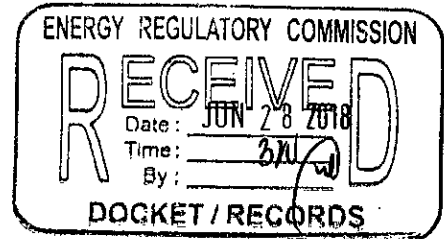


Republic of the Philippines  
**ENERGY REGULATORY COMMISSION**  
Pacific Center Building  
San Miguel Avenue, Pasig City

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

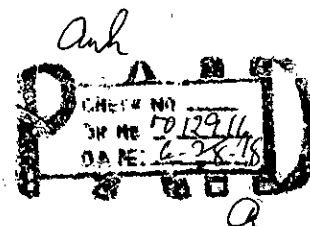


2018-065

ERC Case No. \_\_\_\_\_ RC

QUEZON I ELECTRIC  
COOPERATIVE, INC.  
(QUEZELCO I),  
Applicant.

X-----X



## APPLICATION

APPLICANT, QUEZON I ELECTRIC COOPERATIVE, INC. (QUEZELCO I), through counsel, unto this Honorable Commission, respectfully alleges, that:

### THE APPLICANT

1. QUEZELCO I 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 Barangay. Poctol, Pitogo, Quezon.

2. It holds an exclusive franchise from the National Electrification Administration to operate an electric light and power distribution service in certain municipalities of the province of

Quezon, namely: Agdangan, Alabat, Atimonan, Buenavista, Calauag, Catanauan, General Luna, Guinayangan, Gumaca, Lopez, Macalelon, Mulanay, Padre Burgos, Perez, Pitogo, Plaridel, Quezon, San Andres, San Francisco, San Narciso, Tagkawayan and Unisan, and the Municipality of Del Gallego of the province of Camarines Sur.

### **NATURE OF THE APPLICATION**

3. The instant Application is being filed for the approval of Applicant's proposed adjustment in its Distribution, Supply and Metering (DSM) Rates based on the data of the Fourth to Sixth Regulatory Years of the First Regulatory Period for Electric Cooperatives belonging to the Third Entrant Group under the Tariff Glide Path Rules (TGP 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 proposed adjustment in its DSM Rates pursuant to the TGP Rules, docketed as ERC Case No. 2015-104 RC.

5. In the said application, the QUEZELCO I prayed for approval of either of the following two (2) proposed alternative DSM rates, to be made effective starting January 2016 and up to December 31, 2018, to wit:

#### **A. WITH PERFORMANCE INCENTIVE "S"**

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
<b>Distribution Charges:</b>				
Demand Charge	PhP/kW			249.11
Distribution System Charge	PhP/kWh	0.6557	0.8613	
<b>Supply Charges:</b>				
Retail Customer Charge	PhP/Customer/Mo		48.67	48.67
Supply System Charge	PhP/kWh	0.6805		
<b>Metering Charges:</b>				
Retail Customer Charge	PhP/Meter/Mo.	5.67	40.76	40.76
Metering System Charge	PhP/kWh	0.4906		

**B. EXCLUDING PERFORMANCE INCENTIVE “S”**

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
<b>Distribution Charges:</b>				
Demand Charge	PhP/kW			244.50
Distribution System Charge	PhP/kWh	0.6435	0.8453	
<b>Supply Charges:</b>				
Retail Customer Charge	PhP/Customer/Mo		47.77	47.77
Supply System Charge	PhP/kWh	0.6679		
<b>Metering Charges:</b>				
Retail Customer Charge	PhP/Meter/Mo.	5.56	40.00	40.00
Metering System Charge	PhP/kWh	0.4815		

6. Foregoing application was Applicant’s initial application for DSM rate adjustment pursuant to the TGP Rules, under which electric cooperatives (ECs) 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 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. QUEZELCO I’s first TGP application under ERC Case No. 2015-104 RC is still being evaluated by the Honorable Commission but despite the pendency thereof, QUEZELCO I adopted and used 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:

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

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 2016	0.00%	7.34%	1.20%	-6.14%	-7.34%
Year 2017	0.00%	0.99%	1.20%	0.21%	-0.99%
Year 2018	0.00%	4.37%	1.60%	-2.77%	-4.37%
Net Results				-8.70%	-12.70

11. Utilizing the above values would result in adjustments on Applicant's DSM Rates for the first to third years of the Second Regulatory Period for electric cooperatives belonging to the Third Entrant Group, to wit:

**A. WITH PERFORMANCE INCENTIVE "S"**

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
<b>Distribution Charges:</b>				
Demand Charge	PhP/kW			227.43
Distribution System Charge	PhP/kWh	0.5986	0.7863	
<b>Supply Charges:</b>				
Retail Customer Charge	PhP/Customer/Mo		44.43	44.43
Supply System Charge	PhP/kWh	0.6213		
<b>Metering Charges:</b>				
Retail Customer Charge	PhP/Meter/Mo.	5.1800	37.21	37.21
Metering System Charge	PhP/kWh	0.4479		

**B. EXCLUDING PERFORMANCE INCENTIVE "S"**

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
<b>Distribution Charges:</b>				
Demand Charge	PhP/kW			213.44
Distribution System Charge	PhP/kWh	0.5618	0.7379	

<b>Supply Charges:</b>				
Retail Customer Charge	PhP/Customer/Mo		<b>41.70</b>	<b>41.70</b>
Supply System Charge	PhP/kWh	<b>0.5830</b>		
<b>Metering Charges:</b>				
Retail Customer Charge	PhP/Meter/Mo.	<b>4.8600</b>	<b>34.92</b>	<b>34.92</b>
Metering System Charge	PhP/kWh	<b>0.4203</b>		

12. 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	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)

14. 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 Pitogo and Sangguniang Panlalawigan of Quezon
J and series	Proof of publication of the Application in a newspaper of general circulation in QUEZELCO I's franchise area or where it principally operates

## PRAYER

**WHEREFORE**, premises considered, it is most respectfully prayed of this Honorable Commission that upon initial evaluation hereof or after due notice and hearing, Applicant QUEZELCO I be allowed to implement either of the following two (2) alternative proposed new rates for its Distribution, Supply and Metering (DSM) Charges, starting January 2019 and up to December 31, 2021, to wit:

### A. WITH PERFORMANCE INCENTIVE "S"

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
<b>Distribution Charges:</b>				
Demand Charge	PhP/kW			227.43
Distribution System Charge	PhP/kWh	0.5986	0.7863	
<b>Supply Charges:</b>				
Retail Customer Charge	PhP/Customer/Mo		44.43	44.43
Supply System Charge	PhP/kWh	0.6213		
<b>Metering Charges:</b>				
Retail Customer Charge	PhP/Meter/Mo.	5.1800	37.21	37.21
Metering System Charge	PhP/kWh	0.4479		

### B. EXCLUDING PERFORMANCE INCENTIVE "S"

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
<b>Distribution Charges:</b>				
Demand Charge	PhP/kW			213.44
Distribution System Charge	PhP/kWh	0.5618	0.7379	


<b>Supply Charges:</b>				
Retail Customer Charge	PhP/Customer/Mo		41.70	41.70
Supply System Charge	PhP/kWh	0.5830		
<b>Metering Charges:</b>				
Retail Customer Charge	PhP/Meter/Mo.	4.8600	34.92	34.92
Metering System Charge	PhP/kWh	0.4203		

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

Pasig City, Metro Manila, June 21, 2018.

**DECHAVEZ LERIOS-AMBOY and EVANGELISTA  
LAW OFFICES<sup>1</sup>**  
Counsel for the Applicant  
**Quezon I Electric Cooperative, Inc. (QUEZELCO I)**  
Unit 2008, 20<sup>th</sup> Floor, Tycoon Centre  
Pearl Drive, Ortigas Center, Pasig City 1605

By:

  
**MAUD EISEL H. ANGEL**  
Roll of Attorneys No. 68771<sup>2</sup>  
PTR No. 3897263, January 16, 2018, Pasig City  
IBP Lifetime No. 018968, February 14, 2018, Quezon City

<sup>1</sup>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
Ditas A. Lerios-Amboy	V-0016672	March 6, 2016
Nelson V. Evangelista	V-0008307	June 3, 2015

<sup>2</sup>Explanation (Re: MCLE Compliance) - Admitted to the Philippine Bar in 2017. Pursuant to Board Order No. 1, s. 2008 of the MCLE Governing Board, otherwise known as "Guidelines for MCLE Compliance of New Lawyers in view of Bar Matter No. 1922, S. 2008", she is exempted from complying with the MCLE requirement.

## VERIFICATION AND CERTIFICATION OF NON FORUM-SHOPPING

I, MITCHELLE C. HUTALLA, of legal age, Filipino and with office address at the main office of the Quezon I Electric Cooperative, Inc. (QUEZELCO I), Brgy. Pootol, Pitogo, Quezon, after being sworn to according to law, depose and state that:

1. I am the Officer-In-Charge /General Manager of the Quezon I Electric Cooperative, Inc. (QUEZELCO I), duly authorized to represent the cooperative in filing the instant 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. QUEZELCO 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.

  
**MITCHELLE C. HUTALLA**  
Affiant

SUBSCRIBED AND SWORN to before me in Gumaca, Quezon, this 25th day of June 2018, by the affiant who exhibited to me her PRC ID bearing No. 0096463 with validity until April 24, 2019.

Notary Public

Doc. No. 304 ;  
Page No. 61 ;  
Book No. 90 ;  
Series of 2018.

  
**ATTY. ALLAN M. CABAGUE**  
Notary Public Commission until Dec. 31, 2018  
Roll No. 50482; IBP No. 015082 / Dec. 28, 2017  
MCLE No. V-0015438 / Mar. 9, 2016  
PTR No. 6327441 / Jan. 5, 2018  
GUMACA, QUEZON