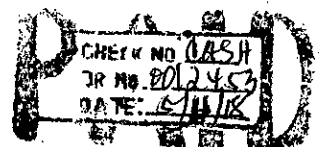
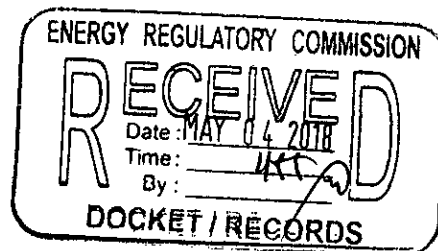


Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City

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



2018-040

ERC Case No. _____ RC

SIARGAO ELECTRIC COOPERATIVE, INC. (SIARELCO),

Applicant.

X-----X

APPLICATION

Applicant, **SIARGAO ELECTRIC COOPERATIVE, INC. (SIARELCO)**, through counsel, unto this Honorable Commission, respectfully alleges that:

THE APPLICANT

1. SIARELCO is anon-stock, non-profit electric cooperative duly organized and existing under and by virtue of Philippines laws, with principal office at Catabaan, Dapa, Surigao del Norte;

2. It holds an exclusive franchise issued by the National Electrification Commission to operate an electric light and power distribution service in certain municipalities of the province of Surigao del Norte, namely: Burgos, Dapa, Del Carmen, Gen. Luna, Pilar, San Benito, San Isidro, Sta.Monica and Socorro.

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. 2015-115RC.

5. In the said application, Applicant prayed for the 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
Distribution Charges:			
Demand Charge	PhP/kW		
Distribution System Charge	PhP/kWh	1.1032	1.2075
Supply Charges:			
Retail Customer Charge	PhP/Customer/Mo.		44.66
Supply System Charge	PhP/kWh	1.0724	
Metering Charges:			
Retail Customer Charge	PhP/Meter/Mo.	5.22	30.37
Metering System Charge	PhP/kWh	.6041	

B) EXCLUDING PERFORMANCE INCENTIVE "S"

	UNITS	CUSTOMER TYPE	
		Residential	Low Voltage
Distribution Charges:			
Demand Charge	PhP/kW		
Distribution System Charge	PhP/kWh	1.0577	1.1577
Supply Charges:			
Retail Customer Charge	PhP/Customer/Mo.		42.82
Supply System Charge	PhP/kWh	1.0282	
Metering Charges:			
Retail Customer Charge	PhP/Meter/Mo.	5.00	29.12
Metering System Charge	PhP/kWh	.5792	

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 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. 2015-115RC 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 bases in computing the proposed adjustment in the instant application.

THE PROPOSED DSM RATE ADJUSTMENT

9. Under Section 3.3 of 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%	0.00%	2.10%	2.100%	0.00%
YEAR 2017	0.00%	7.8421%	1.70%	-6.1421%	-7.8421%
YEAR 2018	0.00%	0.00%	2.10%	2.1000%	0.00%
TOTAL	0.00%	7.8421%	5.90%	-1.9421%	-7.8421%

11. Utilizing the above values will result in downward adjustment of Applicant's proposed DSM Rates under ERC Case No. 2015-115 RC, as follows:

A. WITH PERFORMANCE INCENTIVE "S"

	UNITS	CUSTOMER TYPE	
		Residential	Low Voltage
Distribution Charges:			
Demand Charge	PhP/kW		
Distribution System Charge	PhP/kWh	1.0818	1.1840
Supply Charges:			
Retail Customer Charge	PhP/Customer/Mo.		43.7939
Supply System Charge	PhP/kWh	1.0516	
Metering Charges:			
Retail Customer Charge	PhP/Meter/Mo.	5.1137	29.7823
Metering System Charge	PhP/kWh	0.5924	

B) EXCLUDING PERFORMANCE INCENTIVE "S"

	UNITS	CUSTOMER TYPE	
		Residential	Low Voltage
Distribution Charges:			
Demand Charge	PhP/kW		
Distribution System Charge	PhP/kWh	0.9748	1.0669
Supply Charges:			
Retail Customer Charge	PhP/Customer/Mo.		39.4620
Supply System Charge	PhP/kWh	0.9476	
Metering Charges:			
Retail Customer Charge	PhP/Meter/Mo.	4.6079	26.8364
Metering System Charge	PhP/kWh	0.5338	

12. Under the TGP Rules, should the rate adjustment calculated in accordance with Section 3 thereof results in a decrease, the electric cooperative shall implement the full amount of the reduction in rates.

13. 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

14. 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	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 (2014-2017)
G	Consumer Complaints Summary or Tracking Form (2015-2017)
H	Audited Financial Statements (2014-2017)

SUBMISSION OF PRE-FILING REQUIREMENTS

15. Finally, in compliance with the pre-filing requirements for the instant application 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 Bayan of Dapa and Sangguniang Panlalawigan of Surigao del Norte
J and series	Proof of publication of the Application in a newspaper of general circulation in SIARELCO's franchise area or where it principally operates.

PRAYER

WHEREFORE, premises considered, pursuant to and in compliance with the Tariff Glide Path (TGP) Rules, SIARELCO respectfully prays 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, effective starting January 1, 2019, to wit:

A. WITH PERFORMANCE INCENTIVE "S"

	UNITS	CUSTOMER TYPE	
		Residential	Low Voltage
Distribution Charges:			
Demand Charge	PhP/kW		
Distribution System Charge	PhP/kWh	1.0818	1.1840
Supply Charges:			
Retail Customer Charge	PhP/Customer/Mo.		43.7939
Supply System Charge	PhP/kWh	1.0516	
Metering Charges:			
Retail Customer Charge	PhP/Meter/Mo.	5.1137	29.7823
Metering System Charge	PhP/kWh	0.5924	

B. EXCLUDING PERFORMANCE INCENTIVE "S"

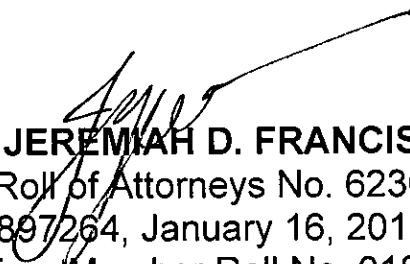
	UNITS	CUSTOMER TYPE	
		Residential	Low Voltage
Distribution Charges:			
Demand Charge	PhP/kW		
Distribution System Charge	PhP/kWh	0.9748	1.0669
Supply Charges:			
Retail Customer Charge	PhP/Customer/Mo.		39.4620
Supply System Charge	PhP/kWh	0.9476	
Metering Charges:			
Retail Customer Charge	PhP/Meter/Mo.	4.6079	26.8364
Metering System Charge	PhP/kWh	0.5338	

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

Pasig City, Metro Manila, April 2, 2018.

**DECHAVEZ LERIOS-AMBOY AND EVANGELISTA
LAW OFFICES¹**
Counsel for the Applicant
SIARGAO ELECTRIC COOPERATIVE, INC. (SIARELCO)
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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

Republic of the Philippines)
Province of Surigao del Norte) S.s.

VERIFICATION AND CERTIFICATION OF NON FORUM-SHOPPING

SERGIO C. DAGOOC, of legal age, Filipino, married and with office address at the main office of the Siargao Electric Cooperative, Inc. (SIARELCO), Catabaan, Dapa, Surigao del Norte, after being sworn to according to law, depose and state that:

1. I am the General Manager of the Siargao Electric Cooperative, Inc. (SIARELCO), duly authorized to represent the cooperative in filing the instant application, copy of the Board Resolution to said effect 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. SIARELCO 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.



SERGIO C. DAGOOC
Affiant

SUBSCRIBED AND SWORN to before me in SURIGAO CITY APR this 2018 day of April 2018, by the affiant who exhibited to me his SSS I.D. bearing No. 08-0699896-3.



ATTY. STELLA C. CABAHUG-RANALAN
NOTARY PUBLIC UNTIL DEC. 31, 2019
ROLL NO. 44817

IBP LIFETIME MEMBER NO. 08295

PTR NO. 4241850-Z- 1-15-18

MCLE V NO. 0015537

TIN NO. 154-200-028-000

G/F LASALA BLDG., BURGOS ST. SURIGAO CITY.

Doc. No. 71C
Page No. 120
Book No. I
Series of 2018