

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

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

ERC CASE NO. 2009-080RC

BOHOL II ELECTRIC
COOPERATIVE, Inc. (BOHECO
II)

Applicant.

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A P P L I C A T I O N

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

1. BOHECO II 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 Cantagay, Jagna, Bohol, where it may be served with summons and other legal processes, represented in this instance by its General Manager, CARLOS B. ITABLE, of legal age, Filipino and with office address also at BOHECO II 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: Valencia, Garcia Hernandez, Jagna, Duero, Guindulman, Anda, Candijay, Mabini, Alicia, Ubay, Pres. Garcia Island Pilar, Sierra Bullones, Trinidad,

Bien Unido, Dagohoy, San Miguel, Danao, Talibon, Getafe and Buenavista;

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) authorize 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 II participated in the abovementioned public consultations, it likewise submitted data/documents required by the ERC during the drafting of the said rules;
7. Said regulatory framework is now embodied in 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 April 19, 2009, BOHECO II Board of Director’s passed Board Resolution No. 060 A - 2009, 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 where the electric cooperatives operate, the ERC issued the final RSEC-WR on September 22, 2009 and the same was published in the Manila Bulletin on September 24, 2009;
11. Under the RSEC-WR, BOHECO II is categorized under Group “C”;

12. As a Group “C” EC, BOHECO II’s Operating Revenue Requirement (ORR) per kWh as determined based on the methodology embodied in the RSEC-WR, is PhP 1.680000;

13. Further, BOHECO II 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	Residential Customers
BAPA	
Commercial	Low Voltage Customers
Industrial	
Public Building	
Street Lights	
Commercial	Higher Voltage Customers
Industrial	

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

Table 2. Initial DSM Rate Caps Per Customer Class

GROUP C	Residential		Low Voltage		Higher Voltage	
	PhP/kWh	PhP/meter/mo.	PhP/kWh	PhP/Cust/Mo	PhP/kWh	PhP/Cust/mo
Distribution	0.7004		0.7493		213.96	
Supply	0.7156			34.05		34.05
Metering	0.5236	5.0000		29.91		29.91

15. As a Group “C” EC, BOHECO II is also authorized to collect a Member’s Contribution for Capital Expenditure Rate in the amount of PhP.3696/kWh;

16. Considering the abovementioned rates, BOHECO’s rate caps would be

GROUP C	Residential		Low Voltage		Higher Voltage		
	PhP/kWh	PhP/meter/mo.	PhP/kWh	PhP/Cust/Mo	PhP/kWh	PhP/kWh	PhP/Cust/mo
Distribution	0.7004		0.7493		213.96		
Supply	0.7156			34.05			34.05
Metering	0.5236	5.0000		29.91			29.91
Member’s Contribution for CAPEX	0.3696		0.3696			0.3696	

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

Table 3. Proposed Transition Rates

GOUP C BOHECO II		Rates Billed			
		Current	Start of Transition	End of Year one	End of Transition
Percentage increase		1.6667	.3333	.3333	1.000
RESIDENTIAL					
Cust. Type: Residential					
Distribution (kWh)	1.4790	1.2195	0.9599	0.7004	
Supply (kWh)	0.4521	0.5399	0.6277	0.7156	
Metering (Customer)	5.0000	5.0000	5.0000	5.0000	
Metering (kWh)	0.2311	0.3286	0.4261	0.5236	
Members Contribution for Capital Expenditures		0.1232	0.2464	0.3696	
Final Loan Condo (kWh)	(0.5105)				
LOW VOLTAGE					
Cust. Type: Commercial					
Distribution (kWh)	1.0977	0.9816	0.8654	0.7493	
Distribution (kW)		-	-		
Supply (kWh)		-	-		
Supply (Customer)	21.2200	25.4951	29.7703	34.0454	
Metering (Customer)	13.5800	19.0239	24.4677	29.9116	
Metering (kWh)		-	-		
Members Contribution for Capital Expenditures		0.1232	0.2464	0.3696	
Final Loan Condo (kWh)	(0.3398)				
Final Loan Condo (customer)	(0.8920)				

Cust. Type: Industrial				
Distribution (kWh)	0.9600	0.8898	0.8195	0.7493
Distribution (kW)	60.0500	40.0333	20.0167	
Supply (kWh)		-	-	
Supply (Customer)	27.4800	29.6685	31.8569	34.0454
Metering (Customer)	13.5800	19.0239	24.4677	29.9116
Metering (kWh)		-	-	
Members Contribution for Capital Expenditures		0.1232	0.2464	0.3696
Final Loan Condo (kWh)	(0.3120)			
Final Loan Condo (customer)	(0.8910)			
Cust. Type: Public Building				
Distribution (kWh)	1.0975	0.9814	0.8654	0.7493
Distribution (kW)		-	-	
Supply (kWh)		-	-	
Supply (Customer)	21.2300	25.5018	29.7736	34.0454
Metering (Customer)	12.9200	18.5839	24.2477	29.9116
Metering (kWh)		-	-	
Members Contribution for Capital Expenditures		0.1232	0.2464	0.3696
Final Loan Condo (kWh)	(0.3398)			
Final Loan Condo (customer)	(0.8875)			
Cust. Type: Street Lights				
Distribution (kWh)	1.0579	0.9550	0.8522	0.7493
Distribution (kW)		-	-	
Supply (kWh)		-	-	
Supply (Customer)	21.1200	25.4285	29.7369	34.0454
Metering (Customer)	10.8600	17.2105	23.5610	29.9116
Metering (kWh)		-	-	
Members Contribution for Capital Expenditures		0.1232	0.2464	0.3696
Final Loan Condo (kWh)	(0.2866)			
Final Loan Condo (customer)	(0.8735)			

HIGHER VOLTAGE				
Cust. Type: Industrial				
Distribution (kWh)	0.9600	-	-	
Distribution (kW)	46.3900	111.3535	162.6569	213.9604
Supply (kWh)		-	-	
Supply (Customer)	27.4800	29.6685	31.8569	34.0454
Metering (Customer)	13.5800	19.0239	24.4677	29.9116
Metering (kWh)		-	-	
Members Contribution for Capital Expenditures		0.1232	0.2464	0.3696
Final Loan Condo (kWh)	(0.3120)			
Final Loan Condo (customer)	(0.8910)			

18. BOHECO II is applying for the implementation of the proposed rates as it strongly believes that this shall pave the way to its developing efficiency and eventually achieve self-reliance and financial independence. The proposed manner of implementation of the said rates during the transition period was chosen to lessen the effect of the adjustment towards the initial tariff. .
19. BOHECO II 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 Jagna**, and published the Application in its entirety in a newspaper of general circulation in the Province of Bohol.
20. In support of this application, following documents and annexes are attached and made integral parts hereof, 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 Sanggunians;
 - 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

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 II, as follows:

TYPE OF CUSTOMERS	UNITS	RATE DESIGN		
		D	S	M
Residential	PhP/kWh	0.7004	0.7156	0.5236
	PhP/Cust/Mo			5.00
CAPEX	PhP/kWh	0.3696		
>220V	PhP/kWh	0.7493		
	PhP/Cust/Mo		34.05	29.91
CAPEX	PhP/kWh	0.3696		
<220V Three Phase	PhP/kWh	213.96		
	PhP/Cust/Mo		34.05	29.91
CAPEX	PhP/kWh	0.3696		

It is further prayed that applicant be provisionally authorized to implement the above 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, 12 October 2009.

DECHAVEZ SAGAYO & LERIOS AMBOY
LAW OFFICES
Counsel for BOHECO II
 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)
Province of Bohol) Ss.
City of Tagbilaran

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

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

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

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 II;

3. BOHECO II 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 16th day of October, 2009 at Tagbilaran City.

CARLOS B. ITABLE
Affiant

SUBSCRIBED AND SWORN to before me in Tagbilaran City, this 16th day of October 2009 by the affiant who exhibited to me his SSS ID no. 03-2214589-2.

Notary Public

Doc . No. ;
Page No. ;
Book No. ;
Series of 2009.