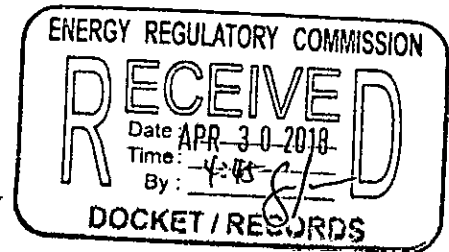


Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pacific Center Building
San Miguel Avenue, Pasig City

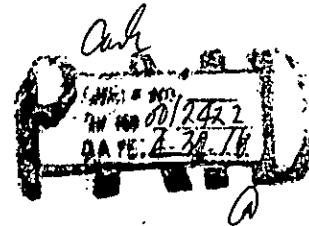
IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF
ADJUSTMENT IN RATES TO
COVER THE FIRST TO
THIRD REGULATORY
YEARS OF THE SECOND
REGULATORY PERIOD FOR
THIRD ENTRANT ELECTRIC
COOPERATIVES UNDER
THE TARIFF GLIDE PATH
(TGP) RULES



2018-038¹
ERC Case No. _____ RC

SURIGAO DEL SUR II
ELECTRIC COOPERATIVE,
INC. (SURSECO II),
Applicant.

X-----X



APPLICATION

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

THE APPLICANT

1. SURSECO II is a non-stock, non-profit electric cooperative, duly organized and existing under and by virtue of Philippine laws, with principal office at Balilahan, Mabua, Tandag 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 Tandag and the municipalities of Carrascal, Cantilan, Madrid, Carmen, Lanuza, Cortes, Tago, San Miguel, Bayabas, Cagwait, Marihatag, San Agustin and Lianga.

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 Third Entrant Group under the Tariff Glide Path Rules (TGP Rules) and pursuant to said Rules, as well as other pertinent laws and rules.

STATEMENT OF FACTS

4. Sometime in 2015, 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. 2015-121 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 2016, to wit:

A. WITH PERFORMANCE INCENTIVE "S"

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/kW			276.95
Distribution System Charge	PhP/kWh	0.8734	0.9572	
Supply Charges:				
Retail Customer Charge	PhP/Customer/Mo		41.51	41.51
Supply System Charge	PhP/kWh	0.7993		
Metering Charges:				
Retail Customer Charge	PhP/Meter/Mo.	5.17	29.69	29.69
Metering System Charge	PhP/kWh	0.4723		

B) EXCLUDING PERFORMANCE INCENTIVE “S”

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/kW			269.18
Distribution System Charge	PhP/kWh	0.8489	0.9303	
Supply Charges:				
Retail Customer Charge	PhP/Customer/Mo		40.34	40.34
Supply System Charge	PhP/kWh	0.7769		
Metering Charges:				
Retail Customer Charge	PhP/Meter/Mo.	5.02	28.86	28.86
Metering System Charge	PhP/kWh	0.4591		

6. The 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 3 years thereafter;

7. Applicant belongs to the Third Entrant Group under the TGP Rules, whose first regulatory period is from January 1, 2013 to December 31, 2018. Having filed its initial application for DSM rate adjustment in 2015, the third regulatory year of the First Regulatory Period, the cooperative is filing the instant Application in the current year 2018, 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 Third Entrant Electric Cooperatives under the TGP Rules;

8. Applicant’s first TGP application under ERC Case No. 2015-121 RC is still pending evaluation of the Honorable Commission but in spite thereof, Applicant adopted and used the proposed DSM rates in the said application as base rates 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, 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 2016	0.00%	0.64%	0.70%	0.06%	-0.64%
YEAR 2017	0.00%	0.00%	0.70%	0.70%	0.00%
YEAR 2018	0.00%	4.06%	0.70%	-3.36%	-4.06%
TOTAL				-2.59%	-4.69%

11. Utilizing the above values will result in adjustments in Applicant's DSM Rates being applied for approval under ERC Case No. 2015-121 RC, as follows:

A. WITH PERFORMANCE INCENTIVE "S"

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/kW			269.77
Distribution System Charge	PhP/kWh	0.8508	0.9324	
Supply Charges:				
Retail Customer Charge	PhP/Customer/ Mo		40.43	40.43
Supply System Charge	PhP/kWh	0.7786		
Metering Charges:				
Retail Customer Charge	PhP/Meter/Mo.	5.03	28.92	28.92
Metering System Charge	PhP/kWh	0.4601		

B. EXCLUDING PERFORMANCE INCENTIVE "S"

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/kW			256.55
Distribution System Charge	PhP/kWh	0.8091	0.8867	
Supply Charges:				
Retail Customer Charge	PhP/Customer/Mo		38.45	38.45
Supply System Charge	PhP/kWh	0.7404		
Metering Charges:				
Retail Customer Charge	PhP/Meter/Mo.	4.79	27.50	27.50
Metering System Charge	PhP/kWh	0.4375		

12. Consequently, in compliance with the TGP Rules, Applicant hereby applies to implement either of the above two calculated alternative DSM rates, to be made effective starting January 1, 2019 and up to December 31, 2021.

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 (2014-2017)
C	Billing Determinants Template (2014-2017 kWh Sales, No. of Customers and kW Demand)
D	Sample Bills per customer type (2014-2017)

E	Regional CPI (2014-2017)
F	RFSC Utilization (2015-2017)
G	Consumer Complaints Summary or Tracking Form (2015-2017)
H	Audited Financial Statements (2015-2017)

SUBMISSION OF PRE-FILING REQUIREMENTS

14. Finally, in compliance with the pre-filing requirements under the ERC Rules of Practice and Procedure, Applicant 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 Panlungsod of Tandag City and Sangguniang Panlalawigan of Surigao del Sur
J and series	Proof of publication of the Application in a newspaper of general circulation in SURSECO II's franchise area or where it principally operates

PRAYER

WHEREFORE, premises considered, pursuant to and in compliance with the Tariff Glide Path (TGP) Rules, Applicant SURSECO II respectfully prays of this Honorable Commission that after due notice and hearing, it be allowed to implement either of the following two (2) alternative rates for its Distribution, Supply and Metering (DSM) Charges, to be made effective starting January 1, 2019, to wit:

A. WITH PERFORMANCE INCENTIVE “S”

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/kW			269.77
Distribution System Charge	PhP/kWh	0.8508	0.9324	
Supply Charges:				
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B. EXCLUDING PERFORMANCE INCENTIVE “S”

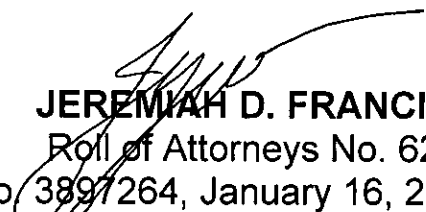
	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/kW			256.55
Distribution System Charge	PhP/kWh	0.8091	0.8867	
Supply Charges:				
Retail Customer Charge	PhP/Customer/Mo		38.45	38.45
Supply System Charge	PhP/kWh	0.7404		
Metering Charges:				
Retail Customer Charge	PhP/Meter/Mo.	4.79	27.50	27.50
Metering System Charge	PhP/kWh	0.4375		

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

Pasig City, Metro Manila, April 19, 2018.

**DECHAVEZ LERIOS-AMBOY AND EVANGELISTA
LAW OFFICES¹**
Counsel for the Applicant
SURIGAO DEL SUR II ELECTRIC COOPERATIVE, INC.
(SURSECO II)
Unit 2008, Tycoon Centre
Pearl Drive, Ortigas Center, Pasig City 1605
Tel. Nos. 9101587; 6619357
Email: powerlawfirm@gmail.com

By:


JEREMIAH D. FRANCISCO
Roll of Attorneys No. 62302
PTR No. 3897264, January 16, 2018, Pasig City
IBP Lifetime Member Roll No. 018969, RSM
MCLE Compliance No. V – 0016881 – March 16, 2016

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
Ditas A. Leros-Amboy	V-0016672	March 6, 2016
Nelson V. Evangelista	V-0008307	June 3, 2015

VERIFICATION AND CERTIFICATION OF NON FORUM-SHOPPING

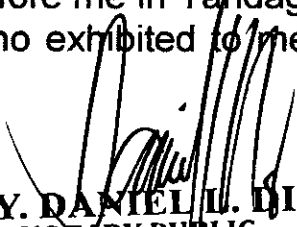
ENGR. IGLORIO R. HINAYON, of legal age, Filipino and with office address at the SURSECO II Building, Balilahan, Mabua, Tandag City, Surigao del Sur, after being sworn to according to law, depose and state that:

1. I am the General Manager of the Surigao del Sur II Electric Cooperative, Inc. (SURSECO II), duly authorized to represent the cooperative in filing the instant application, 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 of SURSECO II;
3. SURSECO II 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.


IGLORIO R. HINAYON
Affiant

SUBSCRIBED AND SWORN to before me in Tandag City, this 23 day of April 2018, by the affiant who exhibited to me his SSS I.D. bearing No. 33-4027664-3.


ATTY. DANIEL U. DIAZ
NOTARY PUBLIC
For the Province of Surigao del Sur
Until December 31, 2019
Roll of Attorneys No. 57741
PTR No. 6905075 - 01-08-18
IBP No. 1064080 - 01-09-18
TIN 295 - 753 - 777 - 000
Commission No. SDS - TDG - 07-2018

Doc. No. 61 ;
Page No. 14 ;
Book No. I ;
Series of 2018.