

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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DOCKETED
Date: AUG 03 2015
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NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that 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:

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

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

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

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 $CW_t + SC_t$. The value of SC is twelve percent (12%) while CW_{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	-

The Commission has set the application 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.**

All persons who have an interest in the subject matter of the proceeding may become a party by filing, at least five (5) days prior to the initial hearing and subject to the requirements in the ERC's Rules of Practice and Procedure, a verified petition with the Commission giving the docket number and title of the proceeding and stating: (1) the petitioner's name and address; (2) the nature of 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 proceeding may file their opposition to the application or comment thereon at any stage of the proceeding before the applicant concludes the presentation of its evidence. No particular form of opposition or comment is required, but the document, letter or writing should contain the name and address of such person and a concise statement of the opposition or comment and the grounds relied upon.

All such persons who may wish to have a copy of the application may request the applicant, prior to the date of the initial hearing, that they be furnished with a copy of the application. The applicant is hereby directed to furnish all those making such request with copies of the application and its attachments, subject to reimbursement of reasonable photocopying costs. Likewise, any such person may examine the application and other pertinent records filed with the Commission during the usual office hours.

WITNESS, the Honorable Commissioners, **ALFREDO J. NON**, **GLORIA VICTORIA C. YAP-TARUC**, **JOSEFINA PATRICIA A. MAGPALE-ASIRIT**, and **GERONIMO D. STA. ANA**, Energy Regulatory Commission, this 20th day of July, 2015 at Pasig City.


ATTY. FRANCIS SATURNINO C. JUAN
Executive Director III