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

IN THE MATTER OF THE
APPLICATION FOR APPROVAL OF
THE PROPOSED PREPAID
METERING SYSTEM AND FOR
AUTHORITY TO PROVIDE PREPAID
RETAIL ELECTRIC SERVICE, WITH
PRAYER FOR PROVISIONAL
AUTHORITY

ERC CASE NO. 2011-001 PRES

XEN ENERGY SYSTEMS, INC. (XESI)
AND BATANGAS I ELECTRIC
COOPERATIVE, INC. (BATELEC I),
Applicants.

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DOCKETED
Date: SEP 22 2011
By: M

ORDER

On August 4, 2011, the Xen Energy Systems, Inc. (XESI) and the Batangas I Electric Cooperative, Inc. (BATELEC I) filed an application for approval of the proposed prepaid metering system and for authority to provide prepaid retail electric service, with prayer for provisional authority.

In the said application, XESI and BATELEC I alleged, among others, that:

1. BATELEC I is a non-stock, non-profit electric cooperative organized and existing under and by virtue of Presidential Decree No. 269¹, as amended, with office address at Calaca, Batangas. It has a franchise to distribute electricity in the Municipalities of Agoncillo, Balayan, Calaca, Calatagan, Lemery, Lian, Nasugbu, San Luis, San Nicolas, Sta. Teresita, and Taaland Tuy, all in the Province of Batangas;

¹ *Creating the "National Electrification Administration" as a Corporation, Prescribing its Powers and Activities, Appropriating the Necessary Funds Therefor and Declaring a National Policy Objective for the Total Electrification of the Philippines on an Area Coverage Service Basis, The Organization, Promotion and Development of Electric Cooperatives to Attain the said Objective, Prescribing Terms and Conditions for their Operations, the Repeal of Republic Act No. 6038, and for other Purposes*

2. XESI is a corporation duly organized and existing by virtue of the laws of the Republic of the Philippines (RP). Its principal office is located at Suite 412, Cityland Pasong Tamo Tower, 2210 Don Chino Roces Avenue, Pio Del Pilar, Makati City;
 - 2.1 XESI is a pioneering machine-to-machine and machine-to-mobile technology enabler and provider in the Asia Pacific Region, providing applications and platforms which support various industry segments in partnership with telecommunications operators, system integrators, hardware and software vendors and related application developers;
 - 2.2 XESI is a provider of prepaid electricity meters and the associated support services;
3. They may be served orders and other processes through their counsel Lachica and Associates Law Offices at their given address;
4. The instant Application is filed pursuant to Section 3 of Rule 5 of the "ERC's Rules of Practice and Procedure" approved by the Commission on June 22, 2006 in its Resolution No. 38, Series of 2006, in relation to the "Rules for Prepaid Retail Electric Service Using a Prepaid Metering System," (the Prepaid Metering Rules) approved by the Commission in its Resolution No. 15, Series of 2009;
5. The present Application does not require a new rate schedule, as the electricity rate to be applied is BATELEC I's retail rate as already approved by the Commission. Hence, the present Application need not comply with the regulatory filing requirements for a rate case²;
6. Prepaid electricity metering systems, while not new in other countries, are yet to be implemented in the Philippines and in its regulatory setting. Thus, the Prepaid Metering Rules were issued by the Commission to provide residential customers a choice for their energy management strategies, enhance the operational efficiency of Distribution Utilities (DUs), and promote Demand Side Management (DSM)³;
7. BATELEC I proposes the implementation of a prepaid metering system in order to reduce its meter reading costs as well as to improve its revenue management system;
8. They submit that, in addition, the implementation of a prepaid metering system will also provide BATELEC I's residential customers with an effective means of managing their electricity consumption;

²Section 5.1, Prepaid Metering Rules

³Section 1.1, Prepaid Metering Rules

- 8.1 As opposed to postpaid customers who will only know the extent of their electricity consumption through their bill at the end of every billing month, prepaid customers will be able to monitor their electricity costs on a real-time basis. Consequently, prepaid customers can manage and budget their electricity consumption more effectively;
 - 8.2 In addition, prepaid customers may purchase electricity credits in amounts that are reasonably small and better suited for household budgeting, in view of the limited disposable income of the common Filipino household;
 - 8.3 Indeed, goods and services in reasonably small quantities available for reasonably small costs have proven to be best suited to the needs and financial resources of the common Filipino household. The Commission may take judicial notice of the prevalence of the purchase of household products in sachets or in small amounts, not to mention the popularity and ubiquity of prepaid mobile phone credits;
9. Thus, each prepaid customer can actively and conscientiously monitor and manage his electricity consumption to lower his power costs and ensure that such costs are at a level he can afford;
 10. Moreover, the implementation of a prepaid metering system enhances the operational efficiency of BATELEC I by obviating costs in relation to meter reading, billings and collections, uncollectible accounts, pilferage, among others;
 11. In addition, prepaid metering helps address other concerns such as residential customers who are unable to pay their bills or have been found guilty of illegal use of electricity, and the common lessor's risk of lessees absconding and leaving behind unpaid electricity bills;
 12. Thus, recognizing the need to enhance both the energy management of residential customers and BATELEC I's operational efficiency, Applicants propose to implement a prepaid metering system for BATELEC I's customers;
 13. They propose to utilize XESI's prepaid metering system to provide Prepaid Retail Electricity Service to BATELEC I's residential customers. Applicants submit that, as discussed extensively hereunder, the proposed prepaid metering system complies with the relevant requirements under the Prepaid Metering Rules;
 - 13.1 As discussed below, XESI's prepaid metering system utilizes internet and mobile phone platforms to effect accurate real-time crediting and consumption of prepaid electricity credit, and provide easily accessible real-time prepaid credit information for the benefit of both the customers and the distribution utility;

13.2 In order to ensure accessibility, reliability and customer convenience in the distribution of prepaid electricity credit, XESI's system utilizes the same platform used in the distribution of prepaid mobile phone credit that reaches practically every sari-sari store level;

14. **The XESI Meters.** Applicants will utilize Form 1S and 2S meters (XESI Meters). The XESI Meters comply with all the relevant requirements of the Prepaid Metering Rules;

14.1 The XESI Meters have the capability to load purchased credit, display real time information on how the load is being consumed and to give a warning that the load is close to zero providing a positive buffer before electricity is automatically disconnected⁴;

14.2 **XESI Meters duly certified.** The XESI Meters comply with the standards of the American National Standards Institute (ANSI)⁵. The Meters have also passed tests conducted by the Metering Division of the Commission⁶;

14.3 **Energy management by residential customer.** The XESI Meters enable customers to effectively monitor and manage their electricity consumption by monitoring real-time information reflected on a Liquid Crystal Display (LCD) screen, which replaces the need for costly human meter reading. The LCD screen shows the following⁷:

- a) the current balance in pesos and centavos;
- b) the time and date;
- c) the customer's previous thirty (30) day-period consumption;
- d) the number of days into the current period;
- e) the consumption into the period in kWhr;

14.4 In addition, under XESI's system, the customer may access his prepaid credit balance at any time through Short Message Service (SMS). Upon registration as a prepaid electricity customer, the customer is given a username and password to access account history online. Also, the customer may register his mobile phone number for SMS notifications. The customer may also access a virtual bill, transaction history and all other relevant details of his account over the internet at any time;

⁴In compliance with Section 1.3, Definition of Prepaid Meter, Prepaid Metering Rules

⁵In compliance with Section 2.2, Prepaid Metering Rules

⁶In compliance with Section 2.3, Prepaid Metering Rules

⁷In compliance with Sections 1.3, 2.2 and 2.4, Prepaid Metering Rules

- 14.5 In order to provide sufficient warning to the customer, the Meters have a red Light Emitting Diode (LED) light that flashes if the remaining credit is at PhP50 and below. The customer may also opt to receive automatic low credit balance alerts via SMS once his credit drops to PhP50.00 or below⁸;
- 14.6 In addition, in order to facilitate the customer's management of his energy utilization, XESI's system ensures that he is duly informed of the relevant details of his prepaid account, including each purchase of prepaid credit, and that he has a record of the same;
- 14.7 **Installation of XESI Meters.** The XESI Meters are weatherproof and can be easily installed, whether indoors or outdoors⁹;
15. As discussed, the XESI Meters clearly comply with all the relevant requirements of the Prepaid Metering Rules, and may thus be utilized for the implementation of the prepaid metering system. The Commission's approval would greatly facilitate the provision of prepaid retail electricity service by Distribution Utilities (DUs);
16. **Approved retail rate effectively applied.** Applicants propose that the rate to be applied to prepaid electricity customers shall be **the actual cost of electricity service at the time of consumption**.¹⁰ The actual cost is BATELEC I's retail rate approved by the Commission, the same rate paid by postpaid customers. Such rate is the only rate that is fair and beneficial to the prepaid electricity customers since the electricity service that BATELEC I will extend to them will be equivalent to the amount of the credit purchased;
- 16.1 Notably, however, the actual cost of electricity service at the time of consumption is not known yet or determinable at such time. It is only after the end of the billing period that BATELEC I will have the information necessary to determine the retail rate for such billing period, which information includes the generation charges, power delivery service charges, and the like. Information like the said charges will be known to BATELEC I only when it receives the billings from its power suppliers and the transmission service provider;
- 16.2 Given the foregoing, it is appropriate to apply the best available rate, that is, a rate that most closely approximates the actual cost at the time of consumption. The best available rate may be BATELEC I's most recent available rate, which is likely the retail rate of the previous billing period or the second previous billing period;

⁸In compliance with Sections 1.3, 2.2 and 2.4, Prepaid Metering Rules

⁹In compliance with Section 2.4, Prepaid Metering Rules

¹⁰In compliance with Section 2.6, Prepaid Metering Rules

- 16.3 However, there may be a difference between the best available rate and the actual cost. Thus, there is a need to make appropriate adjustments when the actual cost is determined to ensure that any over-recovery resulting from such difference on the part of BATELEC I is effectively credited to the customer and conversely, any under-recovery is recovered by BATELEC I;
- 16.4 With the adjustment, the customer ends up paying the actual cost of electricity service. The application of the best available rate at the time of electricity consumption as well as the necessary adjustment to correct any over- and under-recoveries can be easily and securely implemented by XESI's system;
17. Thus, Applicants propose that the best available rate at the time of electricity consumption be applied, subject to the necessary adjustments at the end of the billing month;
18. Applicants submit that the actual cost of electricity service at the time of consumption should be applied to prepaid electricity transactions, instead of the rate current at the time of the purchase of the credit as indicated in the Prepaid Metering Rules;
- 18.1 The rate at the time of credit purchase does not reflect the actual cost of electricity service. If such rate is applied, both BATELEC I and the prepaid customers are exposed to the risks of rate fluctuation. This will result in over-payment on the part of the prepaid customers or under-recovery on the part of BATELEC I;
- 18.2 In contrast, the application of the rate at the time of consumption not only reflects the actual cost of electricity service, but will also obviate the risk of rate fluctuation. It will also be fair and beneficial to the customers since the electricity service that BATELEC I will extend to them will be equivalent to the amount spent. In the end, it will protect the interest of both the customers and BATELEC I;
19. **Implementation of lifeline rate.** The lifeline rate under Section 73 of Republic Act No. 9136 will be implemented for prepaid customers.¹¹ A prepaid customer who does not reach the relevant electricity consumption threshold at the end of a billing month will receive the appropriate rebate in his prepaid electricity credit;
20. **Utilization of well-established and proven prepaid credit distribution channels.** As previously discussed, Applicants will make prepaid electricity credit available to BATELEC I's customers through the same means and using the same retail channels as prepaid mobile phone credits;

¹¹In compliance with Sections 2.1.8 and 2.6, Prepaid Metering Rules

21. Applicants submit that the retail distribution and sales of prepaid mobile phone credits is already well established and widely used, and has proven to be a very effective means of distribution of prepaid credit;
22. The utilization of the same retail channels ensures the effective distribution of prepaid electricity credit, and facilitates the promotion of the Prepaid Metering System as well as customer acceptance and convenience;
23. **Purchase of prepaid electricity credit.** Postpaid electricity customers are issued billings by BATELEC I after the end of the billing month for electricity consumed within that billing month. The customers then pay their bills at BATELEC I's office or payment centers. In contrast, prepaid electricity customers purchase electricity credits which are "loaded" in their respective accounts, much in the same way as one purchases prepaid mobile phone load for his prepaid phone account;
24. The prepaid load credited to the customer's account is applied to his electricity consumption on a real-time basis, similar to the application of mobile phone credit when the customer makes phone calls or sends text messages;
25. The purchase of prepaid mobile phone credit is subject to a nominal fee to cover, among others, the costs of distribution of credit to retailers or sari-sari stores. Often, the fee varies from sari-sari store to sari-sari store, depending on the retailer;
26. Similarly, prepaid electricity credit is subject to a nominal fee lower than the transaction fee of mobile phone providers. As explained previously, the credit shall be applied to the actual cost of electricity only. The nominal fee, on the other hand, covers the cost of retail distribution of credits, the management and operation of the prepaid metering system, among others;
27. **Accessible prepaid electricity credit.** Applicants submit that convenience for the customers and accessibility of prepaid credit for purchase are critical to the successful implementation of PRES;
 - 27.1 To ensure convenience and accessibility to all customers, prepaid credit will be made available through retailers, such as sari-sari stores, as well as at BATELEC I's main office and payment centers.¹² A prepaid electricity customer need only go to the neighborhood sari-sari store to purchase credits, in the same way as he would mobile phone credit. Unlike postpaid customers, he will not need set aside time and incur transportation costs to go to BATELEC I's office or payment centers;

¹²In compliance with Section 2.1.10, Prepaid Metering Rules

27.2 Unlike postpaid customers, a prepaid customer will not need to go to BATELEC I's office or payment centers during working hours and queue to pay his electricity bills. He only needs to go to the neighborhood sari-sari store at his convenience, saving time and transportation costs;

28. **Credit in reasonably small increments.** Prepaid credit will be made available to customers at the Php100 increments.¹³ Applicants submit that Php100 is reasonably affordable to customers;

29. **Manner of purchase and crediting to account.**¹⁴ Under the XESI system, the purchase and crediting of prepaid electricity accounts akin to the prepaid mobile telephone service;

29.1 Similar to the purchase of prepaid mobile phone credit where the customer informs the retailer of his mobile phone number and makepayment, all the prepaid customer has to do is give the retailer his meter number and pay for his prepaid credit. Also, the retailer or sari-sari store attendant processes the transaction and credits the customer's account by way of SMS using his mobile phone;

29.2 **Confirmation of credit purchase.**¹⁵ If the customer registered his mobile phone number with the XESI system for SMS notifications, the customer shall receive confirmation of the purchase of credit by way of an SMS showing the following information:

- a) Name of distribution utility, e.g., BATELEC I;
- b) Transaction Number;
- c) Date and time of purchase;
- d) Meter identification number;
- e) Name of customer;
- f) Load amount; and
- g) Number of transactions in the same month;

29.3 In addition, the customer may, if he so desires, obtain at BATELEC I's office a written confirmation of the credit purchase and of any other aspect of his account;

¹³In compliance with Section 2.6, Prepaid Metering Rules

¹⁴In compliance with Section 2.1.5, Prepaid Metering Rules

¹⁵In compliance with Section 2.7, Prepaid Metering Rules

29.4 In addition, as previously mentioned, the customer may access his account details anytime through SMS or through the internet. He may also view the details of his account on the LCD screen on the meter itself;

30. While the Prepaid Metering Rules require a printed confirmation of credit purchase,¹⁶ Applicants propose the utilization of SMS confirmation as discussed above;

30.1 It is clear that the purpose of the requirement is to ensure that the customer is duly informed of the relevant details of his purchase of the prepaid credit, and that he may have a record of the same. However, printed confirmation is more appropriate for credit purchases made at BATELEC I's main office or payment centers. It is not necessarily appropriate for credit purchases made through retailers;

30.2 For prepaid mobile phone credit purchases, retailers are not required to issue written confirmations in behalf of the telecommunications companies. Instead, an SMS message is transmitted to the mobile phone subscriber confirming and stating the details of the credit purchase;

30.3 Should written confirmation be required, credit cannot be made available through retailers. As discussed, availability of credit through retailers provides the accessibility and convenience on the part of the customers that is crucial to the successful implementation of any prepaid metering system. Without such accessibility and convenience, an effective and successful prepaid metering system is not possible;

30.4 Applicants submit that confirmation of credit purchase through SMS, complemented by easy and immediate access to account information, also through SMS, and the option of obtaining written confirmation at BATELEC I's office sufficiently ensure that the interests of the customers are protected. The objective of the Rules to ensure that the customer is duly informed of the relevant details of his credit purchase and that he may have a record of the same are more than adequately met;

31. Moreover, the distribution and sales of prepaid credit through retailers obviates the need for BATELEC I to issue billings and collect payments from the customers; thereby reducing costs and enhancing operational efficiency;

¹⁶Section 2.7, Prepaid Metering Rules

32. **Non-interruption of service during off-hours.**¹⁷ Electricity service is interrupted when the customer runs out of prepaid credit despite low-balance warnings from his meter and through SMS. However, service should not be interrupted if the customer runs out of credit because there is no credit available for purchase;
- 32.1 XESI's system shall be programmed not to interrupt the electric service during hours when retailers and BATELEC I's office and payment centers are closed ("off-hours"), even if the customer runs out of prepaid credit;
- 32.2 The customer may still avail of electricity service until the time he can already purchase electricity credit, or when the retailers or BATELEC I's office and payment centers. During off-hours, the customer may incur a negative balance in his credit, which will be netted out once he purchases credits;
- 32.3 BATELEC I will not need to incur the costs of maintaining at least one outlet for prepaid credit open 24 hours a day for purchase of prepaid credit, which costs will necessarily be passed on to its customers;
33. The foregoing arrangement ensures electricity service is not interrupted by reason of unavailability of electricity credit, while at the same time obviating the necessity of additional costs on the part of BATELEC I;
34. While the Prepaid Metering Rules require that customers shall have easy access to prepaid credit 24 hours a day,¹⁸ Applicants propose the foregoing arrangement to ensure that the customer's rights are more than adequately protected;
- 34.1 It is clear that the policy objective of such requirement is to ensure that a customer will not suffer an interruption of service due to unavailability of credit for purchase;
- 34.2 Applicants submit that the foregoing arrangement ensures that such objective is met, while at the same time obviating the necessity of additional costs on the part of BATELEC I in maintaining a sales outlet twenty-four (24) hours a day, which costs are necessarily passed on to the customers. In addition, the arrangement is more beneficial and convenient to the customers, since they will no longer be constrained to travel to the sales outlet at ungodly hours only to purchase credit;

¹⁷In compliance with Section 2.8, Prepaid Metering Rules

¹⁸Section 2.8, Prepaid Metering Rules

35. **SMS notifications and services.** As mentioned earlier, upon registration as a prepaid electricity customer, the customer may register his mobile phone number for SMS notifications and other SMS-based services provided by XESI's system. To address the necessary cost of such services and, at the same time, ensure that the customers are not unduly burdened, the SMS services are subject to a per-SMS fee that is not greater than the fee imposed by mobile phone operators for similar value-added services;
36. **Notifications of unbundled charges.** In order to inform prepaid customers of the unbundled components of BATELEC I's prevailing retail rate,¹⁹ BATELEC I shall post a printed itemization at its main office and payment centers, and shall furnish a copy to a residential customer upon his request. In addition, the itemization shall be easily accessible by the prepaid customer online;
37. **Terms and conditions of service.** A summary of the terms and conditions of service to customers is attached hereto as **Annex "F."**²⁰ In addition, the procedure that BATELEC I seeks to apply in the conversion of customers from post-paid to prepaid service, and vice-versa, including the refund and payment of the bill deposit is contained in **Annex "G"** hereof²¹;
38. **Monitoring and compliance with reportorial requirements.** XESI's system enables BATELEC I to easily and effectively monitor all prepaid metering transactions and electricity consumption, and maintain and access records of the same. XESI's system provides BATELEC I with real-time online interface for monitoring as well as record keeping over at least the preceding two years²²;
39. XESI's system greatly facilitates BATELEC I's compliance with the Commission's record keeping²³ and reportorial requirements,²⁴ as well as customer requests for account information and records.²⁵ With XESI's system, the required information is readily available and may be easily extracted in a matter of seconds, thereby reducing administrative costs and enhancing operational efficiency;
40. **Recovery of cost of meters.** Under Prepaid Metering Rules, customers shall not be made to advance the cost of or purchase the prepaid meters. Prepaid meter deposits shall not be collected from the customers;

¹⁹In compliance with Section 5.2, Prepaid Metering Rules

²⁰In compliance with Section 2.1.6, Prepaid Metering Rules

²¹In compliance with Section 2.1.11 and in accordance with Section 2.10 and Article III, Prepaid Metering Rules

²²In compliance with Section 2.1.3, Prepaid Metering Rules

²³In compliance with Section 2.9, Prepaid Metering Rules

²⁴In compliance with Article IV, Prepaid Metering Rules

²⁵In compliance with Section 2.9, Prepaid Metering Rules

41. As the cost of prepaid meters constitutes capital cost on the part of BATELEC I, it is thus proposed that such cost be recovered in the same manner as other capital costs, subject to the filing of the appropriate application with the Commission²⁶;
42. **Target date for implementation.** BATELEC I intends to offer and provide PRES to its customers within a reasonable time from the issuance of the appropriate authority by the Commission²⁷;
43. **Information campaign.** In order to inform its customers of its offer to provide PRES such that they may make informed decisions on whether to subscribe to the said service, BATELEC I will, with the assistance of XESI, undertake a program to duly inform its customers of the various aspects of the PRES²⁸;
44. **Pilot Tests.** In order to ensure that reliable implementation of the Prepaid Metering Service, Applicants have successfully conducted pilot runs of the system ending on June 03, 2011;
45. Under the Prepaid Metering Rules,²⁹ the Commission may allow an exception from any provision of the said Rules where good reason appears and if such exception is in the public interest and is not contrary to law, rules and regulations;
46. For the reasons extensively discussed above, Applicants move for an exception from the provisions of the said Rules, particularly Section 2.6 on the application of the rate at the time of credit purchase, Section 2.7 on the requirement of a written confirmation of credit purchase, and Section 2.8 on maintaining a sales outlet for twenty-four (24) hours a day, as well as other provisions to which the proposed prepaid metering system and its implementation may be inconsistent with;
47. Parenthetically, Applicant XESI manifests that it has instituted a pending petition to initiate rule-making³⁰ under Section 21 of the *ERC's Rules of Practice and Procedure*, the cause of action thereof being to effect amendments to the Prepaid Metering Rules, including the provisions abovementioned;

²⁶In compliance with Section 2.1.7, Prepaid Metering Rules

²⁷In compliance with Section 2.1.12, Prepaid Metering Rules

²⁸In compliance with Section 2.1.13, Prepaid Metering Rules

²⁹Section 7.1, Prepaid Metering Rules

³⁰ERC Case No. 2010-010 entitled "*In the Matter of the Petition for the Amendment of the Rules for Prepaid Retail Electric Service Using a Prepaid Metering System, Approved by the Honorable Energy Regulatory Commission in ERC Resolution No. 15, Series of 2009*"

**ALLEGATIONS IN SUPPORT OF THE PRAYER
FOR PROVISIONAL AUTHORITY**

48. They seek to offer and provide the Prepaid Metering System at the earliest possible time in order to provide BATELEC I's customers with an effective, convenient and affordable means of managing their energy consumption;
49. Verily, the cost of electricity service represents a necessary monthly financial burden to every household, particularly those with limited spending capacity. Thus, it would greatly benefit the customers of BATELEC I to avail of, at the earliest possible time, a means by which to effectively monitor and control their power consumption, and pay for the same through means easily within their spending capacity;
50. In addition, the implementation of the Prepaid Metering System entails significant preliminary work to establish the system and retail network, as well as to conduct an information campaign to sufficiently apprise the customers of the Prepaid Metering Service;
51. The issuance of a provisional approval by the Commission will greatly facilitate the conduct of such preliminary work and ensure the availability of the Prepaid Metering System to BATELEC I's customers at the soonest possible time; and
52. They pray that the Commission immediately issue an Order granting provisional approval of the present Application, including the prayer for exception from certain provisions of the Prepaid Metering Rules so that they can already implement the proposed Prepaid Metering System, and after due hearing, render a Decision making such provisional approval permanent.

Finding the said application to be sufficient in form and in substance with the required fees having been paid, the same is hereby set for jurisdictional hearing, expository presentation, pre-trial conference and evidentiary hearing on **October 12, 2011 (Wednesday) at three o'clock in the afternoon (3:00 P.M.) at the ERC Hearing Room, 15th Floor, Pacific Center Building, San Miguel Avenue, Pasig City.**

XESI and BATELEC I are hereby directed to cause the publication of the attached Notice of Public Hearing, at their own expense, once (1x) in a newspaper of general circulation in the Philippines, at least ten (10) days before the scheduled date of initial hearing. They are also directed to inform the consumers within BATELEC I's franchise area, by any other means available and appropriate, of the filing of the instant application, their reasons therefor, and of the scheduled hearing thereon.

Let copies of the application, this Order, and the attached Notice of Public Hearing be furnished 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 hearings.

Likewise, let copies of this Order and the attached Notice of Public Hearing be furnished the Offices of the Governor of Batangas and the Mayors of the Municipalities within the franchise area of BATELEC I for the appropriate posting thereof on their respective bulletin boards.

XESI and BATELEC I are hereby directed to furnish all those making requests therefor with copies of the application and its attachments, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing and pre-trial conference, XESI and BATELEC I must submit to the Commission their written Compliance with the jurisdictional requirements attaching therewith, methodically arranged and duly marked, the evidences on the actual posting and publication of the Notice of

Public Hearing consisting of certifications issued to that effect, signed by the afore-mentioned Mayors or their duly authorized representatives, bearing the seals of their offices, and the affidavit of the Editor or Business Manager of the newspaper where the said Notice of Public Hearing was published together with the complete issue of the said newspaper, and such other proofs of compliance with the requirements of the Commission.

XESI and BATELEC I and all interested parties are directed 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:

- (a) A summary of admitted facts and proposed stipulation of facts;
- (b) The issues to be tried or resolved;
- (c) The documents or exhibits to be presented, stating the purposes thereof and proposed markings therefore; and
- (d) The number and names of the witnesses, with their written testimonies in an individual affidavit form, to be attached to the Pre-Trial Brief.

Failure of XESI and BATELEC I to submit the required Pre-Trial Brief and Judicial Affidavits of their 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 said date of cancellation.

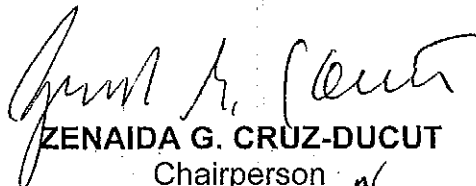
As part of the pre-trial conference, XESI and BATELEC I must also be prepared to make an expository presentation of their application, aided by whatever communication medium that they may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the

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, September 19, 2011.

FOR AND BY AUTHORITY
OF THE COMMISSION:


ZENAIDA G. CRUZ-DUCUT
Chairperson
of

Copy Furnished:

1. **LACHICA AND ASSOCIATES LAW OFFICES**
Attention: ATTYS. SUNDY LORENCE C. LACHICA and CHRISTIENE SALVE A. DEMAISIP
Counsels for XESI and BATELEC I
Suite 1903-B, West Tower
Philippines Stock Exchange Centre
Exchange Road, Ortigas Center
Pasig City
2. **BATANGAS I ELECTRIC COOPERATIVE, INC. (BATELEC I)**
Attention: ENGR. RICARDO C. CASTILLO, JR.
General Manager of BATELEC I
Calaca, Batangas
2. **XEN ENERGY SYSTEMS, INC. (XESI)**
Attention: MR. ARIEL DELA CRUZ
President of XESI
Suite 412, Cityland Pasong Tamo Tower, 2210 Don Chino Roces Avenue, Pio Del Pilar, Makati City
3. **Office of the Solicitor General**
134 Amorsolo Street, Legaspi Village
Makati City, Metro Manila
4. **Commission on Audit**
Commonwealth Avenue
Quezon City, Metro Manila
5. **Senate Committee on Energy**
GSIS Bldg., Roxas Blvd., Pasay City
Metro Manila
6. **House Committee on Energy**
Batasan Hills, Quirino City, Metro Manila
7. **Office of the President of PCCI**
Philippine Chamber of Commerce and Industry (PCCI)
3rd Floor, ECC Building, 355 Sen. Gil Puyat Ave., Makati City
8. **Office of the Municipal Mayor**
Municipality of Agoncillo
Province of Batangas
9. **Office of the Municipal Mayor**
Municipality of Balayan
Province of Batangas
10. **Office of the Municipal Mayor**
Municipality of Calaca
Province of Batangas

11. **Office of the Municipal Mayor**
Municipality of Calatagan
Province of Batangas
12. **Office of the Municipal Mayor**
Municipality of Lemery
Province of Batangas
13. **Office of the Municipal Mayor**
Municipality of Lian
Province of Batangas
14. **Office of the Municipal Mayor**
Municipality of Nasugbu
Province of Batangas
15. **Office of the Municipal Mayor**
Municipality of San Luis
Province of Batangas
16. **Office of the Municipal Mayor**
Municipality of Santa Teresita
Province of Batangas
17. **Office of the Municipal Mayor**
Municipality of Taaland Tuy
Province of Batangas