

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. 2014-100 RC

**ILOILO I ELECTRIC
COOPERATIVE, INC. (ILECO
I),**

Applicant.

X-----X

D O C K E T E D

Date: JAN 30 2017

By: [Signature]

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 01 July 2014, the Iloilo I Electric Cooperative Inc. (ILECO I) filed an *Application* for approval of adjustment in rates pursuant to the Tariff Glide Path (TGP) rules, with prayer for provisional authority.

ILECO I alleged the following in its *Application*:

1. Applicant 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. Namucon, Tigbauan, Iloilo;

2. It is engaged in the distribution of electric light and power in certain municipalities of the Province of Iloilo, namely: Cabatuan, Sta. Barbara, Pavia, Tigbauan, Guimbal, Tubungan, Igaras, Leon, Miag-ao, San Joaquin, San Miguel, Alimodian, Oton, Leganes, and Maasin;

3. Sometime in 2009, ILECO 1 filed with the Honorable Commission an application for approval of its proposed adjustment in rates pursuant to the Rules for Setting the Electric Cooperatives' Wheeling Rates (RSEC-WR);

ERC CASE NO. 2014-100 RC
NOTICE OF PUBLIC HEARING/ 19 JANUARY 2017
PAGE 2 OF 7

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:

Type of Consumer	Particulars	Unit	Rate @ end of the transition period (in PhP/kWh)
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

5. On May 2, 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:

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

The Index "I", shall be an 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 a 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 ECs 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

ERC CASE NO. 2014-100 RC
NOTICE OF PUBLIC HEARING/ 19 JANUARY 2017
PAGE 3 OF 7

regulatory period is from January 1, 2012 to December 31, 2017. ILECO 1 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, ILECO 1 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 2012	2.26%	0.00%	2.30%	4.56%	2.26%
YEAR 2013	0.00%	0.00%	1.50%	1.50%	0.00%
YEAR 2014	0.00%	2.62%	0.70%	-1.92%	-2.62%
TOTAL				4.14%	-0.36%

10. Application of the above values resulted in adjustments on the cooperative's DSM Rates, as follows:

a) WITH PERFORMANCE INCENTIVE "S"

Type of Consumer	Particulars	Unit	Rate @ 1st tariff glide path adjustment (in PhP/kWh)
Residential	Distribution	PhP/kWh	0.6021
	Supply	PhP/kWh	0.6249
	Metering	PhP/kWh	0.4505
	Metering	PhP/meter/mo	5.21
LOW VOLTAGE	Distribution	PhP/kWh	0.7909
	Supply	PhP/cust/mo	44.70
	Metering	PhP/meter/mo	37.43
HIGHER VOLTAGE	Distribution	PhP/kW	228.77

ERC CASE NO. 2014-100 RC
NOTICE OF PUBLIC HEARING/ 19 JANUARY 2017
PAGE 4 OF 7

	Supply	PhP/cust/mo	44.70
	Metering	PhP/meter/mo	37.43

b) EXCLUDING PERFORMANCE INCENTIVE "S"

Type of Consumer	Particulars	Unit	Rate @ 1st tariff glide path adjustment excluding S (in PhP/kWh)
Residential	Distribution	PhP/kWh	0.5761
	Supply	PhP/kWh	0.5979
	Metering	PhP/kWh	0.4310
	Metering	PhP/meter/mo	4.98
LOW VOLTAGE	Distribution	PhP/kWh	0.7567
	Supply	PhP/cust/mo	42.76
	Metering	PhP/meter/mo	35.81
HIGHER VOLTAGE	Distribution	PhP/kW	218.88
	Supply	PhP/cust/mo	42.76
	Metering	PhP/meter/mo	35.81

11. Consequently, applicant respectfully prays that it be allowed to implement either of the above two alternative calculated DSM rates, either provisionally during the pendency of the instant application or permanently by virtue of a final decision, starting January 2015, and up to December 31, 2017;

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

Annex No.	Nature of Document
A to A-2	Proposed TGP Calculations and supporting documents using prescribed templates: Index "I" Calculation Efficiency Factor "X" Calculation Performance Incentive "S" Calculation
B	MFSR - Sections B and E (2010-2013)
C	Billing Determinants Template (kWh Sales, No. of Customers, kW Demand) (2010-2013)
D	Sample Bills per customer type (2010-2013)
E	Regional CPI (2010-2013)
F	RFSC/Reinvestment Fund Utilization (2011-2013)
G	Consumer Complaints (Complaint Tracking Form) (2011-2013)
H	Audited Financial Statements (2010-2013)

ERC CASE NO. 2014-100 RC
NOTICE OF PUBLIC HEARING/ 19 JANUARY 2017
PAGE 5 OF 7

13. 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:

Annex No.	Nature of Document
I	Affidavit in Support of the Prayer for Provisional Authority
J to J-1	Proof of furnishing copies of the Application to the Sangguniang Panlalawigan of the Province of Iloilo and the Sangguniang Bayan of the Municipality of Tigbauan, Iloilo.
K to K-2	Publication of the Application in a newspaper of general circulation in ILECO 1's franchise area or where it principally operates, with Affidavit of Publication

PRAYER

WHEREFORE, premises considered, it is most respectfully prayed of this Honorable Commission that pending evaluation of the instant application or after due notice and hearing, as the case may be, ILECO 1 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:

c) WITH PERFORMANCE INCENTIVE "S"

Type of Consumer	Particulars	Unit	Rate @ 1st tariff glide path adjustment (in PhP/kWh)
Residential	Distribution	PhP/kWh	0.6021
	Supply	PhP/kWh	0.6249
	Metering	PhP/kWh	0.4505
	Metering	PhP/meter/mo	5.21
LOW VOLTAGE	Distribution	PhP/kWh	0.7909
	Supply	PhP/cust/mo	44.70
	Metering	PhP/meter/mo	37.43
HIGHER VOLTAGE	Distribution	PhP/kW	228.77
	Supply	PhP/cust/mo	44.70
	Metering	PhP/meter/mo	37.43

d) EXCLUDING PERFORMANCE INCENTIVE "S"

Type of Consumer	Particulars	Unit	Rate @ 1st tariff glide path adjustment excluding S (in PhP/kWh)
Residential	Distribution	PhP/kWh	0.5761
	Supply	PhP/kWh	0.5979

ERC CASE NO. 2014-100 RC
NOTICE OF PUBLIC HEARING/ 19 JANUARY 2017
PAGE 6 OF 7

	Metering	PhP/kWh	0.4310
	Metering	PhP/meter/mo	4.98
LOW VOLTAGE	Distribution	PhP/kWh	0.7567
	Supply	PhP/cust/mo	42.76
	Metering	PhP/meter/mo	35.81
HIGHER VOLTAGE	Distribution	PhP/kW	218.88
	Supply	PhP/cust/mo	42.76
	Metering	PhP/meter/mo	35.81

Other reliefs, 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 **08 March 2017 (Wednesday) at ten o'clock in the morning (10:00 A.M.) at ILECO I's principal office at Brgy. Namucon, Tigbauan, Iloilo.**

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:

- i. The petitioner's name and address;
- ii. 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
- iii. 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