

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



**IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF
ADJUSTMENT IN RATES
PURSUANT TO THE TARIFF
GLIDE PATH (TGP) RULES,
WITH PRAYER FOR
PROVISIONAL AUTHORITY,**

ERC CASE NO. 2014-171 RC

**CAMARINES SUR IV
ELECTRIC COOPERATIVE,
INC. (CASURECO IV),**

Applicant.

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D O C K E T E D

Date: JAN 25 2017

By: _____

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 18 November 2014, Camarines Sur IV Electric Cooperative, Inc. (CASURECO IV) filed an Application seeking the Commission's approval of the adjustment in its rates 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).

CASURECO IV alleged the following in its Application:

1. Applicant 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 Talojongon, Tigaon, Camarines Sur, represented in this instance by its General Manager, Atty. Veronica T. Briones, per Board Resolution attached hereto as Annex "A";

2. It is the exclusive franchise holder issued by the National Electrification Commission (NEC), to operate an electric light and power distribution service in the municipalities of Ocampo, Tigaon, Sangay, Goa, San Jose, Lagonoy, Presentacion, Caramoan and Garchitorena, all in the Province of Camarines Sur;

3. CASURECO IV filed with the Honorable Commission an original and amended Applications on November 25, 2009 and December 1, 2009 respectively, for Approval of Proposed Adjustment in its Rates pursuant to the Rules for Setting the Electric Cooperatives' Wheeling Rates (RSEC-WR);

4. The Honorable Commission approved the Application granting the cooperative the following initial tariffs on its Distribution, Supply and Metering (DSM) Charges, among others, to wit:

PARTICULARS	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/kW			267.90
Distribution System Charge	PhP/kWh	0.8449	0.9259	-
Supply Charges:				
Retail Customer Charge	PhP/Customer/Mo.		40.15	40.15
Supply System Charge	PhP/kWh	0.7732	-	-
Metering Charges:				
Retail Customer Charge	PhP/Meter/Mo.	5.00	28.72	28.72
Metering System Charge	PhP/kWh	0.4569		

5. On 02 May 2011, the Honorable Commission promulgated the Tariff Glide Path (TGP) Rules pursuant to Article 7 of the RSEC-WR whereby during the regulatory period, the rate of the Electric Cooperatives (ECs) per group shall be adjusted using the following formula to wit:

$$\text{Tariff} \times (1 + \text{index "I"} - \text{Efficiency Factor "X"} + \text{Performance Incentives "S"})$$

The Index "I" shall be the escalation factor to be used in adjusting the rates to reflect the combined impact of inflation and load factor. There shall be an efficiency factor "X" to account for the operational efficiency of the ECs in setting their rates. There shall be a performance incentive "S" which shall reward or penalize the EC for above or below standard performance, respectively.

The TGP is intended as a cap and the EC may move up to the cap, if it is positive adjustment. If the cap is lower than the current average tariff, a reduction may be implemented.

6. The TGP is a rate adjustment mechanism which provides an opportunity for the EC's to adjust their rates once every three (3) years. The rate adjustments may occur at the start of the fourth year of the first Regulatory Period and every three years thereafter;

7. Under the TGP, the Regulatory period is six (6) years for each entry Group. For the Second Entrant Group, the first regulatory period is from January 1, 2012 to December 31, 2017. CASURECO IV belongs to the Second Entrant Group;

8. Further, under the TGP Rules, the concerned EC shall use the following formula in determining the TGP for the first to third years of the Regulatory Period to wit:

$$TGP_A = TGP_n + TGP_{n+1} - TGP_{n-2} \text{ where}$$

$$TGP_n = I_n - X_n + S_n$$

N= the first year of the Regulatory Period and Succeeding Regulatory Periods

Except that for the first two years of the First Regulatory Period. "X" will be equal to zero and thereafter shall not be less than zero. The TGP calculated for each of the three years will be summed to determine the possible rate adjustment the starting on the Fourth Year of the current Regulatory Period.

9. Applying the methodology embodied in the TGP Rules, CASURECO IV has calculated the values of the "I", "X" and "S" and came up with the following results, to wit:

	"I"	"X"	"S"	TGP A	TGP A (excluding S)
YEAR 2011	7.09%	0.00%	-0.40%	6.69%	7.09%
YEAR 2012	0.00%	0.00%	0.40%	0.40%	0.00%
YEAR 2013	0.00%	0.00%	0.40%	0.40%	0.00%
TOTAL				7.49%	7.09%

10. Applying the above values resulted in adjustments on CASURECO IV's DSM Rates, as follows:

a.) WITH PERFORMANCE INCENTIVE "S"

PARTICULARS	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/kW			287.97
Distribution System Charge	PhP/kWh	0.9082	0.9953	-
Supply Charges:				
Retail Customer Charge	PhP/Customer/Mo.		43.16	43.16

Supply System Charge	PhP/kWh	0.8311	-	-
Metering Charges:				
Retail Customer Charge	PhP/Meter/Mo.	5.3700	30.87	30.87
Metering System Charge	PhP/kWh	0.4911		

11. Applying the above values resulted in adjustments on CASURECO IV's DSM Rates, as follows:

b.) EXCLUDING PERFORMANCE INCENTIVE "S"

PARTICULARS	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/kW			286.90
Distribution System Charge	PhP/kWh	0.9048	0.9916	-
Supply Charges:				
Retail Customer Charge	PhP/Customer/Mo.		43.00	43.00
Supply System Charge	PhP/kWh	0.8280	-	-
Metering Charges:				
Retail Customer Charge	PhP/Customer/Mo.	5.3500	30.76	30.76
Metering System Charge	PhP/kWh	0.4892		

12. Consequently, applicant respectfully prays that it be allowed to implement either of the above two alternative calculated DSM rates either provisionally or permanently, starting January 2015, and up to the next regulatory reset;

13. In support of the foregoing computations, the cooperative is submitting herewith the following documents (original copies will be presented during the hearing, if required) which are being made integral parts hereof, to wit:

(a) Proposed TGP Calculations and supporting documents using the prescribed templates:

- (i) Index "I" Calculation as Annex "B";
- (ii) Efficiency Factor "X" Calculation as Annex "B-1";
- (iii) Performance Incentive "S" as Annex "B-2";

(b) MFSR (Section B & E) for years 2010 to 2013 as Annexes "C" to "C-3";

(c) Billing Determinants Template (kWh Sales, No of Customers, kW Demand for years 2010 to 2013 as Annexes "D" to "D-3");

(d) Sample Bills (per customer type) for years 2010 to 2013 as Annexes "E" to "E-3";

(e) Regional CPI as Annex "F";

(f) RFSC/Reinvestment Fund Utilization for years 2011 to 2013 as Annexes "G" to "G-2";

(g) Consumer Complaints for years 2011 to 2013 as Annexes "H" to "H-2"; and

(h) Audited Financial Statements for years 2010 to 2013 as Annexes "I" to "I-3".

(i) Detailed Computation of Man-hours for years 2010 to 2013 as Annexes "J" to "J-3"

14. Finally, In compliance with the pre-filing requirements for the instant application, applicant is likewise submitting herewith the following documents, which are being made integral parts hereof, to wit:

(a) Proof of furnishing copies of the Application to the Sangguniang Bayan of Tigaon and Sangguniang Panlalawigan of Camarines Sur as Annexes "K" to "K-1"; and

(b) Publication of the Application in a newspaper of general circulation in CASURECO IV's franchise area or where it principally operates, with affidavit of publication as Annexes "L" to "L-1".

PRAYER

WHEREFORE, premises considered, it is respectfully prayed of this Honorable Commission that pending evaluation of the instant application or after due notice and hearing, as the case may be, CASURECO IV be allowed to implement either of the following two (2) alternative proposed new rates for its Distribution, Supply and Metering (DSM) Charges, starting January 2015 and up to December 2017, to wit:

a.) WITH PERFORMANCE INCENTIVE "S"

PARTICULARS	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/Kw			287.97
Distribution System Charge	PhP/kWh	0.9082	0.9953	-
Supply Charges:				
Retail Customer Charge	PhP/Customer/Mo.		43.16	43.16
Supply System Charge	PhP/kWh	0.8311	-	-
Metering Charges:				
Retail Customer Charge	PhP/Meter/Mo.	5.3700	30.87	30.87
Metering System Charge	PhP/kWh	0.4911		

b.) EXCLUDING PERFORMANCE INCENTIVE "S"

PARTICULARS	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/kW			286.90
Distribution System Charge	PhP/kWh	0.9048	0.9916	-
Supply Charges:				
Retail Customer Charge	PhP/Customer/Mo.		43.00	43.00
Supply System Charge	PhP/kWh	0.8280	-	-
Metering Charges:				
Retail Customer Charge	PhP/Meter/Mo.	5.3500	30.76	30.76
Metering System Charge	PhP/kWh	0.4893		

Other relief, just and equitable in the premises are 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 **15 February 2017 (Wednesday) at ten o'clock in the morning (10:00 A.M.) at CASURECO IV's Main Office in Talojongon, Tigaon, Camarines Sur.**

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 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 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.

WITNESS, the Honorable Chairman **JOSE VICENTE B. SALAZAR**, and the Honorable Commissioners **ALFREDO J. NON**, **GLORIA VICTORIA C. YAP-TARUC**, **JOSEFINA PATRICIA A. MAGPALE-ASIRIT**, and **GERONIMO D. STA. ANA**, Energy Regulatory Commission, this 19th day of January 2017 at Pasig City.

ATTY. NATHAN J. MARASIGAN
Chief of Staff

Office of the Chairman and CEO