

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



**IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF ITS TARIFF
GLIDE PATH
ADJUSTMENT FOR THE
REGULATORY YEARS
FROM 01 JANUARY 2016
TO 31 DECEMBER 2018,**

ERC CASE NO. 2015-084 RC

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

X-----X

D O C K E T E D
Date: JUL 25 2017
By: [Signature]

ORDER

On 27 March 2017, Bohol II Electric Cooperative, Inc. (BOHECO II) filed an *Amended Application* dated 21 March 2017 for approval of its Tariff Glide Path (TGP) adjustment for the regulatory years from 01 January 2016 to 31 December 2018.

BOHECO II alleged the following in its *Amended Application*:

1. BOHECO II is an electric cooperative duly organized and existing under Philippine law, with principal office address at Cantagay, Jagna, Bohol; franchised to construct, own, operate and maintain an electric distribution system in the municipalities of Alicia, Anda, Bien Unido, Buenavista, Candijay, Carlos P. Garcia Island, Dagohoy, Danao, Duero, Garcia Hernandez, Getafe, Guindulman, Jagna, Mabini, Pilar, San Miguel, Sierra Bullones, Talibon, Trinidad, Ubay and Valencia, all in the Province of Bohol. Its General Manager is Engr. Eugenio R. Tan.
2. BOHECO II belongs to the 3rd Entrant Group under the 1st Regulatory Period of the Rules for Setting the Electric Cooperatives' Wheeling Rates (RSEC-WR).

3. Article VII of the RSEC-WR provided for the Tariff Glide Path (TGP) whereby the rate of the Electric Cooperative (EC) per group during the Regulatory Period shall be adjusted using the following formula:

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

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; the *Efficiency Factor "X"* is to account for the operational efficiency of the EC in setting its rates; and the *Performance Incentive "S"* shall reward or penalize the EC for its performance above or below standard performance.

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 must be implemented.

4. In consideration of the foregoing premises, BOHECO II calculated its values for "I", "X" and "S" in accordance with the TGP Rules and came up with the following values:

	"I"	"X"	"S"	TGP A	TGP A (excluding S)
YEAR 2013	0.00%	0.00%	2.30%	2.30%	0.00%
YEAR 2014	3.07%	0.00%	2.30%	5.37%	3.07%
YEAR 2015	0.00%	4.86%	2.30%	-2.56%	-4.86%
TOTAL				5.11%	-1.79%

5. BOHECO II calculated its 1st tariff glide path adjustment for the regulatory years from 01 January 2016 to 31 December 2018 and came up with the following rates:

TYPE OF CONSUMER	PARTICULARS	UNIT	RATE@END OF THE TRANSITION PERIOD (Php/kWh)	RATE @ 1 ST TARIFF GLIDE PATH ADJUSTMENT (Php/kWh)	RATE @ 1 ST TARIFF GLIDE PATH ADJUSTMENT EXCLUDING "S" (Php/kWh)
RESIDENTIAL	DISTRIBUTION	PHP/KWH	0.7004	0.7362	0.6879
	SUPPLY	PHP/KWH	0.7156	0.7514	0.7031
	METERING	PHP/KWH	0.5236	0.5594	0.5111
	METERING	PHP/METER /MO	5.00	5.26	4.91
LOW VOLTAGE	DISTRIBUTION	PHP/KWH	0.7493	0.7851	0.7368
	SUPPLY	PHP/CUST/ MO	34.05	35.79	33.44
	METERING	PHP/METER /MO	29.91	31.44	29.37
HIGHER VOLTAGE	DISTRIBUTION	PHP/KW	213.96	224.89	210.13

ERC CASE NO. 2015-084 RC
ORDER/14 July 2017
Page 3 of 9

SUPPLY	PHP/CUST/ MO	34.05	35.79	33.44
METERING	PHP/METER /MO	29.91	31.44	29.37

6. The following supporting documents are attached:

6.1. TGP Calculations

- 6.1.1 Index "I" Calculation
- 6.1.2. Efficiency Factor "X" Calculation
- 6.1.3. Performance Incentive "S" Calculation

6.2. MFSR (Sections B & E)

6.3. Billing Determinants

- 6.3.1. kWh Sales (2010-2014)
- 6.3.2. No. of Customers (2010-2014)
- 6.3.3. kW Demand (2010-2014)

6.4. Sample Bills (1 per customer type)

6.5. Regional CPI (2011-2014)

6.6. RFSC/Reinvestment Fund Utilization (2012-2014)

6.7. Consumer Complaints (Summary of Tracking Forms)

6.8. Audited Financial Statements (2010-2014)

PRAYER

PREMISES CONSIDERED, BOHECO II respectfully prays for the approval of its first tariff glide path adjustment for implementation during the regulatory years from 01 January 2016 to 31 December 2018, more particularly described as follows:

TYPE OF CONSUMER	PARTICULARS	UNIT	RATE@END OF THE TRANSITION PERIOD (Php/kWh)	RATE @ 1 ST TARIFF GLIDE PATH ADJUSTMENT (Php/kWh)	RATE @ 1 ST TARIFF GLIDE PATH ADJUSTMENT EXCLUDING "S" (Php/kWh)
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	METERING	PHP/METER /MO	29.91	31.44	29.37

BOHECO II also prays for such other relief or remedy as may be just and equitable under the circumstances.

Finding the said *Amended Application* sufficient in substance with the required fees having been paid, the instant *Amended Application* is hereby set for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on **12 September 2017 (Tuesday) at nine o'clock in the morning (09:00 A.M.) at BOHECO II's principal office, Jagna, Bohol.**

Accordingly, BOHECO II 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 its 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 the Offices of the Provincial Governor, the Municipal Mayors, and the Local Government Unit (LGU) legislative bodies within the affected franchise area with copies of this Order and the attached Notice of Public Hearing for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within the affected franchise area of the filing of the *Amended Application*, its reasons therefor, and of the scheduled hearing thereon, by any other means available and appropriate;
- 4) Furnish the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress with copies of the *Amended Application*, and this Order and the attached Notice of Public Hearing. They are hereby requested, if they so desire to send their duly authorized representatives at the scheduled hearing; and
- 5) Furnish all those making requests with copies of the *Amended Application* and its attachments, 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 Governor, Mayors, and LGU legislative bodies or their duly authorized representatives, bearing the seals of their offices;
- 3) The evidence of the means employed by Applicant to inform the consumers within the affected franchise area of the filing of the *Amended Application*, its reasons therefor, and of the scheduled hearing thereon;
- 4) The evidence of receipt of copies of the *Amended Application*, and 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 *Amended 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 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 therefor; 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 Applicant to submit the required Pre-Trial Brief and Judicial Affidavits of its witnesses 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 II must also be prepared to make an expository presentation of the instant *Amended 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 *Amended Application* is all about and the reasons and justifications being cited in support thereof.

SO ORDERED.

Pasig City, 14 July 2017.

FOR AND BY AUTHORITY
OF THE COMMISSION:



ALFREDO J. NON
Officer-in-Charge of ERC

LS: /LSH/APV

Copy furnished:

1. Atty. Ranulfo M. Ocampo
Counsel for Applicant BOHECO II
7/F Strata 100 Bldg. F. Ortigas Jr. Road
Ortigas Center, Pasig City
2. Bohol II Electric Cooperative, Inc. (BOHECO II)
Applicant
Cantagay, Jagna, Bohol
3. Office of the Solicitor General
134 Amorsolo Street, Legaspi Village
Makati City

4. Commission on Audit
Commonwealth Avenue, Quezon City
5. Senate Committee on Energy
GSIS Building, Roxas Boulevard, Pasay City
6. House Committee on Energy
Batasan Hills, Quezon City
7. Office of the Provincial Governor
Province of Bohol
8. Office of the LGU Legislative Body
Province of Bohol
9. Office of the Municipal Mayor
Alicia, Bohol
10. Office of the LGU Legislative Body
Alicia, Bohol
11. Office of the Municipal Mayor
Anda, Bohol
12. Office of the LGU Legislative Body
Anda, Bohol
13. Office of the Municipal Mayor
Bien Unido, Bohol
14. Office of the LGU Legislative Body
Bien Unido, Bohol
15. Office of the Municipal Mayor
Buenavista, Bohol
16. Office of the LGU Legislative Body
Buenavista, Bohol
17. Office of the Municipal Mayor
Candijay, Bohol
18. Office of the LGU Legislative Body
Candijay, Bohol
19. Office of the Municipal Mayor
Carlos P. Garcia Island, Bohol
20. Office of the LGU Legislative Body
Carlos P. Garcia, Bohol
21. Office of the Municipal Mayor
Dagohoy, Bohol
22. Office of the LGU Legislative Body
Dagohoy, Bohol
23. Office of the Municipal Mayor
Danao, Bohol
24. Office of the LGU Legislative Body
Danao, Bohol
25. Office of the Municipal Mayor
Duero, Bohol

ERC CASE NO. 2015-084 RC
ORDER/14 July 2017
Page 8 of 9

26. Office of the LGU Legislative Body
Duero, Bohol
27. Office of the Municipal Mayor
Garcia Hernandez, Bohol
28. Office of the LGU Legislative Body
Garcia Hernandez, Bohol
29. Office of the Municipal Mayor
Getafe, Bohol
30. Office of the LGU Legislative Body
Getafe, Bohol
31. Office of the Municipal Mayor
Guindulman, Bohol
32. Office of the LGU Legislative Body
Guindulman, Bohol
33. Office of the Municipal Mayor
Jagna, Bohol
34. Office of the LGU Legislative Body
Jagna, Bohol
35. Office of the Municipal Mayor
Mabini, Bohol
36. Office of the LGU Legislative Body
Mabini, Bohol
37. Office of the Municipal Mayor
Pilar, Bohol
38. Office of the LGU Legislative Body
Pilar, Bohol
39. Office of the Municipal Mayor
San Miguel, Bohol
40. Office of the LGU Legislative Body
San Miguel, Bohol
41. Office of the Municipal Mayor
Sierra Bullones, Bohol
42. Office of the LGU Legislative Body
Sierra Bullones, Bohol
43. Office of the Municipal Mayor
Talibon, Bohol
44. Office of the LGU Legislative Body
Talibon, Bohol
45. Office of the Municipal Mayor
Trinidad, Bohol
46. Office of the LGU Legislative Body
Trinidad, Bohol
47. Office of the Municipal Mayor
Ubay, Bohol

ERC CASE NO. 2015-084 RC
ORDER/14 July 2017
Page 9 of 9

48. Office of the LGU Legislative Body
Ubay, Bohol
49. Office of the Municipal Mayor
Valencia, Bohol
50. Office of the LGU Legislative Body
Valencia, Bohol
51. Regulatory Operations Service
Energy Regulatory Commission
17th Floor, Pacific Center Building,
San Miguel Avenue, Ortigas Center 1600,
Pasig City