

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



**IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF
OVER/UNDER
RECOVERIES BASED ON
FORMULA FOR THE
VARIOUS AUTOMATIC
COST ADJUSTMENT AND
TRUE-UP MECHANISMS
AND CORRESPONDING
CONFIRMATION
PROCESS, PURSUANT TO
ERC RESOLUTION NO.
16, SERIES OF 2009, AS
AMENDED BY ERC
RESOLUTION NO. 21,
SERIES OF 2010**

ERC CASE NO. 2018-008 CF

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

Applicant.

X-----X

DUCKETED
Date: JUL 04 2018
By:

ORDER

On 22 March 2018, the Bohol II Electric Cooperative Inc. (BOHECO II) filed an *Application* dated 15 March 2018, seeking approval of over or under-recoveries based on formula for various automatic cost adjustments and true-up mechanisms and corresponding confirmation process, pursuant to the Commission's Resolution No. 16, Series of 2009, as amended by Resolution No. 21, Series of 2010.

BOHECO II 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 address at Cantagay, Jagna, Bohol, 6308 where it may be served with summons and other legal processes, represented in this instance by its

General Manager, **Engr. Eugenio R. Tan**, of legal age, Filipino, married and with office address also located at Cantagay, Jagna, Bohol per Board Resolution No. 61-2018;

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 (21) municipalities, namely 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;
3. Pursuant to ERC Resolution No. 16 Series of 2009 as amended by ERC Resolution No. 21 Series of 2010, more specifically Article 5, Section 1 thereof, all Visayas Distribution Utilities (DUs) shall file their respective consolidated applications on or before March 31, 2018 for the over/under recoveries on their implementation of various automatic cost adjustment and true-up mechanisms;
4. In applying various formulae in the determination of the adjustments and the recovery or refund of Over or Under Recoveries herein applicant hereby adopts the respective formula as provided for in ERC Resolution No. 16 Series of 2009 and ERC Resolution No. 21 Series of 2010 together with the specific definitions and sub-formula for each item thereof;
5. In support of this application, herein applicant attached the following required documents contained in the guidelines issued by the Honorable Energy Regulatory Commission, to wit:

FOLDER 1

- a. Application
- b. Summary of O/U recoveries computation for the entire period (per charges & yearly basis)
- c. Proposed Scheme of refund/collect using the latest KWH sales

FOLDER 2

- a. Supplier and Data sheet for the year
- b. Power bills from suppliers, Proof of Payment, Adjustments/Debit or Credit memo

FOLDER 3

- a. Statistical data sheet for the year
- b. Summary of pilferage Cost recoveries/manifestation
- c. Report of implemented other adjustments (O/U refund)
- d. Monthly Financial & Statistical Report (Sections A & E)

FOLDER 4

- a. Actual Implemented Rates sheet for the year
- b. Lifeline Discount sheet for the year
- c. Senior Citizen Discount sheet for the year
- d. Sample bills per customer class (non-lifeline)
- e. One (1) sample consumer bill per Lifeline Bracket (lifeline)
- f. One (1) Senior citizen consumer bill from 1 – 100 KWH used

FOLDER 5

- a. Submitted URR for the year
6. The Summary of pass true-cost vis-à-vis the actual billing on estimated Generation, Transmission, System Loss, Lifeline Subsidy, Senior Citizen Subsidy rates are as follows, to wit:

BOHOL II ELECTRIC COOPERATIVE, INC.
SUMMARY OF (OVER) / UNDER RECOVERY
For the years 2015 – 2017

1. Generation

Year	GENERATION		(Over) / Under
	Allowable Generation Cost	Generation Revenues	
2015	454,417,182.81	460,242,798.64	(5,825,615.83)
2016	527,067,408.43	528,641,894.86	(1,574,486.43)
2017	584,813,167.63	587,389,538.83	(2,576,371.20)
Total	1,566,297,758.87	1,576,274,232.33	(9,976,473.47)

2. Transmission

Year	TRANSMISSION		(Over) / Under
	Allowable Transmission Cost	Transmission Revenue	
2015	72,101,181.70	73,172,663.72	(1,071,482.03)
2016	70,497,638.28	69,899,335.70	598,302.58
2017	83,243,717.54	84,604,980.28	(1,361,262.74)
Total	225,842,537.51	227,676,979.70	(1,834,442.18)

3. System Loss Rate

Year	SYSTEM LOSS		(Over) / Under
	Allowable System Loss Cost	System Loss Revenues	
2015	64,175,554.94	64,718,561.01	(543,006.06)
2016	70,901,165.40	66,230,178.48	4,670,986.92
2017	70,150,529.65	75,410,745.68	(5,260,216.03)

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Total	205,227,249.99	206,359,485.17	(1,132,235.18)
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4. Life Line Discount / Subsidy

Year	LIFELINE		(Over) / Under
	Total Lifeline Discount	Actual Lifeline Subsidy	
2015	(2,966,907.72)	3,091,744.58	(124,836.86)
2016	(3,050,683.83)	2,834,270.81	216,413.02
2017	(7,834,685.92)	8,189,670.07	(354,984.15)
Total	(13,852,277.47)	14,115,685.46	(23,407.99)

5. Senior Citizen Discount / Subsidy

Year	SENIOR CITIZEN		(Over) / Under
	Discount	Subsidy	
2015	(39,122.12)	37,550.62	1,571.51
2016	(38,157.63)	40,422.56	(2,264.93)
2017	(29,283.81)	26,949.93	2,333.88
Total	(106,563.57)	104,923.11	1,640.45

6. Summary

Particulars	Revenue		(Over) / Under Recovery
	Pass Through	Actual Collection	
Generation	1,566,297,758.87	1,576,274,232.33	(9,976,473.47)
Transmission	225,842,537.51	227,676,979.70	(1,834,442.18)
System Loss Rate	205,227,249.99	206,359,485.17	(1,132,235.18)
Life Line Discount Subsidy	13,852,277.47	14,115,685.46	(263,407.99)
Senior Citizen Discount / Subsidy	106,563.57	104,923.11	1,640.45
Total	2,011,326,387.40	2,024,531,305.77	(13,204,918.36)

PREPARED BY
IMELDA T. SEPE
 Finance, Division Chief

APPROVED BY:
EUGENIO R. TAN
 General Manager

7. BOHECO II has duly complied with the pre-filing requirements in accordance with the Rules of Practice and Procedure of the Energy Regulatory Commission.

PRAYER

WHEREFORE, premises considered, it is respectfully prayed of this Honorable Commission that the submitted calculation prepared by applicant be approved and that upon receipt of the Order of Approval, herein applicant be allowed to propose the scheme of refund/recovery as the case may be;

All other reliefs which are deemed just and equitable are likewise prayed for.

Finding the said *Application* sufficient in substance with the required fees having been paid, the same is hereby set for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on **24 July 2018 (Tuesday) at ten o'clock in the morning (10:00 AM), at the ERC Hearing Room, 15th Floor, Pacific Center Building, San Miguel Avenue, Pasig City.**

Accordingly, BOHECO II is hereby directed to:

- 1) Cause the publication of the attached Notice of Public Hearing once (1x) in a newspaper of nationwide circulation in the Philippines at its own expense, with the date of publication to be made not later than ten (10) days before the date of the scheduled initial hearing;
- 2) Furnish with copies of this Order and the attached Notice of Public Hearing the Offices of the Provincial Governors, the City and Municipal Mayors, and the Local Government Unit (LGU) legislative bodies within the affected franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform of the filing of the *Application*, its reasons therefor, and of the scheduled hearing thereon, the consumers within the affected franchise area, by any other means available and appropriate;
- 4) Furnish with copies of this Order and the attached Notice of Public Hearing, the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress. They are hereby requested, if they so desire to send their duly authorized representatives at the scheduled hearing; and

- 5) Furnish with copies of the *Application* and its attachments all those making requests therefor, 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 affidavit of the Editor or Business Manager of the newspaper where the said Notice of Public Hearing was published, and the complete issue of the said newspaper;
- 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 Governors, Mayors, and LGU legislative bodies or their duly authorized representatives, bearing the seals of their offices;
- 3) The evidence of other means employed by Applicant to inform of the filing of the *Application*, the reasons therefore, and of the scheduled hearing thereon, the consumers within the affected franchise area;
- 4) The evidence of receipt of copies of 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 *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 therefore; 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 comply with the above requirements 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 *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 *Application* is all about and the reasons and justifications being cited in support thereof.

SO ORDERED.

Pasig City, 18 June 2018.

FOR AND BY AUTHORITY
OF THE COMMISSION:


JOSEFINA PATRICIA A. MAGPALE-ASIRIT
Commissioner


LS, JTB/LSP/APV

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Copy Furnished:

1. Atty. Teodoro M. Lagang
Counsel for Applicant BOHECO II
2/F Pons Garcia Bldg., 34 CPG Avenue, Tagbilaran City
2. Bohol II Electric Cooperative, Inc. (BOHECO II)
Applicant
Cantagay, Jagna, Bohol, 6308
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 Bldg. Roxas Blvd., Pasay City
6. House Committee on Energy
Batasan Hills, Quezon City
7. Philippine Chamber of Commerce and Industry (PCCI)
3rd Floor, Chamber and Industry Plaza (CIP), 1030 Campus Avenue corner Park Avenue,
McKinley Town Center, Fort Bonifacio, Taguig City
8. Office of the Governor
Province of Bohol
9. Office of the LGU legislative body
Province of Bohol
10. Office of the Mayor
Alicia, Bohol
11. Local Government Unit (LGU) legislative body
Alicia, Bohol
12. Office of the Mayor
Anda, Bohol
13. Office of the LGU legislative body
Anda, Bohol
14. Office of the Mayor
Bien-Unido, Bohol
15. Office of the LGU legislative body
Bien-Unido, Bohol
16. Office of the Mayor
Candijay, Bohol
17. Office of the LGU legislative body
Candijay, Bohol
18. Office of the Mayor
Carlos P. Garcia Island, Bohol
19. Office of the LGU legislative body
Carlos P. Garcia Island, Bohol
20. Office of the Mayor
Dagohoy, Bohol
21. Office of the LGU legislative body
Dagohoy, Bohol

22. Office of the Mayor
Danao, Bohol
23. Office of the LGU legislative body
Danao, Bohol
24. Office of the Mayor
Duero, Bohol
25. Office of the LGU legislative body
Duero, Bohol
26. Office of the Mayor
Garcia-Hernandez, Bohol
27. Office of the LGU legislative body
Garcia-Hernandez, Bohol
28. Office of the Mayor
Getafe, Bohol
29. Office of the LGU legislative body
Getafe, Bohol
30. Office of the Mayor
Guindulman, Bohol
31. Office of the LGU legislative body
Guindulman, Bohol
32. Office of the Mayor
Jagna, Bohol
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Jagna, Bohol
34. Office of the Mayor
Mabini, Bohol
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Mabini, Bohol
36. Office of the Mayor
Pilar, Bohol
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Pilar, Bohol
38. Office of the Mayor
San Miguel, Bohol
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San Miguel, Bohol
40. Office of the Mayor
Sierra Bullones, Bohol
41. Office of the LGU legislative body
Sierra Bullones, Bohol
42. Office of the Mayor
Talibon, Bohol
43. Office of the LGU legislative body
Talibon, Bohol

44. Office of the Mayor
Trinidad, Bohol
45. Office of the LGU legislative body
Trinidad, Bohol
46. Office of the Mayor
Ubay, Bohol
47. Office of the LGU legislative body
Ubay, Bohol
48. Office of the Mayor
Valencia, Bohol
49. Office of the LGU legislative body
Valencia, Bohol
50. Regulatory and Operations Service (ROS)-Investigation and Enforcement Division (IED)
Energy Regulatory Commission
17th Floor, Pacific Center Bldg., San Miguel Avenue, Pasig City