

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



**IN THE MATTER OF THE  
APPLICATION FOR  
APPROVAL OF A RATE  
ADJUSTMENT IN  
ACCORDANCE WITH THE  
RULES GOVERNING THE  
TARIFF GLIDE PATH  
PURSUANT TO ARTICLE  
VII OF THE RULES FOR  
SETTING THE ELECTRIC  
COOPERATIVES'  
WHEELING RATES (RSEC-  
WR), WITH PRAYER FOR  
PROVISIONAL  
AUTHORITY,**

**ERC CASE NO. 2014-068 RC**

**BOHOL I ELECTRIC  
COOPERATIVE, INC.  
(BOHECO I),  
Applicant.**

**D O C K E T E D**  
Date: FEB 07 2017  
By: *[Signature]*

X-----X

**ORDER**

On 27 May 2014, Bohol I Electric Cooperative, Inc. (BOHECO I) filed an application dated 12 May 2014 seeking the Commission's approval of a rate adjustment in accordance with the rules governing the Tariff Glide Path pursuant to Article VII of the Rules of Setting the Electric Cooperatives Wheeling Rates (RSEC-WR), with prayer for provisional authority.

BOHECO I alleged the following in its Application:

1. Applicant is an electric cooperative duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at Brgy. Cabulijan, Tubigon, Bohol, represented herein by its General Manager, Engr. Dino Nicolas T. Roxas, duly authorized by virtue of Resolution No. 47-2014, Series of 2014 dated April 12, 2014

of the Board of Directors, copy of which is hereto attached and marked as Annex "A" and made an integral part hereof; The filing of the instant application is likewise authorized under the aforementioned Board Resolution;

2. It is the holder of an exclusive franchise issued by the National Electrification Commission (NEC) to operate an electric light and power distribution service in the municipalities of Alburquerque, Antequera, Baclayon, Balilihan, Batuan, Bilar, Calape, Carmen, Catigbian, Clarin, Corella, Cortes, Dausi, Dimiao, Inabanga, Lila, Loay, Loboc, Loon, Maribojoc, Panglao, Sagbayan, San Isidro, Sevilla, Sikatuna, and Tubigon Province of Bohol;

**THE APPLICATION AND ITS PURPOSE**

3. This application is filed in compliance with ERC Resolution No. 8, Series of 2011, pursuant to Section VII of Resolution No. 20, Series of 2009;

**FACTUAL ANTECEDENTS**

4. On January 11, 2010, the Commission, in its Decision in ERC Case No. 2009-098 RC granted BOHECO I the authority to implement the following tariffs on its Distribution, Supply and Metering (DSM) Charges, among others, to wit:

| Particulars                | Units            | Customer Type |             |                |
|----------------------------|------------------|---------------|-------------|----------------|
|                            |                  | Residential   | Low Voltage | Higher Voltage |
| Distribution Charges:      |                  |               |             |                |
| Demand Charges             | Php/kW           |               |             | 219.6800       |
| Distribution System Charge | Php/kWh          | 0.5782        | 0.7595      |                |
| Supply Charges:            |                  |               |             |                |
| Retail Customer Charges    | Php/Customer/Mo. |               | 42.9200     | 42.9200        |
| Supply System Charges      | Php/kWh          | 0.6001        |             |                |
| Metering Charges:          |                  |               |             |                |
| Retail Customer Charges    | Php/Meter/Mo.    | 5.0000        | 35.9400     | 35.9400        |
| Metering System Charges    | Php/kWh          | 0.4326        |             |                |
| MCC                        | PhP/kWh          | 0.2904        | 0.2904      | 0.2904         |

5. On May 2, 2011, the Commission promulgated the TGP Rules pursuant to Article VII of the RSEC-WR whereby during the Regulatory Period, the rate of the Electric Cooperatives (ECs) per group shall be adjusted using the following formula:

$$\text{Tariff} \times [1 + \text{Index "I"} - \text{Efficiency Factor "X"} + \text{Performance Incentive "S"}]$$

Wherein:

- a. The Index "I" shall be an escalation factor to be used in adjusting the rates to reflect the combined impact of inflation and load growth;
- b. There shall be an efficiency factor, "X", to account for the operational efficiency of the ECs in setting their rates; and
- c. There shall be a performance incentive, "S", which shall reward or penalize the EC for above or below standard performance, respectively;

The TGP is intended as a cap and the EC may move up to the cap, if it is a positive adjustment. If the cap is lower than the current average tariff, a reduction may be implemented.

6. The TGP is a rate adjustment mechanism which provides an opportunity for the ECs to adjust their rates once every three (3) years. The rate adjustments may occur at the start of the Fourth Year of the First Regulatory Period and every three (3) years thereafter;
7. Under the TGP, the Regulatory Period is six (6) years for each Entry Group. For the Second Entrant Group, which BOHECO I belongs, the First Regulatory Period is from January 1, 2012 to December 31, 2017;
8. Further under the TGP Rules, the concerned EC shall use the following formula in determining the TGP for the first to third years of the Regulatory Period, to wit:

$$TGPA = TGP_n + TGP_{n+1} + TGP_{n+2} \text{ Where}$$

$$TGP_n = I_n - X_n + S_n$$

N= the first year of the Regulatory Period and succeeding Regulatory Periods

Except that for the first two years of the First Regulatory Period, "X" will be equal to zero and thereafter shall not be less than zero. The TGP calculated for each of the three years will be summed to determine the possible rate adjustment starting on the Fourth Year of the current Regulatory Period.

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

|             | "I"   | "X"   | "S"   | TGP A  | TGP A<br>(excluding S) |
|-------------|-------|-------|-------|--------|------------------------|
| YEAR 2012   | 0.00% | 0.00% | 2.90% | 2.90%  | 0.00%                  |
| YEAR 2013   | 0.00% | 0.00% | 2.90% | 2.90%  | 0.00%                  |
| YEAR 2014   | 5.45% | 0.00% | 2.90% | 8.35%  | 5.45%                  |
| Net Results |       |       |       | 14.15% | 5.45%                  |

10. Applying the above values resulted in adjustments on the cooperative's DSM Rates, as follows:

10.1 WITH PERFORMANCE INCENTIVE "S"

|                              | Unit            | CUSTOMER TYPE |             |                |
|------------------------------|-----------------|---------------|-------------|----------------|
|                              |                 | Residential   | Low Voltage | Higher Voltage |
| <b>Distribution Charges:</b> |                 |               |             |                |
| Demand Charge                | PhP/kW          |               |             | 250.77         |
| Distribution System Charge   | PhP/kWh         | 0.6600        | 0.8670      |                |
| <b>Supply Charges</b>        |                 |               |             |                |
| Retail Customer Charge       | PhP/Customer/Mo |               | 48.99       | 48.99          |
| Supply System Charge         | PhP/kWh         | 0.6850        |             |                |
| <b>Metering Charges</b>      |                 |               |             |                |
| Retail Customer Charge       | PhP/Meter/Mo    | 5.71          | 41.03       | 41.03          |
| Metering System Charge       | PhP/kWh         | 0.4938        |             |                |

10.2 EXCLUDING PERFORMANCE INCENTIVE "S"

|                              | Unit            | CUSTOMER TYPE |             |                |
|------------------------------|-----------------|---------------|-------------|----------------|
|                              |                 | Residential   | Low Voltage | Higher Voltage |
| <b>Distribution Charges:</b> |                 |               |             |                |
| Demand Charge                | PhP/kW          |               |             | 231.66         |
| Distribution System Charge   | PhP/kWh         | 0.6097        | 0.8009      |                |
| <b>Supply Charges</b>        |                 |               |             |                |
| Retail Customer Charge       | PhP/Customer/Mo |               | 45.26       | 45.26          |
| Supply System Charge         | PhP/kWh         | 0.6328        |             |                |
| <b>Metering Charges</b>      |                 |               |             |                |
| Retail Customer Charge       | PhP/Meter/Mo    | 5.27          | 37.90       | 37.90          |
| Metering System Charge       | PhP/kWh         | 0.4562        |             |                |

11. Consequently, it prays that it be allowed to implement either of the above two (2) alternative calculated DSM rates, either provisionally during the pendency of the instant application or permanently by virtue of a final Decision, starting January 2015 and up to the next Regulatory Reset;

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

| Annex No. | Nature of Document   |
|-----------|--|
| A to A-2  | Proposed TGP Calculations and supporting documents using the prescribed templates: Index "I" Calculation<br>Efficiency Factor "X" Calculation<br>Performance Incentive "S" Calculation |
| B         | MFSR (Sections B and E)  |
| C         | Billing Determinants Template (kWh Sales, No. of Customers, kW Demand)   |
| D         | Sample Bills (per customer type)   |
| E         | Regional CPI   |
| F         | RFSC/Reinvestment Fund Utilization   |
| G         | Consumer Complaints  |
| H         | Audited Financial Statements   |

13. 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 No. | Nature of Document   |
|-----------|--|
| I         | Judicial Affidavit in Support of the Prayer for Provisional Authority.   |
| J to J-26 | Proof of furnishing copies of the Application to the Sangguniang Bayan within the franchise area of BOHECO I and the Sangguniang Panlalawigan of Bohol.            |
| K to K-2  | Publication of the Application in a newspaper of general circulation in BOHECO I's franchise area or where it principally operates, with Affidavit of Publication. |

**PRAYER**

**WHEREFORE**, premises considered, it is respectfully prayed of this Honorable Commission and pending evaluation of the instant application or after due notice and hearing, as the case may be, BOHECO I be allowed to implement either of the following two (2) alternative proposed new rates for its Distribution, Supply and Metering (DSM) Charges, starting January 2015 and up to December 2017 as shown below:

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

|                              | Unit            | CUSTOMER TYPE |             |                |
|------------------------------|-----------------|---------------|-------------|----------------|
|                              |                 | Residential   | Low Voltage | Higher Voltage |
| <b>Distribution Charges:</b> |                 |               |             |                |
| Demand Charges               | PhP/kW          |               |             | 250.77         |
| Distribution System Charge   | PhP/kWh         | 0.6600        | 0.8670      |                |
| <b>Supply Charges</b>        |                 |               |             |                |
| Retail Customer Charge       | PhP/Customer/Mo |               | 48.99       | 48.99          |
| Supply System Charge         | PhP/kWh         | 0.6850        |             |                |
| <b>Metering Charges</b>      |                 |               |             |                |
| Retail Customer Charge       | PhP/Meter/Mo    | 5.71          | 41.03       | 41.03          |
| Metering System Charge       | PhP/kWh         | 0.4938        |             |                |

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

|                              | Unit            | CUSTOMER TYPE |             |                |
|------------------------------|-----------------|---------------|-------------|----------------|
|                              |                 | Residential   | Low Voltage | Higher Voltage |
| <b>Distribution Charges:</b> |                 |               |             |                |
| Demand Charges               | PhP/kW          |               |             | 231.66         |
| Distribution System Charge   | PhP/kWh         | 0.6097        | 0.8009      |                |
| <b>Supply Charges</b>        |                 |               |             |                |
| Retail Customer Charge       | PhP/Customer/Mo |               | 45.26       | 45.26          |
| Supply System Charge         | PhP/kWh         | 0.6328        |             |                |
| <b>Metering Charges</b>      |                 |               |             |                |
| Retail Customer Charge       | PhP/Meter/Mo    | 5.27          | 37.90       | 37.90          |
| Metering System Charge       | PhP/kWh         | 0.4562        |             |                |

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

Finding the said Application sufficient in substance with the required fees having been paid, the instant Application is hereby set for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on **15 March 2017 (Wednesday) at ten o'clock in the morning (10:00 A.M.) at BOHECO I's principal office in Brgy. Cabulijan, Tubigon, Bohol.**

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

On the date of the initial hearing, Applicant 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 Applicant to inform of the filing of the *Application*, its reasons therefor, and of the scheduled hearing thereon, the consumers within the affected franchise area;
- 4) The evidence of receipt of copies of this Order and the attached Notice of Public Hearing by the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress;
- 5) The evidence of receipt of copies of the *Application* and its attachments by all those making requests therefor, if any; and
- 6) Such other proofs of compliance with the requirements of the Commission.

Applicant BOHECO I 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 BOHECO I 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.



BOHECO I must also be prepared to make an expository presentation of the instant *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 consumers and other concerned parties, what the *Application* is all about and the reasons and justifications being cited in support thereof.

**SO ORDERED.**

Pasig City, 24 January 2017.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

**JOSE VICENTE B. SALAZAR**  
*Chairman and CEO*

**ERC**

Office of the Chairman and CEO



\*B-2017-007-OC-00001\*

LS: psj/par/apv

Copy furnished:

1. Atty. Elmer Salus B. Pozon  
*Counsel for Applicant BOHECO I*  
315 Jose Dual St. Poon Or.,  
Tubigon, Bohol
2. Bohol I Electric Cooperative, Inc. (BOHECO I)  
*Applicant*  
Brgy. Cabulijan, Tubigon, Bohol 6329
3. Office of the Solicitor General  
134 Amorsolo Street, Legaspi Village  
Makati City 1229
4. Commission on Audit  
Commonwealth Avenue, Quezon City 1121
5. Senate Committee on Energy  
GSIS Building, Roxas Boulevard, Pasay City 1308
6. House Committee on Energy  
Batasan Hills, Quezon City 1126

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7. Office of the Provincial Governor  
Province of Bohol 6300
8. Office of the LGU Legislative Body  
Province of Bohol 6300
9. Office of the Municipal Mayor  
Alburquerque, Bohol 6302
10. Office of the LGU Legislative Body  
Alburquerque, Bohol 6302
11. Office of the Municipal Mayor  
Antequera, Bohol 6335
12. Office of the LGU Legislative Body  
Antequera, Bohol 6335
13. Office of the Municipal Mayor  
Baclayon, Bohol 6301
14. Office of the LGU Legislative Body  
Baclayon, Bohol 6301
15. Office of the Municipal Mayor  
Balilihan, Bohol 6342
16. Office of the LGU Legislative Body  
Balilihan, Bohol 6342
17. Office of the Municipal Mayor  
Batuan, Bohol 6318
18. Office of the LGU Legislative Body  
Batuan, Bohol 6218
19. Office of the Municipal Mayor  
Bilar, Bohol 6317
20. Office of the LGU Legislative Body  
Bilar, Bohol 6317
21. Office of the Municipal Mayor  
Calape, Bohol 6328
22. Office of the LGU Legislative Body  
Calape, Bohol 6328
23. Office of the Municipal Mayor  
Carmen, Bohol 6319
24. Office of the LGU Legislative Body  
Carmen, Bohol 6319
25. Office of the Municipal Mayor  
Catigbian, Bohol 6343
26. Office of the LGU Legislative Body  
Catigbian, Bohol 6343

27. Office of the Municipal Mayor  
Clarín, Bohol 6330
28. Office of the LGU Legislative Body  
Clarín, Bohol 6330
29. Office of the Municipal Mayor  
Corella, Bohol 6337
30. Office of the LGU Legislative Body  
Corella, Bohol 6337
31. Office of the Municipal Mayor  
Cortés, Bohol 6341
32. Office of the LGU Legislative Body  
Cortés, Bohol 6341
33. Office of the Municipal Mayor  
Dauis, Bohol 6339
34. Office of the LGU Legislative Body  
Dauis, Bohol 6339
35. Office of the Municipal Mayor  
Dimiao, Bohol 6305
36. Office of the LGU Legislative Body  
Dimiao, Bohol 6305
37. Office of the Municipal Mayor  
Inabanga, Bohol 6332
38. Office of the LGU Legislative Body  
Inabanga, Bohol 6332
39. Office of the Municipal Mayor  
Lila, Bohol 6304
40. Office of the LGU Legislative Body  
Lila, Bohol 6304
41. Office of the City Mayor  
Loay, Bohol 6303
42. Office of the LGU Legislative Body  
Loay, Bohol 6303
43. Office of the Municipal Mayor  
Loboc, Bohol 6316
44. Office of the LGU Legislative Body  
Loboc, Bohol 6316
45. Office of the Municipal Mayor  
Loon, Bohol 6327
46. Office of the LGU Legislative Body

Loon, Bohol 6327

47. Office of the Municipal Mayor  
Maribojoc, Bohol 6336
48. Office of the LGU Legislative Body  
Maribojoc, Bohol 6336
49. Office of the Municipal Mayor  
Panglao, Bohol 6340
50. Office of the LGU Legislative Body  
Panglao, Bohol 6340
51. Office of the Municipal Mayor  
Sagbayan, Bohol 6331
52. Office of the LGU Legislative Body  
Sagbayan, Bohol 6331
53. Office of the Municipal Mayor  
San Isidro, Bohol 6345
54. Office of the LGU Legislative Body  
San Isidro, Bohol 6345
55. Office of the Municipal Mayor  
Sevilla, Bohol 6347
56. Office of the LGU Legislative Body  
Sevilla, Bohol 6347
57. Office of the Municipal Mayor  
Sikatuna, Bohol 6338
58. Office of the LGU Legislative Body  
Sikatuna, Bohol 6338
59. Office of the Municipal Mayor  
Tubigon Bohol 6329
60. Office of the LGU Legislative Body  
Tubigon Bohol 6329
61. Philippine Chamber of Commerce and Industry  
3rd Floor, Commerce and Industry Plaza,  
1030, Campus Avenue, Fort Bonifacio, Taguig, 1634
62. Regulatory Operations Service  
Energy Regulatory Commission  
17<sup>th</sup> Floor, Pacific Center Building,  
San Miguel Avenue, Ortigas Center 1600,  
Pasig City