

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



**IN THE MATTER OF THE
APPLICATION FOR THE
APPROVAL OF
CONTINGENCY CAPITAL
EXPENDITURE PROJECT**

ERC Case No. 2018-028 RC

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

Promulgated:
MAY 24 2019

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NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 26 April 2018, Bukidnon Second Electric Cooperative, Inc. (BUSECO) filed an *Application* dated 23 April 2018, seeking the approval of its contingency capital expenditure project.

In its *Application*, BUSECO alleged, among others, the following:

1. That the Applicant is an electric cooperative existing pursuant to law (P.D. 269) with postal address at Tankulan, Manolo Fortich, Bukidnon, which may be served by the processes of this Honorable Commission through its OIC-General Manager, Melchie R. Nacalaban, LLB, whose authority is attached in the Application and made an integral part of this Application. That Applicant's franchise area includes nine (9) municipalities in the province of Bukidnon, namely: Baungon, Malitbog, Libona, Manolo Fortich, Sumilao, Impasug-ong, Lantapan, Cabanglasan and Talakag; Malaybalay City and Barangay Lilingayon in the City of Valencia;

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2. That the Applicant, pursuant to ERC Resolution No. 26, series of 2009, seeks the consideration and approval of the Honorable Commission of BUSECO's proposed contingency capital expenditure project, the construction of the Northern Mindanao Wellness and Reintegration Center 13.8 kV 3 Phase Line;

CAUSE OF ACTION

3. BUSECO received a letter addressed to the OIC-General Manager, dated January 27, 2018, formally requesting for an immediate supply of a 3 phase power for the Northern Mindanao Wellness and Reintegration Center. It is a joint endeavor of the Philippine government and funded by its partners from UAA Kinming Group (Friends of the Philippines Foundation), a private developer and a philanthropic institution, to be turned over to the Department of Health (DOH) upon completion of the construction.

PROJECT TITLE

4. Northern Mindanao Wellness and Reintegration Center Contingency CAPEX;

PROJECT DESCRIPTION

5. Construction of 2.93 km 13.8 kV 3 Phase line from Sumpong, Malaybalay City to Northern Mindanao Wellness and Reintegration Center, Purok 17, Brgy. Casisang, Malaybalay City

JUSTIFICATION OR BENEFITS TO BE DELIVERED

6. The implementation of the project shall give way for the provision of a reliable and viable electric service for the day-to-day requirements of the said government facility, which will be beneficial for the people of the Province of Bukidnon and its neighboring provinces.

ESTIMATED PROJECT COST

7. The estimated project cost of the project is Five Million Five Hundred Forty-Six Thousand Two Hundred Eighty-Five Pesos and Seventy-Four Centavos (Php 5,546,285.74);

PROJECT SCHEDULE

8. The project implementation started last February 27, 2018 and was successfully completed last March 22, 2018;

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PROJECT FINANCING

9. The funding for the project was sourced through the Reinvestment Fund for Sustainable CAPEX (RFSC) in the amount of Five Million Five Hundred Forty-Six Thousand Two Hundred Eighty-Five Pesos and Seventy-Four Centavos (Php 5,546,285.74);

RATE IMPACT

10. The implementation of the proposed Contingency Capital Expenditure Project shall bring forth an indicative rate impact as follows;

	2018	2019	2020	2021	2022	TOTAL
Forecasted energy sales, kWh	168,055,903.61	174,519,592.21	180,983,280.81	187,446,969.41	193,910,658.01	1,066,508,619.07
Cash balance beginning, PhP, excess/(shortfall)	30,681,326.91	18,813,658.62	(9,121,064.92)	(66,051,214.71)	(109,228,522.76)	(18,634,014.20)
CASH INFLOWS						
current year collection	150,146,185.96	155,921,039.27	161,695,892.58	167,470,745.88	173,245,599.19	956,656,149.28
50% of income on leased properties	399,218.50	399,218.50	399,218.50	399,218.50	399,218.50	2,395,311.00
loan proceeds from financial institutions, PhP	530,936,593.51	240,921,676.96	259,204,107.59	-	-	1,031,062,378.06
Total Cash Inflows, PhP	681,481,997.97	397,241,934.73	421,299,218.67	167,869,964.38	173,644,817.69	1,990,113,838.34
Available cash for disbursement	712,163,324.88	416,055,593.35	412,178,153.74	101,818,749.67	64,416,294.92	1,971,479,824.14
CASH OUTFLOWS						
CAPEX requirement (Regular CAPEX)	525,390,307.77	240,921,676.96	259,204,107.59	-	-	1,189,580,919.53
CAPEX requirement (Contingency CAPEX)	5,546,285.74	-	-	-	-	5,546,285.74
new amortization (new CAPEX), PhP	85,094,763.16	118,926,508.75	155,325,588.88	155,325,588.88	155,325,588.88	669,998,038.54
amortization of approved CAPEX, PhP	69,060,807.92	65,328,472.56	63,699,671.99	55,721,683.56	40,959,176.04	364,871,365.52
amortization of old debts	-	-	-	-	-	-

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ERC Permit Fee, PhP	8,257,501.67	-	-	-	-	8,257,501.67
Total Cash Outflows, PhP	693,349,666.26	425,176,658.27	478,229,368.46	211,047,272.43	196,284,764.92	2,238,254,111.00
Cash balance ending, PhP, excess/ (shortfall)	18,813,658.62	(9,121,064.92)	(66,051,214.71)	(109,228,522.76)	(131,868,469.99)	(266,774,286.86)
Excess/(shortfall) on RFSC, PhP/kWh	0.1119	(0.0523)	(0.3650)	(0.5827)	(0.6800)	(0.2501)

COMPLIANCE WITH THE PRE-FILING REQUIREMENTS

11. In compliance with Section 2, Rule 6 of the ERC Rules of Practice and Procedure and other documentary requirements of the instant application, the Applicant made integral parts herewith the following documents and its proper markings;

Annex	Document
"A"	Verification and Non Forum Shopping Certificates
"B"	BUSECO Board Resolution approving the implementation of the construction of the Northern Mindanao Wellness and Reintegration Center 3-phase line project as Contingency Capital Expenditure of Bukidnon Second Electric Cooperative, Inc. (BUSECO)
"C"	BUSECO Board Resolution authorizing the board president, Fr. Danilo T. Paciente and/or the OIC-General Manager, Melchie R. Nacalaban to stand as representative to file application for approval of the implementation of the construction of the Northern Mindanao Wellness and Reintegration Center 3-phase line project as Contingency Capital Expenditure of Bukidnon Second Electric Cooperative, Inc. (BUSECO) with the Energy Regulatory Commission (ERC) and to sign Verification And Non-Forum Shopping portion of the application and to sign and execute pertinent documents thereof
"D"	BUSECO Board Resolution authorizing BUSECO Legal Counsel Atty. Eleuterio F. Diao IV, to represent BUSECO in the filing of application, expository presentation, jurisdictional and evidentiary hearing, public consultations and other proceedings relative with the BUSECO application for the implementation of the construction of the Northern Mindanao Wellness and Reintegration Center 3-Phase line project as Contingency Capital Expenditure of Bukidnon Second Electric Cooperative, Inc. (BUSECO)

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	with the Energy Regulatory Commission (ERC)
"E"	Proof of furnishing the legislative bodies of Bukidnon where BUSECO operates with the copies of the Application together with all its annexes and accompanying documents
"F"	Proof of posting a copy of the Application within the premises of BUSECO
"G"	Affidavit of Publication together with a copy of the Mindanao Gold Star Daily April 25, 2018 issue, where the Application was published for general information
"H"	Project Summary

PRAYER

WHEREFORE, foregoing premises considered, it is most respectfully prayed before the Honorable Commission, after due notice and hearing, to approve the aforementioned contingency capital expenditure project of the Applicant.

On 06 July 2018, the Commission issued an *Order* and a *Notice of Public Hearing*, both dated 04 July 2018, setting the *Application* for determination of compliance with the jurisdictional *requirements*, expository presentation, pre-trial conference, and presentation of evidence on 02 August 2018.

On 30 July 2018, BUSECO filed a *Motion for Resetting*, praying that the hearing scheduled on 02 August 2018 be cancelled and moved to next available calendar of the Commission for BUSECO to comply with the publication requirements.

In view thereof, the Commission has set the *Application* anew for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on **11 July 2019 (Thursday) at one o'clock in the afternoon (1:00 P.M.) at BUSECO's Principal Office, Tankulan, Manolo Fortich, Bukidnon.**

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 ERC Rules of Practice and Procedure, indicating therein the docket number and title of the case and stating the following:

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- 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 ERC 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 the 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 DEVANEDARA**, and the Honorable Commissioners **ALEXIS M. LUMBATAN**, **CATHERINE P. MACEDA** and **PAUL CHRISTIAN M. CERVANTES**, Energy Regulatory Commission, this 21st day of May 2019 in Pasig City.


JOSEFINA PATRICIA A. MAGPALE-ASIRIT
Oversight Commissioner for Legal 