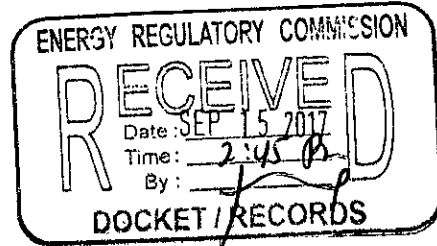


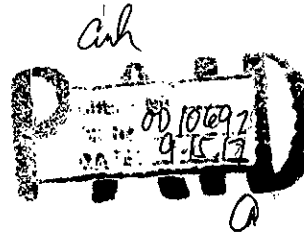
Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pacific Center Building
San Miguel Avenue, Pasig City

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



2017-081
ERC Case No. _____ RC

ISABELA 1 ELECTRIC
COOPERATIVE, INC.
(ISELCO 1),
Applicant.
X-----X



APPLICATION
With Motion for Provisional Authority

APPLICANT, ISABELA 1 ELECTRIC COOPERATIVE, INC. (ISELCO 1), through counsel, unto this Honorable Commission, respectfully alleges, that:

THE APPLICANT

1. ISELCO 1 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. Victoria, Alicia, Isabela;

2. It holds an exclusive franchise issued by the National Electrification Commission to operate an electric light and power distribution service in the cities of Santiago and Cauayan and the municipalities of Alicia, Angadanan, Cabatuan, Cordon, Echague, Jones, Luna, Ramon, Reina Mercedes, San Agustin, San Guillermo, San Isidro and San Mateo, all in the province of Isabela.

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 – 095 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	-	-	164.50
Distribution System Charge	PhP/kWh	0.4529	0.4360	-
Supply Charges:				
Retail Customer Charge	PhP/Customer/Mo	-	-	45.75
Supply System Charge	PhP/kWh	0.5278	45.75	-
Metering Charges:				
Retail Customer Charge	PhP/Meter/Mo.	4.91	32.18	32.18
Metering System Charge	PhP/kWh	0.3146	-	-

B. EXCLUDING PERFORMANCE INCENTIVE “S”

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/kW	-	-	159.81
Distribution System Charge	PhP/kWh	0.4400	0.4235	-
Supply Charges:				
Retail Customer Charge	PhP/Customer/Mo	-	44.44	44.44
Supply System Charge	PhP/kWh	0.5127	-	-
Metering Charges:				
Retail Customer Charge	PhP/Meter/Mo.	4.77	31.26	31.26
Metering System Charge	PhP/kWh	0.3057	-	-

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. Applicant's first TGP application under ERC Case No. 2014-095 RC is still pending evaluation of the Honorable Commission, but in spite thereof, 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:

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



Republic of the Philippines
**ENERGY
REGULATORY
COMMISSION**

VISITOR'S INFO SLIP
Regulatory Operations Service

Printed Name: Willy Belle Lee
Company: ATV. EVANGELINA
Contact No.: _____
Person to visit: _____

Date: 9-7-17

Signature: [Signature]

Time In: _____

Time Out: _____

with appointment
 walk-in / without appointment

Purpose:

- Pre-filing conference on
- to file application on
- to inquire on
- to follow-up on
- others

ATV

TC P.

Attended by: [Signature]

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"	"X"	"S"	TGP B	TGP B (excluding S)
YEAR 2015	0.00%	0.36%	0.40%	0.04%	-0.36%
YEAR 2016	0.00%	-1.11%	0.70%	1.81%	1.11%
YEAR 2017	0.00%	0.55%	1.50%	0.95%	-0.55%
TOTAL				2.80%	0.20%

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			169.1060
Distribution System Charge	PhP/kWh	0.4656	0.4482	
Supply Charges:				
Retail Customer Charge	PhP/Customer/Mo			
Supply System Charge	PhP/kWh	0.5426	47.0310	
Metering Charges:				
Retail Customer Charge	PhP/Meter/Mo.	5.0475	33.0810	33.0810
Metering System Charge	PhP/kWh	0.3234		

B) EXCLUDING PERFORMANCE INCENTIVE "S"

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/kW			160.1296
Distribution System Charge	PhP/kWh	0.4409	0.4243	
Supply Charges:				
Retail Customer Charge	PhP/Customer/Mo			
Supply System Charge	PhP/kWh	0.5137	44.5289	44.5289
Metering Charges:				
Retail Customer Charge	PhP/Meter/Mo.	4.7795	31.3225	31.3225
Metering System Charge	PhP/kWh	0.3063		

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)

**ALLEGATIONS IN SUPPORT OF THE MOTION
FOR PROVISIONAL AUTHORITY**

14. Applicant respectfully replies 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 x x"*** (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. 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 evaluation of the Honorable Commission.

COMPLIANCE WITH PRE-FILING REQUIREMENTS

18. 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
J and series	Proof of furnishing copies of the Application to the Sangguniang Bayan of Alicia and Sangguniang Panlalawigan of Isabela
K and series	Publication of the Application in a newspaper of general circulation in ISELCO 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, Applicant ISELCO 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			169.1060
Distribution System Charge	PhP/kWh	0.4656	0.4482	
Supply Charges:				
Retail Customer Charge	PhP/Customer/Mo			
Supply System Charge	PhP/kWh	0.5426	47.0310	
Metering Charges:				
Retail Customer Charge	PhP/Meter/Mo.	5.0475	33.0810	33.0810
Metering System Charge	PhP/kWh	0.3234		

B. EXCLUDING PERFORMANCE INCENTIVE "S"

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/kW			160.1296
Distribution System Charge	PhP/kWh	0.4409	0.4243	
Supply Charges:				
Retail Customer Charge	PhP/Customer/Mo			
Supply System Charge	PhP/kWh	0.5137	44.5289	44.5289
Metering Charges:				
Retail Customer Charge	PhP/Meter/Mo.	4.7795	31.3225	31.3225
Metering System Charge	PhP/kWh	0.3063		

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

Pasig City, Metro Manila, August 4, 2017.

DECHAVEZ & EVANGELISTA LAW OFFICES¹

Counsel for the Applicant

ISABELA 1 ELECTRIC COOPERATIVE, INC. (ISELCO 1)

Unit 2008 Tycoon Centre

Pearl Drive, Ortigas Center, Pasig City 1605

Tel. Nos. 9101587; 6619357

Email: powerlawfirm@gmail.com

By:



NELSON V. EVANGELISTA

Roll of Attorneys No. 38075

PTR No. 2535714, February 08, 2017, Pasig City

IBP Lifetime Member Roll No. 010192, Bulacan Chapter

MCLE Compliance No. V - 0008307, June 3, 2015

¹ Pursuant 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

VERIFICATION AND CERTIFICATION OF NON-FORUM SHOPPING

ENGR. VIRGILIO L. MONTANO, of legal age, Filipino and with office address at the main office of the Isabela I Electric Cooperative, Inc. (ISELCO I), Brgy. Victoria, Alicia, Isabela, after being sworn to according to law, depose and state that:

1. I am the General Manager of the Isabela I Electric Cooperative, Inc. (ISELCO I), duly authorized to represent the cooperative in filing the instant application, copy of the corresponding Board Resolution is attached to this 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. ISELCO 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.


VIRGILIO L. MONTANO
Affiant

SUBSCRIBED AND SWORN to before me in ECHAGUE, ISABELA this 16 day of 09 2017, by the affiant who exhibited to me his SSS I.D. bearing No. 0104144037.

Doc. No. 87 ;
Page No. 19 ;
Book No. XXXII ;
Series of 2017.


ATTY. ESTABERTO U. MENDOZA
Notary Public
UNTIL DECEMBER 31, 2017
NC NO. BR-24-2016-03
PTR NO. 8065026
ISSUED AT ECHAGUE, ISABELA
ISSUED ON JANUARY 3, 2017
MCLE COMPLIANCE NO. V-0014494