

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

**D O C K E T E D**  
Date: AUG 03 2018  
By: W

**NOTICE OF PUBLIC HEARING**

**TO ALL INTERESTED PARTIES:**

Notice is hereby given that 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

Particulars  
 Regular  
 Contractual  
 FTE

Particulars  
 Regular  
 Contractual  
 FTE

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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 <sup>st</sup> Year (2 <sup>nd</sup> regulatory period)	Zero - 2 <sup>nd</sup> Year (2 <sup>nd</sup> 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%

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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	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	Distribution	PhP/kW	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

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	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	49.69
	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.

The Commission has set the *Application* 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.**

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 ERC 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 ERC Rules of Practice and Procedure. No particular form of Opposition or Comment is required, but the document, letter, or writing should contain the following:

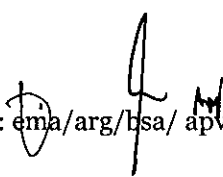
- 1) The name and address of such person;
- 2) A concise statement of the Opposition or Comment; and
- 3) The grounds relied upon.

All such persons who wish to have a copy of the *Application* may request from Applicant that they 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.

Pasig City, 27 July 2018.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

  
**AGNES VST DEVANADERA**  
Chairperson & CEO

  
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\*AVSTD-2018-8-510-0029\*