

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. 2015 -145 RC**

**CAMARINES SUR II  
ELECTRIC COOPERATIVE,  
INC. (CASURECO II),  
Applicant.**

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**D O C K E T E D**  
Date: MAR 02 2017  
By: [Signature]

**NOTICE OF PUBLIC HEARING**

**TO ALL INTERESTED PARTIES:**

Notice is hereby given that on 30 July 2015, the Camarines Sur II Electric Cooperative Inc. (CASURECO II) filed an *Application* for approval of adjustment in rates pursuant to the Tariff Glide Path (TGP) rules, with prayer for provisional authority.

CASURECO II alleged the following in its *Application*:

1. Applicant CASURECO II is an electric cooperative organized and existing under and by the virtue of Presidential Decree No. 269, as amended by Presidential Decree 1643, with principal office at Maharlika Highway, Del Rosario, Naga City, Camarines Sur. Applicant CASURECO II may be served with orders, notices, and other legal processes of this Honorable Commission through counsel;
2. Applicant CASURECO II is a holder of an exclusive franchise to operate electric service in the City of Naga and the Municipalities of Bombon, Calabanga, Canaman, Magarao, Milaor, Minabalac, Pili, Siruma and Tinambac, in the Province of Camarines Sur (collectively, the "Franchise Area").
3. Applicant is represented in this application by its General Manager Bernadette G. Gumba and her authorization to file this

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application and to represent CASURECO II is by virtue of Board Resolution No. 2015-025, Xerox copy of which is hereto attached and marked as Annex "A" and made an integral part of this application;

4. Sometimes in 2009, CASURECO II filed an application for approval of its proposed adjustment in its rates pursuant to the Rules for Setting the Electric Cooperatives' Wheeling Rates (RSEC-WR);
5. The Commission approved the said application, granting provisionally the following initial tariffs on its Distribution, Supply, Metering (DSM) Charges, as follows:

Particulars	Units	Customer Type		
		Residential	Low Voltage	High Voltage
<b>Distribution Charges:</b>				
Demand Charge	Php/kw			167.5600
Distribution System Charge	Php/kw	0.4613	0.4441	
<b>Supply Charges:</b>				
Retail Customer Charge	Php/Cust/Mo.		46.6000	46.6000
Supply System Charge	Php/Cust/Mo	0.5376		
<b>Metering Charges:</b>				
Retail Customer Charge	Php/Meter/Mo.	5.000	32.7800	32.7800
Metering System Charge	Php/kWh	0.3205		

6. On May 2, 2011, the Commission promulgated the TGP Rules pursuant to Article VII of the RSEC-WR during the Regulatory Period, the tariff caps of the electric cooperatives (ECs) per group shall be adjusted using the following formula:

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

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.

7. The TGP is a rate adjustment mechanism which provides an opportunity for the ECs to adjust their rates once every three years. The rate adjustments may occur at the start of the fourth year of the first Regulatory Period and every three years thereafter;
8. Under the TGP Rules, the Regulatory Period is six (6) years for each Entry Group. For the Third Entrant Group, the First Regulatory Period is from January 1, 2013 to December 31, 2018. CASURECO II belongs to the Third Entrant Group;

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9. Further under Section 3.2 of 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:

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

Where:

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

Except that for the first two (2) years of the First Regulatory Period, "X" will be equal to zero (0) and thereafter shall not be less than zero (0). The TGP calculated for each of the three years will be summed to determine the possible rate adjustment starting on the Fourth Year of the current Regulatory Period;

10. Applying the formula provided in Section 3.4, 3.5 and 3.6 of the TGP rules, applicant calculated the values of the "I", "X" and "S" as follows:

YEAR	"I"	"X"	"S"	TGP A	TGP A Excluding "S"
2013	0.00%	0.00%	-0.40%	-0.40%	0.00%
2014	0.00%	0.00%	0.80%	0.80%	0.00%
2015	3.51%	1.94%	-0.40%	1.17%	1.57%
<b>Total</b>				<b>1.57%</b>	<b>1.57%</b>

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

**11.1. With Performance Incentive "S"**

Particulars	Units	Customer Type		
		Residential	Low Voltage	High Voltage
<b>Distribution Charges:</b>				
Demand Charge	Php/kw			170.19
Distribution System Charge	Php/kWh	0.4685	0.4511	
<b>Supply Charges:</b>				
Retail Customer Charge	Php/Cust/Mo		47.33	47.33
Supply System Charge	Php/Cust/Mo	0.5460		
<b>Metering Charges:</b>				
Retail Customer Charge	Php/Meter/Mo	5.08	33.29	33.29
Metering System Charge	Php/kWh	0.3255		

**11.2. Excluding Performance Incentive "S"**

Particulars	Units	Customer Type		
		Residential	Low Voltage	High Voltage
<b>Distribution Charges:</b>				
Demand Charge	Php/kw			170.19
Distribution System Charge	Php/kWh	0.4685	0.4511	

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<b>Supply Charges:</b>				
Retail Customer Charge	Php/Cust/Mo		47.33	47.33
Supply System Charge	Php/Cust/Mo	0.5460		
<b>Metering Charges:</b>				
Retail Customer Charge	Php/Meter/Mo	5.08	33.29	33.29
Metering System Charge	Php/kWh	0.3255		

12. In support of the foregoing computations, the following documents are attached to the application and made integral parts thereof:

<b>Annex No.</b>	<b>Nature of Document</b>
B	Proposed TGP Calculations ERC using the prescribed templates
B-1	Rate Increase for TGP Calculation
C	Index "I" Calculation
C-1	Consumer Price Index (CPI) Calculation (2012-2015)
C-2	Growth Rate Calculation (2012-2015)
D	Efficiency Factor "X" and FTE/CPE Calculation (2012-2015)
D-1	Detailed Calculation of the Man-Hour
E	Performance Incentive "S" Calculation
E-1	SAIFI & SAIDI Calculation (2013-2015)
E-2	System Loss Calculation (2013-2015)
F	MFSR (Section B & E) for 2010-2014
F-1	Section B for 2010-2014
F-2	Section E for 2010-2014
G	Billing Determinants for 2010-2014
G-1	Sales in kWh for 2010-2014
G-2	Number of Customers for 2010-2014
G-3	kW Billing Demand for 2010-2014
H	Sample Bills for 2010-2014 (Residential, Low Voltage, High Voltage)
H-1	RESIDENTIAL for 2010-2014
H-2	LOW VOLTAGE for 2010-2014
H-3	HIGH VOLTAGE for 2010-2014
I	Regional CPI for 2011-2014
J to J-3	RFSC/Reinvestment Fund Utilization for 2012-2014
K to K-3	Consumer Complaints for 2012-2014
L to L-4	Audited Financial Statements for 2010-2014

13. And in compliance with the pre-filing requirements of the Commission, the following documents are, likewise, attached to the application and made integral parts thereof:

<b>Annex No.</b>	<b>Nature of Document</b>
M	Certification as proof of serving a copy of the Application to the Sangguniang Panlalawigan of Camarines Sur.
N	Certification as proof of serving a copy of the Application to the Sangguniang Panlungsod of Naga City
O	Copy of the Newspaper as proof of the publication of the Application in a Local Newspaper with general circulation in the Province of Camarines Sur
P	Affidavit of Publication by the Publisher

**P R A Y E R**

**WHEREFORE**, premises considered, it is most respectfully prayed of this Honorable Commission that after due notice and hearing, the application be favorably granted and CASURECO II be authorized to implement a rate increase equal to the Tariff Glide Path amount in accordance with Section 2.3 of the TGP rules. Further, it is prayed that pending the resolution of the instant application, CASURECO II be granted a provisional authority to implement/impose either the following three alternative proposed new rates for Distribution, Supply, Metering charges starting January 2016 and up to December 2018 or until the instant application is resolved with finality.

**Alternative 1- With Performance Incentive "S"**

Particulars	Units	Customer Type		
		Residential	Low Voltage	High Voltage
<b>Distribution Charges:</b>				
Demand Charge	Php/kw			170.19
Distribution System Charge	Php/kWh	0.4685	0.4511	
<b>Supply Charges:</b>				
Retail Customer Charge	Php/Cust/Mo		47.33	47.33
Supply System Charge	Php/Cust/Mo	0.5460		
<b>Metering Charges:</b>				
Retail Customer Charge	Php/Meter/Mo	5.08	33.29	33.29
Metering System Charge	Php/kWh	0.3255		

**Alternative 2- Excluding Performance Incentive "S"**

Particulars	Units	Customer Type		
		Residential	Low Voltage	High Voltage
<b>Distribution Charges:</b>				
Demand Charge	Php/kw			170.19
Distribution System Charge	Php/kWh	0.4685	0.4511	
<b>Supply Charges:</b>				
Retail Customer Charge	Php/Cust/Mo		47.33	47.33
Supply System Charge	Php/Cust/Mo	0.5460		
<b>Metering Charges:</b>				
Retail Customer Charge	Php/Meter/Mo	5.08	33.29	33.29
Metering System Charge	Php/kWh	0.3255		

Other reliefs as may be just and equitable under the premises are likewise prayed for.

On 03 February 2017, CASURECO II filed a *Manifestation with Motion to Reset Hearing Scheduled on 14 February 2017* dated 31 January 2017 (Motion) due to lack of sufficient time to comply with the Commission's publication requirements. CASURECO II prayed that the instant Application be set on 29 July 2017.

Finding the said Motion meritorious, the same was **GRANTED with MODIFICATION**. Hence, the hearing on 14 February 2017 was cancelled. However, the prayer of the Applicant to reset the hearing of the instant case on 29 July 2017 was **DENIED** due to the unavailability of the Commission.

Accordingly, the Commission set the instant *Application* for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on **18 April 2017 (Tuesday) at ten o'clock in the morning (10:00 A.M.) at CASURECO II's principal office at Maharlika Highway Del Rosario, Naga City, 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:

- 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.

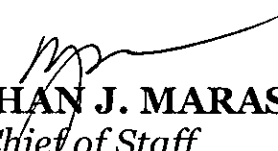
All other persons who may want their views known to the Commission with respect to the subject matter of the case may file their Opposition or Comment thereon at any stage of the proceeding before Applicant rests its case, subject to the requirements under Rule 9 of the 2006 Rules of Practice and Procedure. 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;

- 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 6<sup>th</sup> day of February in Pasig City.

  
**ATTY. NATHAN J. MARASIGAN**  
*Chief of Staff*  
Office of the Chairman and CEO