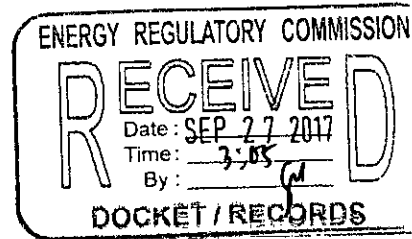


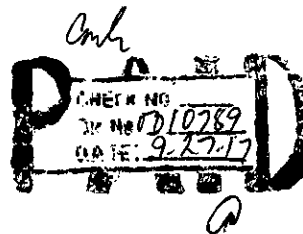
Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pacific Center Building
San Miguel Avenue, Pasig City

IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF
ADJUSTMENT IN RATES TO
COVER THE FIRST TO
THIRD REGULATORY
YEARS OF THE SECOND
REGULATORY PERIOD FOR
SECOND ENTRANT
ELECTRIC COOPERATIVES
UNDER THE TARIFF GLIDE
PATH (TGP) RULES



ERC Case No. 2017-088 RC

CAMARINES NORTE
ELECTRIC COOPERATIVE
INC. (CANORECO),
Applicant.
X-----X



APPLICATION

APPLICANT, CAMARINES NORTE ELECTRIC COOPERATIVE, INC. (CANORECO), through counsel, unto this Honorable Commission, respectfully alleges, that:

THE APPLICANT

1. CANORECO 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 J.P. Rizal St., Daet, Camarines Norte.

2. It holds an exclusive franchise from the National Electrification Commission, to operate an electric light and power distribution service in twelve (12) municipalities of the Province of Camarines Norte, namely: Basud, Daet, Labo, San Lorenzo Ruiz, San Vicente, San Talisay, Jose Panganiban, Vinsons, Paracale, Capalonga, Sta. Elena, Mercedes.

NATURE OF THE APPLICATION

3. The instant application is being filed for the approval of CANORECO's proposed adjustment in its Distribution, Supply and Metering (DSM) Rates to be made effective 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), as well as other pertinent laws and rules.

4. Sometime in 2014, CANORECO filed with the Honorable Commission an application for approval of proposed adjustment in its DSM Rates pursuant to the TGP Rules, docketed as ERC Case No. 2014-106 RC.

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

A. WITH PERFORMANCE INCENTIVE "S":

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/kW			218.5400
Distribution System Charge	PhP/kWh	0.5752	0.7556	
Supply Charges:				
Retail Customer Charge	PhP/Customer/Mo		42.7000	42.7000
Supply System Charge	PhP/kWh	0.5970		
Metering Charges:				
Retail Customer Charge	PhP/Meter/Mo.	4.9700	35.7500	35.7500
Metering System Charge	PhP/kWh	0.4304		

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

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, CANORECO 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	3.80%	4.52%	1.10%	0.38%	-0.72%
Year 2016	0.00%	10.84%	1.50%	-9.34%	-10.84%
Year 2017	0.00%	2.66%	1.50%	-1.16%	-2.66%
Net Results				-10.12%	-14.22%

11. Utilizing the above values resulted in adjustments on its DSM Rates, as follows:

A. WITH PERFORMANCE INCENTIVE "S":

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/kW			196.4179
Distribution System Charge	PhP/kWh	0.5170	0.6791	
Supply Charges:				
Retail Customer Charge	PhP/Customer/Mo		38.3752	38.3752
Supply System Charge	PhP/kWh	0.5366		
Metering Charges:				
Retail Customer Charge	PhP/Meter/Mo.	4.4705	32.1343	32.1343
Metering System Charge	PhP/kWh	0.3868		

B.EXCLUDING PERFORMANCE INCENTIVE “S”:

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/kW			185.7618
Distribution System Charge	PhP/kWh	0.4889	0.6422	
Supply Charges:				
Retail Customer Charge	PhP/Customer/Mo		36.2932	36.2932
Supply System Charge	PhP/kWh	0.5074		
Metering Charges:				
Retail Customer Charge	PhP/Meter/Mo.	4.2280	30.3909	30.3909
Metering System Charge	PhP/kWh	0.3658		

12. Consequently, in compliance with the RSEC-WR, directing the electric cooperatives to file the required application pursuant to the TGP Rules, CANORECO hereby applies to implement either of the above two calculated alternative DSM rates to be made effective January 2018.

13. In support of the foregoing computations, the cooperative 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 Calculation and supporting documents using the prescribed templates: Index “I” Calculation Efficiency Factor “X” Calculation Performance Incentive “S” Calculation
B	MFSR - Sections B and E (2014- 2016)
C	Billing Determinants Template (2014- 2016) (kWh Sales, No. of Customers, kW Demand)
D	Sample Bills per customer type (2014- 2016)
E	Regional CPI (2014- 2016)
F	RFSC Utilization (2014- 2016)
G	Consumer Complaints Summary or Tracking Form (2014- 2016)
H	Audited Financial Statements (2014- 2016)

14. Finally, in compliance with the pre-filing requirements under the ERC Rules of Practice and Procedure, CANORECO is likewise submitting herewith the following documents, which are being made integral parts hereof, to wit:

Annex Markings	Nature of Document
I and series	Proof of furnishing copies of the Application to the Sangguniang Bayan of Daet and the Sangguniang Panlalawigan of Camarines Norte
J and series	Publication of the Application in a newspaper of general circulation CANORECO's franchise area or where it principally operates, with Affidavit of publication

PRAYER

WHEREFORE, premises considered, in compliance with the Rules for Setting the Electric Cooperatives' Wheeling Rates (RSEC-WR) directing Electric Cooperatives to file the required application under the Tariff Glide Path Rules, CANORECO respectfully prays that after due notice and hearing, it be allowed to implement either of the following two (2) alternative new rates for its Distribution, Supply and Metering (DSM) Charges, effective starting January 2018, to wit:

A. WITH PERFORMANCE INCENTIVE "S"

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/kW			196.4179
Distribution System Charge	PhP/kWh	0.5170	0.6791	
Supply Charges:				
Retail Customer Charge	PhP/Customer/Mo		38.3752	38.3752
Supply System Charge	PhP/kWh	0.5366		
Metering Charges:				
Retail Customer Charge	PhP/Meter/Mo.	4.4705	32.1343	32.1343
Metering System Charge	PhP/kWh	0.3868		

B) EXCLUDING PERFORMANCE INCENTIVE "S"

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/kW			185.7618
Distribution System Charge	PhP/kWh	0.4889	0.6422	
Supply Charges:				
Retail Customer Charge	PhP/Customer/Mo		36.2932	36.2932
Supply System Charge	PhP/kWh	0.5074		
Metering Charges:				
Retail Customer Charge	PhP/Meter/Mo.	4.2280	30.3909	30.3909
Metering System Charge	PhP/kWh	0.3658		

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

Pasig City, Metro Manila, September 15, 2017.

DECHAVEZ & EVANGELISTA LAW OFFICES¹

Counsel for the Applicant

Camarines Norte Electric Cooperative, Inc. (CANORECO)

Unit 2008 20th Floor, Tycoon Centre

Pearl Drive, Ortigas Center, Pasig City 1605

By:


NELSON V. EVANGELISTA

Roll of Attorneys No. 38075

PTR No. 1216158, February 8, 2017, Pasig City

IBP Lifetime Member Roll No. 010192, Bulacan Chapter

MCLE Compliance No. V- 0008307, valid until April 14, 2019

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

VERIFICATION AND CERTIFICATION OF NON FORUM-SHOPPING

I, Zandro R. Gestiada, of legal age, Filipino and with office address at the Main Office of the Camarines Norte Electric Cooperative, Inc. (CANORECO), J.P. Rizal St., Daet, Camarines Norte, after being sworn to according to law, depose and state that:

1. I am the Officer-In-Charge/General Manager of the Camarines Norte Electric Cooperative, Inc. (CANORECO), duly authorized to represent the cooperative in filing the application, copy of the corresponding Board Resolution is attached hereto 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. CANORECO 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.


ZANDRO R. GESTIADA
Affiant

DAET, CAMARINES NORTE

19 SEP 2017 SUBSCRIBED AND SWORN to before me in _____ this
day of September 2017, by the affiant who exhibited to me his SSS
I.D. bearing No. _____.


ATTORNEY AT LAW
NOTARY PUBLIC

UNTIL DECEMBER 31, 2018
ATTORNEY'S ROLL NO. 44659
PTR No. 3851124 - 1/3/17
BP No. 0996895 - 1/3/17
DAET, CAMARINES NORTE
2018-0022200

Doc. No. 201 ;
Page No. 41 ;
Book No. 40 ;
Series of 2017.