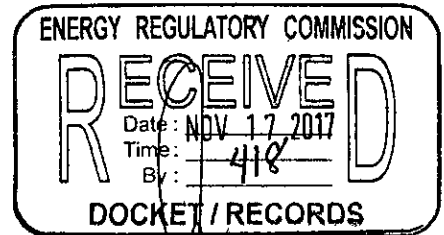


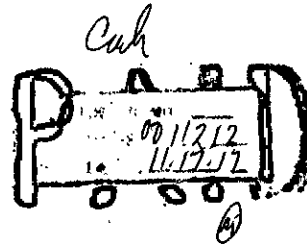
Republic of the Philippines  
**ENERGY REGULATORY COMMISSION**  
Pacific Center Building  
San Miguel Avenue, Pasig City

IN THE MATTER OF THE  
APPLICATION FOR  
APPROVAL OF  
ADJUSTMENT IN RATES  
BASED ON THE DATA OF  
THE FOURTH TO SIXTH  
REGULATORY YEARS OF  
THE FIRST REGULATORY  
PERIOD FOR SECOND  
ENTRANT GROUP,  
PURSUANT TO THE TARIFF  
GLIDE PATH (TGP) RULES



2017-107  
ERC Case No. \_\_\_\_\_ RC

BATANGAS II ELECTRIC  
COOPERATIVE, INC.  
(BATELEC II),  
Applicant.  
X-----X



## APPLICATION

**APPLICANT, BATANGAS II ELECTRIC COOPERATIVE, INC. (BATELEC II)**, through counsel, unto this Honorable Commission, respectfully alleges, that:

### THE APPLICANT

1. BATELEC II is a non-stock, non-profit electric cooperative, duly organized and existing under Philippine laws, with principal office address at Brgy. Antipolo del Norte, Lipa City, Batangas;

2. It holds an exclusive franchise from the National Electrification Commission, to operate an electric light and power distribution service in the cities of Lipa and Tanauan, and the municipalities of Alitagtag, Balete, Cuenca, Laurel, Lobo, Mabini, Malvar, Mataas na Kahoy, Padre Garcia, Rosario, San Jose, San Juan, Taysan, Talisay and Tingloy, all in the province of Batangas.

### **NATURE OF APPLICATION**

3. The instant Application is being filed for the approval of Applicant's proposed adjustment in its Distribution, Supply and Metering (DSM) Rates based on the data of the Fourth to Sixth Years of the First Regulatory Period for the Second Entrant Group Cooperative and to be implemented on the First to Third Regulatory Years of the Second Regulatory Period, pursuant to the Tariff Glide Path Rules (TGP Rules) and other pertinent laws and rules.

### **STATEMENT OF FACTS**

4. Sometime in 2016, Applicant filed with the Honorable Commission an application for approval of proposed adjustment in its DSM Rates pursuant to the TGP Rules, docketed as ERC Case No. 2016-181 RC.

5. In the said application, Applicant prayed for approval of either of the following two (2) proposed alternative DSM rates, to be implemented on January 2015, to wit:

#### **A. WITH PERFORMANCE INCENTIVE "S"**

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
<b>Distribution Charges:</b>				
Demand Charge	PhP/kW			<b>124.12</b>
Distribution System Charge	PhP/kWh	<b>0.2877</b>	<b>0.3924</b>	
<b>Supply Charges:</b>				
Retail Customer Charge	PhP/Customer/Mo		<b>62.54</b>	<b>62.54</b>
Supply System Charge	PhP/kWh	<b>0.4334</b>		
<b>Metering Charges:</b>				
Retail Customer Charge	PhP/Meter/Mo.	<b>5.23</b>	<b>57.50</b>	<b>57.50</b>
Metering System Charge	PhP/kWh	<b>0.3623</b>		

## B. EXCLUDING PERFORMANCE INCENTIVE "S"

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
<b>Distribution Charges:</b>				
Demand Charge	PhP/kW			120.44
Distribution System Charge	PhP/kWh	0.2792	0.3808	
<b>Supply Charges:</b>				
Retail Customer Charge	PhP/Customer/Mo		60.68	60.68
Supply System Charge	PhP/kWh	0.4206		
<b>Metering Charges:</b>				
Retail Customer Charge	PhP/Meter/Mo.	5.08	55.80	55.80
Metering System Charge	PhP/kWh	0.3515		

6. The foregoing application was Applicant's initial application for DSM rate adjustment pursuant to the TGP Rules, under which electric cooperatives are given an opportunity to adjust their rates once every three (3) years, which may occur at the start of the fourth year of the First Regulatory Period and every three (3) years thereafter.

7. Applicant belongs to the Second Entrant Group under the TGP Rules, whose first regulatory period is from January 1, 2012 to December 31, 2017. Having filed its initial application for DSM rate adjustment on the third regulatory year of the First Regulatory Period, the cooperative is filing the instant Application in the current year 2017, the sixth regulatory year of the First Regulatory Period, for the proposed adjustment of its DSM rates based on the data of the Fourth to Sixth Years of the First Regulatory Period under the TGP Rules and to be implemented on the First to Third Regulatory Years of the Second Regulatory Period for the Second Entrant Electric Cooperatives.

8. Applicant's first TGP application under ERC Case No. 2016-181 RC is still pending evaluation of the Honorable Commission but in spite thereof, the Applicant is constrained to adopt and use the proposed DSM rates in the said application as its basis in computing the proposed adjustment in the instant Application.

### THE PROPOSED DSM RATE ADJUSTMENT

9. Under the TGP Rules, the concerned electric cooperative shall use the following formula in determining the TGP for the fourth to sixth years of the Regulatory Period, to wit:

$$TGP_B = TGP_n + TGP_{n+1} + TGP_{n+2}$$

where

$$TGP_n = I_n - X_n + S_n$$

n= the fourth year of the Regulatory Period and succeeding Regulatory Periods

The TGP calculated for each of the three years will be summed to determine the possible rate adjustment starting on the First Year of the next Regulatory Period.

10. Applying the methodology embodied in the TGP Rules, herein Applicant calculated the values of the "I", "X" and "S" and came up with the following results, to wit:

	"I"(B)	"X"(B)	"S"(B)	TGP B	TGP B (excluding S)
YEAR 2015	0.00%	0.00%	1.50%	1.50%	-0.00%
YEAR 2016	0.00%	4.79%	1.50%	-3.29%	-4.79%
YEAR 2017	0.00%	6.05%	1.10%	-4.95%	-6.05%
TOTAL				-6.74%	-10.84%

11. Utilizing the above values based on the Fourth to Sixth Regulatory Years of the First Regulatory Period will result in adjustments in Applicant's DSM Rates to be implemented on the First to Third Regulatory Years of the Second Regulatory Period for electric cooperatives belonging to the Second Entrant Group, as follows:

**A. WITH PERFORMANCE INCENTIVE "S"**

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
<b>Distribution Charges:</b>				
Demand Charge	PhP/kW			115.76
Distribution System Charge	PhP/kWh	0.2683	0.3660	
<b>Supply Charges:</b>				
Retail Customer Charge	PhP/Customer/Mo		58.32	58.32
Supply System Charge	PhP/kWh	0.4042		
<b>Metering Charges:</b>				
Retail Customer Charge	PhP/Meter/Mo.	4.88	53.63	53.63
Metering System Charge	PhP/kWh	0.3378		

**B. EXCLUDING PERFORMANCE INCENTIVE "S"**

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
<b>Distribution Charges:</b>				
Demand Charge	PhP/kW			107.39
Distribution System Charge	PhP/kWh	0.2489	0.3395	
<b>Supply Charges:</b>				
Retail Customer Charge	PhP/Customer/Mo		54.11	54.11
Supply System Charge	PhP/kWh	0.3750		
<b>Metering Charges:</b>				
Retail Customer Charge	PhP/Meter/Mo.	4.53	49.75	49.75
Metering System Charge	PhP/kWh	0.3134		

12. Consequently, Applicant is constrained to adjust its rates to either of the above two calculated alternative DSM rates, on the first regulatory year of the Second Regulatory Period for electric cooperatives belonging to Second Entrant Group under the TGP Rules.

**SUPPORTING DATA AND DOCUMENTS**

13. In support of the foregoing computations, Applicant is submitting herewith the following documents, which are being made integral parts hereof, to wit:

Annex Markings	Nature of Document
A to A-2	Proposed TGP B Calculations and supporting documents using the prescribed templates: Index "I" Calculation Efficiency Factor "X" Calculation Performance Incentive "S" Calculation
B	MFSR - Sections B and E (2013-2016)
C	Billing Determinants Template (2013-2016 kWh Sales, No. of Customers and kW Demand)
D	Sample Bills per customer type (2013-2016)

E	Regional CPI (2013-2016)
F	RFSC Utilization (2014-2016)
G	Consumer Complaints Summary or Tracking Form (2014-2016)
H	Audited Financial Statements (2014-2016)

### **COMPLIANCE WITH PRE-FILING REQUIREMENTS**

14. Finally, in compliance with the pre-filing requirements for the instant application, Applicant is likewise submitting herewith the following documents, which are being made integral parts hereof, to wit:

Annex Markings	Nature of Document
I and series	Proof of furnishing copies of the Application to the Sangguniang Panlungsod of Lipa and Sangguniang Panlalawigan of Batangas
J and series	Publication of the Application in a newspaper of general circulation in BATELEC II's franchise area or where it principally operates, with Affidavit of Publication

### **PRAYER**

**WHEREFORE**, premises considered, in compliance with the Tariff Glide Path Rules, Applicant BATELEC II respectfully prays of this Honorable Commission that after due notice and hearing, the Cooperative be allowed to implement either of the following two (2) alternative rates for its Distribution, Supply and Metering (DSM) Charges, on the First to Third Years of the Second Regulatory Period for electric cooperatives belonging to the Second Entrant Group, to wit:

**A. WITH PERFORMANCE INCENTIVE "S"**

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
<b>Distribution Charges:</b>				
Demand Charge	PhP/kW			115.76
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<b>Metering Charges:</b>				
Retail Customer Charge	PhP/Meter/Mo.	4.88	53.63	53.63
Metering System Charge	PhP/kWh	0.3378		

**B. EXCLUDING PERFORMANCE INCENTIVE "S"**

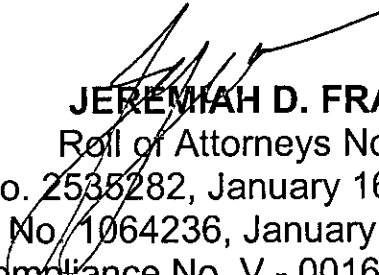
	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
<b>Distribution Charges:</b>				
Demand Charge	PhP/kW			107.39
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Supply System Charge	PhP/kWh	0.3750		
<b>Metering Charges:</b>				
Retail Customer Charge	PhP/Meter/Mo.	4.53	49.75	49.75
Metering System Charge	PhP/kWh	0.3134		

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

Pasig City, Metro Manila, July 18, 2017.

**DECHAVEZ & EVANGELISTA LAW OFFICES<sup>1</sup>**  
Counsel for the Applicant  
**BATANGAS II ELECTRIC COOPERATIVE, INC.**  
**(BATELEC II)**  
Unit 2008, 20<sup>th</sup> Floor Tycoon Centre  
Pearl Drive, Ortigas Center, Pasig City 1605  
Tel. Nos. 9101587; 6619357  
Email: powerlawfirm@gmail.com

By:

  
**JEREMIAH D. FRANCISCO**  
Roll of Attorneys No. 62302  
PTR No. 2535282, January 16, 2017, Pasig City  
IBP No. 1064236, January 16, 2017, RSM  
MCLE Compliance No. V - 0016881, March 16, 2016

<sup>1</sup>Pursuant to Office of the Court Administrator Circular No. 56-2015, hereunder are the MCLE Compliance Numbers of the undersigned Firm's name partners, to wit:

Partners	MCLE Compliance No.	Date of Issuance
Joseph Ferdinand M. Dechavez	V-0005240	Jan. 7, 2015
Nelson V. Evangelista	V-0008307	June 3, 2015

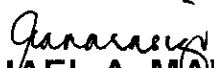


**VERIFICATION AND CERTIFICATION OF NON FORUM-SHOPPING**

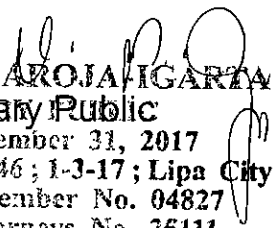
**RACHAEL A. MARASIGAN**, of legal age, Filipino and with office address at the Main Office of the Batangas II Electric Cooperative, Inc. (BATELEC II), Brgy. Antipolo del Norte, Lipa City after being sworn to according to law, depose and state that:

1. I am the Corporate Planning Department Manager/Regulatory Compliance Officer (RCO) of the Batangas II Electric Cooperative, Inc. (BATELEC II), duly authorized to represent the cooperative in filing the instant Application;
2. I caused the preparation and filing of the foregoing Petition; have read the allegations contained therein, and certify that the same are true and correct based on my personal knowledge and on authentic records;
3. BATELEC II has not heretofore commenced any other action or claim involving the same issues before any courts, tribunal or quasi-judicial agency; to the best of my knowledge no such action or proceeding is pending, and if I should learn that the same or similar action or claim has been filed or is pending, I undertake to report such fact to this Honorable Court, within five (5) days therefrom.

Further, affiant sayeth naught.

  
**RACHAEL A. MARASIGAN**  
Affiant

**SUBSCRIBED AND SWORN** to before me in Lipa City, this day of October 2017, by the affiant who exhibited to me his PRC License bearing No. 0096549 with validity until July 27, 2020.

  
**MARIETA BAROJA FIGARTA**  
Notary Public  
Until December 31, 2017  
PTR No. 2752646 ; 1-3-17 ; Lipa City  
IBP Life Member No. 04827  
Roll of Attorneys No. 25111  
MCLE Compliance No. V-0016382

Doc. No. 441 ;  
Page No. 90 ;  
Book No. 15 ;  
Series of 2017.