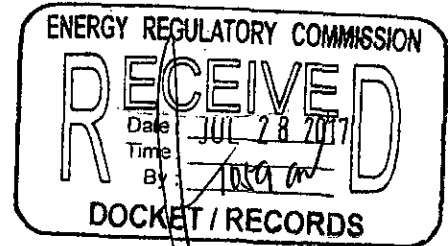


Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pacific Center Building
San Miguel Avenue, Pasig City

IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF
ADJUSTMENT IN
RATES COVERING THE
FIRST TO THIRD
REGULATORY YEARS OF
THE SECOND
REGULATORY PERIOD
FOR THE SECOND
ENTRANT GROUP UNDER
THE TARIFF GLIDE PATH
(TGP) RULES, WITH
MOTION FOR PROVISIONAL
AUTHORITY



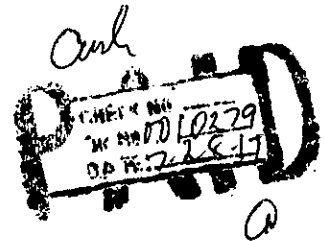
2017-068

ERC Case No. _____ RC

SURIGAO DEL SUR
IELECTRIC
COOPERATIVE, INC.
(SURSECO I),

Applicant.

X-----X



APPLICATION
With Motion for Provisional Authority

APPLICANT, SURIGAO DEL SUR IELECTRIC COOPERATIVE, INC. (SURSECO I), through counsel, unto this Honorable Commission, respectfully alleges, that:

THE APPLICANT

1. SURSECO I 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 offices at San Fernando, Bislig City, Surigao del Sur;

2. It holds an exclusive franchise from the National Electrification Commission, to operate an electric light and power distribution service in the City of Bislig and four (4) municipalities in the Province of Surigao del Sur, namely: Barobo, Tagbina, Hinatuan and Lingig.

NATURE OF APPLICATION

3. The instant application is being filed for the approval of Applicant's proposed adjustment in its Distribution, Supply and Metering (DSM) Rates to be implemented on the First to Third Regulatory Years of the Second Regulatory Period for Electric Cooperatives belonging to the Second Entrant Group under the Tariff Glide Path Rules (TGP Rules) and in accordance with said Rules, as well as other pertinent laws and rules.

STATEMENT OF FACTS

4. Sometime in 2014, Applicant filed with the Honorable Commission an application for approval of the proposed adjustment in its DSM Rates pursuant to the TGP Rules, docketed as ERC Case No. 2014-094 RC.

5. In the said application, Applicant prayed for approval of either of the following two (2) proposed alternative DSM rates, to be implemented effective January 2015, to wit:

a) WITH PERFORMANCE INCENTIVE "S"

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/kW			281.03
Distribution System Charge	PhP/kWh	0.8863	0.9713	
Supply Charges:				
Retail Customer Charge	PhP/Customer/Mo		42.12	42.12
Supply System Charge	PhP/kWh	0.8111		
Metering Charges:				
Retail Customer Charge	PhP/Meter/Mo.	5.25	30.13	30.13
Metering System Charge	PhP/kWh	0.4793		

b. EXCLUDING PERFORMANCE INCENTIVE "S"

	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		

6. Foregoing application was Applicant'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. Applicant belongs to the Second Entrant Group under the TGP Rules, whose first regulatory period is from January 1, 2012 to December 31, 2017. Having filed its initial application for DSM rate adjustment in 2014, the third regulatory year of the First Regulatory Period, the cooperative is filing the instant application in the current year 2017, the sixth regulatory year of the First Regulatory Period, for the proposed adjustment of its DSM rates to be implemented on the first to the third regulatory years of the Second Regulatory Period for the Second Entrant Electric Cooperatives under the TGP Rules;

8. The hearing on jurisdictional requirements, expository presentation and presentation of evidence on Applicant's first TGP application under ERC Case No. 2014-094 RC has already been completed. Despite the pendency of ERC Case No. 2014-094RC, Applicant is constrained to adopt and use 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:

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

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, herein Applicant 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 2015	3.71%	0.00%	1.30%	5.01%	3.71%
YEAR 2016	0.00%	1.59%	1.30%	-0.29%	-1.59%
YEAR 2017	0.00%	1.94%	0.30%	-1.64%	-1.94%
TOTAL				3.08%	0.18%

11. Utilizing the above values will result in adjustments in the cooperative’s DSM Rates covering the first to third years of the Second Regulatory Period for electric cooperatives belonging to the Second Entrant Group, as follows:

A. WITH PERFORMANCE INCENTIVE “S”

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/kW			289.68
Distribution System Charge	PhP/kWh	0.9136	1.0012	
Supply Charges:				
Retail Customer Charge	PhP/Customer/Mo		43.41	43.41
Supply System Charge	PhP/kWh	0.8361		
Metering Charges:				
Retail Customer Charge	PhP/Meter/Mo.	5.41	31.05	31.05
Metering System Charge	PhP/kWh	0.4940		

B) EXCLUDING PERFORMANCE INCENTIVE "S"

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/kW			268.38
Distribution System Charge	PhP/kWh	0.8464	0.9275	
Supply Charges:				
Retail Customer Charge	PhP/Customer/Mo		40.22	40.22
Supply System Charge	PhP/kWh	0.7746		
Metering Charges:				
Retail Customer Charge	PhP/Meter/Mo.	5.01	28.77	28.77
Metering System Charge	PhP/kWh	0.4577		

12. Consequently, Applicant respectfully prays that it be allowed to implement either of the above two calculated alternative DSM rates, effective January 1, 2018 and up to December 31, 2020.

SUPPORTING DATA AND DOCUMENTS

13. In support of the foregoing computations, Applicant 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 (2013-2016)
C	Billing Determinants Template (2013-2016 kWh Sales, No. of Customers and kW Demand)
D	Sample Bills per customer type (2013-2016)
E	Regional CPI (2013-2016)
F	RFSC Utilization (2014-2016)
G	Consumer Complaints Summary or Tracking Form (2014-2016)

H	Audited Financial Statements (2014-2016)
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**ALLEGATIONS IN SUPPORT OF THE MOTION FOR
PROVISIONAL AUTHORITY**

14. Applicant respectfully repleads herein the foregoing allegations;

15. Applicant respectfully prays that it be allowed to implement the proposed rate adjustment starting January 1, 2018, considering that it is expressly prescribed under the TGP Rules' provision on Regulatory Period and Process, which provides in part, as follows:

"2. Regulatory Period and Process

2.1 On or before each Fourth month of the Third and Sixth regulatory year of their respective Regulatory Periods, the electric cooperative may file before the Commission an application for a rate adjustment reflecting the values for the "I", "X" and "S" as determined in accordance with these rules. ***The initial tariff caps of the respective ECs shall be adjusted by the "I", "X" and "S" effective at the start of the Fourth Regulatory Year of the First Regulatory Period*** x xx" (Emphasis ours)

16. Under the TGP Rules, 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 and the start of the Fourth Regulatory Year is January 1, 2015. Applicant belongs to the Second Entrant Group, accordingly, its initial DSM Rates under the TGP Rules should be adjusted through the proposed TGP B Rates starting January 1, 2018;

17. Aside from the foregoing, Applicant further prays for provisional authority to implement the proposed rates effective January 1, 2018 and even during the pendency of the instant application, considering that the cooperative urgently needs additional funds to be able to cope with the rising costs of its operations. Among the major factors that added to its operating costs is the implementation of the SitioEnergization Program (SEP) of the government consisting of massive extension of its distribution lines up to the remotest and far-flung areas which considerably increased its operations and maintenance costs and likewise resulted to increased system losses which the cooperative is constrained to absorb;

18. Further, the rising cost of materials, tools, equipment, supplies, fuel and other costs incidental to its daily operations has considerably increased these past several years and the funds being generated from the cooperative's DSM revenues granted by the Honorable Commission way back in Year 2010 by virtue of the Rules for Setting the Electric Cooperatives' Wheeling Rates (RSEC-WR), is no longer sufficient to cover those costs, and if not addressed accordingly with the adjustment of its rates, Applicant's service to its consumers will be prejudiced.

19. Considering the foregoing, it is respectfully prayed that Applicant be allowed to implement the proposed DSM Rates effective January 1, 2018, even while the instant application is pending hearing or evaluation of the Honorable Commission.

COMPLIANCE WITH PRE-FILING REQUIREMENTS

20. 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 Markings	Nature of Document
I	Judicial Affidavit in support of the motion for provisional authority
Jand series	Proof of furnishing copies of the Application to the Sangguniang Panlungsod of Bislig City and Sangguniang Panlalawigan of Surigao del Sur
Kand series	Publication of the Application in a newspaper of general circulation in SURSECO 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 after due notice and hearing, Applicant SURSECO 1 be allowed to implement either of the

following two (2) alternative proposed new rates for its Distribution, Supply and Metering (DSM) Charges, effective January 2018, to wit:

A. WITH PERFORMANCE INCENTIVE “S”

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/kW			289.68
Distribution System Charge	PhP/kWh	0.9136	1.0012	
Supply Charges:				
Retail Customer Charge	PhP/Customer/Mo		43.41	43.41
Supply System Charge	PhP/kWh	0.8361		
Metering Charges:				
Retail Customer Charge	PhP/Meter/Mo.	5.41	31.05	31.05
Metering System Charge	PhP/kWh	0.4940		

B. EXCLUDING PERFORMANCE INCENTIVE “S”

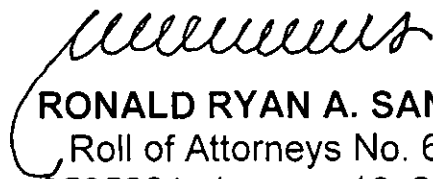
	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/kW			268.38
Distribution System Charge	PhP/kWh	0.8464	0.9275	
Supply Charges:				
Retail Customer Charge	PhP/Customer/Mo		40.22	40.22
Supply System Charge	PhP/kWh	0.7746		
Metering Charges:				
Retail Customer Charge	PhP/Meter/Mo.	5.01	28.77	28.77
Metering System Charge	PhP/kWh	0.4577		

Other reliefs, just and equitable in the premises are likewise prayed for.

Pasig City, Metro Manila, May 15, 2017.

DECHAVEZ& EVANGELISTA LAW OFFICES¹
Counsel for the Applicant
SURIGAO DEL SUR 1 ELECTRIC COOPERATIVE, INC.
(SURSECO 1)
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Pearl Drive, Ortigas Center, Pasig City 1605
Tel. Nos. 9101587; 6619357
Email: powerlawfirm@gmail.com

By:



RONALD RYAN A. SANDIGAN
Roll of Attorneys No. 65412²
PTR No. 2535281, January 16, 2017, Pasig City
IBP Lifetime Roll No. 015204 Masbate City

¹Pursuant to Office of the Court Administrator Circular No. 56-2015, hereunder are the MCLE Compliance Numbers of the undersigned Firm's name partners, to wit:

Partners	MCLE Compliance No.	Date of Issuance
Joseph Ferdinand M. Dechavez	V-0005240	Jan. 7, 2015
Nelson V. Evangelista	V-0008307	June 3, 2015

²Explanation (Re: MCLE Compliance) - Admitted to the Philippine Bar in 2016. Pursuant to Board Order No. 1, s. 2008 of the MCLE Governing Board, otherwise known as "Guidelines for MCLE Compliance of New Lawyers in view of Bar Matter No. 1922, S. 2008", he is exempted from complying with the MCLE requirement.

VERIFICATION AND CERTIFICATION OF NON FORUM-SHOPPING

I, Joceler M. Moralda, of legal age, Filipino and with office address at the main office of the Surigao del Sur I Electric Cooperative, Inc. (SURSECO I), San Fernando, Bislig City, Surigao del Sur, after being sworn to according to law, depose and state that:

1. I am the General Manager of the Surigao del Sur I Electric Cooperative, Inc. (SURSECO I), duly authorized to represent the cooperative in filing the instant application, copy of the corresponding Board Resolution is attached to the application and made integral part hereof;

2. I caused the preparation and filing of the foregoing Application; have read the allegations contained therein, and certify that the same are true and correct based on my personal knowledge and on authentic records;

3. SURSECO I has not heretofore commenced any other action or proceedings involving the same issues and parties before any court, tribunal or quasi-judicial agency; to the best of my knowledge no such action or proceeding is pending, and if I should learn that the same or similar action or proceeding has been filed or is pending, I undertake to report such fact to this Honorable Commission, within five (5) days therefrom.

Further, affiant sayeth naught.


JOCELER M. MORALDA
Affiant

SUBSCRIBED AND SWORN to before me in Bislig City, this day of May 2017 by the affiant who exhibited to me his SSS I.D. bearing No. 09-1110030-3.


ATTY. FLORANTE CLOD T. SANICO

Notary Public, Bislig City
Roll No. 59922

Commission Expires on Dec. 31, 2017

PTR No. 0115132 / 01-11-17

TIN: 933-686-076

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