

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

IN THE MATTER OF THE
PETITION FOR THE
APPROVAL OF THE
RECOVERY/REFUND FROM
THE UNIVERSAL CHARGE
OF THE
SHORTFALL/SURPLUS IN
THE MISSIONARY
ELECTRIFICATION
SUBSIDY FOR CY 2016 AND
THE CORRESPONDING
ADJUSTMENT OF THE
UNIVERSAL CHARGE FOR
MISSIONARY
ELECTRIFICATION (UC-
ME), WITH PRAYER FOR
THE ISSUANCE OF A
PROVISIONAL AUTHORITY
(PA)

ERC CASE NO. 2019-004 RC

NATIONAL POWER
CORPORATION,
Petitioner.

MAR 27 2019

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ORDER

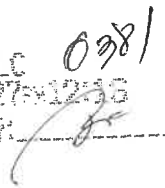
On 11 January 2019, the National Power Corporation (NPC) filed a *Petition* dated 27 December 2018 seeking the Commission's approval of the recovery or refund from the Universal Charge (UC) of the shortfall or surplus in the Missionary Electrification (ME) subsidy for Calendar Year (CY) 2016, and the corresponding adjustment of the UC-ME.

The pertinent portions of the said *Petition* are hereunder quoted as follows:

1. Petitioner NPC is a government owned and controlled corporation created and existing under and by virtue of Republic Act No. 6395 as amended ("NPC Charter") with principal address at NPC Office Building Complex corner

NPC-DLC

19-0027-1246

RCVD BY: 

Quezon Avenue and BIR Road, Diliman, Quezon City where it may be served with orders and other processes of the Honorable Commission.

2. Pursuant to Section 70 of Republic Act No. 9136 otherwise known as the Electric Power Industry Reform Act ("EPIRA"), NPC shall remain as a National-Government owned and controlled corporation to perform the missionary electrification function through its Small Power Utilities Group ("SPUG") and shall be responsible for providing power generation and its associated power delivery systems in areas that are not connected to the transmission system.
3. NPC is filing this Petition in its capacity as the implementing agency for Missionary Electrification ("ME") function. The said function shall be funded from the revenue from sales in missionary areas and from the universal charge ("UC") to be collected from all electricity end-users as determined by the Energy Regulatory Commission ("ERC") and in line with Section 2 (a) of the RA 9136 Implementing Rules and Regulations or EPIRA IRR.
4. Pursuant to Section 4 of Republic Act No. 6395, as amended, and Executive Order No. 86,¹ issued by virtue of the authority granted to the President of the Republic of the Philippines under R.A. 7684,² Petitioner NPC is duly authorized to charge twelve percent (12%) return on its rate base composed of the sum of its net assets in operation plus two (2) months operating capital.
5. On 22 August 2011, the ERC approved and issued Resolution No. 21, Series of 2011,³ which provides for the guidelines for the setting and approval of electricity generation rates and subsidies for Missionary Electrification areas and for the fixing of and availment of subsidies for Missionary Electrification areas as well as the cash incentives for the Renewable Energy (RE) Developers for Missionary Electrification from the UC-ME.

Said resolution allows NPC and the New Power Providers ("NPPs") to recover the TCGR as approved by the ERC. In cases where the TCGR is higher than the SAGR, then NPC and the NPPs shall be allowed to recover the difference between the TCGR and the SAGR from the UC-ME.⁴ Likewise in the same resolution, it is provided that if the reconciliation results in the NPC-SPUG having surplus, as confirmed by the ERC, the amount corresponding to the surplus shall be deducted from the UCME under the current petition to cover the surplus caused by several factors as therein specified (*i.e.* adjustments

¹ "Fixing the Rate of Return on Rate Base of the National Power Corporation at twelve percent (12%) of the Rate Base as Defined in Section 4 of Republic Act No. 6395, as Amended";

² "Electric Power Crises Act of 1993";

³ Amended Guidelines for the Setting and Approval of Electricity Generation Rates and Subsidies for Missionary Electrification Areas;

⁴ Article II Section 4;

due to GRAM and ICERA, adjustments in the NPP TCGR and other analogous cases).⁵

6. The Honorable Commission likewise issued ERC Resolution No. 22, Series of 2006⁶ on 03 May 2006 which mandates NPC to file a quarterly application, if necessary, with the ERC to recover any shortfall in the UC-ME caused by factors such as collection shortfall, adjustments in the FCRR and other analogous cases.⁷ Furthermore, it is provided therein that “if the reconciliation results in the NPC-SPUG having surplus funds, the amount of the ME Subsidy for the year shall be adjusted accordingly. Conversely, if the reconciliation results in NPC-SPUG experiencing deficiency, it shall be entitled to file an application with the ERC for an increase in the UC-ME to cover the shortfall.”⁸
7. NPC is filing this petition pursuant to Rule 20 (A) of the ERC Rules of Practice of Procedure as approved by this Honorable Commission on 22 June 2006 in Resolution No. 38, Series of 2006.

**ABSTRACT OF THE PROPOSED RECOVERY/REFUND OF
THE SHORTFALL/SURPLUS IN THE UC-ME**

8. **Reconciliation of Actual UC-ME.** Based on CY 2016 test period, NPC utilizes in its calculation the following documents:
 - a. Certified CY 2016 NPC Financial Statements;
 - b. Actual Results of Operation;
 - c. The actual disbursements of UC-ME to NPPs, QTP and RED-CI;
9. **Total UC-ME Shortfall/Surplus.** Based on the foregoing documents and as a result of the calculations made, the total shortfall/surplus amounted to **(PhP1,483,845,466.67) or (PhPo.0162/kWh)** using the twelve (12) – month projected energy sales nationwide for CY 2019 and the shortfall for RED - CI are summarized in Table 1 below.

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⁵ Article V, Section 2 (c);

⁶ Rules for the Regulation of the Qualified Third Parties Performing Missionary Electrification in Areas Declared Unviable by the Department of Energy;

⁷ Article IV, Section 3 (b);

⁸ Article IV Section 3 (d); and

Table 1: Summary of Shortfall/Surplus

Particulars	TOTAL
REVENUE REQUIREMENT	12,712,682,724.86
Less: REVENUE FROM SALES	6,068,038,300.28
REQUIRED REVENUE FROM UC-ME	6,644,644,424.58
Add: Real Property Tax	4,375,087.60
REQUIRED REVENUE FROM UC-ME	6,649,019,512.18
CY 2016 ACTUAL UC-ME REVENUE (Basic)	8,132,864,978.94
NPC's SURPLUS, in PhP	(1,483,845,466.76)
Rate Impact, P/kWh in UCME	(0.0162)
Projected Energy Sales, MWh (1-year)	91,414,712.44
Renewable Energy Developer's Cash Incentive, in PhP	15,037,471.92
Rate Impact, P/kWh in UCME	0.0002

10. In the reconciliation, the resulting shortfall/recovery in the revenue from UC-ME was calculated based on the following formula:

UC-ME True-Up Shortfall/(Surplus)
= Total UC-ME Requirement – Approved UC-ME

Where:

Total UC-ME Requirement =
(NPC Allowable Revenue Requirement – Revenue from Sales) +
(NPPs, QTP and RED-CI UCME requirements)

11. The total revenue considered was based on the amount granted and accrued from the UC-ME as well as from the revenue from sales based on approved SAGR. Likewise considered were all the allowable expenses accrued by NPC as well as total UC-ME paid to NPPs, QTP and RED-CI.
12. In the calculation of the NPC revenue requirement, the following accounts and actual costs were considered:
- a. Actual Fuel Costs
 - b. Other Operating Expenses, which includes Personal Services and Maintenance and Other Operating Expense
 - c. Depreciation
 - d. Foreign exchange rate fluctuation on debt servicing
 - e. Rate Base as of December 2016
 - f. Revenues from Sales
13. The amount of UCME for NPPs, QTP and RED-CI were based on the actual disbursements and payment made consistent with the UC-Settlement Agreement (SA) between NPC and respective power providers taking into account their respective ERC-approved Power Supply Agreement (PSA).
14. The Projected Energy Sales Forecast under DOE's Power Development Plan (PDP) for CY 2019 was utilized to determine the proposed UC-ME true-up charges in P/kWh.

15. As shown in Table 1 above, the CY 2016 actual revenue received from UC-ME was sufficient to cover the total UC-ME requirements for NPC, NPPs and QTP.
16. The following documents are submitted in support of the proposed recovery/refund of shortfall/surplus in the UC-ME:
 - Annex "A" - Corporate Secretary's Certificate issued on 31 October 2018
 - Annex "B" - Summary of Shortfall and Adjustment Calculation
 - Annex "C" - NPC Results of Operations (ROO)
 - Annex "D" - NPC Income Statement and Balance Sheet
 - Annex "E" - Discussion on Revenue Requirement and Rate Base Components
 - Annex "F" - Summary of UC-ME Subsidy Fees Paid to NPPs and QTP
 - Annex "F-1" - Summary of RED-CI Availments
 - Annex "G" - Summary of Actual UC-ME Received from PSALM
 - Annex "H" - Projected Philippines Energy Sales

**RATE IMPLICATIONS OF THE PROPOSED
RECOVERY/REFUND OF UC-ME SHORTFALL/SURPLUS**

17. Under the foregoing premises, NPC proposes (1) to offset the excess of the Basic UCME for CY 2016 under the existing Provisional Authority amounting to (PhP1,483,845,466.76) against the 2019 UCME Petition; or (2) to offset the excess of Basic UCME for CY 2016 against the unrecovered amounts under previous CY 2012, 2013, 2014, and 2015 petitions, detailed as follows:

Table 2: Estimated Balance/Recovery for UCME True-up

ERC Case No.	Particulars	Amount Filed in PhP
2013-191 RC	CY 2012 True-up	5,305,961,556.16
2014-089 RC	CY 2013 True-up	5,462,754,938.54
2016-008 RC	CY 2014 True-up	5,843,305,895.72
2017-006 RC	CY 2015 True-up	1,033,142,320.58
TOTAL		17,645,164,711.00
Total amount recovered as of December 2018		11,947,428,128.77
PENDING TRUE-UP BALANCE		5,697,736,582.23

and (3) recovery of unpaid balance on Renewable Energy (RE) Developer's Cash Incentive in the amount of PhP15,037,471.92 or equivalent to PhPo.0002/kWh, to be charged to all electricity end consumers.

18. The total True-up balance of PhP5.698 Bn using the existing Provisionally Approved True-up Recovery Rate shall be collected until October 2020 or until April 2020, six (6) months

earlier, if the offsetting will be approved by the Honorable Commission.

19. While the ERC Resolution 21, Series of 2011 provides that if there are any surplus resulting in any True Up applications, the surplus will be applied to the current UCME Application, Petitioner NPC finds it more prudent to likewise implore the discretion of this Honorable Commission to offset the amount of (PhP1,483,845,466.76) against the unrecovered total amount of PhP5,697,736,582.23, as these amounts have already been spent by Petitioner NPC. Further, this will lessen the impact of the pending True Up petitions to the consumers, once approved by the Honorable Commission.

ALLEGATIONS IN SUPPORT FOR THE PRAYER FOR PROVISIONAL AUTHORITY

Petitioner NPC repleads the foregoing allegations and further states:

20. NPC's Subsidized Approved Generation Charge (SAGR), is not reflective of the TCGR or the Revenue Requirement in the island grid. It is only 41% of the total fuel cost for CY 2016. Thus, the actual revenue from sales of Petitioner NPC is comparably lower to its actual fuel costs incur during its operations. Shown below is the details of the difference between Petitioner NPC's actual revenue from sales, and actual fuel costs.

Table 3: Actual Fuel Costs vis-à-vis Revenue from Sales

Particulars	Amount	Percentage
Actual Fuel Costs	2,714,796,036.	100%
Average, P/kWh	6.2879	
Actual Revenue from Sales	2,247,502,368	83%
Average, P/kWh	5.2055	
Difference	467,293,668	17%
PkWh	1.0823	
Actual Energy Sales, kWh	431,752,097.27	

21. The amount herein proposed for refund, if allowed to be offset from the unrecovered amounts under the previous True Up petitions, would significantly be beneficial in servicing the consumers in the missionary areas considering the nature of operation and the level of demand in the off-grid areas.
22. The approval of this instant Petition through offsetting against the unrecovered amounts under the previous petitions (excluding recovery of RE Cash Incentive) will not directly affect the existing rate and the cash flow of NPC for its operation and the subsidies of the NPP, QTP and RE-CI while the unrecovered amounts from previous applications will be reduced.

23. The issuance of a provisional authority is authorized under Section 3 Rule 14 of the Rules of Practice and Procedure. Likewise, the authority of the Honorable Commission to issue a provisional authority is confirmed by the Supreme Court in the case of *Freedom from Debt Coalition, et. al. vs. ERC, et. al.*,⁹ when it held that “the power to approve provisional rate increases is included among the powers transferred to the ERC by virtue of Section 44 since the grant of that authority is not inconsistent with the EPIRA; rather, it is in full harmony with the thrust of the law which is to strengthen the ERC as the new regulatory body.”

COMPLIANCE WITH PRE-FILING REQUIREMENTS

24. In Compliance with Rule 6 of the ERC Rules of Practice and Procedure, Petitioner has furnished the legislative bodies of each of the local government units where it principally operates, a copy of this petition including all its annexes and accompanying documents.

Proof of receipts by the Sangguniang Panlungsod is attached hereto as **Annex “I”**. Proof of service to the legislative bodies of the local government units where NPC also operates is attached hereto as **Annex “J”**.

25. Furthermore, Petitioner caused the publication of the subject Petition in the newspaper of general circulation and copies of the newspaper and corresponding affidavit of publication are attached hereto as **Annexes “K “and “L”**, respectively.

PRAYER

WHEREFORE, premises considered, petitioner NPC respectfully prays that pending the hearing on the merits, an Order be issued granting **PROVISIONAL APPROVAL** to the instant Petition, thereby allowing Petitioner NPC offset the excess of the Basic UCME for CY 2016 under existing Provisional Authority amounting to (PhP1,483,845,466.76) against the unrecovered amount of PhP17,804,818,088.38 under the current CY 2019 UCME Petition under ERC Case No. 2018-076 RC; **or** allowing Petitioner NPC to offset the excess of the Basic UCME for CY 2016 under existing Provisional Authority amounting to (PhP1,483,845,466.76) against the unrecovered amounts under previous CY 2012, 2013, 2014 and 2015 petitions, as shown below:

Total pending petitions	PhP 17,645,164,711.00
Less: amount recovered	11,947,428,128.77
Pending True-up balances	PhP 5,697,736,582.23

Likewise, it is respectfully prayed that the recovery of unpaid balance on the Renewable Energy (RE) Developer’s Cash Incentive in the amount of PhP15,037,471.92 or equivalent to PhPo.0002/kWh be charged to all electricity end consumers.

⁹ G.R. No. 161113 (June 15, 2004).

After the hearing on the merits, the instant Petition be **GRANTED** by the Honorable Commission.

Other just and equitable reliefs are likewise prayed for.

Finding the said *Petition* to be sufficient in form and 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 the following dates and venues:

Date and Time	Venue	Particulars
03 June 2019 (Monday) at one o'clock in the afternoon (01:00 P.M.)	ERC Hearing Room, 15th Floor, Pacific Center Building, San Miguel Avenue, Pasig City	Jurisdictional and Expository Presentation
20 June 2019 (Thursday) at two o'clock in the afternoon (02:00 P.M.)	Energy Regulatory Commission- Visayas Field Office (ERC-VFO), St. Mary's Drive, Banilad, Cebu City	Expository Presentation
09 July 2019 (Tuesday) at two o'clock in the afternoon (02:00 P.M.)	Energy Regulatory Commission- Mindanao Field Office (ERC-MFO), Mezzanine Floor, Mintrade Building, Monteverde Avenue cor. Sales Street, Davao City	Expository Presentation
15 July 2019 (Monday) at one o'clock in the afternoon (01:00 P.M.)	ERC Hearing Room, 15th Floor, Pacific Center Building, San Miguel Avenue, Pasig City	Pre-Trial Conference and Evidentiary Hearing

Accordingly, NPC 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 within the affected areas for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform of the filing of the *Petition*, its reasons therefor, and of the scheduled hearings thereon, the consumers within the affected areas, 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 hearings; and
- 5) Furnish with copies of the *Petition* and its attachments all those making requests therefor, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing, Petitioner 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 Petitioner to inform of the filing of the *Petition*, its reasons therefore,

and of the scheduled hearings thereon, the consumers within the affected areas;

- 4) The evidence of receipt of copies of this *Order* and the attached *Notice of Public Hearing* by the OSG, the COA, and the Committees on Energy of both Houses of Congress;
- 5) The evidence of receipt of copies of the *Petition* and its attachments by all those making requests therefor, if any; and
- 6) Such other proofs of compliance with the requirements of the Commission.

Petitioner 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:

- 1) A summary of admitted facts and proposed stipulation of facts;
- 2) The issues to be tried or resolved;
- 3) The documents or exhibits to be presented, stating the purposes and proposed markings therefore; and
- 4) The number and names of the witnesses, with their written testimonies in a Judicial Affidavit form attached to the Pre-trial Brief.

Failure of Petitioner 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.

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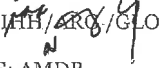
NPC must also be prepared to make an expository presentation of the instant *Petition*, aided by whatever communication medium that it may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned parties, the nature of the *Petition* with relevant information and pertinent details substantiating the reason and justifications being cited in support thereof.

SO ORDERED.

Pasig City, 13 March 2019.

FOR AND BY AUTHORITY
OF THE COMMISSION:


JOSEFINA PATRICIA A. MAGPALE-ASIRT
Commissioner 

LS: /GLO
ROS: AMDB

Copy Furnished:

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3. **Office of the Solicitor General**
134 Amorsolo Street, Legaspi Village, Makati City
4. **Commission on Audit**
Commonwealth Avenue, Quezon City
5. **Senate Committee on Energy**
GSIS Bldg. Roxas Blvd., Pasay City
6. **House Committee on Energy**
Batasan Hills, Quezon City
7. **Philippine Chamber of Commerce and Industry (PCCI)**
3rd Floor, Chamber and Industry Plaza (CIP), 1030 Campus Avenue corner Park Avenue, McKinley Town Center, Fort Bonifacio, Taguig City
8. **The Administrator**
National Electrification Administration (NEA)
Quezon Avenue, Quezon City
9. **The General Manager**
Philippine Rural Electric Cooperatives Association, Inc. (PHILRECA)
4th Floor Casman Building
372 Quezon Avenue, Quezon City
10. **All Electric Cooperatives**
11. **All Distribution Utilities**
12. **Office of the Provincial Governor**
Province of Quezon
13. **Office of the LGU Legislative Body**
Province of Quezon
14. **Office of the Mayor**
Jomalig, Quezon
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Jomalig, Quezon
16. **Office of the Mayor**
Patnanungan, Quezon
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Polilio, Quezon
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- 20. **Office of the Provincial Governor**
Province of Batangas
- 21. **Office of the LGU Legislative Body**
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- 22. **Office of the Mayor**
Tingloy, Batangas
- 23. **Office of the LGU Legislative Body**
Tingloy, Batangas
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Dinapigue, Isabela
- 41. **Office of the LGU Legislative Body**
Dinapigue, Isabela

42. **Office of the Provincial Governor**
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Kabugao, Apayao
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Lubuagan, Kalinga
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62. **Office of the Mayor**
Calayan, Cagayan
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Calayan, Cagayan

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Caramoan, Camarines Sur
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Province of Camarines Norte
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Province of Albay
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Province of Albay
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128. **Office of the Mayor**
Gigmoto, Catanduanes
129. **Office of the LGU Legislative Body**
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130. **Office of the Mayor**
San Miguel, Catanduanes
131. **Office of the LGU Legislative Body**
San Miguel, Catanduanes
132. **Office of the Mayor**
San Andres, Catanduanes
133. **Office of the LGU Legislative Body**
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134. **Office of the Mayor**
Virac, Catanduanes
135. **Office of the LGU Legislative Body**
Virac, Catanduanes
136. **Office of the Mayor**
Baras, Catanduanes
137. **Office of the LGU Legislative Body**
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138. **Office of the Provincial Governor**
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139. **Office of the LGU Legislative Body**
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140. **Office of the Mayor**
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141. **Office of the LGU Legislative Body**
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142. **Office of the Mayor**
Mamburao, Occidental Mindoro
143. **Office of the LGU Legislative Body**
Mamburao, Occidental Mindoro
144. **Office of the Mayor**
Paluan, Occidental Mindoro
145. **Office of the LGU Legislative Body**
Paluan, Occidental Mindoro
146. **Office of the Mayor**
San Jose, Occidental Mindoro
147. **Office of the LGU Legislative Body**
San Jose, Occidental Mindoro
148. **Office of the Mayor**
Abra de Ilog, Occidental Mindoro
149. **Office of the LGU Legislative Body**
Abra de Ilog, Occidental Mindoro
150. **Office of the Mayor**
Calintaan, Occidental Mindoro
151. **Office of the LGU Legislative Body**
Calintaan, Occidental Mindoro

152. **Office of the Mayor**
Looc, Occidental Mindoro
153. **Office of the LGU Legislative Body**
Looc, Occidental Mindoro
154. **Office of the Mayor**
Magsaysay, Occidental Mindoro
155. **Office of the LGU Legislative Body**
Magsaysay, Occidental Mindoro
156. **Office of the Mayor**
Rizal, Occidental Mindoro
157. **Office of the LGU Legislative Body**
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158. **Office of the Mayor**
Sablayan, Occidental Mindoro
159. **Office of the LGU Legislative Body**
Sablayan, Occidental Mindoro
160. **Office of the Mayor**
Sta. Cruz, Occidental Mindoro
161. **Office of the LGU Legislative Body**
Sta. Cruz, Occidental Mindoro
162. **Office of the Provincial Governor**
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163. **Office of the LGU Legislative Body**
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164. **Office of the Mayor**
Calapan, Oriental Mindoro
165. **Office of the LGU Legislative Body**
Calapan, Oriental Mindoro
166. **Office of the Mayor**
Baco, Oriental Mindoro
167. **Office of the LGU Legislative Body**
Baco, Oriental Mindoro
168. **Office of the Mayor**
San Teodoro, Oriental Mindoro
169. **Office of the LGU Legislative Body**
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170. **Office of the Mayor**
Puerto Galera, Oriental Mindoro
171. **Office of the LGU Legislative Body**
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172. **Office of the Mayor**
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173. **Office of the LGU Legislative Body**
Naujan, Oriental Mindoro

174. **Office of the Mayor**
Victoria, Oriental Mindoro
175. **Office of the LGU Legislative Body**
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176. **Office of the Mayor**
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188. **Office of the Mayor**
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193. **Office of the LGU Legislative Body**
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195. **Office of the LGU Legislative Body**
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196. **Office of the Mayor**
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197. **Office of the LGU Legislative Body**
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198. **Office of the Mayor**
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200. **Office of the Mayor**
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204. **Office of the Mayor**
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- 219. **Office of the LGU Legislative Body**
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- 220. **Office of the Mayor**
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- 221. **Office of the LGU Legislative Body**
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- 222. **Office of the Mayor**
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- 223. **Office of the LGU Legislative Body**
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- 224. **Office of the Mayor**
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 - 272. **Office of the Mayor**
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 - 273. **Office of the LGU Legislative Body**
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 - 274. **Office of the Mayor**
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 - 275. **Office of the LGU Legislative Body**
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 - 276. **Office of the Mayor**
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 - 277. **Office of the LGU Legislative Body**
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 - 280. **Office of the Mayor**
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 - 281. **Office of the LGU Legislative Body**
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 - 282. **Office of the Mayor**
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- 285. **Office of the LGU Legislative Body**
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- 287. **Office of the LGU Legislative Body**
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- 288. **Office of the Mayor**
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- 289. **Office of the LGU Legislative Body**
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- 290. **Office of the Mayor**
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- 291. **Office of the LGU Legislative Body**
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- 292. **Office of the Mayor**
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- 293. **Office of the LGU Legislative Body**
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- 299. **Office of the LGU Legislative Body**
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- 300. **Office of the Mayor**
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- 301. **Office of the LGU Legislative Body**
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- 302. **Office of the Mayor**
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- 303. **Office of the LGU Legislative Body**
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- 305. **Office of the LGU Legislative Body**
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- 307. **Office of the LGU Legislative Body**
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- 308. **Office of the Mayor**
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- 309. **Office of the LGU Legislative Body**
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- 310. **Office of the Mayor**
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- 311. **Office of the LGU Legislative Body**
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- 312. **Office of the Mayor**
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- 313. **Office of the LGU Legislative Body**
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- 314. **Office of the Mayor**
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- 315. **Office of the LGU Legislative Body**
Batuan, Masbate
- 316. **Office of the Mayor**
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- 317. **Office of the LGU Legislative Body**
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- 318. **Office of the Mayor**
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- 319. **Office of the LGU Legislative Body**
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- 320. **Office of the Mayor**
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- 321. **Office of the LGU Legislative Body**
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- 322. **Office of the Mayor**
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- 323. **Office of the LGU Legislative Body**
Esperanza, Masbate
- 324. **Office of the Mayor**
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- 325. **Office of the LGU Legislative Body**
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- 326. **Office of the Mayor**
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- 327. **Office of the LGU Legislative Body**
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- 328. **Office of the Mayor**
Mobo, Masbate
- 329. **Office of the LGU Legislative Body**
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- 330. **Office of the Mayor**
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- 331. **Office of the LGU Legislative Body**
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- 332. **Office of the Mayor**
Palanas, Masbate
- 333. **Office of the LGU Legislative Body**
Palanas, Masbate
- 334. **Office of the Mayor**
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- 335. **Office of the LGU Legislative Body**
Pio V. Corpuz, Masbate
- 336. **Office of the Mayor**
Placer, Masbate
- 337. **Office of the LGU Legislative Body**
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- 338. **Office of the Mayor**
San Fernando, Masbate
- 339. **Office of the LGU Legislative Body**
San Fernando, Masbate
- 340. **Office of the Mayor**
San Jacinto, Masbate
- 341. **Office of the LGU Legislative Body**
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- 342. **Office of the Mayor**
San Pascual, Masbate
- 343. **Office of the LGU Legislative Body**
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- 344. **Office of the Mayor**
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- 345. **Office of the LGU Legislative Body**
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- 346. **Office of the Mayor**
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- 347. **Office of the LGU Legislative Body**
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- 348. **Office of the Provincial Governor**
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- 349. **Office of the LGU Legislative Body**
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- 350. **Office of the Mayor**
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- 351. **Office of the LGU Legislative Body**
Biri, Northern Samar
- 352. **Office of the Mayor**
San Juan, Northern Samar
- 353. **Office of the LGU Legislative Body**
San Juan, Northern Samar
- 354. **Office of the Mayor**
Cabaun, Northern Samar
- 355. **Office of the LGU Legislative Body**
Cabaun, Northern Samar
- 356. **Office of the Mayor**
Capul, Northern Samar
- 357. **Office of the LGU Legislative Body**
Capul, Northern Samar
- 358. **Office of the Mayor**
San Antonio, Northern Samar
- 359. **Office of the LGU Legislative Body**
San Antonio, Northern Samar
- 360. **Office of the Mayor**
San Vicente, Northern Samar
- 361. **Office of the LGU Legislative Body**
San Vicente, Northern Samar
- 362. **Office of the Provincial Governor**
Province of Eastern Samar
- 363. **Office of the LGU Legislative Body**
Province of Eastern Samar
- 364. **Office of the Provincial Governor**
Province of Samar
- 365. **Office of the LGU Legislative Body**
Province of Samar
- 366. **Office of the Mayor**
Almagro, Samar
- 367. **Office of the LGU Legislative Body**
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- 368. **Office of the Mayor**
Santo Niño, Samar
- 369. **Office of the LGU Legislative Body**
Santo Niño, Samar
- 370. **Office of the Mayor**
Tagapul-an, Samar
- 371. **Office of the LGU Legislative Body**
Tagapul-an, Samar

- 372. **Office of the Mayor**
Zumarraga, Samar
- 373. **Office of the LGU Legislative Body**
Zumarraga, Samar
- 374. **Office of the Provincial Governor**
Province of Biliran
- 375. **Office of the LGU Legislative Body**
Province of Biliran
- 376. **Office of the Mayor**
Maripipi, Biliran
- 377. **Office of the LGU Legislative Body**
Maripipi, Biliran
- 378. **Office of the Provincial Governor**
Province of Leyte
- 379. **Office of the LGU Legislative Body**
Province of Leyte
- 380. **Office of the Provincial Governor**
Province of Southern Leyte
- 381. **Office of the LGU Legislative Body**
Province of Southern Leyte
- 382. **Office of the Mayor**
Limasawa, Southern Leyte
- 383. **Office of the LGU Legislative Body**
Limasawa, Southern Leyte
- 384. **Office of the Provincial Governor**
Province of Cebu
- 385. **Office of the LGU Legislative Body**
Province of Cebu
- 386. **Office of the Mayor**
Madrirdejos, Cebu
- 387. **Office of the LGU Legislative Body**
Madrirdejos, Cebu
- 388. **Office of the Mayor**
Bantayan, Cebu
- 389. **Office of the LGU Legislative Body**
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- 390. **Office of the Mayor**
Pilar, Cebu
- 391. **Office of the LGU Legislative Body**
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- 392. **Office of the Mayor**
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- 393. **Office of the LGU Legislative Body**
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- 397. **Office of the LGU Legislative Body**
Province of Bohol
- 398. **Office of the Mayor**
Cuaming Island, Bohol
- 399. **Office of the LGU Legislative Body**
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- 400. **Office of the Mayor**
Baclayon, Bohol
- 401. **Office of the LGU Legislative Body**
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- 402. **Office of the Mayor**
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- 403. **Office of the LGU Legislative Body**
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- 404. **Office of the Mayor**
Inabanga, Bohol
- 405. **Office of the LGU Legislative Body**
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- 406. **Office of the Mayor**
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- 407. **Office of the LGU Legislative Body**
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- 408. **Office of the Mayor**
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- 409. **Office of the LGU Legislative Body**
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- 410. **Office of the Mayor**
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- 411. **Office of the LGU Legislative Body**
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- 412. **Office of the Provincial Governor**
Province of Aklan
- 413. **Office of the LGU Legislative Body**
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- 414. **Office of the Provincial Governor**
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- 415. **Office of the LGU Legislative Body**
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- 416. **Office of the Mayor**
Caluya, Antique
- 417. **Office of the LGU Legislative Body**
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- 418. **Office of the Mayor**
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- 419. **Office of the LGU Legislative Body**
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- 420. **Office of the Provincial Governor**
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- 421. **Office of the LGU Legislative Body**
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- 422. **Office of the Provincial Governor**
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- 423. **Office of the LGU Legislative Body**
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- 424. **Office of the Mayor**
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- 425. **Office of the LGU Legislative Body**
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- 426. **Office of the Mayor**
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- 427. **Office of the LGU Legislative Body**
Lazi, Siquijor
- 428. **Office of the Mayor**
Siquijor, Siquijor
- 429. **Office of the LGU Legislative Body**
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- 430. **Office of the Mayor**
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- 431. **Office of the LGU Legislative Body**
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- 432. **Office of the Mayor**
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- 433. **Office of the LGU Legislative Body**
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- 434. **Office of the Mayor**
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- 435. **Office of the LGU Legislative Body**
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- 436. **Office of the Provincial Governor**
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- 437. **Office of the LGU Legislative Body**
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- 438. **Office of the Provincial Governor**
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- 439. **Office of the LGU Legislative Body**
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- 440. **Office of the Provincial Governor**
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- 441. **Office of the LGU Legislative Body**
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- 442. **Office of the Provincial Governor**
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- 445. **Office of the LGU Legislative Body**
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- 451. **Office of the LGU Legislative Body**
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- 452. **Office of the Provincial Governor**
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- 453. **Office of the LGU Legislative Body**
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- 456. **Office of the Provincial Governor**
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- 457. **Office of the LGU Legislative Body**
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- 464. **Office of the Mayor**
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- 510. **Office of the Mayor**
Maluso, Basilan
- 511. **Office of the LGU Legislative Body**
Maluso, Basilan
- 512. **Office of the Mayor**
Sumisip, Basilan
- 513. **Office of the LGU Legislative Body**
Sumisip, Basilan
- 514. **Office of the Provincial Governor**
Province of Tawi-Tawi
- 515. **Office of the LGU Legislative Body**
Province of Tawi-Tawi
- 516. **Office of the Mayor**
Bongao, Tawi-Tawi
- 517. **Office of the LGU Legislative Body**
Bongao, Tawi-Tawi
- 518. **Office of the Mayor**
Mapun, Tawi-Tawi
- 519. **Office of the LGU Legislative Body**
Mapun, Tawi-Tawi
- 520. **Office of the Mayor**
Panglima Sugala, Tawi-Tawi
- 521. **Office of the LGU Legislative Body**
Panglima Sugala, Tawi-Tawi
- 522. **Office of the Mayor**
Simunul, Tawi-Tawi
- 523. **Office of the LGU Legislative Body**
Simunul, Tawi-Tawi
- 524. **Office of the Mayor**
Sitangkai, Tawi-Tawi
- 525. **Office of the LGU Legislative Body**
Sitangkai, Tawi-Tawi

- 526. **Office of the Mayor**
Balimbing, Tawi-Tawi
- 527. **Office of the LGU Legislative Body**
Balimbing, Tawi-Tawi
- 528. **Office of the Mayor**
Languyan, Tawi-Tawi
- 529. **Office of the LGU Legislative Body**
Languyan, Tawi-Tawi
- 530. **Office of the Mayor**
Manuk Mangkaw, Tawi-Tawi
- 531. **Office of the LGU Legislative Body**
Manuk Mangkaw, Tawi-Tawi
- 532. **Office of the Mayor**
Sapa-Sapa, Tawi-Tawi
- 533. **Office of the LGU Legislative Body**
Sapa-Sapa, Tawi-Tawi
- 534. **Office of the Mayor**
Sibutu, Tawi-Tawi
- 535. **Office of the LGU Legislative Body**
Sibutu, Tawi-Tawi
- 536. **Office of the Mayor**
South Ubian, Tawi-Tawi
- 537. **Office of the LGU Legislative Body**
South Ubian, Tawi-Tawi
- 538. **Office of the Mayor**
Tandubas, Tawi-Tawi
- 539. **Office of the LGU Legislative Body**
Tandubas, Tawi-Tawi
- 540. **Office of the Mayor**
Tandubanak, Tawi-Tawi
- 541. **Office of the LGU Legislative Body**
Tandubanak, Tawi-Tawi
- 542. **Office of the Mayor**
Cagayan de Tawi-Tawi, Tawi-Tawi
- 543. **Office of the LGU Legislative Body**
Cagayan de Tawi-Tawi, Tawi-Tawi
- 544. **Office of the Provincial Governor**
Province of Davao del Norte
- 545. **Office of the LGU Legislative Body**
Province of Davao del Norte
- 546. **Office of the Mayor**
Island Garden City of Samal, Davao del Norte
- 547. **Office of the LGU Legislative Body**
Island Garden City of Samal, Davao del Norte

- 548. **Office of the Provincial Governor**
Province of Davao del Sur
- 549. **Office of the LGU Legislative Body**
Province of Davao del Sur
- 550. **Office of the Mayor**
Jose Abad Santos, Davao del Sur
- 551. **Office of the LGU Legislative Body**
Jose Abad Santos, Davao del Sur
- 552. **Office of the Mayor**
Sarangani, Davao del Sur
- 553. **Office of the LGU Legislative Body**
Sarangani, Davao del Sur
- 554. **Office of the Provincial Governor**
Province of Davao Oriental
- 555. **Office of the LGU Legislative Body**
Province of Davao Oriental
- 556. **Office of the Provincial Governor**
Province of Davao Occidental
- 557. **Office of the LGU Legislative Body**
Province of Davao Occidental
- 558. **Office of the Provincial Governor**
Province of Compostela Valley
- 559. **Office of the LGU Legislative Body**
Province of Compostela Valley
- 560. **Office of the Provincial Governor**
Province of Sultan Kudarat
- 561. **Office of the LGU Legislative Body**
Province of Sultan Kudarat
- 562. **Office of the Mayor**
Kalamansig, Sultan Kudarat
- 563. **Office of the LGU Legislative Body**
Kalamansig, Sultan Kudarat
- 564. **Office of the Mayor**
Lebak, Sultan Kudarat
- 565. **Office of the LGU Legislative Body**
Lebak, Sultan Kudarat
- 566. **Office of the Mayor**
Palimbang, Sultan Kudarat
- 567. **Office of the LGU Legislative Body**
Palimbang, Sultan Kudarat
- 568. **Office of the Mayor**
Sen. Ninoy Aquino, Sultan Kudarat
- 569. **Office of the LGU Legislative Body**
Sen. Ninoy Aquino, Sultan Kudarat

- 570. **Office of the Provincial Governor**
Province of Surigao del Norte
 - 571. **Office of the LGU Legislative Body**
Province of Surigao del Norte
 - 572. **Office of the Provincial Governor**
Province of Surigao del Sur
 - 573. **Office of the LGU Legislative Body**
Province of Surigao del Sur
 - 574. **Office of the Provincial Governor**
Province of Sarangani
 - 575. **Office of the LGU Legislative Body**
Province of Sarangani
 - 576. **Office of the Provincial Governor**
Province of Camiguin
 - 577. **Office of the LGU Legislative Body**
Province of Camiguin
 - 578. **Office of the Provincial Governor**
Province of Dinagat Island
 - 579. **Office of the LGU Legislative Body**
Province of Dinagat Island
 - 580. **Office of the Mayor**
San Jose, Dinagat Island
 - 581. **Office of the LGU Legislative Body**
San Jose, Dinagat Island
 - 582. **Office of the Mayor**
Loreto, Dinagat Island
 - 583. **Office of the LGU Legislative Body**
Loreto, Dinagat Island
 - 584. **Office of the Mayor**
Dinagat, Dinagat Island
 - 585. **Office of the LGU Legislative Body**
Dinagat, Dinagat Island
 - 586. **Office of the Mayor**
Cagdianao, Dinagat Island
 - 587. **Office of the LGU Legislative Body**
Cagdianao, Dinagat Island
 - 588. **Office of the Mayor**
Basilisa, Dinagat Island
 - 589. **Office of the LGU Legislative Body**
Basilisa, Dinagat Island
 - 590. **Office of the Mayor**
Libjo, Dinagat Island
 - 591. **Office of the LGU Legislative Body**
Libjo, Dinagat Island
-

- 592. **Office of the Mayor**
Tubajon, Dinagat Island
- 593. **Office of the LGU Legislative Body**
Tubajon, Dinagat Island
- 594. **Office of the Provincial Governor**
Province of Agusan del Norte
- 595. **Office of the LGU Legislative Body**
Province of Agusan del Norte
- 596. **Office of the Provincial Governor**
Province of Agusan del Sur
- 597. **Office of the LGU Legislative Body**
Province of Agusan del Sur
- 598. **Office of the Provincial Governor**
Province of Iloilo
- 599. **Office of the LGU Legislative Body**
Province of Iloilo
- 600. **Office of the Mayor**
Carles, Iloilo
- 601. **Office of the LGU Legislative Body**
Carles, Iloilo
- 602. **Office of the Provincial Governor**
Province of Negros Occidental
- 603. **Office of the LGU Legislative Body**
Province of Negros Occidental
- 604. **Office of the Provincial Governor**
Province of Negros Oriental
- 605. **Office of the LGU Legislative Body**
Province of Negros Oriental
- 606. **Office of the Provincial Governor**
Province of Guimaras
- 607. **Office of the LGU Legislative Body**
Province of Guimaras
- 608. **Office of the Mayor**
Nueva Valencia, Guimaras
- 609. **Office of the LGU Legislative Body**
Nueva Valencia, Guimaras
- 610. **Office of the Mayor**
Quezon City
- 611. **Office of the LGU Legislative Body**
Quezon City
- 612. **Regulatory Operations Service**
Energy Regulatory Commission
17th Floor, Pacific Center Building, San Miguel Avenue, Pasig City

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

**IN THE MATTER OF THE
PETITION FOR THE
APPROVAL OF THE
RECOVERY/REFUND FROM
THE UNIVERSAL CHARGE
OF THE
SHORTFALL/SURPLUS IN
THE MISSIONARY
ELECTRIFICATION
SUBSIDY FOR CY 2016 AND
THE CORRESPONDING
ADJUSTMENT OF THE
UNIVERSAL CHARGE FOR
MISSIONARY
ELECTRIFICATION (UC-
ME), WITH PRAYER FOR
THE ISSUANCE OF A
PROVISIONAL AUTHORITY
(PA)**

ERC CASE NO. 2019-004 RC

**NATIONAL POWER
CORPORATION,
Petitioner.
X-----X**

promulgated
MAR 27 2019

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 11 January 2019, the National Power Corporation (NPC) filed a *Petition* dated 27 December 2018 seeking the Commission's approval of the recovery or refund from the Universal Charge (UC) of the shortfall or surplus in the Missionary Electrification (ME) subsidy for Calendar Year (CY) 2016, and the corresponding adjustment of the UC-ME.

The pertinent portions of the said *Petition* are hereunder quoted as follows:

1. Petitioner NPC is a government owned and controlled corporation created and existing under and by virtue of Republic Act No. 6395 as amended ("NPC Charter") with principal address at NPC Office Building Complex corner Quezon Avenue and BIR Road, Diliman, Quezon City where it may be served with orders and other processes of the Honorable Commission.
2. Pursuant to Section 70 of Republic Act No. 9136 otherwise known as the Electric Power Industry Reform Act ("EPIRA"), NPC shall remain as a National-Government owned and controlled corporation to perform the missionary electrification function through its Small Power Utilities Group ("SPUG") and shall be responsible for providing power generation and its associated power delivery systems in areas that are not connected to the transmission system.
3. NPC is filing this Petition in its capacity as the implementing agency for Missionary Electrification ("ME") function. The said function shall be funded from the revenue from sales in missionary areas and from the universal charge ("UC") to be collected from all electricity end-users as determined by the Energy Regulatory Commission ("ERC") and in line with Section 2 (a) of the RA 9136 Implementing Rules and Regulations or EPIRA IRR.
4. Pursuant to Section 4 of Republic Act No. 6395, as amended, and Executive Order No. 86,¹ issued by virtue of the authority granted to the President of the Republic of the Philippines under R.A. 7684,² Petitioner NPC is duly authorized to charge twelve percent (12%) return on its rate base composed of the sum of its net assets in operation plus two (2) months operating capital.
5. On 22 August 2011, the ERC approved and issued Resolution No. 21, Series of 2011,³ which provides for the guidelines for the setting and approval of electricity generation rates and subsidies for Missionary Electrification areas and for the fixing of and availment of subsidies for Missionary Electrification areas as well as the cash incentives for the Renewable Energy (RE) Developers for Missionary Electrification from the UC-ME.

Said resolution allows NPC and the New Power Providers ("NPPs") to recover the TCGR as approved by the ERC. In cases where the TCGR is higher than the SAGR, then NPC and the NPPs shall be allowed to recover the difference between the TCGR and the SAGR from the UC-ME.⁴ Likewise in the same resolution, it is provided that if the reconciliation results in the

¹ "Fixing the Rate of Return on Rate Base of the National Power Corporation at twelve percent (12%) of the Rate Base as Defined in Section 4 of Republic Act No. 6395, as Amended";

² "Electric Power Crises Act of 1993";

³ Amended Guidelines for the Setting and Approval of Electricity Generation Rates and Subsidies for Missionary Electrification Areas;

⁴ Article II Section 4;

NPC-SPUG having surplus, as confirmed by the ERC, the amount corresponding to the surplus shall be deducted from the UCME under the current petition to cover the surplus caused by several factors as therein specified (i.e. adjustments due to GRAM and ICERA, adjustments in the NPP TCGR and other analogous cases).⁵

6. The Honorable Commission likewise issued ERC Resolution No. 22, Series of 2006⁶ on 03 May 2006 which mandates NPC to file a quarterly application, if necessary, with the ERC to recover any shortfall in the UC-ME caused by factors such as collection shortfall, adjustments in the FCRR and other analogous cases.⁷ Furthermore, it is provided therein that “if the reconciliation results in the NPC-SPUG having surplus funds, the amount of the ME Subsidy for the year shall be adjusted accordingly. Conversely, if the reconciliation results in NPC-SPUG experiencing deficiency, it shall be entitled to file an application with the ERC for an increase in the UC-ME to cover the shortfall.”⁸
7. NPC is filing this petition pursuant to Rule 20 (A) of the ERC Rules of Practice of Procedure as approved by this Honorable Commission on 22 June 2006 in Resolution No. 38, Series of 2006.

**ABSTRACT OF THE PROPOSED RECOVERY/REFUND OF
THE SHORTFALL/SURPLUS IN THE UC-ME**

8. **Reconciliation of Actual UC-ME.** Based on CY 2016 test period, NPC utilizes in its calculation the following documents:
 - a. Certified CY 2016 NPC Financial Statements;
 - b. Actual Results of Operation;
 - c. The actual disbursements of UC-ME to NPPs, QTP and RED-CI;
9. **Total UC-ME Shortfall/Surplus.** Based on the foregoing documents and as a result of the calculations made, the total shortfall/surplus amounted to **(PhP1,483,845,466.67) or (PhP0.0162/kWh)** using the twelve (12) – month projected energy sales nationwide for CY 2019 and the shortfall for RED - CI are summarized in Table 1 below.

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⁵ Article V, Section 2 (c);

⁶ Rules for the Regulation of the Qualified Third Parties Performing Missionary Electrification in Areas Declared Unviable by the Department of Energy;

⁷ Article IV, Section 3 (b);

⁸ Article IV Section 3 (d); and

Table 1: Summary of Shortfall/Surplus

Particulars	TOTAL
REVENUE REQUIREMENT	12,712,682,724.86
Less: REVENUE FROM SALES	6,068,038,300.28
REQUIRED REVENUE FROM UC-ME	6,644,644,424.58
Add: Real Property Tax	4,375,087.60
REQUIRED REVENUE FROM UC-ME	6,649,019,512.18
CY 2016 ACTUAL UC-ME REVENUE (Basic)	8,132,864,978.94
NPC's SURPLUS, in PhP	(1,483,845,466.76)
Rate Impact, P/kWh in UCME	(0.0162)
Projected Energy Sales, MWh (1-year)	91,414,712.44
Renewable Energy Developer's Cash Incentive, in PhP	15,037,471.92
Rate Impact, P/kWh in UCME	0.0002

10. In the reconciliation, the resulting shortfall/recovery in the revenue from UC-ME was calculated based on the following formula:

UC-ME True-Up Shortfall/(Surplus)

= Total UC-ME Requirement – Approved UC-ME

Where:

Total UC-ME Requirement =

(NPC Allowable Revenue Requirement – Revenue from Sales) +
 (NPPs, QTP and RED-CI UCME requirements)

11. The total revenue considered was based on the amount granted and accrued from the UC-ME as well as from the revenue from sales based on approved SAGR. Likewise considered were all the allowable expenses accrued by NPC as well as total UC-ME paid to NPPs, QTP and RED-CI.
12. In the calculation of the NPC revenue requirement, the following accounts and actual costs were considered:
- Actual Fuel Costs
 - Other Operating Expenses, which includes Personal Services and Maintenance and Other Operating Expense
 - Depreciation
 - Foreign exchange rate fluctuation on debt servicing
 - Rate Base as of December 2016
 - Revenues from Sales
13. The amount of UCME for NPPs, QTP and RED-CI were based on the actual disbursements and payment made consistent with the UC-Settlement Agreement (SA) between NPC and respective power providers taking into account their respective ERC-approved Power Supply Agreement (PSA).
14. The Projected Energy Sales Forecast under DOE's Power Development Plan (PDP) for CY 2019 was utilized to determine the proposed UC-ME true-up charges in P/kWh.

15. As shown in Table 1 above, the CY 2016 actual revenue received from UC-ME was sufficient to cover the total UC-ME requirements for NPC, NPPs and QTP.
16. The following documents are submitted in support of the proposed recovery/refund of shortfall/surplus in the UC-ME:
 - Annex "A" - Corporate Secretary's Certificate issued on 31 October 2018
 - Annex "B" - Summary of Shortfall and Adjustment Calculation
 - Annex "C" - NPC Results of Operations (ROO)
 - Annex "D" - NPC Income Statement and Balance Sheet
 - Annex "E" - Discussion on Revenue Requirement and Rate Base Components
 - Annex "F" - Summary of UC-ME Subsidy Fees Paid to NPPs and QTP
 - Annex "F-1" - Summary of RED-CI Availments
 - Annex "G" - Summary of Actual UC-ME Received from PSALM
 - Annex "H" - Projected Philippines Energy Sales

**RATE IMPLICATIONS OF THE PROPOSED
RECOVERY/REFUND OF UC-ME SHORTFALL/SURPLUS**

17. Under the foregoing premises, NPC proposes (1) to offset the excess of the Basic UCME for CY 2016 under the existing Provisional Authority amounting to (PhP1,483,845,466.76) against the 2019 UCME Petition; or (2) to offset the excess of Basic UCME for CY 2016 against the unrecovered amounts under previous CY 2012, 2013, 2014, and 2015 petitions, detailed as follows:

Table 2: Estimated Balance/Recovery for UCME True-up

ERC Case No.	Particulars	Amount Filed in PhP
2013-191 RC	CY 2012 True-up	5,305,961,556.16
2014-089 RC	CY 2013 True-up	5,462,754,938.54
2016-008 RC	CY 2014 True-up	5,843,305,895.72
2017-006 RC	CY 2015 True-up	1,033,142,320.58
TOTAL		17,645,164,711.00
Total amount recovered as of December 2018		11,947,428,128.77
PENDING TRUE-UP BALANCE		5,697,736,582.23

and (3) recovery of unpaid balance on Renewable Energy (RE) Developer's Cash Incentive in the amount of PhP15,037,471.92 or equivalent to .PhPo.0002/kWh, to be charged to all electricity end consumers.

18. The total True-up balance of PhP5.698 Bn using the existing Provisionally Approved True-up Recovery Rate shall be collected until October 2020 or until April 2020, six (6) months

earlier, if the offsetting will be approved by the Honorable Commission.

19. While the ERC Resolution 21, Series of 2011 provides that if there are any surplus resulting in any True Up applications, the surplus will be applied to the current UCME Application, Petitioner NPC finds it more prudent to likewise implore the discretion of this Honorable Commission to offset the amount of (PhP1,483,845,466.76) against the unrecovered total amount of PhP5,697,736,582.23, as these amounts have already been spent by Petitioner NPC. Further, this will lessen the impact of the pending True Up petitions to the consumers, once approved by the Honorable Commission.

ALLEGATIONS IN SUPPORT FOR THE PRAYER FOR PROVISIONAL AUTHORITY

Petitioner NPC repleads the foregoing allegations and further states:

20. NPC's Subsidized Approved Generation Charge (SAGR), is not reflective of the TCGR or the Revenue Requirement in the island grid. It is only 41% of the total fuel cost for CY 2016. Thus, the actual revenue from sales of Petitioner NPC is comparably lower to its actual fuel costs incur during its operations. Shown below is the details of the difference between Petitioner NPC's actual revenue from sales, and actual fuel costs.

Table 3: Actual Fuel Costs vis-à-vis Revenue from Sales

Particulars	Amount	Percentage
Actual Fuel Costs	2,714,796,036.	100%
Average, P/kWh	6.2879	
Actual Revenue from Sales	2,247,502,368	83%
Average, P/kWh	5.2055	
Difference	467,293,668	17%
PkWh	1.0823	
Actual Energy Sales, kWh	431,752,097.27	

21. The amount herein proposed for refund, if allowed to be offset from the unrecovered amounts under the previous True Up petitions, would significantly be beneficial in servicing the consumers in the missionary areas considering the nature of operation and the level of demand in the off-grid areas.
22. The approval of this instant Petition through offsetting against the unrecovered amounts under the previous petitions (excluding recovery of RE Cash Incentive) will not directly affect the existing rate and the cash flow of NPC for its operation and the subsidies of the NPP, QTP and RE-CI while the unrecovered amounts from previous applications will be reduced.

23. The issuance of a provisional authority is authorized under Section 3 Rule 14 of the Rules of Practice and Procedure. Likewise, the authority of the Honorable Commission to issue a provisional authority is confirmed by the Supreme Court in the case of *Freedom from Debt Coalition, et. al. vs. ERC, et. al.*,⁹ when it held that “the power to approve provisional rate increases is included among the powers transferred to the ERC by virtue of Section 44 since the grant of that authority is not inconsistent with the EPIRA; rather, it is in full harmony with the thrust of the law which is to strengthen the ERC as the new regulatory body.”

COMPLIANCE WITH PRE-FILING REQUIREMENTS

24. In Compliance with Rule 6 of the ERC Rules of Practice and Procedure, Petitioner has furnished the legislative bodies of each of the local government units where it principally operates, a copy of this petition including all its annexes and accompanying documents.

Proof of receipts by the Sangguniang Panlungsod is attached hereto as **Annex “I”**. Proof of service to the legislative bodies of the local government units where NPC also operates is attached hereto as **Annex “J”**.

25. Furthermore, Petitioner caused the publication of the subject Petition in the newspaper of general circulation and copies of the newspaper and corresponding affidavit of publication are attached hereto as **Annexes “K” and “L”**, respectively.

PRAAYER

WHEREFORE, premises considered, petitioner NPC respectfully prays that pending the hearing on the merits, an Order be issued granting **PROVISIONAL APPROVAL** to the instant Petition, thereby allowing Petitioner NPC offset the excess of the Basic UCME for CY 2016 under existing Provisional Authority amounting to (PhP1,483,845,466.76) against the unrecovered amount of PhP17,804,818,088.38 under the current CY 2019 UCME Petition under ERC Case No. 2018-076 RC; or allowing Petitioner NPC to offset the excess of the Basic UCME for CY 2016 under existing Provisional Authority amounting to (PhP1,483,845,466.76) against the unrecovered amounts under previous CY 2012, 2013, 2014 and 2015 petitions, as shown below:

Total pending petitions	PhP 17,645,164,711.00
Less: amount recovered	11,947,428,128.77
Pending True-up balances	PhP 5,697,736,582.23

Likewise, it is respectfully prayed that the recovery of unpaid balance on the Renewable Energy (RE) Developer’s Cash Incentive in the amount of PhP15,037,471.92 or equivalent to PhPo.0002/kWh be charged to all electricity end consumers.

⁹ G.R. No. 161113 (June 15, 2004).

After the hearing on the merits, the instant Petition be **GRANTED** by the Honorable Commission.

Other just and equitable reliefs are likewise prayed for.

The Commission has set the *Petition* for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on the following dates and venues:

Date and Time	Venue	Particulars
03 June 2019 (Monday) at one o'clock in the afternoon (01:00 P.M.)	ERC Hearing Room, 15th Floor, Pacific Center Building, San Miguel Avenue, Pasig City	Jurisdictional and Expository Presentation
20 June 2019 (Thursday) at two o'clock in the afternoon (02:00 P.M.)	Energy Regulatory Commission- Visayas Field Office (ERC-VFO), St. Mary's Drive, Banilad, Cebu City	Expository Presentation
09 July 2019 (Tuesday) at two o'clock in the afternoon (02:00 P.M.)	Energy Regulatory Commission- Mindanao Field Office (ERC-MFO), Mezzanine Floor, Mintrade Building, Monteverde Avenue cor. Sales Street, Davao City	Expository Presentation
15 July 2019 (Monday) at one o'clock in the afternoon (01:00 P.M.)	ERC Hearing Room, 15th Floor, Pacific Center Building, San Miguel Avenue, Pasig City	Pre-Trial Conference and Evidentiary Hearing

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:

- 1) The petitioner's name and address;
- 2) The nature of the 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 Petitioner 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 *Petition* may request from Petitioner that they be furnished with the same, prior to the date of the initial hearing. Petitioner is hereby directed to furnish all those making such request with copies of the *Petition* and its attachments, subject to the reimbursement of reasonable photocopying costs. Any such person may likewise examine the *Petition* and other pertinent records filed with the Commission during the standard office hours.

WITNESS, the Honorable Chairperson **AGNES VST DEVANADERA**, and the Honorable Commissioners **CATHERINE P. MACEDA** and **PAUL CHRISTIAN M. CERVANTES**, Energy Regulatory Commission, this 13th day of March in Pasig City.


JOSEFINA PATRICIA A. MAGPALE-ASIRIT
Oversight Commissioner for Legal

LS:  / GLO
ROS: AMDB