

Competitiveness, from S1/1

Foundation for Economic Freedom (FEF) President Calixto V. Chikiamco in a mobile phone message attributed the higher ranking to the government's better handling of the pandemic, fiscal management, strong foreign exchange reserves, and the continuing attractiveness of its workforce.

European Chamber of Commerce of the Philippines (ECCP) President Lars Wittig said in a mobile phone message that businessmen keep a close eye on these international benchmarks since they provide "a snapshot of the economic health of the country which guide business and investment decisions."

recent milestones that will further drive global competitiveness and economic development. This includes the amendments to the Public Service Act (PSA), Foreign Investment Act (FIA) and Retail Trade Liberalization Act (RTLTA) which will make the Philippines a more attractive destination for trade and investments," he added.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said in a Viber message that the continued economic reopening increased business activity.

"The country's improved ranking may have to do with the further reopening of the economy towards greater normalcy after some pockets of hard lockdowns

and other restrictions last year. This increased economic/business activities in the country, allowed many businesses/industries to reopen again, operate at higher capacity, hire more workers, book more sales and income, thereby fundamentally leading to better economic recovery prospects," Mr. Ricafort said.

According to UA&P's Mr. Terosa, the incoming administration of President-elect Ferdinand "Bongbong" R. Marcos, Jr. can further boost the competitiveness ranking by addressing corruption, sustaining infrastructure development, lowering unemployment, stabilizing inflation, reducing poverty, among others.

Mr. Marcos is set to take his oath of office on June 30.

ECCP's Mr. Wittig said that the incoming Marcos administration should build on the gains made by the previous administrations in order to improve the country's competitiveness ranking.

"Building on the gains of the previous administrations is imperative to cushion socioeconomic shocks and advance recovery, coupled with the continued widespread deployment of the national vaccination program," Mr. Wittig said.

"More sustainability-related reforms, investments in human resources (education, nutrition, wellness) as well as institutional reforms on good governance and

transparency should also be in the front and center of policy priorities to improve the country's ranking moving forward," he added.

MOST COMPETITIVE

Denmark topped the competitiveness index, followed by Switzerland, Singapore, Sweden and Hong Kong. The rest of the top 10 included the Netherlands, Taiwan, Finland, Norway, and the United States.

Singapore had the highest competitiveness ranking among the Asia-Pacific economies, followed by Hong Kong, Taiwan, China, and Australia.

Many economies are now feeling inflationary pressure, according to Christos Cabolis, IMD

World Competitiveness Center chief economist.

"Other global challenges having an impact on the competitiveness of countries include variants of COVID-19 appearing under different intensity with respect to the number of infected people around the world; differing national policies to address COVID (the 'zero-tolerance COVID' policy versus the 'moving on from COVID' policy); and the invasion of Ukraine by Russia," Mr. Cabolis said.

The countries covered by the 2022 World Competitiveness ranking were different from the 2021 report after Bahrain was included while Russia and Ukraine were excluded in this year's report because of the ongoing war.

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

IN THE MATTER OF THE APPLICATION FOR THE APPROVAL OF THE FOURTH TARIFF GLIDE PATH CALCULATION PURSUANT TO ARTICLE VII OF THE RSEC-WR AND ERC RESOLUTION NO. 8, SERIES OF 2011, WITH PRAYER FOR PROVISIONAL AUTHORITY

ERC CASE NO. 2022-032 RC

BUKIDNON II ELECTRIC COOPERATIVE, INC. (BUSECO), Applicant.

Promulgated: May 23, 2022

NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 02 May 2022, Bukidnon II Electric Cooperative, Inc. (BUSECO) filed an Application dated 19 April 2022, seeking the Commission's approval of its fourth Tariff Glide Path (TGP) calculation pursuant to Article VII of the Rules for Setting Electric Cooperatives Wheeling Rates (RSEC-WR) and Commission's Resolution No. 8, Series of 2011, with prayer for provisional authority.

The pertinent allegations of the Application are hereunder quoted as follows:

- 1. Bukidnon II Electric Cooperative, Inc. (BUSECO) is an electric cooperative duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at Manolo Fortich, Bukidnon where it may be served with notices and other legal processes, represented in this Application by its Board President DANILO T. PACIENTE and General Manager, CRISTOPHER A. DULFO, authorized by virtue of Board Resolution No. 22-03-14 dated March 25, 2022, copy of which is attached hereto as Annex "A" and made an integral part hereof;

The filing of the instant Application is likewise authorized by virtue of the abovementioned resolution. Moreover, Resolution No. 22-03-15, is hereby attached as Annex "A-1" authorizing BUSECO legal counsel Atty. Eleuterio F. Dia IV to represent BUSECO in the filing of the application, expository presentation, jurisdictional and evidentiary hearing, public consultations and other proceedings relative with the BUSECO application for approval of the Fourth Tariff Glide Path calculation pursuant to Article VII of the RSEC-WR and ERC Resolution No. 8, Series of 2011;

Applicant has the exclusive right and authority to operate an electric light and power services in the City of Malaybalay and the Municipalities of Malitbog, Baungon, Talakag, Cabanglasan, Impasug-ong, Libona, Manolo Fortich, Sumilao, Lantapan and Barangay Lilingayon, part of Valencia City, all in the Province of Bukidnon by virtue of a franchise issued by the National Electrification Administration (NEA) pursuant to Presidential Decree No. 269 as amended by Presidential Decree No. 1645;

- 2. On September 23, 2009, the Honorable Commission issued and approved Resolution No. 20 Series of 2009, otherwise known as "RULES FOR SETTING THE ELECTRIC COOPERATIVES WHEELING RATES (RSEC-WR)", which established a new rate setting methodology for Electric Cooperatives, the issuance of which was made pursuant to its authority as provided under Section 43(f) of Republic Act No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001" (EPIRA) and Section 5 (a), Rule 15 of its Implementing Rules and Regulations (IRR);
- 3. Pursuant to the aforementioned ERC Resolution Applicant filed its Application for approval of the Rate adjustment pursuant to the new rate setting methodology as provided under Resolution No. 20 dated September 23, 2009 on November 20, 2009. Accordingly, after the required public hearing, ERC in its Order dated January 11, 2010 granted Applicant the provisional authority and final approval on December 09, 2020 for the following rates:

Table with 4 columns: Distribution Charges, Supply Charges, Metering Charges, Residential, Low Voltage, Higher Voltage. Rows include PhP/kWh, PhP/cust/mo, PhP/meter/mo, PhP/kWh.

- 4. On April 19, 2010, a Petition to Initiate Rule-Making on the Tariff Glide Path Pursuant to Article VII of the Rules for Setting the Electric Cooperatives Wheeling Rates (TGP Rules) was filed and docketed as ERC Case No. 2010-005;
- 5. After a series of public consultations conducted by the ERC in its offices in Luzon, Visayas and Mindanao, in its Resolution No. 8, dated May 2, 2011, ERC resolved to adopt the "Rules Governing the Tariff Glide Path pursuant to Article VII of the Rules for Setting the Electric cooperatives' Wheeling Rates";
- 6. Pursuant to Article VII of the RSEC-WR, the ERC adopts and promulgates the Rules governing the movement of the initial tariff caps during the Regulatory period, which shall be determined by the following formula: Tariff x [1+Index "I"-Efficiency Factor "X" + Performance Incentive "S"]
- The Index, "I" shall be an escalation factor to be used in adjusting the rates to reflect the combined impact of inflation and the load growth. There shall be an efficiency factor "X" to account for the operational efficiency of the ECs in setting their rates. There shall be a performance incentive "S" which shall reward or penalize the EC for the above or below standard performance, respectively.
- 7. That on July 31, 2013, the Applicant filed the first TGP application;
- 8. That on April 29, 2016, the Applicant filed the second TGP application;
- 9. That on April 29, 2019, the Applicant filed the third TGP application;
- 10. That awaiting for the decision of the Honorable Commission on the Applicant's previous application for rate adjustment, Applicant opted to use the existing rules in applying for a rate adjustment as provided in Resolution No. 08 s. 2011, entitled "Adopting the Rules Governing the Tariff Glide Path Pursuant to Article VII of the Rules for Setting the Electric Cooperatives' Wheeling Rates" and used the computed rates in the previous applications as the base rate for this fourth TGP application and proposes the following:

10.a. Index "I" Calculation

Table with 3 columns: Particulars, Average CPI, CPI. Rows include YEAR n-1 (2018), YEAR n (2019), YEAR n+1 (2020), YEAR n+2 (2021).

10.a.2. Growth Rate Calculation (2018-2021) Table with 3 columns: Particulars, Total KWh Sales, GR. Rows include YEAR n-1 (2018), YEAR n (2019), YEAR n+1 (2020), YEAR n+2 (2021).

10.b. Efficiency Factor "X" Calculation

10.b.1. Calculation of Man-hours (2018-2021) Table with 5 columns: Particulars, 2018, 2019, 2020, 2021. Rows include Working Hours-Regular Employees, Working Hours-Contractual Employees, Total Working Hours.

10.b.2. FTE/CPE (2018-2021) Table with 5 columns: Particulars, 2018, 2019, 2020, 2021. Rows include TOTAL MANHOURS, Full time equivalent man hours per year, FTE, Total number of billed connections (year-end), CPE.

10.c. Performance Incentive "S" Calculation

10.c.1. SAIDI Calculation (2019-2021) Table with 5 columns: Particulars, 2019, 2020, 2021. Rows include SAIDI, Sum of customer interruption duration, Average no. of customers served, SAIDI.

10.c.2. SAIFI Calculation (2019-2021) Table with 5 columns: Particulars, 2019, 2020, 2021. Rows include SAIFI, Total no. of customer interruption, Average no. of customers served, SAIFI.

10.c.3. SL Calculation (2019-2021) Table with 5 columns: Particulars, 2019, 2020, 2021. Rows include SL, KWh Purchased, KWh Sold, System Loss (in kWh), System Loss (in %).

Details of the aforementioned calculations are provided and contained in Annex "B" hereof.

- 11. As observed, there is a minimal upward adjustment in the Applicant's rates resulting in a 6.70% adjustment including "S" and 0.00 % adjustment excluding "S", as shown hereunder:

Table with 6 columns: Year, T, X, S, TGP (including "S"), TGP (excluding "S"). Rows include YEAR 2019, YEAR 2020, YEAR 2021, TOTAL.

- 12. Attached herewith in a separate bundle marked as Annex "C" are the following:

- "C-1" Man hours computation (2018-2021)
"C-2" MFSR (Sections B & E for 2018-2021)
"C-3" Billing Determinants Template (KWh Sales, No. of Customers, kW Demand for 2018-2021)
"C-4" Sample Bills (1 per customer type for 2018-2021)
"C-5" Regional CPI (2018-2021)
"C-6" RFSC/Reinvestment fund Utilization (2019-2021)
"C-7" Consumer Complaints (Summary or tracking form) (2019-2021)
"C-8" Audited Financial Statement (2019-2021)

COMPLIANCE WITH PRE-FILING REQUIREMENTS

In compliance with the Pre-Filing requirements, Applicant furnished copies of this Application together with all its annexes to the legislative bodies within its franchise area as well as the Provincial Board of the Province of Bukidnon, as evidenced by the certifications of the legislative bodies aforementioned herewith attached as Annexes "D" and "E". Likewise, a copy of the Application was published in the Gold Star Daily, a newspaper of general circulation in the franchise area of the Applicant and as evidenced by the Affidavit of Publication executed by the Editor, and original copy of the issue showing the published application, copies of which are attached hereto as Annexes "F" and "G", respectively;

APPLICATION FOR PROVISIONAL AUTHORITY

- 13. Applicant reiterates and incorporates the foregoing allegations in its application for the grant of a provisional authority to immediately implement the relief herein prayed for, and further alleges that:

- 13.a. The current rate of Applicant is no longer responsive since the costs of providing electric service to the consumers increased significantly;
- 13.b. With this unresponsive current rate, an urgent remedy is imperative and should necessarily be implemented;
- 13.c. Considering the length of time to resolve the instant Application, it being not the only application to be resolved by the Commission, it is only appropriate and reasonable that a provisional authority to immediately implement the proposed rate herein prayed for shall be granted;
- 13.d. The provisional authority thus prayed for would bring forth relief on the financial constraints currently suffered by the Applicant, if not remedied, may resort to unreasonable operational decline;

PRAYER

WHEREFORE, foregoing premises considered, it is most respectfully prayed of this Honorable Commission, after due notice and hearing:

- 1. To approve the proposed Tariff Glide Path Rates calculated as follows:

Table with 10 columns: Type of Consumer, Particulars, Unit, Approved RSEC Rate, 1st TGP including "S", 1st TGP excluding "S", 2nd TGP including "S", 2nd TGP excluding "S", 3rd TGP including "S", 3rd TGP excluding "S", 4th TGP including "S", 4th TGP excluding "S". Rows include RESIDENTIAL (Distribution, Supply, Metering) and HIGHER VOLTAGE (Distribution, Supply, Metering).

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WITNESS, the Honorable Commissioners ALEXIS M. LUMBATAN, CATHERINE P. MACEDA, FLORESINDA G. BALDO-DIGAL and MARKO ROMEO L. FUENTES, Energy Regulatory Commission, this 16th of May 2022 in Pasig City.

AGNES VST DEVANADERA Chairperson and CEO

LS: JTB / LSP / MCCG



1 Entitled, A Resolution Adopting the Rules Governing the Tariff Glide Path Pursuant to Article VII of the Rules for Setting the Electric Cooperatives' Wheeling Rates.
2 Entitled: A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.
3 Entitled: A Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.