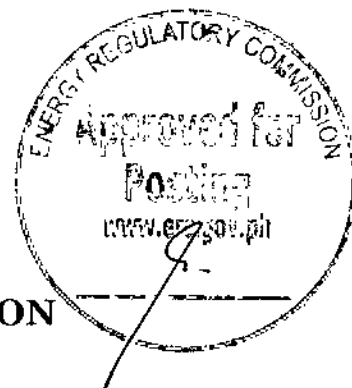


Republic of the Philippines  
**ENERGY REGULATORY COMMISSION**  
San Miguel Avenue, Pasig City



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

**ERC CASE NO. 2016-075 RC**

**PANGASINAN I ELECTRIC  
COOPERATIVE, INC.  
(PANELCO I),**

**Applicant.**

X-----X

**D O C K E T E D**  
Date: MAR 08 2017  
By: M

**ORDER**

On 29 April 2016, Pangasinan I Electric Cooperative, Inc. (PANELCO I) filed an application dated 21 April 2016 seeking the Commission's approval of PANELCO I's rate adjustment in accordance with the rules governing the Tariff Glide Path (TGP), pursuant to Article VII of the Rules for Setting Electric Cooperatives' Wheeling Rates (RSEC-WR).

PANELCO I alleged the following in its Application:

1. PANELCO I is an electric cooperative duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at San Jose, Bani, Pangasinan, represented in this instance by its Acting General Manager, Dionisio O. Opolento, Jr. of legal age, Filipino, married with office address also at San Jose, Bani, Pangasinan.

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 City of Alaminos and Municipalities of Agno, Anda, Bani, Bolinao, Burgos, Dasol, Infanta, and Mabini, all in the province of Pangasinan.
3. Section 25 of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA) provides that the retail rates charges by Distribution Utilities for the supply of their electricity in their captive market shall be subject to regulation by the Energy Regulatory Commission (ERC) based on the principle of full recovery of prudent and reasonable economic costs incurred or such other principles that will promote efficiency as may be determined by the ERC;
4. On September 23, 2009, the ERC promulgated Resolution No. 20, Series of 2009, entitled "A Resolution Adopting the Rules for Setting the Electric Cooperatives' Wheeling Rates (RSEC-WR)", said RSEC-WR embodies the new regulatory framework for the on-grid Electric Cooperatives (ECs);
5. Article VII of the RSEC-WR provides for the Tariff Glide Path (TGP) whereby during the Regulatory Period, the rate of the EC per group shall be adjusted using the following formula:  
$$\text{Tariff} \times [1 + \text{Index "I"} - \text{Efficiency Factor "X"} + \text{Performance Incentive "S"}]$$

Whereas, 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;

Whereas, the Efficiency Factor "X" shall be used to account for the operational efficiency of the ECs in setting their rates;

Whereas, the Performance Incentive "S" which shall reward or penalize the EC for above or below standard performance.
6. The TGP is intended as a cap and the EC may move up to the cap, if it is a positive adjustment and if the cap is lower than the current average tariff, a reduction must be implemented;
7. On April 19, 2010, the Philippine Rural Electric Cooperatives Association, Inc. (PHILRECA) filed a "Petition to initiate rule-Making on the Tariff Glide Path pursuant to Article VII of the Rules for Setting Electric Cooperatives' Wheeling Rates (TGP Rules)";
8. Expository presentation and public consultation was conducted in the respective franchise areas of Electric

Cooperatives wherein PANELCO I was scheduled on July 28, 2010 at PANELCO I Main Office San Jose, Bani, Pangasinan;

9. After careful consideration of comments from interested parties, the said petition was adopted and promulgated on May 2, 2011 under ERC Resolution No. 08, Series of 2011;
10. Section 2.1 of the Rules governing the TGP provides that "On or before each fourth month of the Third and Sixth regulatory year of their respective Regulatory Periods, the electric cooperative may file before the Commission an application for rate adjustment reflecting the values for the "I", "X" and "S" as determined in accordance with these rules";
11. Furthermore, under Section 2.5.1 PANELCO I was categorized under the First Entrant Group with a first regulatory period of January 1, 2011 to December 31, 2016;
12. PANELCO I is currently adopting the provisionally approved Revised Rate Schedule as directed under ERC Case No. 2009-172 RC as shown herewith:

		Residential	Low Voltage*	Higher Voltage
<b>Distribution Charges:</b>				
Demand Charge	PhP/kW			190.0300
Distribution System Charge	PhP/kWh	0.5143	0.5134	
<b>Supply Charges:</b>				
Retail Customer Charge	PhP/Cust/Mo.		41.6100	41.6100
Supply System Charge	PhP/kWh	0.5828		
<b>Metering Charges:</b>				
Retail Customer Charge	PhP/Meter/Mo.	5.0000	31.1900	31.1900
Metering Charges:	Php/kWh	0.3669		

\* Low Voltage consists of Commercial, General Power, Public Building, Street Lights and Special Lightings Customers

13. On April 30, 2013, the fourth month of the Third regulatory year, PANELCO I filed an application for rate adjustment under ERC case No. 2013-087 RCas follows:

**Rate Caps with Performance Incentive "S"**

		Residential	Low Voltage	Higher Voltage
<b>Distribution Charges:</b>				
Demand Charge	PhP/kW			202.0589
Distribution System Charge	PhP/kWh	0.5469	0.5459	

<b>Supply Charges:</b>				
Retail Customer Charge	PhP/Cust/ Mo.		44.2439	44.2439
Supply System Charge	PhP/kWh	0.6197		
<b>Metering Charges:</b>				
Retail Customer Charge	PhP/Meter/ Mo.	5.3165	33.1643	33.1643
Metering Charges:	Php/kWh	0.3901		

**Rate Caps excluding Performance Incentive "S"**

		Residential	Low Voltage	Higher Voltage
<b>Distribution Charges:</b>				
Demand Charge	PhP/kW			202.8190
Distribution System Charge	PhP/kWh	0.5489	0.5480	
<b>Supply Charges:</b>				
Retail Customer Charge	PhP/Cust/ Mo.		44.4104	44.4104
Supply System Charge	PhP/kWh	0.6220		
<b>Metering Charges:</b>				
Retail Customer Charge	PhP/Meter/ /Mo.	5.3365	33.2891	33.2891
Metering Charges:	Php/kWh	0.3916		

14. For the Sixth regulatory year, PANELCO I-s TGP calculation for the values of "I", "X" and "S" is shown below:

	"I"	"X"	"S"	TGP B	TGP B (excluding S)
<b>YEAR 2014</b>	<b>0.00%</b>	<b>0.23%</b>	<b>0.40%</b>	<b>0.17%</b>	<b>-0.23%</b>
<b>YEAR 2015</b>	<b>0.00%</b>	<b>0.62%</b>	<b>0.80%</b>	<b>0.18%</b>	<b>-0.62%</b>
<b>YEAR 2016</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.70%</b>	<b>0.70%</b>	<b>0.00%</b>
<b>TOTAL</b>				<b>1.05%</b>	<b>-0.85%</b>

15. Considering the abovementioned TGP Calculation, PANELCO I's rate caps for the Sixth regulatory year would be:

**Rate Caps with Performance Incentive "S"**

		Residential	Low Voltage	Higher Voltage
<b>Distribution Charges:</b>				
Demand Charge	PhP/kW			204.1700

Distribution System Charge	PhP/kWh	0.5526	0.5516	
<b>Supply Charges:</b>				
Retail Customer Charge	PhP/Cust/Mo.		44.7100	44.7100
Supply System Charge	PhP/kWh	0.6262		
<b>Metering Charges:</b>				
Retail Customer Charge	PhP/Meter/Mo.	5.37	33.5100	33.5100
Metering Charges:	Php/kWh	0.3942		

**Rate Caps excluding Performance Incentive "S"**

		<b>Residential</b>	<b>Low Voltage</b>	<b>Higher Voltage</b>
<b>Distribution Charges:</b>				
Demand Charge	PhP/kWh			201.09
Distribution System Charge	PhP/kWh	0.5442	0.5433	
<b>Supply Charges:</b>				
Retail Customer Charge	PhP/Cust/Mo.		44.0300	44.03
Supply System Charge	PhP/kWh	0.6167		
<b>Metering Charges:</b>				
Retail Customer Charge	PhP/Meter/Mo.	5.29	33.00	33.00
Metering Charges:	Php/kWh	0.3883		

Detailed computation for the TGP Calculation and the rate caps after considering the TGP calculation is presented under Annex "D", which is also made as an integral part hereof.

16. PANELCO I intends to move its rate up to the cap;
17. PANELCO I believes that the implementation of the adjusted rates would be to the best interest of its consumers; and
18. PANELCO I has duly complied with the pre filing requirements by furnishing copies of the Application together with its supporting annexes and accompanying documents to the Local Government Units' legislative bodies within the franchise area and published the Application in its entirety in a newspaper of general circulation in the Province of Pangasinan.

**PRAYER**

WHEREFORE, foregoing premises considered, it is most respectfully prayed of this Honorable Commission, after due notice and hearing, to approve the rate adjustment for applicant PANELCO I, as follows:

**Rate Caps with Performance Incentive "S"**

		<b>Residential</b>	<b>Low Voltage</b>	<b>Higher Voltage</b>
<b>Distribution Charges:</b>				
Demand Charge	PhP/kW			204.1700
Distribution System Charge	PhP/kWh	0.5526	0.5516	
<b>Supply Charges:</b>				
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Retail Customer Charge	PhP/Meter/Mo.	5.37	33.5100	33.5100
Metering Charges:	Php/kWh	0.3942		

**Rate Caps excluding Performance Incentive "S"**

		<b>Residential</b>	<b>Low Voltage</b>	<b>Higher Voltage</b>
<b>Distribution Charges:</b>				
Demand Charge	PhP/kW			201.09
Distribution System Charge	PhP/kWh	0.5442	0.5433	
<b>Supply Charges:</b>				
Retail Customer Charge	PhP/Cust/Mo.		44.0300	44.03
Supply System Charge	PhP/kWh	0.6167		
<b>Metering Charges:</b>				
Retail Customer Charge	PhP/Meter/Mo.	5.29	33.00	33.00
Metering Charges:	Php/kWh	0.3883		

Other reliefs, just and equitable in the premises are likewise prayed for.

Finding the said Application sufficient in substance with the required fees having been paid, the instant Application is hereby set for determination of compliance with the jurisdictional requirements,

expository presentation, Pre-trial Conference, and presentation of evidence on **4 May 2017 (Thursday) at ten o'clock in the morning (10:00 A.M.) at PANELCO I's principal office in San Jose, Bani, Pangasinan.**

Accordingly, PANELCO 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 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 affidavits of the Editors or Business

Managers of the newspapers where the said Notice of Public Hearing were 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 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*, its reasons therefor, 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 PANELCO I 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 PANELCO I 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.

PANELCO I must also be prepared to make an expository presentation of the instant *Application*, aided by whatever communication medium it 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, 28 February 2017.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

**JOSE VICENTE B. SALAZAR**  
Chairman and CEO

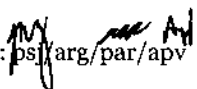
**ERC**



Office of the Chairman and CEO



\*C-2017-007-OC-00593\*

LS:  arg/par/apv

Copy furnished:

1. **Atty. Alfred Felix E. De Castro**  
*Counsel for Applicant PANELCO I*  
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2. **Pangasinan I Electric Cooperative, Inc. (PANELCO I)**  
*Applicant*  
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3. **Office of the Solicitor General**  
134 Amoroso Street, Legaspi Village  
Makati City 1229
4. **Commission on Audit**  
Commonwealth Avenue, Quezon City 1121
5. **Senate Committee on Energy**  
GSIS Building, Roxas Boulevard, Pasay City 1308
6. **House Committee on Energy**  
Batasan Hills, Quezon City 1126
7. **Office of the Provincial Governor**  
Province of Pangasinan
8. **Office of the LGU Legislative Body**  
Province of Pangasinan
9. **Office of the City Mayor**  
Alaminos City, Pangasinan
10. **Office of the LGU Legislative Body**  
Alaminos City, Pangasinan
11. **Office of the Municipal Mayor**  
Agno, Pangasinan
12. **Office of the LGU Legislative Body**  
Agno, Pangasinan
13. **Office of the Municipal Mayor**  
Anda, Pangasinan
14. **Office of the LGU Legislative Body**  
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15. **Office of the Municipal Mayor**  
Bani, Pangasinan
16. **Office of the LGU Legislative Body**  
Bani, Pangasinan

17. **Office of the Municipal Mayor**  
Bolinao, Pangasinan
18. **Office of the LGU Legislative Body**  
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25. **Office of the Municipal Mayor**  
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26. **Office of the LGU Legislative Body**  
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27. **Regulatory Operations Service**  
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