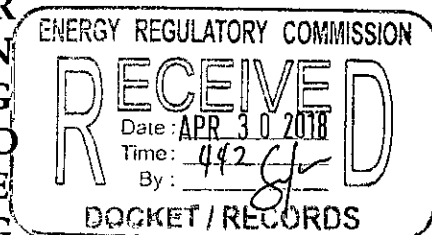


Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City

IN THE MATTER OF THE APPLICATION FOR APPROVAL OF A RATE ADJUSTMENT IN ACCORDANCE WITH THE RULES GOVERNING THE TARIFF GLIDE PATH PURSUANT TO ARTICLE VII OF THE RULES FOR SETTING THE RURAL ELECTRIC COOPERATIVES' WHEELING RATES (RSEC-WR)



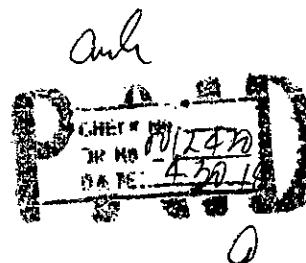
2018-037

ERC CASE NO. 201_ - __

RC

PAMPANGA I ELECTRIC COOPERATIVE,
INC. (PELCO I),

Applicant.



x-----x

APPLICATION

Applicant Pampanga I Electric Cooperative, Inc. (PELCO I, for brevity), by and through the undersigned counsel, and unto this Honorable Commission most respectfully states:

1. That applicant is an electric cooperative duly organized and existing under and by virtue of the laws of the Philippines, with the principal office at Sto. Domingo, Mexico, Pampanga, where it may be served with summons and other legal processes, represented in this instance by its General Manager, ENGR. LOLIANO E. ALLAS, of legal age, Filipino, and with office address also at PELCO I main office;
2. That herein applicant is the exclusive franchise holder issued by the National Electrification Administration (NEA) to operate an electric light and power services in the municipalities of the province of Pampanga, namely: Arayat, Candaba, Magalang, Mexico, Sta. Ana and San Luis;
3. That pursuant to Article 7 (Tariff Glide Path) of the RSEC-

WR, the Energy Regulatory Commission (ERC) issued, adopted and promulgated the Rules Governing the Movement of the Initial Tariffs to the Tariff Caps during the Regulatory Period. The tariff glide path will be determined by the following formula:

$$\text{Tariff} \times [1 + \text{Index "I"} - \text{Efficiency Factor "X"} + \text{Performance Incentive "S"}]$$

- a. The Index, "I", shall be an escalation factor to be used in adjusting the rates to reflect the combined impact of inflation and load growth.
 - b. There shall be an efficiency factor, "X", to account for the operational efficiency of the EC's in setting their rates.
 - c. There shall be a performance incentive, "S", which shall reward or penalize the EC for above or below standard performance, respectively.
4. Based on the Rules on Tariff Glide Path promulgated by the Honorable Commission, Index "I" was computed by PELCO I as follows:

Particulars	Average CPI	△ CPI	Total kWh Sales	GR	Difference	"I"
2015	140.3		184,186,563			
2016	142.1	1.28%	204,189,419	10.86%	-9.58%	0.00%
2017	145.2	2.18%	230,199,162	12.74%	-10.56%	0.00%
2018	149.7	3.10%	245,899,371	6.82%	-3.72%	0.00%

5. Likewise, PELCO I calculated the Efficiency Factor "X" as follows:

Particulars	Total Man Hours (2015)	Total Man Hours (2016)	Total Man Hours (2017)	Total Man Hours (2018)
Regular Employees	470,838	480,063	497,831	525,250
Contractual Employees	72,040	86,499	90,255	88,140
TOTAL	542,878	566,562	588,086	613,390
Full time equivalent man hours per year	2,080	2,080	2,080	2,080
FTE	261	272	283	295
Total number of billed connection (year-end)	85,152	88,785	90,492	94,059
CPE	326	326	320	319

"X"		-0.06%	-1.27%	-0.24%
		Zero - 1 st Year (2 nd regulatory period)	Zero - 2 nd Year (2 nd regulatory period)	

6. Finally, the Performance Incentive "S" was determined as follows:

Year 2016	SAIFI	SAIDI	SL	"S"
Standard	23.71	2,196.86		
½ Strd Dev	6.89	715.39		
SL CAP			13.00	
ACTUAL	4.66	160.06	7.79	
DIFFERENCE	19.05	2,036.80	5.21	
% impact	2.00%	2.00%	4.50%	2.50%

Year 2017	SAIFI	SAIDI	SL	"S"
Standard	23.71	2,196.86		
½ Strd Dev	6.89	715.39		
SL CAP			13.00	
ACTUAL	6.66	479.77	7.72	
DIFFERENCE	17.05	1,717.09	5.28	
% impact	2.00%	2.00%	4.50%	2.50%

Year 2018	SAIFI	SAIDI	SL	"S"
Standard	23.71	2,196.86		
½ Strd Dev	6.89	715.39		
SL CAP			13.00	
ACTUAL	7.10	701.54	7.66	
DIFFERENCE	16.61	1,495.32	5.34	
% impact	2.00%	2.00%	4.50%	2.50%

7. Summarizing the above Index "I", Efficiency Factor "X" and Performance Incentive "S", the resultant TGP is as follows:

	"I"	"X"	"S"	TGP B	TGP B (excluding S)
YEAR 2016	0.00%	0.00%	2.50%	2.50%	0.00%
YEAR 2017	0.00%	0.00%	2.50%	2.50%	0.00%

YEAR 2018	0.00%	0.00%	2.50%	2.50%	0.00%
TOTAL				7.50%	0.00%

8. Using the calculated TGP above, the adjustment in rates resulted as follows, to wit:

TYPE OF CUSTOMER	Particulars	Unit	Rate @ 1st tariff glide path adjustment	Rate @ 1st tariff glide path adjustment excluding S	Rate calculated @ 2nd tariff glide path adjustment	Rate calculated @ 2nd tariff glide path adjustment excluding S
RESIDENTIAL	Distribution	PhP/kWh	0.6216	0.5782	0.6682	0.5782
	Supply	PhP/kWh	0.6451	0.6001	0.6935	0.6001
	Metering	PhP/kWh	0.4650	0.4326	0.4999	0.4326
	Metering	PhP/meter/mo	5.38	5.00	5.78	5.00
LOW VOLTAGE	Distribution	PhP/kWh	0.8165	0.7595	0.8777	0.7595
	Supply	PhP/cust/mo	46.14	42.92	49.60	42.92
	Metering	PhP/meter/mo	38.64	35.94	41.53	35.94
HIGHER VOLTAGE	Distribution	PhP/kW	236.16	219.68	253.87	219.68
	Supply	PhP/cust/mo	46.14	42.92	49.60	42.92
	Metering	PhP/meter/mo	38.64	35.94	41.53	35.94

9. The above computations were made based on the guideline issued by the Honorable Commission, more specifically the Rules Governing the Tariff Glide Path Pursuant to Article VII of the Rules for Setting the Rural Electric Cooperatives' Wheeling Rates (RSEC-WR); and

10. That as part and parcel of this Application, attached hereto are the detailed computations of the TGP, with supporting documents, duly marked as Annex "B".

PRAYER

WHEREFORE, premises considered, applicant Pampanga I Electric Cooperative, Inc. (PELCO I) respectfully prays of this Honorable Commission that, after due notice and hearing and consideration, this application be approved and authorizing PELCO

I to include in its bills to customers either of the following Tariffs starting January 2019 billing:

With performance incentive "S"

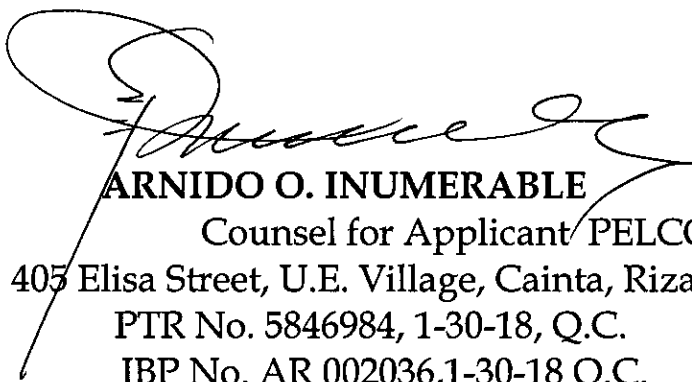
TYPE OF CUSTOMER	Particulars	Unit	Rate @ 2 nd tariff glide path adjustment
RESIDENTIAL	Distribution	PhP/kWh	0.6682
	Supply	PhP/kWh	0.6935
	Metering	PhP/kWh	0.4999
	Metering	PhP/meter/mo	5.78
LOW VOLTAGE	Distribution	PhP/kWh	0.8777
	Supply	PhP/cust/mo	49.60
	Metering	PhP/meter/mo	41.53
HIGHER VOLTAGE	Distribution	PhP/kW	253.87
	Supply	PhP/cust/mo	49.60
	Metering	PhP/meter/mo	41.53

Without performance incentive "S"

TYPE OF CUSTOMER	Particulars	Unit	Rate @ 2 nd tariff glide path adjustment
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

Other relief, just or equitable, is likewise prayed for.

Cainta, Rizal for Pasig City, April 25, 2018.



ARNIDO O. INUMERABLE

Counsel for Applicant PELCO I

405 Elisa Street, U.E. Village, Cainta, Rizal

PTR No. 5846984, 1-30-18, Q.C.

IBP No. AR 002036, 1-30-18 Q.C.

Roll of Attorneys No. 2876

MCLE Compliance IV No. 0004877, 3-5-12

Republic of the Philippines)
City of San Fernando) S.S.

VERIFICATION/CERTIFICATION

I, ENGR. LOLIANO E. ALLAS, of legal age, Filipino, married and with office address located at Sto. Domingo, Mexico, Pampanga, after having been sworn to in accordance with law, hereby depose and state:


1. That I am the General Manager of Pampanga I Electric Cooperative, Inc. (PELCO I);
2. That I have caused the preparation and filing of the application for the approval of the application for adjustment in rates pursuant to the tariff glide path rules with prayer for issuance of provisional authority;
3. That I have read and know the contents thereof as true and correct to the best of my knowledge;
4. That I hereby certify that I have not commenced any action by any other tribunal or agency;
5. That to the best of my knowledge, no such action or proceeding is pending in the Supreme Court, the Court of Appeals or any other tribunal or agency;
6. That if there is such action or proceedings which is either pending or may have been terminated, I must state the status thereof;
7. That I should thereafter learn a similar action or proceeding has been filed or pending before the Supreme Court, the Court of Appeals or any other tribunal or agency, I will undertake to report that fact within five (5) days there from to the Court or agency wherein the original pleading has been filed.

IN WITNESS WHEREOF, I have hereunto set my hand this 26 of April, 2018 at City of San Fernando, Pampanga, Philippines.


ENGR. LOLIANO E. ALLAS
Affiant

SUBSCRIBED AND SWORN to before me this 26 of April, 2018 affiant exhibited to me his Social Security System ID with number 03-4635563-9 issued by the Social Security System.

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Page No: 86
Book No: XXXV(11)
Series of 2018


VICENTE A. MACALINO
Notary Public
Notarial Commission No. 01-18
Until December 31, 2019
PTR No. 3088760 / 1-3-18
IBP No. 1086714 / 1-3-18
Roll of Attorney's No. 18313
G5 Bldg., Dolores, City of San Fernando, Pampanga