

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: W

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NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that 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,

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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 aforecited 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, Dausis, 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:

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

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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 (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:

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a. WITH PERFORMANCE INCENTIVE "S"

	Unit	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/kW			250.77
Distribution System Charge	PhP/kWh	0.6600	0.8670	
Supply Charges				
Retail Customer Charge	PhP/Customer/Mo		48.99	48.99
Supply System Charge	PhP/kWh	0.6850		
Metering Charges				
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
Distribution Charges:				
Demand Charge	PhP/kW			231.66
Distribution System Charge	PhP/kWh	0.6097	0.8009	
Supply Charges				
Retail Customer Charge	PhP/Customer/Mo		45.26	45.26
Supply System Charge	PhP/kWh	0.6328		
Metering Charges				
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 Efficiency Factor "X" Calculation Performance Incentive "S" Calculation
B	MFSR (Sections B and E)

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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
Distribution Charges:				
Demand Charges	PhP/kW			250.77
Distribution System Charge	PhP/kWh	0.6600	0.8670	
Supply Charges				
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Metering Charges				
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.

The Commission has set the *Application* 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.**

All persons who have an interest in the subject matter of the instant case may become a party by filing with the Commission a verified Petition to Intervene at least five (5) days prior to the initial hearing and subject to the requirements under Rule 9 of the 2006 Rules of Practice and Procedure, indicating therein the docket number and title of the case and stating the following:

- 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 case may file

their Opposition or Comment thereon at any stage of the proceeding before Applicant rest its case, subject to the requirements under Rule 9 of the 2006 Rules of Practice and Procedure. No particular form of Opposition or Comment is required, but the document, letter, or writing should contain the following:

- 1) The name and address of such person;
- 2) A concise statement of the Opposition or Comment; and
- 3) The grounds relied upon.

All such persons who wish to have a copy of the *Application* may request from Applicant that they be furnished with the same, prior to the date of the initial hearing. Applicant is hereby directed to furnish all those making such request with copies of the *Application* and its attachments, subject to the reimbursement of reasonable photocopying costs. Any such person may likewise examine the *Application* and other pertinent records filed with the Commission during the standard office hours.

WITNESS, the Honorable Chairman **JOSE VICENTE B. SALAZAR**, and 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 24th day of January 2017 in Pasig City.


ATTY. NATHAN J. MARASIGAN
Chief of Staff
Office of the Chairman and CEO


LS: [Signature] / PAR / APV