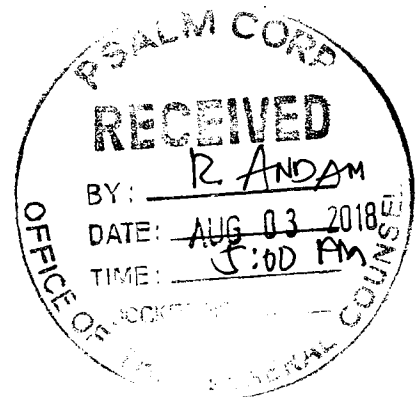


Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City

**IN THE MATTER OF THE
APPLICATION FOR THE
APPROVAL OF THE
CONTRACTS FOR THE
SUPPLY OF ELECTRIC
ENERGY (CSEEs)
ENTERED WITH
DISTRIBUTION UTILITIES
(DUs) LOCATED IN THE
MINDANAO GRID WITH
PRAYER FOR THE
ISSUANCE OF
PROVISIONAL
AUTHORITY**



ERC CASE NO. 2018-054 RC

**POWER SECTOR ASSETS
AND LIABILITIES
MANAGEMENT
CORPORATION (PSALM),
Applicant.**

D O C K E T E D
Date: AUG 03 2018
By: [Signature]

X-----X

ORDER

On 08 June 2018, the Power Sector Assets and Liabilities Management Corporation (PSALM) filed an *Application* seeking the Commission's approval of the Contracts for the Supply of Electric Energy (CSEE) it entered with distribution utilities (DUs) located in the Mindanao Grid, with prayer for the issuance of a provisional authority.

PSALM alleged the following in its *Application*:

1. This is an Application for the approval of the terms and conditions of the Contracts for the Supply of Electric Energy (CSEEs) entered into by and between Applicant PSALM and thirty-one (31) Distribution Utilities (DUs) located in the Mindanao Grid pursuant to Section 67 of Republic Act No.

9136, otherwise known as the "*Electric Power Industry Reform Act (EPIRA) of 2001*".

2. Applicant PSALM is a government-owned and controlled corporation created by virtue of RA 9136 or the "Electric Power Industry Reform Act of 2001" (EPIRA), with principal office address at 3/F Transco Building, Quezon Avenue corner BIR Road, Quezon City.
3. On separate dates, the National Power Corporation (NPC) filed applications for the approval of the Contracts for the Supply of Electric Energy (CSEEs)/Transition Supply Contracts (TSCs) for the Mindanao Grid, which were correspondingly approved by the Honorable Commission on 19 October 2006 and 03 August 2009.
4. Pursuant to Section 49 of the EPIRA and the consequent assignment on 11 May 2009 (the Letter Agreement is hereto attached as Annex "A") of all power supply contracts of NPC to PSALM, NPC assigned and transferred to PSALM all of NPC's rights and obligations in, to and under its CSEE and other similarly or substantially equivalent power supply contracts with NPC power customers (collectively referred to as Power Supply Contracts).
5. On and from 11 May 2009, the power supply contracts are deemed amended as follows: (i) all references to NPC in the supply contracts shall be treated as references to PSALM; (ii) PSALM shall be deemed the SUPPLIER under the Power Supply Contracts; and (iii) the rights and obligations of the Parties shall be governed by and construed in accordance with the Power Supply Contracts, as amended by the 11 May 2009 Letter Agreement.
6. These CSEEs were executed based on the template approved by the Energy Regulatory Commission (ERC) under Resolution No. 078, Series of 2005 issued on 7 July 2005. On 9 August 2005, said template for the TSC was later on amended by the Honorable Commission in its Resolution No. 15, Series of 2005.
7. In ERC Resolution No. 33, Series of 2006, "Resolution Clarifying the Purpose of the Adoption of the TSC Template", the Honorable Commission clarified that the TSC Template should serve as a mere guide for the DUs and NPC and should not be construed as the contract contemplated under Section 67 of the EPIRA.
8. PSALM previously filed three (3) Applications for the Approval of the terms and conditions of CSEEs of the DUs located in the Mindanao Grid on 07 October 2011 docketed as ERC Case No. 2011-139RC, 20 January 2012 docketed as ERC Case No. 2012-007RC and 1 April 2013 docketed as EC Case No. 2013-055RC. The Applications relative to ERC Case No. 2011-139RC and ERC Case No. 2012-007RC were approved by this Honorable Commission on 25 February

2013, while the Application relative to ERC Case No. 2013-055RC was approved by this Honorable Commission on 9 December 2013.

9. On 2 December 2013, PSALM filed one (1) Application for the Approval of the terms and conditions of CSEEs of the DUs located in the Mindanao Grid, which was approved by this Honorable Commission on 20 June 2017 in ERC Case No. 2013-218RC.
10. Subsequently, on 2 December 2014, PSALM filed an Application for the Approval of the terms and conditions of twenty-two (22) Letters of Agreement (LOAs) and a CSEE entered into by and between Applicant PSALM and twenty-three (23) DUs located in the Mindanao Grid docketed as ERC Case No. 2014-175RC.
11. On 4 November 2016, PSALM filed an Application for the Approval of the terms and conditions of twenty-one (21) LOAs and five (5) CSEEs entered into between PSALM and twenty-six (26) DUs and was approved by this Honorable Commission on 24 October 2017 in ERC Case No. 2016-186RC.
12. The LOAs are executed between the parties in cases of changes in the provisions of the CSEE other than the terms and conditions appearing in the template for the TSC, approved by the Honorable Commission in Resolution No. 08, Series of 2005. These changes may include the extension of the duration or amendments to the monthly contracted energy.
13. On 27 July 2017, PSALM filed an Application for the Approval of the terms and conditions of LOAs entered into by and between Applicant PSALM and the same thirty-one (31) DUs located in the Mindanao Grid docketed as ERC Case No. 2017-067RC which amended the following:
 - (i) Section 3.1 or the Contract Duration extending the then existing CSEE until 25 December 2017; and
 - (ii) Annex I of the CSEEs (Contracted Energy) pursuant to Section 4.1, which reserves the right of the Supplier (PSALM) to change the Contract Energy and Equivalent Demand annually due to change in the projected available capacity of the Supplier's power plants.
14. In the present Application, the CSEEs were executed with effectivity from 26 December 2017 to 25 December 2020 upon the expiration of the LOAs mentioned above on 26 December 2017 and with the same terms and conditions as the previous CSEEs which became effective on 26 December 2012 and expired on 26 December 2016.

15. As agreed upon by the contracting parties, PSALM shall file the necessary application for the approval of the new CSEEs. Thus, the instant application.

**The CSEEs of the
Distribution Utilities
located in the Mindanao
Grid**

16. Pursuant to Section 67 of the EPIRA, the CSEEs between PSALM and the DUs in the Mindanao Grid are hereby submitted for the Honorable Commission's approval:
- 16.1 Agusan del Norte Electric Cooperative, Inc. (ANECO) – [Annex “**B-1**”];
 - 16.2 Agusan del Sur Electric Cooperative, Inc. (ASELCO) [Annex “**B-2**”];
 - 16.3 Bukidnon Second Electric Cooperative, Inc. (BUSECO) [Annex “**B-3**”];
 - 16.4 Camiguin Electric Cooperative, Inc. (CAMELCO) [Annex “**B-4**”];
 - 16.5 Cagayan Electric Power and Light Company, Inc. (CEPALCO) [Annex “**B-5**”];
 - 16.6 Cotabato Electric Cooperative, Inc. (COTELCO) [Annex “**B-6**”];
 - 16.7 Davao del Norte Electric Cooperative, Inc. (DANECO) [Annex “**B-7**”];
 - 16.8 Davao del Sur Electric Cooperative, Inc. (DASURECO) [Annex “**B-8**”];
 - 16.9 Davao Oriental Electric Cooperative, Inc. (DORECO) [Annex “**B-9**”];
 - 16.10 First Bukidnon Electric Cooperative, Inc. (FIBECO) [Annex “**B-10**”];
 - 16.11 Iligan Light and Power, Inc. (ILPI) [Annex “**B-11**”];
 - 16.12 Lanao del Norte Electric Cooperative, Inc. (LANECO) [Annex “**B-12**”];
 - 16.13 Misamis Occidental I Electric Cooperative, Inc. (MOELCI-I) [Annex “**B-13**”];
 - 16.14 Misamis Oriental I Rural Electric Service Cooperative, Inc. (MORESCO I) [Annex “**B-14**”];
 - 16.15 Misamis Oriental II Rural Electric Service Cooperative, Inc. (MORESCO II) [Annex “**B-15**”];

- 16.16 Siargao Electric Cooperative, Inc. (SIARELCO) [Annex "B-16"];
 - 16.17 South Cotabato II Electric Cooperative, Inc. (SOCOTECO-II) [Annex "B-17"];
 - 16.18 Sultan Kudarat Electric Cooperative, Inc. (SUKELCO) [Annex "B-18"];
 - 16.19 Surigao del Norte Electric Cooperative, Inc. (SURNECO) [Annex "B-19"];
 - 16.20 Surigao del Sur I Electric Cooperative, Inc. (SURSECO-I) [Annex "B-20"];
 - 16.21 Surigao del Sur II Electric Cooperative, Inc. (SURSECO II) [Annex "B-21"];
 - 16.22 Zamboanga City Electric Cooperative, Inc. (ZAMCELCO) [Annex "B-22"];
 - 16.23 Zamboanga del Sur I Electric Cooperative, Inc. (ZAMSURECO I) [Annex "B-23"];
 - 16.24 Zamboanga del Sur II Electric Cooperative, Inc. (ZAMSURECO II) [Annex "B-24"]; and
 - 16.25 Zamboanga del Norte Electric Cooperative, Inc. (ZANECO) [Annex "B-25"].
17. The above CSEEs reflect a change on the Contract Energy and Equivalent Demand (Annex I) of the CSEEs based on NPC's generation forecast and allocated as concurred by the DUs with the following process:
- 17.1 Initially, the allocation for the first semester of 2018 is based on the actual consumption in 2017; while the second semester is based on contract allocation for the same period of 2017 due to the prevailing excess power supply condition in Mindanao;
 - 17.2 For 2019 and 2020, the allocation for the Distribution Utilities (DUs) wherein PSALM is the sole supplier will be the same as in 2018; for the other DUs, however, the remaining available capacity will be allocated on a pro-rata basis based on 2018 allocation; and
 - 17.3 The allocation to some customers was adjusted upon their request to either increase or decrease given their projected requirements and contracts with other IPPs in Mindanao. The requests were granted maintaining the match between the total revised allocation of the Mindanao customers and the generation forecast.

18. It is emphasized that the terms and conditions of the above Mindanao DUs' CSEE/TSC as approved by the Honorable Commission in separate dates on 19 October 2006, 03 August 2008, 25 February 2013, and 09 December 2013 remain applicable, and have not been changed by these subsequent CSEEs being submitted.
19. Aside from the above, PSALM is submitting the CSEEs between PSALM and the following DUs in Mindanao Grid for the Honorable Commission's consideration as the CSEEs listed below are duly executed and being served by PSALM but have not been returned by the respective DUs:
 - 19.1 Cotabato Light and Power Company (CLPC) [Annex "C-1"];
 - 19.2 Davao Light and Power Company, Inc. (DLPC) [Annex "C-2"];
 - 19.3 Lanao del Sur Electric Cooperative, Inc. (LASURECO) [Annex "C-3"];
 - 19.4 Maguindanao Electric Cooperative, Inc. (MAGELCO) [Annex "C-4"]
 - 19.5 Misamis Occidental II Electric Cooperative, Inc. (MOELCI II) [Annex "C-5"]; and,
 - 19.6 South Cotabato I Electric Cooperative, Inc. (SOCOTECO I) [Annex "C-6"]

The ERC will be provided the above mentioned CSEEs once they are executed and submitted by the concerned DUs to PSALM.

20. The **revisions** made in the CSEEs under the present Application are found in (i) Annex 1 of the CSEEs which reflects the Contracted Energy and the corresponding equivalent demand; and (ii) amendment of Section 3.1 on the provision on **CONTRACT DURATION**, as follows:
 - 20.1 This Contract shall remain in full force and effect for a period of three (3) years from 26 December 2017 to 25 December 2020. Unless otherwise provided, the applicable provisions of this Contract shall be deemed modified by the applicable WESM Rules, upon commercial operation of the WESM, as declared by DOE.
21. The CSEE subject of this application has the following salient provisions apart from the revisions mentioned in the preceding paragraph:

(i) **CONTRACT ENERGY**

- 4.1 Contract Energy and Equivalent Demand as indicated in Annex I may be changed by SUPPLIER due to a change in the projected available capacity of SUPPLIER's power plants and at any time during the duration of the Contract due to the privatization of any of the assets of SUPPLIER pursuant to the EPIRA.

Note in Annex I:

CUSTOMER should submit their Month-Ahead Contracted Energy Nomination (MACEN) no later than 1600H, three (3) days prior to the start of the next billing period. For Customers who failed to submit the MACEN, its hourly contract allocation (hourly demand schedule) will be computed as follows:

MACEN = Monthly Contracted Energy/24 hours/no. of days in a billing month

(ii) **ASSIGNABILITY**

- 4.8 SUPPLIER may assign or transfer part or all of its rights and obligations in the supply of Contract Energy herein stated, to any such entity, provided that prior written notice is given to CUSTOMER thirty (30) days before the actual transfer. This Contract shall remain binding to Parties, their successors and assignees. SUPPLIER warrants that any sale, assignments, transfer, or subcontracting of the Contract shall not affect or impair CUSTOMER's rights and obligations with respect to quantity and price of electricity, Contract effectivity, incentives, discounts and other terms and conditions of this Contract. The assignee shall, by written instrument, assume the rights and obligations of SUPPLIER to CUSTOMER. When a CUSTOMER has been assigned by the SUPPLIER to a Successor Generating Company (SGC) by virtue of the privatization of the PSALM Generating Plant pursuant to the EPIRA, the SGC has the option to renegotiate this Contract with the CUSTOMER within six (6) months from the actual transfer of the CUSTOMER to the SGC. If the CUSTOMER and the SGC fail to reach an agreement, either Party shall have the right to terminate this Contract.
- 4.9 CUSTOMER may assign, sell or transfer a part or all of its Contract Energy and/or Equivalent Demand either permanently or for a certain number of billing periods, subject to the written consent of SUPPLIER under the following conditions, and which consent shall not be unreasonably withheld:

- a. CUSTOMER has obtained certification from NGCP, that the transmission, sub-transmission, substation and other facilities can accommodate the increase in the power requirements of the assignee/transferee.
- b. CUSTOMER has submitted necessary proof that the buyer, assignee or transferee has no outstanding obligation to SUPPLIER, and undertakes to assume the obligations of CUSTOMER and to pay for the additional expenses necessary or incidental to the transfer.
- c. Assignment of CUSTOMER to assignee shall comply with the forms provided in Annex IVa and Annex IVb of this Contract.

(iii) **AMOUNT**

- 5.1 The Security Deposit shall be equivalent to 100% of the estimated average monthly power bill for the duration of this Contract.

(iv) **FORM AND TIME OF POSTING**

- 5.2 The Security Deposit may be required to be posted upon privatization of the generating asset/s to which this Contract is allocated or assigned as provided for in Section 4.8 hereof if the prospective buyer, assignee, transferee or successor-in-interest so requires. It shall be in the form of cash, cash bond, manager's or cashier's check, bank certified check, irrevocable stand-by letter of credit, performance bond or bank guarantee "callable on demand" issued by a financial institution, or any other forms of security such as but not limited to escrow account to be administered by a bank acceptable to SUPPLIER. In the event the Security Deposit of the CUSTOMER becomes nil, the SUPPLIER reserves the right to refuse or discontinue supply of electric energy. In cases of partial depletion of the Security Deposit, the CUSTOMER shall replace the Security Deposit not later than thirty (30) days thereafter. The SUPPLIER reserves the right to continue supply of electric energy to the extent of Security Deposit of the CUSTOMER.

(v) **RELEASE OF SECURITY DEPOSIT**

- 5.3 The Security Deposit (for the portion that should be settled within the WESM) shall be returned to the CUSTOMER within thirty (30) days upon presentation of proof of compliance with the prudential requirements of the WESM. SUPPLIER shall return or release the Security Deposits to CUSTOMER including interest earned, subject to deductions for any amounts owed by CUSTOMER to SUPPLIER. Security Deposits,

except those in the form of letter of credit or performance bond, shall earn interest based on prevailing savings deposit rate of the Land Bank of the Philippines (LBP).

(vi) **BASIC ENERGY CHARGE**

6.1 The ERC-approved generation rates, which are attached as Annex III and other charges exclusive of penalties and bonuses, shall be applied to the CUSTOMER's contracted monthly or hourly energy consumption. Prior to the commercial operation of the WESM, the Basic Energy Charge to be applied shall be the prevailing ERC approved rate and other adjustments. Upon the commercial operation of the WESM, the Basic Energy Charge to be applied to the contracted energy shall be in accordance with Section 8.1 of this Contract.

(vii) **MINIMUM CHARGES**

6.2 CUSTOMER shall pay the minimum charge based on the Contract Energy per billing period as indicated in Section 4.1 of this Contract using the basic energy charge if CUSTOMER has not fully taken or failed to consume the Contract Energy, subject to deductions and adjustments as expressly provided for in this Contract.

(viii) **SERVICE INTERRUPTION ADJUSTMENT**

6.4 Should the supply of electricity be interrupted or curtailed to a level below the Contract Energy due to the fault or lack of generation capacity of the SUPPLIER, even if CUSTOMER was at that time unable to take or consume electricity, the Contract Energy shall be adjusted to actual off-take below contract level for all hours when service was curtailed or interrupted based on declaration of power curtailment issued by the NGCP. (This Section shall only apply if there are Time-Of-Use rates).

(ix) **MAINTENANCE SERVICE ADJUSTMENT**

6.6 CUSTOMER may avail of the service adjustment during the scheduled maintenance of its facilities, not to exceed two (2) billing periods in one year. The minimum charge on the energy consumption shall be fifty percent (50%) of the Contract Energy. To be able to avail of this adjustment, CUSTOMER must inform SUPPLIER in writing thirty (30) days prior to the commencement of the scheduled maintenance.

(x) **PROMPT PAYMENT DISCOUNT**

6.10 Subject to ERC's approval, the Prompt Payment

Discount (PPD) shall be in accordance with the PSALM's credit and collection policies duly approved by the PSALM Board. Upon the commercial operation of the WESM, as declared by the DOE, the PPD shall no longer be applicable.

(xi) **DISPUTED BILLS**

6.11 Disputed bills shall be questioned in writing by CUSTOMER within sixty (60) days from the date of its receipt and SUPPLIER shall act on such disputed bills on a best effort basis and commit to resolve the claim within sixty (60) days from the date of filing of the claim. Failure by CUSTOMER to question the power bills on time shall constitute a waiver by CUSTOMER of any claim on such bills.

(xii) **OVERDUE ACCOUNT**

6.15 In the event that a power bill remains unpaid within five (5) days after its due date, SUPPLIER has the option to call on or draw against the Security Deposit as provided for under Section 5 (Security Deposit) of this Contract.

6.16 Any power bill or account of CUSTOMER not paid on due date shall bear a floating rate of interest computed from the first day after it becomes due and payable, based on the non-prime lending rate for each quarter of the Land Bank of the Philippines. Interest on overdue accounts shall be computed based on a 360-day year.

6.17 If the account of the CUSTOMER is overdue for more than six (6) months, CUSTOMER shall pay an additional penalty of one percent (1%) per month for every additional month of delay beyond six (6) months. Moreover, a restructuring agreement of the overdue account shall be executed by the CUSTOMER.

(xiii) **DEDUCTION DUE TO FORCE MAJEURE**

9.6 SUPPLIER shall have a maximum of seventy-two (72) hours from the time a force majeure event prevented it from supplying electricity and perform its other obligations under the Contract to resume supply. CUSTOMER shall not be entitled to interruption adjustment for such period, unless interruptions exceed seventy-two (72) hours and the CUSTOMER failed to fully take or consume its Contract Energy.

(xiv) **CONTRACT TERMINATION**

9.11 Either party will have the right to terminate this Contract upon failure of the other to perform its obligation under this Contract, provided that the party

at fault will have to pay all its outstanding account and reimburse the costs incurred by the other party as a result of the termination.

(xv) **EFFECTIVITY**

- 9.19 This Contract shall take effect on 26 December 2017 and shall be filed immediately with the ERC for approval.
22. Finally, in compliance with Section 4(e) of Rule 3 of the EPIRA IRR and ERC Resolution No. 38-2006, and in support of the instant Application for the approval of the CSEEs, a copy of the instant Application (including Annexes) was furnished to the Sangguniang Panlungsod of Quezon City (Annex "D"). The Application (excluding Annexes) was also published in a newspaper of general circulation (Annex "E").

ALLEGATIONS IN SUPPORT FOR THE ISSUANCE OF PROVISIONAL AUTHORITY

23. PSALM acknowledges that the continued and efficient operation of the Distribution Utilities is indispensable to the economic efficiency of the franchise area they service, not to mention the ripple effect of that efficiency to the economic growth of the entire country. In order for these Distribution Utilities to continue delivering sufficient supply and stable cost of electricity to its customers, it is imperative that the CSEEs be executed and implemented.
24. Accordingly, the grant of provisional authority to execute the CSEEs will benefit the DUs and will ultimately redound to the benefit of the end consumers.
25. It should be noted that the ERC exempted PSALM from the conduct of Competitive Selection Process (CSP) in its letter dated 20 September 2016 (Annex "F"). The ERC recognized PSALM's exemption from joining the mandatory CSP in its decision approving the application for the approval of the LOAs and CSEEs with the DUs located in the Mindanao Grid in ERC Case No. 2016-186 RC.
26. Attached herewith is the Affidavit of Abner B. Tolentino, Acting Department Manager, Electricity Trading Department, under the Office of the Vice President – Asset Management Group of PSALM in support of this prayer (Annex "G").
27. Pursuant to ERC rules of practice and procedures, the Honorable Commission may exercise its discretion by granting provisional authority or interim relief prior to a final decision.
28. It is understood that the interim relief sought by Applicant PSALM that may be granted by the Honorable Commission, shall be subject to adjustments and other conditions that the

Honorable Commission may impose after hearing and final determination thereof.

PRAYER

WHEREFORE, Applicant PSALM most respectfully prays that the Honorable Commission:

1. Approve the duly negotiated CSEEs for the change in duration and the contracted energy and equivalent demand;
2. Approve the new CSEEs of the following DUs for the period 26 December 2017 to 25 December 2020;
 - a. Agusan del Norte Electric Cooperative, Inc. (ANECO)
 - b. Agusan del Sur Electric Cooperative, Inc. (ASELCO)
 - c. Bukidnon Second Electric Cooperative, Inc. (BUSECO)
 - d. Camiguin Electric Cooperative, Inc. (CAMELCO)
 - e. Cagayan Electric Power and Light Company, Inc. (CEPALCO)
 - f. Cotabato Electric Cooperative, Inc. (COTELCO)
 - g. Davao del Norte Electric Cooperative, Inc. (DANECO)
 - h. Davao del Sur Electric Cooperative, Inc. (DASURECO)
 - i. Davao Oriental Electric Cooperative, Inc. (DORECO)
 - j. First Bukidnon Electric Cooperative, Inc. (FIBECO)
 - k. Iligan Light and Power, Inc. (ILPI)
 - l. Lanao del Norte Electric Cooperative, Inc. (LANECO)
 - m. Misamis Occidental I Electric Cooperative, Inc. (MOELCI I)
 - n. Misamis Oriental I Rural Electric Service Cooperative, Inc. (MORESCO I)
 - o. Misamis Oriental II Rural Electric Service Cooperative, Inc. (MORESCO II)
 - p. Siargao Electric Cooperative, Inc. (SIARELCO)
 - q. South Cotabato II Electric Cooperative, Inc. (SOCOTECO II)
 - r. Sultan Kudarat Electric Cooperative, Inc. (SUKELCO)
 - s. Surigao del Norte Electric Cooperative, Inc. (SURNECO)
 - t. Surigao del Sur I Electric Cooperative, Inc. (SURSECO I)
 - u. Surigao del Sur II Electric Cooperative, Inc. (SURSECO II)
 - v. Zamboanga City Electric Cooperative, Inc. (ZAMCELCO)
 - w. Zamboanga del Sur I Electric Cooperative, Inc. (ZAMSURECO I)
 - x. Zamboanga del Sur II Electric Cooperative, Inc. (ZAMSURECO II)
 - y. Zamboanga del Norte Electric Cooperative, Inc. (ZANECO)
 - z. Cotabato Light and Power Company (CLPC)
 - aa. Davao Light and Power Company, Inc. (DLPC)
 - bb. Lanao del Sur Electric Cooperative, Inc. (LASURECO)
 - cc. Maguindanao Electric Cooperative, Inc. (MAGELCO)

- dd. Misamis Occidental II Electric Cooperative, Inc. (MOELCI II)
- ee. South Cotabato I Electric Cooperative, Inc. (SOCOTECO I)

- 3. Issue a Provisional Authority authorizing PSALM to implement the subject CSEEs with the concerned DUs in the Mindanao Grid.

Other reliefs just and equitable under the premises are likewise prayed for.

Finding the said *Application* to be sufficient in substance with the required fees having been paid, the same is hereby set for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on **03 October 2018 (Wednesday) at two o'clock in the afternoon (2:00 P.M.) at ERC Mindanao Field Office, Mintrade Bldg., Monteverde Ave., cor. Sales St., Davao City.**

Accordingly, PSALM is hereby directed to:

- 1) Cause the publication of the attached Notice of Public Hearing in two (2) newspapers of nationwide circulation in the Philippines at its own expense, twice (2x) within two (2) successive weeks, the dates of publication not being less than seven (7) days apart and the date of the last publication to be made not later than ten (10) days before the date of the scheduled initial hearing;
- 2) Furnish with copies of this Order and the attached Notice of Public Hearing the Offices of the Provincial Governors, the City and Municipal Mayors, and the Local Government Unit (LGU) legislative bodies where the Applicant and the Distribution Utilities principally operate for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform of the filing of the *Application*, its reasons therefor, and of the scheduled hearing thereon, the consumers within the affected franchise area, by any other means available and appropriate;
- 4) Furnish with copies of this Order and the attached Notice of Public Hearing, 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 hearing; and

- 5) Furnish with copies of the *Application* and its attachments all those making requests therefor, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing, Applicant must submit to the Commission its written compliance with the aforementioned jurisdictional requirements attaching therewith, methodically arranged and duly marked the following:

- 1) The evidence of publication of the attached Notice of Public Hearing consisting of affidavits of the Editors or Business Managers of the newspapers where the said Notice of Public Hearing was published, and the complete issues of the said newspapers;
- 2) The evidence of actual posting of this Order and the attached Notice of Public Hearing consisting of certifications issued to that effect, signed by the aforementioned Governors, Mayors, and LGU legislative bodies or their duly authorized representatives, bearing the seals of their offices;
- 3) The evidence of other means employed by Applicant to inform of the filing of the *Application*, its reasons therefore, and of the scheduled hearing thereon, the consumers within the affected franchise area;
- 4) The evidence of receipt of copies of this Order and the attached Notice of Public Hearing by the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress;
- 5) The evidence of receipt of copies of the *Application* and its attachments by all those making requests therefor, if any; and
- 6) Such other proofs of compliance with the requirements of the Commission.

Applicant and all interested parties are also required 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 a Judicial Affidavit form, to be attached to the Pre-trial Brief.

Failure of Applicant to comply with the above requirements 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 the said date of cancellation.

PSALM must also be prepared to make an expository presentation of the instant *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.

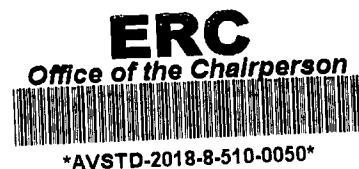
Pasig City, 27 July 2018.

FOR AND BY AUTHORITY
OF THE COMMISSION:


AGNES VST DEVANADERA
Chairperson & CEO

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LS: ema/arg/lsp/ apv.2018-054 RC PSALM CSEE.doc



Copy furnished:

1. Attys. Geoffry dl. Masancay and Lalaine Mae Parlade
Counsels for Applicant PSALM
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Diliman, Quezon City
2. Agusan Del Norte Electric Cooperative, Inc.
Km. 2 J.C. Aquino Avenue, Butuan City
3. Agusan Del Sur Electric Cooperative, Inc.
San Isidro, San Francisco, Agusan Del Sur
4. Bukidnon Second Electric Cooperative, Inc.
Manolo Fortich, Bukidnon
5. Camiguin Electric Cooperative, Inc.
Pandan, Mambajao, Camiguin
6. North Cotabato Electric Cooperative, Inc.
Manubuan, Matalam, Cotabato
7. Cagayan Electric Power and Light Company, Inc.
33 T. Chavez St, Cagayan De Oro City, 9000 Misamis Oriental
8. Davao Del Sur Electric Cooperative, Inc.
Digos, Davao Del Sur
9. Davao del Norte Electric Cooperative, Inc.
Compostela Valley Province, Montevista, Davao del Norte
10. Davao Oriental Electric Cooperative, Inc.
Mati, Davao Oriental
11. Davao Light And Power Company, Inc.
163-165 C. Bangoy Sr. St., Davao City
12. First Bukidnon Electric Cooperative, Inc.
Anahawon, Maramag, Bukidnon
13. Iligan Light And Power, Inc.
Bro. Jeffrey Road, Pala-O, Iligan City,
9200 Lanao Del Norte
14. Lanao Del Norte Electric Cooperative, Inc
Poblacion Tubod, Lanao Del Norte
15. Misamis Occidental I Electric Cooperative, Inc.
7210 Magcamiguing, Calamba, Misamis Occidental
16. Misamis Occidental II Electric Cooperative, Inc.
Circumferential Road, Bitoon, Ozamiz City
17. Misamis Oriental I Rural Electric Service Cooperative, Inc.
Iligan Rd, Laguindingan, Misamis Oriental
18. Misamis Oriental II Rural Electric Cooperative, Inc.
Medina, Misamis Oriental
19. Siargao Island Electric Cooperative, Inc
Catabaan, Dapa, Surigao Del Norte
20. South Cotabato I Electric Cooperative, Inc.
Matulas, Koronadal City, South Cotabato

21. South Cotabato II Electric Cooperative, Inc.
Jose Catolico Sr. Ave, General Santos City
9500 South Cotabato
22. Sultan Kudarat Electric Cooperative, Inc.
National Highway, Tacurong City, Sultan Kudarat
23. Surigao Del Norte Electric Cooperative, Inc.
Surigao City, Surigao Del Norte
24. Surigao Del Sur I Electric Cooperative, Inc.
San Fernando, Bislig City, Surigao Del Sur
25. Surigao Del Sur II Electric Cooperative, Inc.
Tandag City, Surigao Del Sur
26. Zamboanga Del Norte Electric Cooperative, Inc.
General Luna Street, Central Barangay, Dipolog City
27. Zamboanga Del Sur I Electric Cooperative, Inc.
Pagadian City, Zamboanga Del Sur
28. Zamboanga del Sur II Electric Cooperative, Inc.
Pangi, Ipil, Zamboanga del Sur
29. Zamboanga City Electric Cooperative, Inc.
MCLL Highway, Putik, Zamboanga City
30. Cotabato Light and Power Co.
Sinsuat Ave., Cotabato City
31. Lanao del Sur Electric Cooperative, Inc.
Marawi City, Lanao del Sur
32. Maguindanao Electric Cooperative, Inc.
Awang, Dinaig, Maguindanao
33. Office Of The Solicitor General
134 Amorsolo Street, Legaspi Village, Makati City
34. The Commission On Audit
Commonwealth Avenue, Quezon City 1121
35. The Senate Committee On Energy
GSIS Building, Roxas Boulevard, Pasay City 1307
36. The House Committee On Energy
Batasan Hills, Quezon City 1126
37. Philippine Chamber Of Commerce And Industry
3rd Floor, Chamber And Industry Plaza (Cip) 1030
Campus Avenue Corner Park Avenue Mckinley Town Center,
Fort Bonifacio, Taguig City
38. Office Of The Provincial Governor
Province Of Surigao Del Norte
39. Office of the LGU Legislative Body
Province Of Surigao Del Norte
40. Office Of The Provincial Governor
Province Of Surigao Del Sur
41. Office of the LGU Legislative Body
Province Of Surigao Del Sur
42. Office Of The Provincial Governor
Province Of Misamis Occidental

43. Office of the LGU Legislative Body
Province Of Misamis Occidental
44. Office Of The Provincial Governor
Province Of Bukidnon
45. Office of the LGU Legislative Body
Province Of Bukidnon
46. Office Of The Provincial Governor
Province Of Lanao Del Norte
47. Office of the LGU Legislative Body
Province Of Lanao Del Norte
48. Office Of The Provincial Governor
Province Of Davao Oriental
49. Office of the LGU Legislative Body
Province Of Davao Oriental
50. Office Of The Provincial Governor
Province Of Davao Del Sur
51. Office of the LGU Legislative Body
Province Of Davao Del Sur
52. Office Of The Provincial Governor
Province Of South Cotabato
53. Office of the LGU Legislative Body
Province Of South Cotabato
54. Office Of The Provincial Governor
Province Of North Cotabato
55. Office of the LGU Legislative Body
Province Of North Cotabato
56. Office Of The Provincial Governor
Province Of Camiguin
57. Office of the LGU Legislative Body
Province Of Camiguin
58. Office Of The Provincial Governor
Province Of Misamis Oriental
59. Office of the LGU Legislative Body
Province Of Misamis Oriental
60. Office Of The Provincial Governor
Province Of Agusan Del Sur
61. Office of the LGU Legislative Body
Province Of Agusan Del Sur
62. Office Of The Provincial Governor
Province Of Sultan Kudarat
63. Office of the LGU Legislative Body
Province Of Sultan Kudarat
64. Office Of The Provincial Governor
Province Of Zamboanga Del Norte
65. Office of the LGU Legislative Body
Province Of Zamboanga Del Norte

66. Office Of The Provincial Governor
Province Of Zamboanga Del Sur
67. Office of the LGU Legislative Body
Province Of Zamboanga Del Sur
68. Office Of The Provincial Governor
Province Of Agusan Del Norte
69. Office of the LGU Legislative Body
Province Of Agusan Del Norte
70. Office Of The City Mayor
Quezon City
71. Office of the LGU Legislative Body
Quezon City
72. Office Of The City Mayor
Davao City
73. Office of the LGU Legislative Body
Davao City
74. Office Of The City Mayor
City Of Cagayan De Oro
75. Office of the LGU Legislative Body
City Of Cagayan De Oro
76. Office Of The City Mayor
Butuan City, Agusan del Norte
77. Office of the LGU Legislative Body
Butuan City, Agusan del Norte
78. Office Of The City Mayor
Iligan City
79. Office of the LGU Legislative Body
Iligan City
80. Office Of The City Mayor
Ozamis City
81. Office of the LGU Legislative Body
Ozamis City
82. Office Of The City Mayor
Tacurong City, Sultan Kudarat
83. Office of the LGU Legislative Body
Tacurong City, Sultan Kudarat
84. Office Of The City Mayor
Dipolog City
85. Office of the LGU Legislative Body
Dipolog City
86. Office Of The City Mayor
Zamboanga City
87. Office of the LGU Legislative Body
Zamboanga City
88. Office Of The City Mayor
Cotabato City

89. Office of the LGU Legislative Body
Cotabato City
90. Office Of The Provincial Governor
Province of Cotabato
91. Office of the LGU Legislative Body
Province of Cotabato
92. Office Of The Provincial Governor
Province of Davao del Norte
93. Office of the LGU Legislative Body
Province of Davao del Norte
94. Office Of The Provincial Governor
Province of Compostela Valley
95. Office of the LGU Legislative Body
Province of Compostela Valley
96. Office Of The Provincial Governor
Province of Lanao del Sur
97. Office of the LGU Legislative Body
Province of Lanao del Sur
98. Office Of The Provincial Governor
Province of Maguindanao
99. Office of the LGU Legislative Body
Province of Maguindanao
100. Market Operations Service
Energy Regulatory Commission
12th Floor, Pacific Center, San Miguel Ave.
Ortigas Center, Pasig City