

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

**IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF ADJUSTMENT
IN RATES UNDER THE RULES
FOR SETTING ELECTRIC
COOPERATIVES' WHEELING
RATES (RSEC-WR) WITH
PRAYER FOR PROVISIONAL
AUTHORITY**

ERC CASE NO. 2009- 098 RC

**BOHOL 1 ELECTRIC
COOPERATIVE, Inc.
(BOHECO 1)**

Applicant.

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A P P L I C A T I O N

COMES NOW, applicant BOHOL I ELECTRIC COOPERATIVE, INC. (BOHECO 1 for brevity), through the undersigned counsel, and unto this Honorable Commission, most respectfully states:

1. BOHECO 1 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 Maca-as, Tubigon, Bohol, where it may be served with summons and other legal processes, represented in this instance by its General Manager, Engr. Carlos B. Itable, of legal age, Filipino and with office address also at the BOHECO 1 Office.

2. Herein applicant is the exclusive franchise holder issued by the National Electrification Administration (NEA) to operate an electric light and power services in the cities/municipalities of the Province of Bohol, namely: Alburquerque, Antequera, Baclayon, Balilihan, Batuan, Bilar, Calape, Carmen, Catigbian, Clarin, Corella, Cortes, Daus, Dimiao, Inabanga, Loay, Lila, Loboc, Loon, Maribojoc, Panglao, Sagbayan, San Isidro, Sevilla, Sikatuna and Tubigon;

3. Section 43(f) of Republic Act No. 9136, otherwise known as the “Electric Power Industry Reform Act of 2001” (EPIRA) and Section 5 (a), Rule 15 of its Implementing Rules and Regulations (IRR) authorizes the ERC to establish a methodology for setting distribution wheeling rates;

4. By virtue of said authority, as early as 2006 the ERC embarked on a process to establish a new rate setting methodology for determining electric cooperatives’ (ECs) rates;

5. From 2006 to 2009, the ERC conducted several public consultations with the industry stakeholders to discuss the details of the new regulatory framework for fixing the electric cooperatives’ wheeling rates;

6. BOHECO 1 participated in the abovementioned public consultations, and it submitted data/documents required by the ERC during the drafting of the said rules;

7. Said regulatory framework is embodied in a document denominated as the *Rules for Setting the Electric Cooperatives’ Wheeling Rates* (RSEC-WR);

8. The regulatory framework as embodied in the RSEC-WR seeks to develop a regulatory regime that encourages efficiency in the operations of the ECs and provides incentives for their good performance, from a regulatory perspective, the framework seeks to develop a regime that eases regulatory burden and can be easily implemented and monitored;

9. On May 2, 2009, BOHECO 1’s Board of Directors passed Board Resolution No. 51, imploring upon the ERC to implement the new rate setting methodology embodied in the RSEC-WR;

10. After holding another round of public consultations nationwide, particularly in the localities wherein the electric cooperatives operate, the ERC issued the RSEC-WR on and the same was published in Manila Bulletin on September 24, 2009;

11. Under the RSEC-WR, BOHECO 1 was categorized under Group “E”;

12. As a Group “E” EC, BOHECO 1’s determined Operating Revenue Requirement (ORR) per kWh as determined based on the methodology embodied in the RSEC-WR is PhP 1.3200;

13. Further, BOHECO 1 is required to implement a new customer class, as follows:

Table 1. Existing Customer Class and New Customer Class

EXISTING CUSTOMERS	NEW CUSTOMER SEGMENTATION
Residential – Mainland	Residential Customers
Residential – Cabilao	
Residential – Island Barangays	
Commercial – Small	Low Voltage Customers
Commercial – Large	
Public Buildings	
Street Lights	
Industrial	Higher Voltage Customers

14. After functionalizing and allocating its ORR and using the new customer class, BOHECO 1's initial Distribution, Supply and Metering (DSM) rate caps are as follows:

Table 2. Initial DSM Rate Caps Per Customer Class

INITIAL TARIFF CAP	D		
		S	M
Residential: Per kWh Per Month	0.5782	0.6001	0.4326 5.00
Low Voltage: Per kWh Per Month	0.7595	42.92	35.94
Higher Voltage: Per Kw Per Month	219.68	42.92	35.94

15. As a Group "E" EC, BOHECO 1 is also authorized to collect a Member's Contribution for Capital Expenditure Rate in the amount of PhP 0.2904/kWh;

16. Considering the abovementioned rates, BOHECO 1's rate caps would be as follows: 1.) DSM – P 1.3200; and 2.) MCC – 0.2904;

17. BOHECO 1 intends to move to the rate caps during the transition period as follows:

Table 3. Proposed Transition Rates

E Name: BOHECO 1				
	Rates Billed			
	Current	Start of Transition	End of Year one	End of Transition
Percentage increase	1.0000	0.3333	0.3333	0.3333
RESIDENTIAL				
Cust. Type: Residential				
Distribution (kWh)	1.5334	1.2150	0.8966	0.5782
Supply (kWh)	0.2531	0.3688	0.4844	0.6001
Metering (Customer)	5.0000	5.0000	5.0000	5.0000
Metering (kWh)	0.4252	0.4277	0.4301	0.4326
Members Contribution for Capital				
Expenditures		0.2904	0.2904	0.2904
Final Loan Condo (kWh)	(0.2333)			
Cust. Type: Residential - Cabilao/Island				
Distribution (kWh)	1.5334	1.2150	0.8966	0.5782
Supply (kWh)	0.2531	0.3688	0.4844	0.6001
Metering (Customer)	5.0000	5.0000	5.0000	5.0000
Metering (kWh)	0.4252	0.4277	0.4301	0.4326
Members Contribution for Capital				
Expenditures		0.2904	0.2904	0.2904
Final Loan Condo (kWh)	(0.2333)			
SUB-TOTAL				
LOW VOLTAGE				
Cust. Type: Commercial - Small				
Distribution (kWh)	1.1909	1.0471	0.9033	0.7595
Distribution (kW)	-	-	-	-
Supply (kWh)	-	-	-	-
Supply (Customer)	12.0800	22.3601	32.6402	42.9203
Metering (Customer)	31.0300	32.6677	34.3054	35.9431
Metering (kWh)	-	-	-	-
Members Contribution for Capital				
Expenditures		0.2904	0.2904	0.2904
Final Loan Condo (kWh)	(0.1558)			
Final Loan Condo (customer)	(0.9308)			
Cust. Type: Commercial - Large				
Distribution (kWh)	1.0255	0.9368	0.8482	0.7595
Distribution (kW)	16.5000	11.0000	5.5000	
Supply (kWh)	-	-	-	-
Supply (Customer)	12.3000	22.5068	32.7135	42.9203
Metering (Customer)	80.4300	65.6010	50.7720	35.9431
Metering (kWh)	-	-	-	-
Members Contribution for Capital				
Expenditures		0.2904	0.2904	0.2904
Final Loan Condo (kWh)	(0.1345)			
Final Loan Condo (customer)	(0.9581)			

Cust. Type: Public Building				
Distribution (kWh)	0.8646	0.8296	0.7945	0.7595
Distribution (kW)	-	-	-	
Supply (kWh)	-	-	-	
Supply (Customer)	12.3000	22.5068	32.7135	42.9203
Metering (Customer)	31.7700	33.1610	34.5520	35.9431
Metering (kWh)	-	-	-	
Members Contribution for Capital				
Expenditures		0.2904	0.2904	0.2904
Final Loan Condo (kWh)	(0.1029)			
Final Loan Condo (customer)	(0.9581)			
Cust. Type: Street Lights				
Distribution (kWh)	2.3220	1.8012	1.2803	0.7595
Distribution (kW)	-	-	-	
Supply (kWh)	-	-	-	
Supply (Customer)	5.1300	17.7268	30.3235	42.9203
Metering (Customer)	33.2100	34.1210	35.0320	35.9431
Metering (kWh)	-	-	-	
Members Contribution for Capital				
Expenditures		0.2904	0.2904	0.2904
Final Loan Condo (kWh)	(0.2696)			
Final Loan Condo (customer)	(0.0785)			
SUB-TOTAL				
HIGHER VOLTAGE				
Cust. Type: Industrial				
Distribution (kWh)	-	-	-	
Distribution (kW)	16.5000	84.2269	151.9538	219.6807
Supply (kWh)	-	-	-	
Supply (Customer)	10.7400	21.4668	32.1935	42.9203
Metering (Customer)	370.0600	258.6877	147.3154	35.9431
Metering (kWh)	-	-	-	
Members Contribution for Capital				
Expenditures		0.2904	0.2904	0.2904
Final Loan Condo (kWh)	(0.1727)			
Final Loan Condo (customer)	(0.7664)			

18. BOHECO I submits that the implementation of the proposed rates would be to the best interest of its consumers as this will encourage the cooperative to develop efficiency and achieve self-reliance and financial independence, and be able to comply with the mandate of the EPIRA to deliver more reliable, efficient, safe and quality service to its consumers. It has chosen to implement the proposed rates during the Transition Period in the foregoing manner to mitigate the impact both on the cooperative as well as its customers especially on the Distribution, Supply and Metering charges which showed positive and a negative effect from the existing rates;

19. BOHECO 1 has duly complied with the pre-filing requirements by furnishing copies of the Application together with its supporting annexes and accompanying documents to the Sangguniang Panlalawigan of Bohol and the Sangguniang Bayan of Tubigon and published the Application in its entirety in a newspaper of general circulation in the Province of Bohol.

20. Attached and made integral parts of this application are the following supporting documents and annexes, to wit:

- a. Board Resolution authorizing the filing of the instant application;
- b. Board Resolution imploring the ERC to implement the RSEC-WR;
- c. Local publication of the application with Affidavit of Publication;
- d. Certifications of the concerned local Sangunians;
- e. Completed RSEC-WR UFR Model;
- f. Completed Transition Model;
- g. Working papers on details and explanations;
- h. 2008 Audited Financial Statement;
- i. Billing Determinants & Customer Class Allocation; and
- j. Current Statement of Account.

PRAYER

WHEREFORE, foregoing premises considered, it is most respectfully prayed of this Honorable Commission, after due notice and hearing, to approve the new rate schedule for applicant BOHECO 1, as follows:

TYPE OF CUSTOMERS	UNITS	RATE DESIGN		
		D	S	M
Residential	PhP/kWh	0.5782	0.6001	0.4326
	PhP/Cust/Mo			5.00
CAPEX	PhP/kWh	0.2904		
Low Voltage	PhP/kWh	0.7595		

	PhP/Cust/Mo		42.92	35.94
CAPEX	PhP/kWh	0.2904		
Higher Voltage	PhP/kW	219.68		
	PhP/Cust/Mo		42.92	35.94
CAPEX	PhP/kWh	0.2904		

It is further prayed, that applicant be provisionally authorized to implement the said rates pending hearing and final evaluation of the application by the Honorable Commission.

It is further prayed, that applicant be provisionally authorized to implement the said rates pending hearing and final evaluation of the application by the Honorable Commission.

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

Pasig City, Metro Manila, 21 October 2009.

DECHAVEZ SAGAYO & LERIOS-AMBOY
LAW OFFICES
Counsel for BOHECO I
Units 1609-1610 Tycoon Centre
Pearl Drive, Ortigas Center, Pasig City, Metro Manila

By:

DITAS A. LERIOS-AMBOY
Roll No. 40628
PTR No. 5098945, Jan 5, 2009 Pasig
IBP No. 767996, Jan 5, 2009 Rizal
MCLE Compliance II Cert. No. 0003158 Feb. 28, 2008

Republic of the Philippines)
) Ss.

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

I, **ENGR. CARLOS B. ITABLE**, of legal age, Filipino and with office address at the Main Office of Bohol I Electric Cooperative, Inc. (BOHECO I), Maca-as, Tubigon, Bohol, after being sworn to according to law, depose and state that:

1. I am the General Manager of the Bohol I Electric Cooperative, Inc. (BOHECO 1);

2. I caused the preparation and filing of the foregoing Application; have read the allegations contained therein, and certify that the same are true and correct based on my personal knowledge and on authentic records of BOHECO I;

3. BOHECO I has not heretofore commenced any other action or proceedings involving the same issues and parties before any court, 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 proceeding has been filed or is pending, I undertake to report such fact to this Honorable Commission, within five (5) days therefrom.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of October, 2009 at _____.

ENGR. CARLOS B. ITABLE
Affiant

SUBSCRIBED AND SWORN to before me in _____, this ____ day of October 2009 by the affiant who exhibited to me his _____

Notary Public

Doc. No. ;
Page No. ;
Book No. ;

Series of 2009.