

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



IN THE MATTER OF THE APPLICATION FOR APPROVAL OF THE MAXIMUM AVERAGE PRICE (MAP RY2015) AND ITS TRANSLATION INTO DISTRIBUTION RELATED RATES OF DIFFERENT CUSTOMER CLASSES FOR THE FOURTH REGULATORY YEAR OF THE ERC-APPROVED ANNUAL REVENUE REQUIREMENT (ARR) FOR BOHOL LIGHT COMPANY, INCORPORATED (BLCI) UNDER THE PERFORMANCE BASED REGULATION (PBR) FOR THE REGULATORY PERIOD 2012-2015

ERC CASE NO. 2015-089 RC

BOHOL LIGHT COMPANY,
INCORPORATED (BLCI),
Applicant.

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Date: AUG 03 2015
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ORDER

On April 30, 2015, Bohol Light Company, Incorporated (BLCI) filed an application for approval of the Maximum Average Price (MAP RY2015) and its translation into distribution related rates of different customer classes for the Fourth Regulatory Year of the ERC-approved Annual Revenue Requirement (ARR) under the Performance Based Regulation (PBR) for the Regulatory Period 2012-2015.

In the said application, BLCI alleged, among others that:

1. It is a corporation duly organized and existing under Philippine laws, with principal address at R. Enerio St., Poblacion 3, Tagbilaran City. It is a private distribution utility (DU) with Franchise and Certificate of Public Convenience and Necessity (CPCN) to operate electric light and power service in Tagbilaran City, Bohol;
2. In a Decision dated December 9, 2013 in ERC Case No. 2013-183 RC¹, the Commission approved the said application with modification and it was directed to implement the approved Distribution, Supply and Metering Charges and the revised lifeline levels, discounts and subsidy stated therein;
3. Pursuant to the Final Determination dated July 6, 2011 issued by the Commission in ERC Case No. 2010-117 RC², it has calculated the MAP RY2015 of the Fourth Regulatory Period at **PhP1.0827/kWh** with an X-factor of 0.0465;
4. The resulting MAP RY2015, without the application of side constraints, is as follows:

$$\text{MAP}_{2015} = [\text{MAP}_{2014} \times \{1 + \text{CWI}_{2015} - X\}] + \text{S}_{2015} - \text{K}_{2015} + \text{ITA}_{2015}$$

$$\text{MAP}_{2015} = [1.0674 \times \{1 + 4.15\% - 0.0465\}] + 0.0194 - (-0.0012) + 0$$

$$\text{MAP}_{2015} = \text{PhP1.0827/kWh}$$

¹ In the Matter of the Application for Approval of the Maximum Average Price (MAP RY2014) and Its Translation Into Distribution Related Rates of Different Customer Classes for the Third Regulatory Year of the ERC-Approved Annual Revenue Requirement (ARR) for Bohol Light and Power Company, Incorporated (BLCI) Under the Performance-Based Regulation (PBR) for the Regulatory Period 2012-2015, BLCI – Applicant

² In the Matter of the Application for Approval of the Annual Revenue Requirement (ARR) and Performance Incentive Scheme (PIS) in Accordance with the Provisions of the Rules for Setting Distribution Wheeling Rates (RDWR), BLCI – Applicant

The MAP of PhP1.0827/kWh was a result of the updates in the Consumer Price Index (CPI), under-recovery, and the price-linked incentives under the Performance Incentive Scheme (PIS);

5. Based on the said Final Determination and the Distribution Services and Open Access Rules (DSOAR), specifically, the conversion of the MAP into different rate elements per customer class, it has converted the computed MAP₂₀₁₅ (without the application of the side constraints) into a distribution rates structure, as follows:

| Customer Class | Distribution | | Supply | Metering | |
|------------------------------------|--------------|-------------|-------------------|-------------------|-------------|
| | PhP/ kW | PhP/ kWh | PhP/ Cust./Mo. | PhP/ Cust./Mo. | PhP/ kWh |
| Residential | - | 1.0261 | 51.38 | 5.00 | 0.2150 |
| Commercial | | | | | |
| 13.8 kV | 70.10 | 51.33 | 51.38 | 75.78 | 0.0658 |
| 230 V | - | 0.7848 | 51.38 | 64.53 | - |
| Public Bldgs./Street Lights | | | | | |
| 13.8 kV | 89.77 | 0.3301 | 51.38 | 52.12 | 0.1606 |
| 230 V | - | 0.7466 | 51.38 | 64.13 | - |
| Hospitals/Radio Stations | | | | | |
| 13.8 kV | 174.68 | 0.3204 | 51.38 | 82.93 | 0.0824 |
| 230 V | - | 0.7554 | 51.38 | 64.53 | - |

6. The conversion was effected in accordance with the Uniform Filing Requirements (UFR), the RDWR, as amended and the methodology described in Article V of the DSOAR. It used in its calculations the information contained in the aforementioned Final Determination;
7. The Side Constraint Calculation for the Second Regulatory Period approved by the Commission is $CWI_t + SC_t$. The value of SC is twelve percent (12%) while CWI_{2015} was calculated at 4.15%. Thus, SC_{2015} is 16.15%;
8. It has determined that the resulting MAP₂₀₁₅ and the converted distribution rates from said MAP₂₀₁₅ would not result in the breach of the rates for all customer classes. The computation of Side Constraints per Customer Class pursuant to Section 6.4 of the RDWR, as amended, is as follows:

$$\frac{((FCR_{k,t} / FQ_{k,t}) - S_t) - ((CR_{k,t-1} / AQ_{k,t-1}) - S_{t-1})}{(CR_{k,t-1} / AQ_{k,t-1}) - S_{t-1}} \leq (CWI_t + SC_t)$$

$$\leq (4.15\% + 12\%)$$

$$\leq 16.15\%$$

| Customer Class | (FCR _{k,t} /FQ _{k,t}) - S _t | (CR _{k,t-1} /AQ _{k,t-1}) - S _{t-1} | % Increase | Status |
|------------------------------------|--|---|---------------|-------------------------|
| Residential | 1.4447 | 1.4486 | (0.27) | Within Side Constraints |
| Commercial | | | | |
| 13.8 kV | 0.8078 | 0.8316 | (2.86) | Within Side Constraints |
| 230 V | 0.8878 | 0.8800 | 0.89 | Within Side Constraints |
| Public Bldgs./Street Lights | | | | |
| 13.8 kV | 0.9585 | 1.3518 | (29.09) | Within Side Constraints |
| 230 V | 0.7841 | 0.8061 | (2.73) | Within Side Constraints |
| Hospitals/Radio Stations | | | | |
| 13.8 kV | 0.7981 | 1.0741 | (25.69) | Within Side Constraints |
| 230 V | 0.7694 | 0.7368 | 4.43 | Within Side Constraints |

9. In support of this application, it submits the following:

| Schedule | Information Provided |
|----------|--|
| A | Computation of the MAP for the Regulatory Year Ending September 30, 2015 |
| B | Computation of the Change in Weighted Index (CWI) |
| C | Computation of the Actual Weighted Average Tariff (AWAT) |
| D | Computation of the Differential Amount (DA) |
| E | Computation of the Correction Factor (K) |
| F | Computation of the S-Factor (S) |
| G | Annual Historical and Forecast Data |
| H | Side Constraint Testing |
| I | Side Constraint Simulations |
| J | Proposed Rates |
| K | Comparison of Proposed and Existing Rates |

10. The approval of this application will enable it to fulfill its obligations under the PBR to timely implement its capital expenditure program and operating and maintenance programs for the Fourth Regulatory Period, specifically, for RY2015 and to avoid deterioration of its services to the prejudice of its customers and the public; and

11. Thus, it prays that the Commission approve:

11.1 The recalculated MAP for the Fourth Regulatory Year 2015 in the amount of PhP1.0827/kWh; and

11.2 The distribution-related rate structure and rate schedule, as follows:

| Customer Class | Distribution | | Supply | Metering | |
|------------------------------------|--------------|-------------|-------------------|-------------------|-------------|
| | PhP/ kW | PhP/ kWh | PhP/ Cust./Mo. | PhP/ Cust./Mo. | PhP/ kWh |
| Residential | - | 1.0261 | 51.38 | 5.00 | 0.2150 |
| Commercial | | | | | |
| 13.8 kV | 70.10 | 51.33 | 51.38 | 75.78 | 0.0658 |
| 230 V | - | 0.7848 | 51.38 | 64.53 | - |
| Public Bldgs./Street Lights | | | | | |
| 13.8 kV | 89.77 | 0.3301 | 51.38 | 52.12 | 0.1606 |
| 230 V | - | 0.7466 | 51.38 | 64.13 | - |
| Hospitals/Radio Stations | | | | | |
| 13.8 kV | 174.68 | 0.3204 | 51.38 | 82.93 | 0.0824 |
| 230 V | - | 0.7554 | 51.38 | 64.53 | - |

Finding the said application to be sufficient in form and in substance with the required fees having been paid, the same is hereby set for initial hearing, expository presentation, pre-trial conference and evidentiary hearing on **August 27, 2015 (Thursday) at one o'clock in the afternoon (1:00 P.M.) at the Governor's Mansion, CPG Avenue, Tagbilaran City, Bohol.**

BLCI is hereby directed to cause the publication of the attached Notice of Public Hearing, at its own expense, twice (2x) for two (2) successive weeks in two (2) newspapers of general circulation in the Philippines, with the date of the last publication to be made not later than ten (10) days before the date of the scheduled initial hearing. It is also directed to inform the consumers within its franchise area, by any other means available and appropriate, of the filing of the instant application, its reasons therefor, and of the scheduled hearing thereon.

Let copies of the application, this Order and the attached Notice of Public Hearing be furnished the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress. They are hereby requested, if they so desire, to send their duly authorized representatives at the scheduled hearing.

Likewise, let copies of this Order and the attached Notice of Public Hearing be furnished the Offices of the Mayor of Tagbilaran City and the Provincial Governor of Bohol for the appropriate posting thereof on their respective bulletin boards.

BLCI is hereby directed to furnish all those making requests therefor with copies of the application and its attachments, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing and pre-trial conference, BLCI must submit to the Commission its written Compliance with the jurisdictional requirements attaching therewith, methodically arranged and duly marked, the evidences on the actual posting and publication of the Notice of Public Hearing consisting of certifications issued to that effect, signed by the afore-mentioned Mayor and Governor or their duly authorized representatives, bearing the seals of their offices, and the affidavits of the Editors or Business Managers of the newspapers where the said Notice of Public Hearing were published together with the complete issues of the said newspapers, and such other proofs of compliance with the requirements of the Commission.

BLCI and all other interested parties are directed to submit, at least five (5) days before the date of the initial hearing and pre-trial conference, their respective Pre-trial Briefs containing, among others:

- a. a summary of admitted facts and proposed stipulation of facts;
- b. the issues to be tried or resolved;
- c. the documents or exhibits to be presented, stating the purposes thereof and proposed markings therefore; and

- d. the number and names of the witnesses, with their written testimonies in an individual affidavit form, to be attached to the Pre-trial Brief.

Failure of BLCI to submit the required Pre-Trial Brief and Judicial Affidavits of its witnesses 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 said date of cancellation.

As part of the pre-trial conference, BLCI must also be prepared to make an expository presentation of its application, aided by whatever communication medium that it may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the customers and other concerned parties, what the application is all about and the reasons and justifications being cited in support of the rate adjustments prayed for.

SO ORDERED.

Pasig City, July 20, 2015.

FOR AND BY AUTHORITY
OF THE COMMISSION:



ALFREDO J. NON

Officer-In-Charge and Commissioner

Copy Furnished:

1. **Ancheta and Associates**
Counsel for BLCI
6th Floor, Vernida Building I, 120 Amorsolo St.,
Legazpi Village, Makati City
2. **Bohol Light Company, Incorporated (BLCI)**
R. Enerio St., Poblacion 3, Tagbilaran City, Bohol
3. **Office of the Solicitor General**
134 Amorsolo St., Legaspi Village, Makati City
4. **Commission on Audit**
Don Mariano Marcos Avenue, Diliman, Quezon City
5. **The Committee On Energy**
Senate of the Philippines
GSIS Building, Roxas Blvd., Pasay City
6. **The Committee On Energy**
House of Representatives
Batasan Hills, Quezon City
7. **Office of the Mayor**
Tagbilaran City
8. **Office of the Governor**
Province of Bohol
9. **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