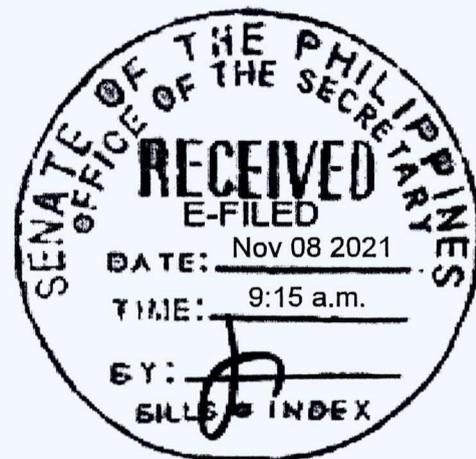


EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Third Regular Session)



SENATE
P.S. RES. No. 945

Introduced by Senator WIN GATCHALIAN

A RESOLUTION DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE ELECTRIC POWER SERVICE IN THE CITY OF BAGUIO AND THIRTEEN TOWNS IN THE PROVINCE OF BENGUET IN LIGHT OF THE RECENT ISSUES BETWEEN THE BENGUET ELECTRIC COOPERATIVE, INC. AND THE NATIONAL ELECTRIFICATION ADMINISTRATION

1 WHEREAS on 20 March 1978, the Benguet Electric Cooperative, Inc. (BENECO)
2 was granted by the then National Electrification Commission the “sole franchise to
3 operate an electric light and power service in the City of Baguio and Benguet province
4 for a period of fifty (50) years”.¹ At present, BENECO handles around 200,000
5 customer accounts² and employs around 231 regular employees;³

6 As of 18 November 2020, BENECO’s overall performance assessment score is
7 98% with the rating of AAA. AAA is the highest performance rating that an Electric
8 Cooperative (EC) can attain which means that based on key performance standards
9 such as financial, institutional, technical, and reportorial requirements, it obtained a
10 total score of 95 to 100.⁴ Furthermore, as of the third quarter of 2020, BENECO is
11 classified as a Yellow-1 cooperative, not having complied with only one (1) key
12 performance standard and parameter – collection efficiency. BENECO has a positive

¹ BENECO.BENECO.Avaialble at <https://www.beneco.com.ph/about.php>. Accessed on 27 October 2021.

² Communication with Atty. Delmar O. Cariño, Corporate Legal Counsel of BENECO last 27 October 2021.

³ BENECO.BENECO.Avaialble at <https://www.beneco.com.ph/about.php>. Accessed on 27 October 2021.

⁴ 2019 EC Overall Performance Assessment. NEA. Available at <https://www.nea.gov.ph/ao39/phocadownload/ECs%20Categorization/Memo%20to%20ECs%202020-057%20-%202019%20EC%20ASSESSMENT.pdf>. Accessed on 27 October 2021.

1 result of financial operation, positive net worth, and a system loss within the cap of
2 12%. It has a System Average Interruption Frequency Index (SAIFI)⁵ of 6.42
3 interruptions per customer per year which is compliant with the 25 standard, while its
4 System Average Interruption Duration Index (SAIDI)⁶ is at 745.7 minutes per
5 consumer per year which is compliant with the 2,700 standard;⁷

6 WHEREAS on 18 October 2021, the National Electrification Administration (NEA)
7 and the Philippine National Police (PNP) with the aid of around 50 heavily armed men
8 went to premises of BENECO to allow Atty. Anna Maria Paz Rafael ("Rafael") to assume
9 the General Manager (GM) position;⁸

10 WHEREAS, this caused alarm among the BENECO employees who were fearful
11 for their lives and safety, leading to the closure of the BENECO office on 18-19 October
12 2021, and leaving consumer concerns unattended;⁹

13 WHEREAS, according to the Philippine Rural Electric Cooperatives Association
14 Inc. (PHILRECA), of which BENECO is a member, employees and the Member
15 Consumer Owners (MCO) of BENECO "held a parade rally along the streets of Baguio
16 City on October 20, 2021. They went straight to the BENECO headquarters. A phalanx
17 of uniformed and shield ready policemen blocked their way. The employees and MCOs
18 and the cops went into a scuffle as the police were determined not to allow the
19 employees and the MCOs to enter the building. But the employees and MCOs were
20 able to break the police line and went directly to the BENECO office and reclaimed the
21 building";¹⁰

22 WHEREAS, as of 25 October 2021, PHILRECA reports that "[a]ll of BENECO's
23 offices and operations are now back to running its regular operations. The employees
24 though are fearful that another forced entry will happen again anytime";¹¹

⁵ SAIFI refers to the "total number of sustained customer power interruptions within a given period divided by the total number of customers served within the same period."

⁶ SAIDI refers to the "total duration of sustained customer power interruptions within a given period divided by the total number of customers served within the same period."

⁷ Compliance Report on the Performance of Electric Cooperative. NEA. Available at <http://www.nea.gov.ph/ao39/phocadownload/ECs%20Classification/2020/3rd%20Quarter%202020%20Compliance%20Report%20on%20EC%20Performance.pdf>. Accessed on 3 November 2020.

⁸ PHILRECA (2021).

⁹ Communication with Atty. Delmar O. Cariño, Corporate Legal Counsel of BENECO last 27 October 2021.

¹⁰ PHILRECA (2021).

¹¹ PHILRECA (2021).

1 WHEREAS, the incident transpired due to the disagreement between the NEA
2 and the BENECECO Board of Directors (BOD) on who should be appointed as BENECECO
3 GM;

4 WHEREAS, NEA issued an earlier memorandum dated 24 October 2017 on the
5 selection of GMs specifically Memorandum No. 2017-035 entitled the Revised Policy
6 on the Selection, Hiring, Termination of Services/Suspension for General Managers of
7 Electric Cooperative (3rd Revision) which provides that the BOD of an EC shall appoint
8 its GM in accordance with guidelines set forth by the NEA. It provides that NEA shall
9 transmit a list of applicants who passed the qualifying examinations, background
10 investigations, and interviews to the EC BOD for its perusal and selection. It also
11 provides that “[f]rom the list of names forwarded by NEA, the EC BOD shall select
12 the GM of their choice”. In the event that the BOD rejects all pre-qualified applicants,
13 it must have valid reason(s) for such rejection and if the reasons given are
14 unreasonable the NEA shall appoint from among the pre-qualified applicants;

15 WHEREAS, the incident can be traced back to 30 April 2020 when the former
16 GM of BENECECO Gerry Versoza (“Versoza”) retired from office leaving a vacancy for the
17 GM position. The BENECECO BOD issued 3 resolutions¹² that named Engr. Melchor S.
18 Licoben (“Licoben”) as the GM of BENECECO upon effectivity of the retirement of
19 Versoza;¹³

20 WHEREAS, on 7 August 2020, the BENECECO BOD received a communication from
21 NEA that there is another applicant to the position - Rafael. On 29 April 2021, the NEA
22 Board of Administrators (BOA) only endorsed Rafael to the BENECECO BOD through NEA-
23 BOA Resolution No. 2021-47 despite the fact that both Rafael and Licoben passed the
24 screening process;¹⁴

25 WHEREAS, on 19 May 2021, the BENECECO BOD rejected the lone endorsement
26 of Rafael through Resolution No. 2021-87 and reiterated the appointment of Licoben.
27 On 29 July 2021, the NEA-BOA rejected BENECECO’s decision and issued Resolution No.

¹² Resolution No. 2020-90 entitled Appointing Engr. Melchor S. Licoben (Assistant General Manager) as the General Manager of the Benguet Electric Cooperative (BENECECO) upon the Effectivity of the Retirement of GM Gerardo P. Versoza dated 21 April 2020, Resolution No. 2020-165 entitled Respectfully Requesting the National Electrification Administration (NEA) to Confirm the Intent of BENECECO Resolution No. 2020-90 Appointing Engr. Melchor S. Licoben (Assistant General Manager) as the General Manager of Benguet Electric Cooperative (BENECECO) upon the Effectivity of the Retirement of GM Gerardo P. Versoza dated 28 July 2020 and Resolution No. 2020-190 entitled Informing the NEA that the BENECECO BOD Opted Option No. 2 of NEA Memorandum 2017-035 in the Appointment of Engr. Licoben as the GM of BENECECO Vice GM Gerardo Versoza and Paragraph 6 of said Memorandum is already Foreclosed. 25 August 2020 dated 25 August 2020.

¹³ PHILRECA (2021).

¹⁴ PHILRECA (2021).

1 2021-71 naming Rafael as the GM, which was in turn rejected by the BENEBO BOD
2 on 2 September 2021 through BOD Resolution No, 2021-151;¹⁵

3 WHEREAS, the preceding events led to the arrival of the heavily armed men in
4 the premises of BENEBO which instilled fear on BENEBO employees and affected the
5 BENEBO operations. Currently, Engr. Licoben has assumed the position of GM and
6 BENEBO has returned to its normal operations. However, there is still no final
7 resolution of the issue between BENEBO and NEA. To make matters worse, BENEBO
8 currently encounters difficulties in processing bank transactions as some accredited
9 banks do not acknowledge the signature of Engr. Licoben as GM;¹⁶

10 WHEREAS, it is important to ensure the continuous and reliable electricity
11 service within the franchise area of BENEBO given the ongoing disagreements
12 between the NEA and BENEBO as to the appointment of the GM, and to make certain
13 that the appointment of the GM is done in accordance with the current rules and
14 regulations;

15 NOW THEREFORE BE IT RESOLVED, as it is hereby resolved, to direct the
16 appropriate Senate Committee to conduct an inquiry, in aid of legislation, on the
17 electric power service in the City of Baguio and thirteen towns in the Province of
18 Benguet in light of the recent issues between the BENEBO and the NEA.

Adopted,


WIN GATCHALIAN

¹⁵ PHILRECA (2021).

¹⁶ Communication with Atty. Delmar O. Cariño, Corporate Legal Counsel of BENEBO last 3 November 2021.