

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




**IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF
ADJUSTMENT IN RATES
BASED ON THE DATA OF
THE FOURTH TO SIXTH
REGULATORY YEARS OF
THE FIRST REGULATORY
PERIOD FOR SECOND
ENTRANT GROUP,
PURSUANT TO THE TARIFF
GLIDE PATH (TGP) RULES**

ERC CASE NO. 2017 -107 RC

**BATANGAS II ELECTRIC
COOPERATIVE, INC.
(BATELEC II),**

Applicant.

X-----X

DOCKETED
Date: MAR 07 2018
By: 

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 17 November 2017, Batangas II Electric Cooperative, Inc. (BATELEC II) filed an *Application* seeking the Commission's approval of adjustment in its rates based on the data of the fourth to sixth regulatory years of the first regulatory period for the second entrant group, pursuant to the Tariff Glide Path (TGP) rules.

BATELEC II alleged the following in its Application:

THE APPLICANT

1. BATELEC II is a non-stock, non-profit electric cooperative, duly organized and existing under Philippine laws, with principal office address at Brgy. Antipolo del Norte, Lipa City, Batangas;

2. It holds an exclusive franchise from the National Electrification Commission, to operate an electric light and power distribution service in the cities of Lipa and Tanauan, and the

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municipalities of Alitagtag, Balete, Cuenca, Laurel, Lobo, Mabini, Malvar, Mataas na Kahoy, Padre Garcia, Rosario, San Jose, San Juan, Taysan, Talisay and Tingloy, all in the province of Batangas.

NATURE OF APPLICATION

3. The instant Application is being filed for the approval of Applicant's proposed adjustment in its Distribution, Supply and Metering (DSM) Rates based on the data of the Fourth to Sixth Years of the First Regulatory Period for the Second Entrant Group Cooperative and to be implemented on the First to Third Regulatory Years of the Second Regulatory Period, pursuant to the Tariff Glide Path Rules (TGP Rules) and other pertinent laws and rules.

STATEMENT OF FACTS

4. Sometime in 2016, Applicant filed with the Honorable Commission an application for approval of proposed adjustment in its DSM Rates pursuant to the TGP Rules, docketed as ERC Case No. 2016-181 RC.

5. In the said application, Applicant prayed for approval of either of the following two (2) proposed alternative DSM rates, to be implemented on January 2015, to wit:

A. WITH PERFORMANCE INCENTIVE "S"

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/kW			124.12
Distribution System Charge	PhP/kWh	0.2877	0.3924	
Supply Charges:				
Retail Customer Charge	PhP/Customer/Mo		62.54	62.54
Supply System Charge	PhP/kWh	0.4334		
Metering Charges:				
Retail Customer Charge	PhP/Meter/Mo.	5.23	57.50	57.50
Metering System Charge	PhP/kWh	0.3623		

B. EXCLUDING PERFORMANCE INCENTIVE "S"

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/kW			120.44
Distribution System Charge	PhP/kWh	0.2792	0.3808	
Supply Charges:				
Retail Customer Charge	PhP/Customer/Mo		60.68	60.68
Supply System Charge	PhP/kWh	0.4206		
Metering Charges:				
Retail Customer Charge	PhP/Meter/Mo.	5.08	55.80	55.80
Metering System Charge	PhP/kWh	0.3515		

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6. The foregoing application was Applicant's initial application for DSM rate adjustment pursuant to the TGP Rules, under which electric cooperatives are given an opportunity to adjust their rates once every three (3) years, which may occur at the start of the fourth year of the First Regulatory Period and every three (3) years thereafter.

7. Applicant belongs to the Second Entrant Group under the TGP Rules, whose first regulatory period is from January 1, 2012 to December 31, 2017. Having filed its initial application for DSM rate adjustment on the third regulatory year of the First Regulatory Period, the cooperative is filing the instant Application in the current year 2017, the sixth regulatory year of the First Regulatory Period, for the proposed adjustment of its DSM rates based on the data of the Fourth to Sixth Years of the First Regulatory Period under the TGP Rules and to be implemented on the First to Third Regulatory Years of the Second Regulatory Period for the Second Entrant Electric Cooperatives.

8. Applicant's first TGP application under ERC Case No. 2016-181 RC is still pending evaluation of the Honorable Commission but in spite thereof, the Applicant is constrained to adopt and use the proposed DSM rates in the said application as its basis in computing the proposed adjustment in the instant Application.

THE PROPOSED DSM RATE ADJUSTMENT

9. Under the TGP Rules, the concerned electric cooperative shall use the following formula in determining the TGP for the fourth to sixth years of the Regulatory Period, to wit:

$$TGP_B = TGP_n + TGP_{n+1} TGP_{n+2}$$

where

$$TGP_n = I_n - X_n + S_n$$

n = the fourth year of the Regulatory Period and succeeding Regulatory Periods

The TGP calculated for each of the three years will be summed to determine the possible rate adjustment starting on the First Year of the next Regulatory Period.

10. Applying the methodology embodied in the TGP Rules, herein Applicant calculated the values of the "I", "X" and "S" and came up with the following results, to wit:

	"I"(B)	"X"(B)	"S"(B)	TGP B	TGP B (excluding S)
YEAR 2015	0.00%	0.00%	1.50%	1.50%	-0.00%
YEAR 2016	0.00%	4.79%	1.50%	-3.29%	-4.79%

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YEAR 2017	0.00%	6.05%	1.10%	-4.95%	-6.05%
TOTAL				-6.74%	-10.84%

11. Utilizing the above values based on the Fourth to Sixth Regulatory Years of the First Regulatory Period will result in adjustments in Applicant's DSM Rates to be implemented on the First to Third Regulatory Years of the Second Regulatory Period for electric cooperatives belonging to the Second Entrant Group, as follows:

A. WITH PERFORMANCE INCENTIVE "S"

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/kW			115.76
Distribution System Charge	PhP/kWh	0.2683	0.3660	
Supply Charges:				
Retail Customer Charge	PhP/Customer/Mo		58.32	58.32
Supply System Charge	PhP/kWh	0.4042		
Metering Charges:				
Retail Customer Charge	PhP/Meter/Mo.	4.88	53.63	53.63
Metering System Charge	PhP/kWh	0.3378		

B. EXCLUDING PERFORMANCE INCENTIVE "S"

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/kW			107.39
Distribution System Charge	PhP/kWh	0.2489	0.3395	
Supply Charges:				
Retail Customer Charge	PhP/Customer/Mo		54.11	54.11
Supply System Charge	PhP/kWh	0.3750		
Metering Charges:				
Retail Customer Charge	PhP/Meter/Mo.	4.53	49.75	49.75
Metering System Charge	PhP/kWh	0.3134		

12. Consequently, Applicant is constrained to adjust its rates to either of the above two calculated alternative DSM rates, on the first regulatory year of the Second Regulatory Period for electric cooperatives belonging to Second Entrant Group under the TGP Rules.

SUPPORTING DATA AND DOCUMENTS

13. In support of the foregoing computations, Applicant is submitting herewith the following documents, which are being made integral parts hereof, to wit:

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Annex Markings	Nature of Document
A to A-2	Proposed TGP B 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 (2013-2016)
C	Billing Determinants Template (2013-2016 kWh Sales, No. of Customers and kW Demand)
D	Sample Bills per customer type (2013-2016)
E	Regional CPI (2013-2016)
F	RFSC Utilization (2014-2016)
G	Consumer Complaints Summary or Tracking Form (2014-2016)
H	Audited Financial Statements (2014-2016)

COMPLIANCE WITH PRE-FILING REQUIREMENTS

14. 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 Markings	Nature of Document
I and series	Proof of furnishing copies of the Application to the Sangguniang Panlungsod of Lipa and Sangguniang Panlalawigan of Batangas
J and series	Publication of the Application in a newspaper of general circulation in BATELEC II's franchise area or where it principally operates, with Affidavit of Publication

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PRAYER

WHEREFORE, premises considered, in compliance with the Tariff Glide Path Rules, Applicant BATELEC II respectfully prays of this Honorable Commission that after due notice and hearing, the Cooperative be allowed to implement either of the following two (2) alternative rates for its Distribution, Supply and Metering (DSM) Charges, on the First to Third Years of the Second Regulatory Period for electric cooperatives belonging to the Second Entrant Group, to wit:

A. WITH PERFORMANCE INCENTIVE “S”

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/kW			115.76
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B. EXCLUDING PERFORMANCE INCENTIVE “S”

	UNITS	CUSTOMER TYPE		
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Metering Charges:				
Retail Customer Charge	PhP/Meter/Mo.	4.53	49.75	49.75
Metering System Charge	PhP/kWh	0.3134		

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 **12 April 2018 at ten o'clock in the morning (10:00 A.M.), at BATELEC II's principal office at Brgy. Antipolo del Norte, Lipa City, Batangas.**

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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 rests 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 it 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 Chairperson and CEO **AGNES VST DEVANADERA**, and the Honorable Commissioners **GLORIA VICTORIA C. YAP-TARUC**, **ALFREDO J. NON**, and **GERONIMO D. STA. ANA**, Energy Regulatory Commission, this 26th day of February 2018 in Pasig City.

FOR AND BY AUTHORITY
OF THE COMMISSION:


JOSEFINA PATRICIA A. MAGPALE-ASIRIT
Oversight Commissioner for Legal


LS/SLAN/ARD/CLS/APV