Services Department is also composed of two (2) divisions namely, Line Operation and Construction Division and System Planning and System Loss Reduction Division.

The Technical Services Department is responsible for advising and assisting the General Manager on all technical matters. In-charge in the construction of systems facilities according to approved technical standards which will provide adequate, safe and economical electric service to all consumers within the coverage area. Also, it trains and maintains an adequate work force for an efficient and continues electric service.

6. AREA SERVICES DEPARTMENT

The Area Services Office is composed of Area II and Area III. Area II covers the municipalities of Goa, Lagonoy, San Jose and Presentacion, while Area III covers the coastal municipalities of Caramoan and Garchitorena and North Lagonoy.

They are responsible for attaining monthly targets on collection, prompt and accurate meter reading and attending to customers request for electric service and maintenance of lines, supervision of area employees to develop efficient job performance.

Section 1.3 ORGANIZATIONAL STRUCTURES

a. Business process on Meter Reading and Billing (Annex 1.3.1 of the BSUP)

This process starts at the Consumer Accounts Division through Billing Section by preparing and printing of Meter reading sheets (manual system) and downloading data to the Meter reading Gadgets (read and bill system). The MRS and gadgets is issued to the assigned Meter Reader/Collectors of different routes. It currently uses PSION and Honeywell gadgets during meter reading. The read and bill system is used in mainland areas while manual reading is for Coastal areas of Presentacion, Caramoan, Garchitorena & North Lagonoy. The reading of kWh meters starts on the 26th day of the month until the 1st day of the succeeding month (7 days) and is automatically uploaded (read & bill system) & encoded (manual system) to the EBS Program. The process ends by extracting & generating summary of sales which is submitted to Accounting Division for recording.

b. Business process on Collections and Deposits (Annex 1.3.2 & 1.3.3)

It has two types of business process in terms of Collection. They are called automated or on-line collection & non-automated collection.

It is implementing on-line collection thru Wide area networking (WAN) and has created additional four (4) collection centers in order to hasten service & collection efficiency aside from the main and area office in Tigaon & Goa respectively. Collection centers are located at Ocampo, Sangay, San Jose, & Lagonoy. The on-line collection is materialized thru the help of the acquired wireless communication using Motorola PTP 54300 gadgets with a total reach of 100 kms. line of sight. It covers from the municipalities of Ocampo – Presentacion area.

Collection in Presentacion is semi-automated only considering that on-line collection were not yet materialized due to lack of office location. Meter Reader/Collectors regularly visits the consumers for roving then remits it collection to Goa sub-office.

Non-automated or manual collection is applied in the coastal areas of Caramoan, Garchitorena, and North Lagonoy. The process starts when the Bill custodian issues Official Electric Bill receipt and statement of accounts to meter reader/collectors for roving collections. The meter/reader collector remits its collections including the uncollected OEBRs. All collections and Daily collection reports are remitted and submitted to main office on a weekly basis for deposits and recording.

c. Business process on Disconnection of Consumers(Annex 1.3.4 – 1.3.6)

It has three (3) business processes for disconnection of consumers. They are the process on Disconnection for non-payment of power bills, non-payment for apprehension assessment & consumers with illegal reconnection.

c.1 Disconnection of consumers for non-payment of power bills follows the Coop. policy that consumers are given Five (5) days to settle its obligation without surcharges and additional Forty-eight (48) hours before disconnection of electric service. The EBS program will print the summary list of delinquent consumers for disconnection and issue the list to disconnectors. Daily accomplishments of disconnectors are submitted to complaint desk officer for tagging to EBS program. The disconnection activities has a duration of 11 days in a month.

c.2 Disconnection of consumers for non-payment of apprehension assessment cost follows the same policy except that consumers were given consideration thru settlement arrangement through promissory notes. The process starts when Finance Services Department prepares summary list of apprehended for disconnections and forward it to disconnectors. Daily accomplishments of disconnectors are submitted to complaint desk officer for tagging to EBS program. The disconnection activities have duration of 3 days in a month.

c.3 Disconnected consumers are monitored every month and the policy of pull-out of meters of disconnected consumers thru Technical Services Department doing the task is applied. In case consumers were found out that he/she/it was an active consumer despite being disconnected per record, they automatically disconnect the electric service and pull-out the meters of consumer. The Financial auditors are responsible for verifying and validating the complaints of the consumers.

d. Business Process on Reconnection of Consumers(Annex 1.3.7 – 1.3.9)

It has three (3) business processes in terms of reconnection of consumers. They are process for reconnection for delinquent consumers, unregistered / illegal connection & apprehended consumers.

d.1 Upon payment of power bills & reconnection fee, the Internal Audit Department issues clearances and forward to Complaint desk officer for preparation of reconnection order and tagging to EBS. Reconnection Order was given to assigned lineman and executes the task. A monthly accomplishment of reconnection orders is submitted to Institutional Services Department.

d.2 In case consumers are found out to be unregistered or have an illegal connection. Consumers are directed to attend the Pre-membership Seminars & to accomplish necessary requirements. The Housewiring inspector will inspect the installations of consumers and submits report to MERO for encoding to EBS. The IAD, FSD, & TSD will issue clearances to the submitted applications. The ISD will prepare Service Drop Connections Order and assess the required fees based on approved rates and coop policy. Upon payment, MERO records and prepares summary of service drop connection order and forwards to CDO. The TSD will execute the service drop connection order. All accomplished service drop connection order will be returned back to ISD for inclusion to the list of new members.

d.3 This process starts when the Billing section head makes an assessment on the power recoveries, penalties and reconnection fees of apprehended consumers. The Apprehended consumers are given consideration such as

settlement of 50% of total assessment cost and the balance is payable in six months backed up by promissory notes. Upon settlement, the IAD will issue clearance and forwards the same to CDO for preparation of reconnection order. The kWh meter will be calibrated first in case it is found defective. The TSD will execute the reconnection order and submits accomplishment reports to the CDO.

**e. Business Process on New Service Connection
(Annex 1.3.10)**

The Institutional Services Department conducts Pre-membership Seminar every Friday of the week and issues application forms to interested applicants. The MERO evaluates, validates the completeness of submitted documents and makes schedules for house wiring inspection. The Housewiring Inspector will conduct inspection and submits report to MERO. The application is forwarded to FSD, IAD & TSD clearances. Thereafter, prepares service drop connection order and makes an assessment based on approved rates and coop policy. Upon payment, records and prepares summary of service drop connection order for tapping. The TSD executes the service drop connection order and submit accomplishment reports to ISD for inclusion to the list of new members.

f. Business Process on Procurement of materials for CAPEX and NON-CAPEX (Annex 1.3.11 – 1.3.12)

It is following the EC Procurement Guidelines and Government Procurement Act in terms of purchasing of materials for Capital Expenditures and Non-Capital Expenditures. The process focused on Canvass for one million and bidding process for purchases of one million above.

f.1 For purchases of materials with a canvass cost of One (1) million and below, the concerned department/area office prepares requisition voucher and Job Order and forwards to Internal Audit for pre-audit. The Office of the general manager approves the requisition voucher and forwards to Purchaser for preparation of canvass. The purchaser prepares abstract of quotations with a minimum of three canvasses for Committee of Procurement reference. The purchaser prepares Purchase order including attachments with recommendation

from Finance Manager and forwards to Office of the General Manager for approval.

f.2 In case canvass is above One (1) million pesos, it follows same procedures of preparation and approval of Requisition voucher except that the RV is forwarded first to Procurement Bids & Awards Committee (PBAC). The PBAC prepares invitation to bids and publishes it to the General Circulation and conducts pre-bid & public bidding. All successful bids are evaluated by PBAC and submitted for recommendations to the General Manager. Upon review, the GM endorses it to the board for awarding of bids. The General Manager prepares notice of award and notice to proceed based on the board resolution. The ISD will prepare the contract or memorandum of agreement then preparation of Purchase order follows.

g. Business Process on Complaints of Member-Consumers (Annex 1.3.13 – 1.3.14)

This process describes how the complaints of consumer are dealt with. It includes business on complaints of member consumer for non-receipt of statement of account & unbilled kWh meters, and complaints for over/under read of readings.

g.1 The Complaint Desk Officers endorse the consumer to Consumer & Collection welfare desk officer with complaint on non-receipt of statement of account. He will verify from the EBS program & meter reading sheet if he/she has a billing. In case the complainant has a billing, he will print new receipt and inform the consumer about his/her bill including due and disconnection date.

In case he/she has no billing and no kWh meter reading upon reviewing of meter reading sheets, he will prepare a list of all unbilled consumers and issue to meter reader. Upon reading, MRS is submitted to billing section for additional billing. The procedures for meter reading of consumers including distribution of statement of accounts will follow.

g.2 The Complaint Desk Officer endorse the consumer to Consumer & Collection welfare desk officer with complaint for over and under read meters. He will assign meter reader to re-read the meters. In case there is an error, he will prepare

request for adjustments from the billing section head. Summary of request for adjustments from the General Manager is submitted in batch for approval. Upon approval, adjustment of bill in the EBS Program is made and distributed to consumer.

h. Business Process on Complaints on Power Outages(Annex 1.3.15)

Upon receipt of complaints from consumers for power outages, the CDO will prepare service memorandum and informs the lineman on-duty for immediate action. All accomplished service memorandum is returned to CDO and prepare report monthly and quarterly for ERC compliance.

i. Business Process on Issuance and Returned of Electrical Materials(Annex 1.3.16)

The Foreman/lineman prepares the requisition materials needed for their daily activities and are submitted to TSD Manager for approval. The Warehouseman receives the request, before issuances verification of record will be made if the requisitioner has previous issuances. If yes, the warehouseman will require first the requisitioner to return any unused and salvage materials from their previous activities and prepares Material Credit Ticket (unused and defective materials) and Material salvage Ticket (dilapidated materials). If cleared already, he will release the materials based on the approved RM. He will prepare Material Charge Ticket and post it to his Bin cards. Materials Charge Ticket, Material Returned Ticket and Material Salvage Ticket are submitted to FSD monthly for recording purposes.

j. Business Process on Delivery of Materials(Annex 1.3.17)

The warehouseman receives delivered materials from Suppliers and contractors. The Technical Auditor conducts inspection, pre-audit of documents, and assures that the delivered materials are in accordance with the required specification and standards mentioned in the Purchase order. The warehouseman prepares the General Receiving Report (GRR) and submits the same including the Sales invoice & Delivery receipt for ISD Manager's approval. The GRR are

forwarded to Finance Services Department for scheduling of payments and recording purposes.

k. Business Process on Replacement of Distribution Transformer (*Annex 1.3.18*)

All dismantled damaged and overloaded Distribution Transformers are forwarded to the Warehouse. They are then forwarded to Rewinder for check-up. If the damage Transformer is repaired, it will be returned to the Warehouse and issued Material Credit Ticket. If not returned to the Warehouse, Material Salvage ticket will be issued. All MCT's MCRT's, and MST's are submitted weekly to the FSD for costing and recording.

l. Business Process on Construction/Rehabilitation of Distribution Lines(*Annex 1.3.19*)

The process starts on the identification of Lines for Rehabilitation and Upgrading. The concerned personnel will conduct an ocular inspection and prepare staking sheets, bill of materials and material cost estimates. Rehabilitation is to be included first in the work plan and work schedules. Procedures for purchasing of electrical materials, issuances and returned of electrical material follows.

m. Business Process on Construction and Extension of Distribution Lines(*Annex 1.3.20*)

Government agencies such MTO or Barangay councils submit request through Resolution for extension of lines in their area to the General Manager. The GM forwards the request to TSD for inspection. The LRESH conducts ocular inspections and secure right of way agreement. Preparations of staking sheets follow and submit the report to OGM for approval. Upon approval, it will be included in the ICPM or Annual work plan and forwarded to NEA for evaluation and approval.

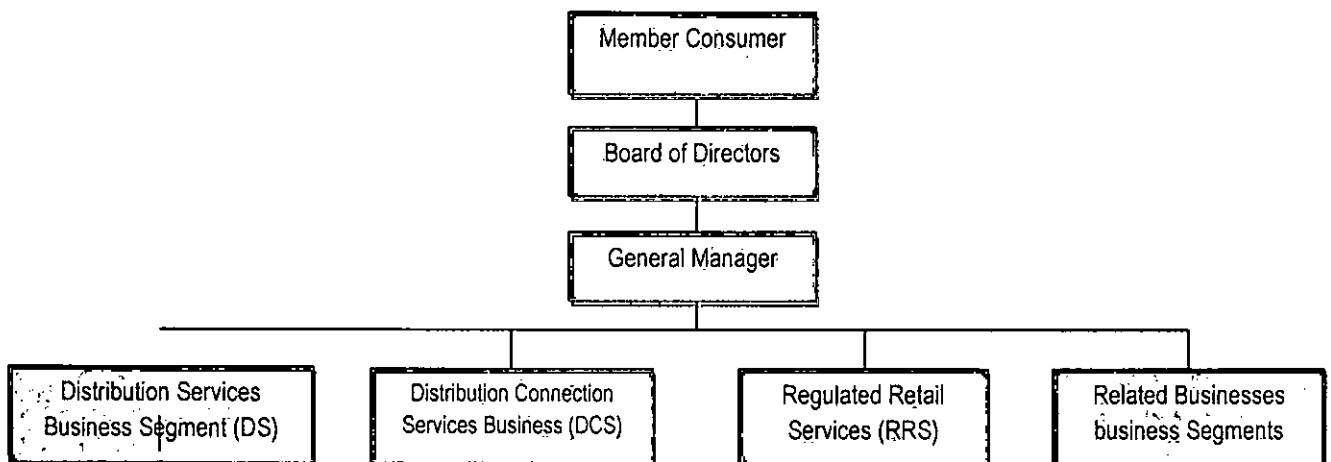
SECTION 2 DETAILS OF BUSINESS SEGMENTS

Section 2.1 THE BUSINESS SEGMENTS

It currently adopts the Distribution and Related Activities Business segments which covers four (4) segments namely: (1) Distribution Services business segments; (2) Distribution Connection Services business segments; (3) Regulated Retail Services business segments; and (4) Regulated Businesses business segments.

However, it will also apply or undertake additional three (3) business segments in case there is an occurrence of such related activities in the future, namely: (5) Last Resort Supply (LRS); (6) Wholesale Aggregation (WA); and (7) Non-regulated Retail Services Business Segment (NRS);

The organization structure of its Distribution and Related Activities Business segments is as follows:

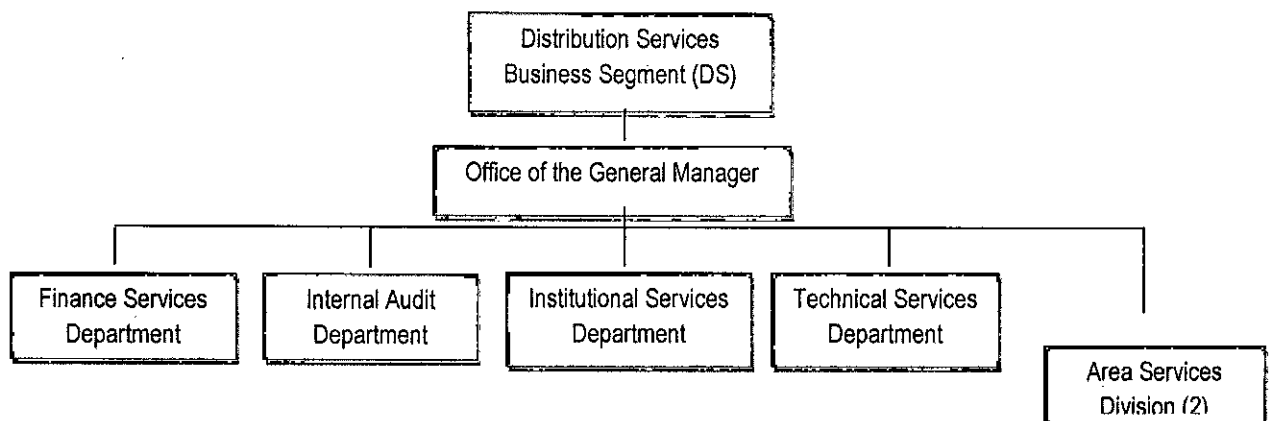


Under the Distribution Services (DS) Business Segment, it conducts the following activities:

- (a) Conveyance, control, monitoring and safe operations of electricity through a Distribution System;
- (b) Ancillary services using assets which form part a Distribution System;
- (c) Planning, maintenance, augmentation, and operation of a Distribution System;

- (d) Installation, commissioning, testing, repair, maintenance and reading of WESM – related meters that are also used to measure the delivery of electricity to end-users or other customers; and
- (e) Billing, collection and the provision of customer services that are directly related to the delivery of electricity to end-users or that relate to the connection of such persons to a Distribution System.

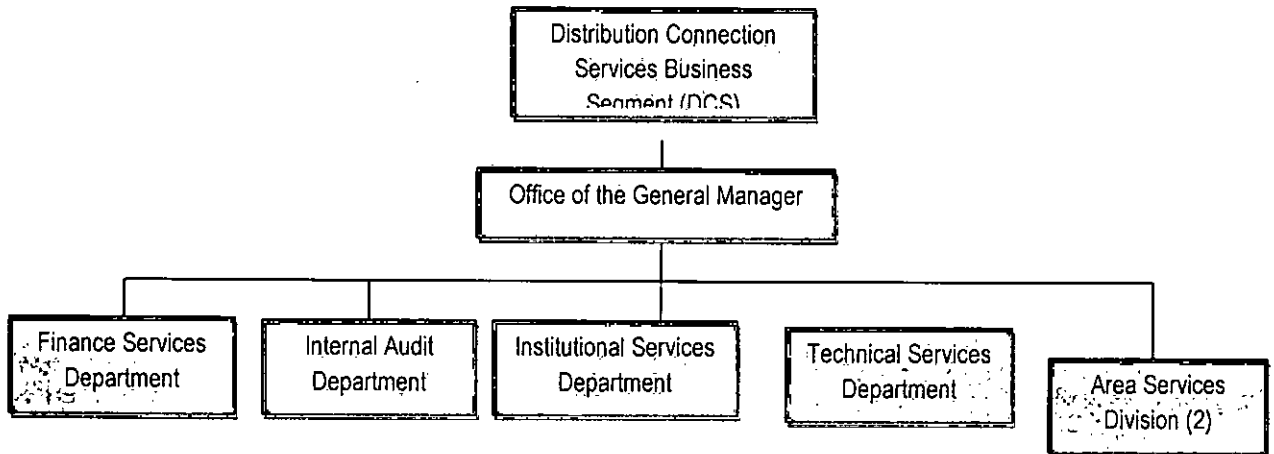
Herein under is the organizational structure of its DS Business Segment, to wit:



Under the Distribution Connection Services (DCS) Business Segment, it conducts the following activities:

- (a) Provisions of capability at each Connection Point to a Distribution System to deliver electricity to or take electricity from the Connection point, and the conveyance of electricity:
 - (i) Facilities of persons which are directly connected to the Distribution System to the Connection Point; or
 - (ii) Connection Point to the facilities of persons which are directly connected to the Distribution system;
- (b) Planning, installation, maintenance, augmentation, testing and operation of Distribution Connection Assets; and
- (c) Provisions of other services that support any of the above services.

Herein under is its organizational structure of the DCS Business Segment, to wit:

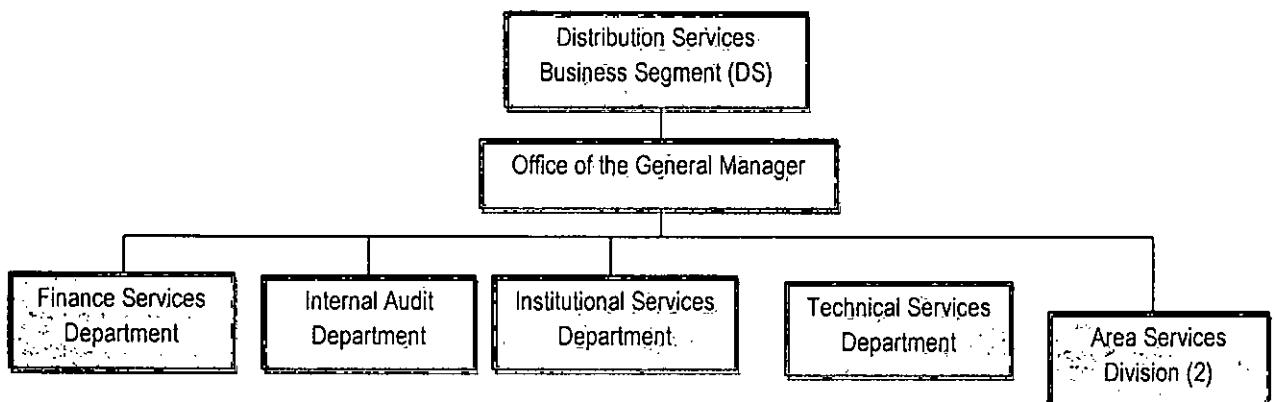


Under the third business segment which is the Regulated Retail Services (RRS) Business Segment, it sells electricity to end-users and conducts the following activities:

- (a) Billing, collection and the provision of customer services to such end-users in their capacity as electricity consumers;
- (b) Energy trading (including the purchase of electricity and hedging activities) undertaken in connection with the sale of electricity to end-users who are included in the Captive Market; and
- (c) The sale of electricity to end-users who are included in the Captive Market.

RRS also carry the provision, installation, commissioning, testing, repair, maintenance and reading of meters that are used to measure the delivery of electricity to end-users who are included in the Captive Market.

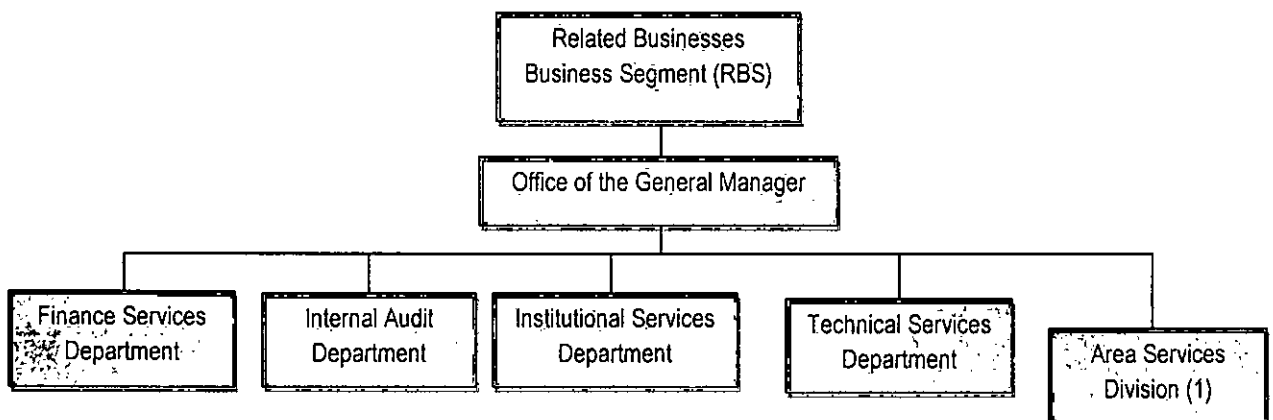
Herein under is the organizational structure of the Regulated Retail Services (RRS) Business Segment of applicant CASURECO IV, to wit:



Under the fourth business segment which is the Related Businesses (RB) Business Segment, applicant CASURECO IV conducts the following activities:

- (a) Electricity related services, such as the construction and maintenance of customer installations, pole relocations of both private and government businesses; and
- (b) Non-electricity related services like Pole rentals to private business establishments such as cable tvs and Bayantel.

Herein under is the organizational structure of the Regulated Businesses (RB) Business Segment of applicant CASURECO IV, to wit:



Please refer to Section 4 of applicant CASURECO IV's BSUP on the Description of Separation as well as its Business Processes attached hereto and marked as Annexes "1.3.1" to "1.3.20"

Under the fifth business segment which is the Last Resort Supply (LRS) Business Segment, it is applicant CASURECO's primordial obligation to ensure that it will continue to supply adequate electricity to its customers. Under this segment, applicant CASURECO IV provides for provision on billing, collection and basic customer services.

Under the sixth business segment which is the Wholesale Aggregation (WA) Business Segment, this segment comprises the provision of purchasing electricity in bulk and selling the

same to other Distribution Utilities. Under this segment, applicant CASURECO IV provides for provision on billing, collection and basic customer services.

Under the seventh business segment which is the Non-regulated Retail Services (NRS) Business Segment, this segment comprises the provision of non-regulated retail services provided by Distribution Utilities such as the sale of electricity to end-users who are included in the contestable market or other customers who are not end-users. Under this segment, applicant CASURECO IV conducts the following activities:

- a. Billing, collection and the provision of customer services to such end-users in their capacity as electricity consumers or to such other customers in their capacity as purchasers of electricity;
- b. Energy trading (including the purchase of electricity and hedging activities) undertaken in connection with the sale of electricity to end-users who are included in the contestable market or to other customers who are not end-users; and
- c. The sale of electricity to end-users who are included in the contestable market or to other customers who are not end-users.

Non-regulated retail services also comprise the provision, installation, commissioning, testing, repair, maintenance and reading of meters that are used to measure the delivery of electricity to end-users who are included in the contestable market or to other customers who are not end-users.

Under the eighth business segment which is the Related Businesses Business Segment, this Segment comprises the provision of all other services, and the carrying out of all other activities, that utilize distribution assets, facilities or staff (not being services or activities referred to elsewhere in this Sect. 4.4), including:

- a. Electricity related services, such as the construction and maintenance of customer installations, pole relocations of both private and government businesses; and

- b. Non-electricity related services like Pole rentals to private business establishments such as cable tvs and Bayantel.

Section 2.2 SEGREGATION OF EMPLOYEES

As part of the BSG requirements, all its personnel must be segregated based on the Organizational structure and its individual job descriptions.

Segregation of employees covers only to Four (4) Business segments which it currently adopted, namely, Distribution Services Business segments, Distribution Connection Services business segments, Regulated Retail Services Business segments, Related Businesses business segments. The other additional three (3) segments were not considered during segregations. As to the Number of Personnel according to the Business segments, it currently adopts, to wit:

Business Segment	No. of Personnel
Distribution Activity	
a. Distribution Services Business Segments (DS)	70
b. Distribution Connection Services Business Segments (DCS)	24
c. Regulated Related Services (RRS)	65
d. Related Business Services (RB)	12

Segregation of employees will serve as an allocation factor of the cost incurred by it during the business operations. In case of sharing of manpower by more than one business segments, the salaries, benefits, and all other allowances forming part of their total compensation shall be allocated depending on the weight of time and activities spent in the business segment.

Section 2.3 DESCRIPTION OF ASSETS

It has adapted the Philippine Accounting Standard for the definition or description of assets as the economic resources controlled by it as a result of past transaction or events and from which future economic benefits may be obtained based on the business segments. Thus, it uses its assets and allocates

the same to the different business segments based on the allocation principles defined in the approved Accounting Cost Allocation Manual (ACAM) for its operations.

SECTION 3 ACCOUNTING SEPARATION

CASURECO IV has intended to present its financial statements under the following frameworks, concepts, characteristics and assumptions such as understandability, relevance, reliability, comparability, materiality, consistency, going concern, accruals and others mentioned in the approved ACAM. It has applied the provisions as provided in IAS 1– Presentation of Financial Statements as deemed applicable under the regulatory environment set for the distribution utilities (DUs) by the Regulators.

To achieve an effective accounting separation, aside from the compliance with the approved ACAM, CASURECO IV will adopt the Memorandum Circulars issued by National Electrification Administration.

SECTION 4 DESCRIPTION OF SEPARATION

CASURECO IV will undertake the seven (7) Business segments under the Distribution and Related Activities Business segments. However, the Business separation as to segregation of employees will center only on the Four (4) segments that CASURECO IV has currently adopted namely; Distribution Services business segments, Distribution Connection Services business segments, Regulated Retail Services business segments & Related Businesses business segments. Likewise, separation focuses only to the actual number of personnel employed with approved plantilla positions.

In the separation of CASURECO IV's employees and assets, it presented a diagrammatic and flowchart presentation of the following:

1. General Structure of Business Segment;
2. Detailed Structure of Business Segment; and
3. Detailed Structure per Department.

SECTION 5 MILESTONES AND HIGHLIGHTS

CASURECO IV continuously explores, develops and adapts current programs to attain its mission to provide efficient, adequate and reliable electric service at the most reasonable cost towards customer satisfaction and with an emphasis on the growing demand brought by the EPIRA Law. Among these activities were focused on workforce, technology advancement, and improvement on operation/distribution lines.

SECTION 6 CODE OF CONDUCT FOR COMPETITIVE RETAIL MARKET PARTICIPANTS

CASURECO IV embraces and shall comply with the Resolution No. 31 series of 2006 so called the Code of Conduct for Competitive Retail Market Participants (referred hereafter as "Code") as promulgated by the Energy Regulatory Commission.

CASURECO IV will strongly support and comply with the provisions set forth for the attainment of the objectives of the Code as provided in Article I, Section 1, to wit:

1. To protect customers and promote consumer confidence in retail electricity through the establishment of standards of behavior for marketing electricity;
2. To promote honesty, fairness and transparency in the disclosure of information to Customers; and
3. To ensure that there would be non-discriminatory access to regulated services and no preferential treatment by a Distribution Utility (DU) of its Local and Affiliated Retail Electricity Supplier (RES) in marketing and providing electricity services in the DU's franchise areas well as with the laws, rules and regulations relating to the sale of electricity to Customers.

11. Pursuant to the rules, before the formal filing of this Application with the Honorable Commission, several pre-filing conferences were conducted with the concerned personnel of the Honorable Commission for the purpose of determining the completeness of the supporting documents attached to this Application;
12. In compliance with the requirements, attached to this Application is the Audited Financial Statements of applicant CASURECO IV for the years 2011 and 2010 marked as Annex "F" of the BSUP;
13. In compliance with the requirements, applicant CASURECO IV submitted the printed, as well as electronic copies of its proposed BSUP. The electronic files are made integral parts hereof and marked as Annex "F"; and
14. Finally, it prays that instant application be approved after due notice and hearing hereof.

The Commission has set the application for jurisdictional hearing, expository presentation, pre-trial conference and evidentiary hearing on **September 30, 2014 (Tuesday) at two o'clock in the afternoon (2:00 P.M.) at the ERC Hearing Room, 15th Floor, Pacific Center Building, San Miguel Avenue, Pasig City.**

All persons who have an interest in the subject matter of the proceeding may become a party by filing, at least five (5) days prior to the initial hearing and subject to the requirement of the ERC Rules of Practice and Procedure, a verified petition with the Commission giving the docket number and the title of the proceeding and stating: (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 proceeding may file their opposition to the application or comment thereon at any stage of the proceeding before the applicant concludes the presentation of its evidence. No particular form of opposition or comment is required, but the document, letter or writing should contain the name and address of such person and a concise statement of the opposition or comment and the grounds relied upon.

All such persons who may wish to have a copy of the application may request the applicant prior to the date of the initial hearing, that they be furnished with a copy of the application. The applicant is hereby directed to furnish all those making such request with copies of the application and its attachments, subject to reimbursement of reasonable photocopying costs. Likewise, any such person may examine the application and other pertinent records filed with the Commission during the usual office hours.

WITNESS, the Honorable Chairperson, **ZENAIDA G. CRUZ-DUCUT**, and the Honorable Commissioners, **ALFREDO J. NON**, and **GLORIA VICTORIA C. YAP-TARUC**, Energy Regulatory Commission, this 22nd day of August, 2014 at Pasig City.


ATTY. FRANCIS SATURNINO C. JUAN
Executive Director III


BB/NJS