

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 INC.
COOPERATIVE, INC.
(BUSECO), INC.**
Applicant.

Promulgated:
MAY 10 2019

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NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that 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,

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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, **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;

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- 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.

The Commission has set the *Application* 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.**

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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.

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.

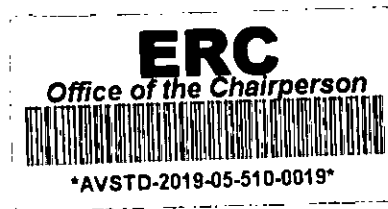
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WITNESS, the Honorable Commissioners **ALEXIS M. LUMBATAN**, **CATHERINE P. MACEDA** and **PAUL CHRISTIAN M. CERVANTES**, Energy Regulatory Commission, this 30th day of April 2019 in Pasig City.


AGNES VST DEVANADERA
Chairperson & CEO


LS: *WED*/BSA/GLO



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