

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



**IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF RATE
ADJUSTMENT IN
ACCORDANCE WITH THE
RULES GOVERNING THE
TARIFF GLIDE PATH
PURSUANT TO ARTICLE
VII OF THE RULES FOR
SETTING THE RURAL
ELECTRIC
COOPERATIVES'
WHEELING RATES (RSEC-
WR)**

ERC CASE NO. 2018-037 RC

**PAMPANGA I ELECTRIC
COOPERATIVE, INC.
(PELCO I),**

Applicant.

X-----X

DOCKETED
Date: **AUG 03 2018**
By: _____

ORDER

On 30 April 2018, Applicant Pampanga I Electric Cooperative, Inc. (PELCO I) filed an *Application* seeking the Commission's approval for the adjustment in its rates pursuant to the Tariff Glide Path (TGP) Rules.

PELCO I alleged the following in its *Application*:

1. That applicant is an electric cooperative duly organized and existing under and by virtue of the laws of the Philippines, with the principal office at Sto. Domingo, Mexico, Pampanga, where it may be served with summons and other legal processes, represented in this instance by its General Manager, ENGR. LOLIANO E. ALLAS, of legal age, Filipino, and with office address also at PELCO I main office;

2. That herein applicant is the exclusive franchise holder issued by the National Electrification Administration (NEA) to operate an electric light and power services in the municipalities of the province of Pampanga, namely: Arayat, Candaba, Magalang, Mexico, Sta. Ana and San Luis;
3. That pursuant to Article 7 (Tariff Glide Path) of the RSEC-WR, the Energy Regulatory Commission (ERC) issued, adopted and promulgated the Rules Governing the Movement of the Initial Tariffs to the Tariff Caps during the Regulatory Period. The tariff glide path will be determined by the following formula:

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

- a. 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.
 - b. There shall be an efficiency factor, "X", to account for the operational efficiency of the EC's in setting their rates.
 - c. There shall be a performance incentive, "S", which shall reward or penalize the EC for above or below standard performance, respectively.
4. Based on the Rules on Tariff Glide Path promulgated by the Honorable Commission, Index "I" was computed by PELCO I as follows:

Particulars	Average CPI	△ CPI	Total kWh Sales	GR	Difference	"I"
2015	140.3		184,186,563			
2016	142.1	1.28%	204,189,419	10.86%	-9.58%	0.00%
2017	145.2	2.18%	230,199,162	12.74%	-10.56%	0.00%
2018	149.7	3.10%	245,899,371	6.82%	-3.72%	0.00%

5. Likewise, PELCO I calculated the Efficiency Factor "X" as follows:

Particulars	Total Man Hours (2015)	Total Man Hours (2016)	Total Man Hours (2017)	Total Man Hours (2018)
Regular Employees	470,838	480,063	497,831	525,250
Contractual Employees	72,040	86,499	90,255	88,140
TOTAL	542,878	566,562	588,086	613,390
Full time equivalent man hours per year	2,080	2,080	2,080	2,080
FTE	261	272	283	295

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Total number of billed connection (year-end)	85,152	88,785	90,492	94,059
CPE	326	326	320	319
"X"		-0.06%	-1.27%	-0.24%
		Zero - 1 st Year (2 nd regulatory period)	Zero - 2 nd Year (2 nd regulatory period)	

6. Finally, the Performance Incentive "S" was determined as follows:

Year 2016	SAIFI	SAIDI	SL	"S"
Standard	23.71	2,196.86		
1/2 Strd Dev	6.89	715.39		
SL CAP			13.00	
ACTUAL	4.66	160.06	7.79	
DIFFERENCE	19.05	2,036.80	5.21	
% impact	2.00%	2.00%	4.50%	2.50%

Year 2017	SAIFI	SAIDI	SL	"S"
Standard	23.71	2,196.86		
1/2 Strd Dev	6.89	715.39		
SL CAP			13.00	
ACTUAL	6.66	479.77	7.72	
DIFFERENCE	17.05	1,717.09	5.28	
% impact	2.00%	2.00%	4.50%	2.50%

Year 2018	SAIFI	SAIDI	SL	"S"
Standard	23.71	2,196.86		
1/2 Strd Dev	6.89	715.39		
SL CAP			13.00	
ACTUAL	7.10	701.54	7.66	
DIFFERENCE	16.61	1,495.32	5.34	
% impact	2.00%	2.00%	4.50%	2.50%

7. Summarizing the above Index "I", Efficiency Factor "X" and Performance Incentive "S", the resultant TGP is as follows:

	"I"	"X"	"S"	TGP B	TGP B (excluding S)
YEAR 2016	0.00%	0.00%	2.50%	2.50%	0.00%
YEAR 2017	0.00%	0.00%	2.50%	2.50%	0.00%

YEAR 2018	0.00%	0.00%	2.50%	2.50%	0.00%
TOTAL				7.50%	0.00%

8. Using the calculated TGP above, the adjustment in rates resulted as follows, to wit:

TYPE OF CUSTOMER	Particulars	Unit	Rate @ 1st tariff glide path adjustment	Rate @ 1st tariff glide path adjustment excluding S	Rate calculated @ 2nd tariff glide path adjustment	Rate calculated @ 2nd tariff glide path adjustment excluding S
RESIDENTIAL	Distribution	PhP/kWh	0.6216	0.5782	0.6682	0.5782
	Supply	PhP/kWh	0.6451	0.6001	0.6935	0.6001
	Metering	PhP/kWh	0.4650	0.4326	0.4999	0.4326
	Metering	PhP/meter/mo	5.38	5.00	5.78	5.00
LOW VOLTAGE TYPE OF CUSTOMER	Distribution	PhP/kWh	0.8165	0.7595	0.8777	0.7595
	Supply	PhP/cust/mo	46.14	42.92	49.60	42.92
	Metering	PhP/meter/mo	38.64	35.94	41.53	35.94
HIGHER VOLTAGE CUSTOMER	Distribution	PhP/kWh	236.16	219.68	253.87	219.68
	Supply	PhP/cust/mo	46.14	42.92	49.60	42.92
	Metering	PhP/meter/mo	38.64	35.94	41.53	35.94

9. The above computations were made based on the guideline issued by the Honorable Commission, more specifically the Rules Governing the Tariff Glide Path Pursuant to Article VII of the Rules for Setting the Rural Electric Cooperatives' Wheeling Rates (RSEC-WR); and

10. That as part and parcel of this Application, attached hereto are the detailed computations of the TGP, with supporting documents, duly marked as Annex "B".

PRAYER

WHEREFORE, premises considered, applicant Pampanga I Electric Cooperative, Inc. (PELCO I) respectfully prays of this Honorable Commission that, after due notice and hearing and consideration, this application be approved and authorizing PELCO I to include in its bills to customers either of the following Tariffs starting January 2019 billing:

With performance incentive "S"

TYPE OF CUSTOMER	Particulars	Unit	Rate @ 2nd tariff glide path adjustment
RESIDENTIAL	Distribution	PhP/kWh	0.6682

	Supply	PhP/kWh	0.6935
	Metering	PhP/kWh	0.4999
	Metering	PhP/meter/mo	5.78
LOW VOLTAGE	Distribution	PhP/kWh	0.8777
	Supply	PhP/cust/mo	49.60
	Metering	PhP/meter/mo	41.53
HIGHER VOLTAGE	Distribution	PhP/kW	253.87
	Supply	PhP/cust/mo	49.60
	Metering	PhP/meter/mo	41.53

Without performance incentive "S"

TYPE OF CUSTOMER	Particulars	Unit	Rate @ 2nd tariff glide path adjustment
RESIDENTIAL	Distribution	PhP/kWh	0.5782
	Supply	PhP/kWh	0.6001
	Metering	PhP/kWh	0.4326
	Metering	PhP/meter/mo	5.00
LOW VOLTAGE	Distribution	PhP/kWh	0.7595
	Supply	PhP/cust/mo	42.92
	Metering	PhP/meter/mo	35.94
HIGHER VOLTAGE	Distribution	PhP/kW	219.68
	Supply	PhP/cust/mo	42.92
	Metering	PhP/meter/mo	35.94

Other relief, just or equitable, is likewise prayed for.

Finding the said Application to be 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 **11 October 2018 (Thursday) at two o'clock in the afternoon (2:00 P.M.) at PELCO I's Main Office in Sto. Domingo, Mexico, Pampanga.**

Accordingly, PELCO I 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 with copies of this Order and the attached Notice of Public Hearing the Offices of the Provincial Governor, 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 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 other means employed by Applicant to inform of the filing of the Application, its 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:

- (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 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.

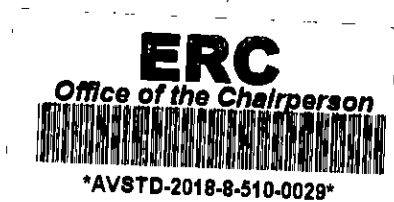
PELCO I must also be prepared to make an expository presentation of the instant Application, aided by whatever communication medium that it may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit

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, 27 July 2018.

FOR AND BY AUTHORITY
OF THE COMMISSION:



[Handwritten Signature]
AGNES VST DEVANADERA
Chairperson & CEO

[Handwritten Signature]
LS: *[Handwritten Signature]* / arg / lsa / apv.2018-037 RC PELCO I TGP.doc

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4. Commission on Audit
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5. The Senate Committee on Energy
GSIS Building, Roxas Boulevard, Pasay City
6. The House Committee on Energy
Batasan Hills, Quezon City
7. Office of the Municipal Mayor
Arayat, Pampanga
8. Office of the LGU Legislative Body
Arayat, Pampanga
9. Office of the Municipal Mayor
Candaba, Pampanga
10. Office of the LGU Legislative Body
Candaba, Pampanga
11. Office of the Municipal Mayor
Magalang, Pampanga

12. Office of the LGU Legislative Body
Magalang, Pampanga
13. Office of the Municipal Mayor
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15. Office of the Municipal Mayor
Sta. Ana, Pampanga
16. Office of the LGU Legislative Body
Sta. Ana, Pampanga
17. Office of the Municipal Mayor
San Luis, Pampanga
18. Office of the LGU Legislative Body
San Luis, Pampanga
19. Office of the Provincial Governor
Province of Pampanga
20. Office of the LGU Legislative Body
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21. National Grid Corporation of the Philippines (NGCP)
Quezon Avenue corner BIR Road, Diliman, Quezon City
22. ERC-Regulatory Operations Service
17/F Pacific Center Bldg., San Miguel Ave.
Ortigas, Pasig City