

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.**

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

X-----X

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that 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 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;

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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
Distribution Charges:				
Demand Charge	PhP/kW	-	-	288.40
Distribution System Charge	PhP/kWh	0.9096	0.9968	-
Supply Charges:				
Retail Customer Charge	PhP/Customer /Mo.	-	43.22	43.22
Supply System Charge	PhP/kWh	0.8324	-	-
Metering Charges:				
Retail Customer Charge	PhP/Meter/ Mo.	5.38	30.92	30.92
Metering System Charge	PhP/kWh	0.4919	-	-

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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:

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$$TGP_B = TGP_n + TGP_{n+1} + TGP_{n+2}$$

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)
YEAR 2014	4.34%	0.00%	0.40%	4.74%	4.34%
YEAR 2015	6.95%	13.60%	1.60%	-5.05%	-6.65%
YEAR 2016	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL				-0.31%	-2.31%

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
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	-	-

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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	-	-

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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	-	-

The Commission has set the *Application* 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.**

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

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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.

WITNESS, the Honorable Chairperson, **AGNES VST DEVANADERA** and the Honorable Commissioners **ALEXIS M. LUMBATAN** and **CATHERINE P. MACEDA**, Energy Regulatory Commission, this 10th day of December 2018 in Pasig City.


JOSEFINA PATRICIA A. MAGPALE-ASIRIT
Oversight Commissioner for Legal