

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 TARIFF GLIDE PATH ON THE FOURTH TO SIXTH REGULATORY YEARS OF THE FIRST REGULATORY PERIOD FOR FIRST ENTRANT ELECTRIC COOPERATIVES UNDER THE TARIFF GLIDE PATH (TGP) RULES**

**ERC Case No. 2018-101 RC**

**DON ORESTES ROMUALDEZ  
ELECTRIC COOPERATIVE,  
INC. (DORELCO),**

**Applicant.**

X-----X

**D O C K E T E D**  
Date: DEC 18 2018  
By: [Signature]

**ORDER**

On 04 October 2018, Don Orestes Romualdez Electric Cooperative Inc. (DORELCO) filed an *Application* dated 06 September 2018, seeking the Commission's approval of the adjustment in rates based on the Tariff Glide Path (TGP) on the fourth to sixth regulatory years of the first regulatory period for the first entrant electric cooperatives under the TGP Rules.

In its *Application*, DORELCO alleged, among others, the following:

1. It is a non-stock, non-profit electric cooperative, duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at Brgy. San Roque, Tolosa, Leyte;

2. It holds an exclusive franchise from the National Electrification Commission to operate an electric light and power distribution service in certain municipalities of the Province of Leyte, namely: Tanauan, Tolosa, Abuyog, Dulag, Macarthur, Julita, La Paz, Burauen, Mayorga, Mahaplag, Dagami, Tabon-tabon and Javier;

**NATURE OF THE APPLICATION**

3. This application is for the approval of DORELCO's proposed adjustment in its Distribution, Supply and Metering (DSM) Rates to be made effective on the First to Third Regulatory Years of the Second Regulatory Period for electric cooperatives belonging to the First Entrant Group under the Tariff Glide Path Rules (TGP Rules);

**STATEMENT OF FACTS**

4. Sometime in Year 2013, DORELCO filed with the Commission an application for approval of proposed adjustment in its DSM Rates pursuant to the TGP Rules, docketed as ERC Case No. 2013-153 RC;
5. In said application, the cooperative prayed for approval of either of the following two (2) proposed alternative DSM rates, to be implemented effective January 2014, to wit:

**A. WITH PERFORMANCE INCENTIVE "S"**

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
<b>Distribution Charges:</b>				
Demand Charge	PhP/kW	-	-	288.40
Distribution System Charge	PhP/kWh	0.9096	0.9968	-
<b>Supply Charges:</b>				
Retail Customer Charge	PhP/Customer /Mo.	-	43.22	43.22
Supply System Charge	PhP/kWh	0.8324	-	-
<b>Metering Charges:</b>				
Retail Customer Charge	PhP/Meter/ Mo.	5.38	30.92	30.92
Metering System Charge	PhP/kWh	0.4919	-	-

**B) EXCLUDING PERFORMANCE INCENTIVE "S"**

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/kW	-	-	289.47
Distribution System Charge	PhP/kWh	0.9129	1.0005	-
Supply Charges:				
Retail Customer Charge	PhP/Customer /Mo.	-	43.38	43.38
Supply System Charge	PhP/kWh	0.8355	-	-
Metering Charges:				
Retail Customer Charge	PhP/Meter/ Mo.	5.40	31.04	31.04
Metering System Charge	PhP/kWh	0.4937	-	-

6. Foregoing application was DORELCO'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 years thereafter;
7. DORELCO belongs to the First Entrant Group under the TGP Rules, whose first regulatory period is from 01 January 2011 to 31 December 2016. It filed its initial application for DSM rate adjustment in 2013 which is the third regulatory year of the First Regulatory Period. It is filing the instant application based on the Tariff Glide Path from 01 January 2014 to 31 December 2016, the fourth to sixth regulatory years of the First Regulatory Period, for the proposed adjustment of its DSM rates to take effect on the first to third regulatory years of the Second Regulatory Period for the First Entrant Group under the TGP Rules, or from 01 January 2017 to 31 December 2019;
8. DORELCO's first TGP application under ERC Case No. 2013-153 RC is still pending evaluation of the Commission. However, despite said pendency, it adopted and used the proposed DSM rates in said pending application as bases 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, DORELCO 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)
<b>YEAR 2014</b>	<b>4.34%</b>	<b>0.00%</b>	<b>0.40%</b>	<b>4.74%</b>	<b>4.34%</b>
<b>YEAR 2015</b>	<b>6.95%</b>	<b>13.60%</b>	<b>1.60%</b>	<b>-5.05%</b>	<b>-6.65%</b>
<b>YEAR 2016</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>TOTAL</b>				<b>-0.31%</b>	<b>-2.31%</b>

11. Utilizing the above values will result in adjustments in the cooperative's DSM Rates covering the first to third regulatory years of the Second Regulatory Period for electric cooperatives belonging to the First Entrant Group, as follows:

**A. WITH PERFORMANCE INCENTIVE "S"**

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
<b>Distribution Charges:</b>				
Demand Charge	PhP/kW	-	-	287.50
Distribution System Charge	PhP/kWh	0.9067	0.9937	-
<b>Supply Charges:</b>				
Retail Customer Charge	PhP/Customer/Mo.	-	43.09	43.09
Supply System Charge	PhP/kWh	0.8298	-	-
<b>Metering Charges:</b>				
Retail Customer Charge	PhP/Meter/Mo.	5.37	30.83	30.83
Metering System Charge	PhP/kWh	0.4903	-	-

**B. EXCLUDING PERFORMANCE INCENTIVE “S”**

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/kW	-	-	282.78
Distribution System Charge	PhP/kWh	0.8918	0.9773	-
Supply Charges:				
Retail Customer Charge	PhP/Customer/Mo.	-	42.38	42.38
Supply System Charge	PhP/kWh	0.8162	-	-
Metering Charges:				
Retail Customer Charge	PhP/Meter/Mo.	5.28	30.32	30.32
Metering System Charge	PhP/kWh	0.4823	-	-

12. Consequently, in compliance with the TGP Rules, DORELCO hereby applies to implement either of the above two calculated alternative DSM Rates, to be made retroactive starting 01 January 2017 and up to 31 December 2019;

**SUPPORTING DATA AND DOCUMENTS**

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

Annex Markings	Nature of Document
A to A-2	Proposed TGP 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 (2012-2015)
C	Billing Determinants Template (2012-2015) (kWh Sales, No. of Customers, kW Demand)
D	Sample Bills per customer type (2012-2015)
E	Regional CPI (2012-2015)
F	RFSC Utilization (2013-2015)
G	Consumer Complaints Summary or Tracking Form (2013-2015)
H	Audited Financial Statements (2013 -2015)

**SUBMISSION OF PRE-FILING REQUIREMENTS**

14. Finally, in compliance with the pre-filing requirements under the ERC Rules of Practice and Procedure, DORELCO 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 Bayan of Tolosa and the Sangguniang Panlalawigan of Leyte
J and series	Proof of publication of the Application in a newspaper of general circulation in DORELCO's franchise area or where it principally operates

15. DORELCO also prays of this Commission that after due notice and hearing, it be allowed to implement either of the following two (2) alternative rates for its Distribution, Supply and Metering (DSM) charges retroactively starting 01 January 2017 and up to 31 December 2019, to wit:

**A.WITH PERFORMANCE INCENTIVE "S"**

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/kW	-	-	287.50
Distribution System Charge	PhP/kWh	0.9067	0.9937	-
Supply Charges:				
Retail Customer Charge	PhP/Customer/Mo.	-	43.09	43.09
Supply System Charge	PhP/kWh	0.8298	-	-
Metering Charges:				
Retail Customer Charge	PhP/Meter/Mo.	5.37	30.83	30.83
Metering System Charge	PhP/kWh	0.4903	-	-

(This space is intentionally left blank.)

**B) EXCLUDING PERFORMANCE INCENTIVE “S”**

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/kW	-	-	282.78
Distribution System Charge	PhP/kWh	0.8918	0.9773	-
Supply Charges:				
Retail Customer Charge	PhP/Customer/Mo.	-	42.38	42.38
Supply System Charge	PhP/kWh	0.8162	-	-
Metering Charges:				
Retail Customer Charge	PhP/Meter/Mo.	5.28	30.32	30.32
Metering System Charge	PhP/kWh	0.4823	-	-

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 determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on **09 January 2019 (Wednesday) nine o'clock in the morning (9:00 A.M.), at DORELCO's Principal Office, Brgy. San Roque, Tolosa, Leyte.**

Accordingly, DORELCO 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, DORELCO 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 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*, 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.

DORELCO 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 DORELCO 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.

DORELCO 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, 10 December 2018.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

**JOSEFINA PATRICIA A. MAGPALE-ASIRIT**  
*Commissioner*

Copy Furnished:

1. DECHAVEZ & EVANGELISTA LAW OFFICES  
Counsel for DORELCO  
Units 2008, Tycoon Centre  
Pearl Drive, Ortigas Center, Pasig City 1605
2. Don Orestes Romualdez Electric Cooperative, Inc. (DORELCO)  
Brgy. San Roque, Tolosa, Leyte
3. Office of the Solicitor General (OSG)  
134 Amorsolo Street, Legaspi Village, City of Makati 1229
4. Commission on Audit (COA)  
Commonwealth Avenue, Quezon City 1121
5. Senate Committee on Energy  
GSIS Building, Roxas Boulevard, Pasay City 1300
6. House of Representatives Committee on Energy  
Batasan Hills, Quezon City 1126
7. Office of the Municipal Mayor  
Tanauan, Leyte
8. Office of the Sangguniang Bayan  
Tanauan, Leyte
9. Office of the Municipal Mayor  
Tolosa, Leyte
10. Office of the Sangguniang Bayan  
Tolosa, Leyte
11. Office of the Municipal Mayor  
Dagami, Leyte
12. Office of the Sangguniang Bayan  
Dagami, Leyte
13. Office of the Municipal Mayor  
Burauen, Leyte
14. Office of the Sangguniang Bayan  
Burauen, Leyte
15. Office of the Municipal Mayor  
Tabon-Tabon, Leyte
16. Office of the Sangguniang Bayan  
Tabon-Tabon, Leyte
17. Office of the Municipal Mayor  
Julita, Leyte
18. Office of the Sangguniang Bayan  
Julita, Leyte

19. Office of the Municipal Mayor  
Dulag, Leyte
20. Office of the Sangguniang Bayan  
Dulag, Leyte
21. Office of the Municipal Mayor  
Lapaz, Leyte
22. Office of the Sangguniang Bayan  
Lapaz, Leyte
23. Office of the Municipal Mayor  
Mayorga, Leyte
24. Office of the Sangguniang Bayan  
Mayorga, Leyte
25. Office of the Municipal Mayor  
MacArthur, Leyte
26. Office of the Sangguniang Bayan  
MacArthur, Leyte
27. Office of the Municipal Mayor  
Javier, Leyte
28. Office of the Sangguniang Bayan  
Javier, Leyte
29. Office of the Municipal Mayor  
Abuyog, Leyte
30. Office of the Sangguniang Bayan  
Abuyog, Leyte
31. Office of the Municipal Mayor  
Mahaplag, Leyte
32. Office of the Sangguniang Bayan  
Mahaplag, Leyte
33. Office of the Provincial Governor  
Province of Leyte
34. Office of the Sangguniang Panlalawigan  
Province of Leyte
35. 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
36. Regulatory Operations Service  
Energy Regulatory Commission  
17th Floor, Pacific Center, San Miguel Avenue  
Pasig City