

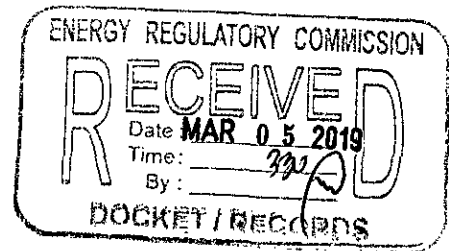
Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pacific Center Building
San Miguel Avenue, Pasig City

IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF
ADJUSTMENT IN RATES
PURSUANT TO THE TARIFF
GLIDE PATH (TGP) RULES

ERC CASE NO. 2019-019 -re

CAMARINES SUR III
ELECTRIC COOPERATIVE,
INC. (CASURECO III),
Applicant.

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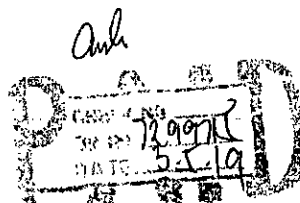
APPLICATION

APPLICANT, CAMARINES SUR III ELECTRIC COOPERATIVE, INC. (CASURECO III), through counsel, unto this Honorable Commission, respectfully alleges that:

1. Applicant 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 San Isidro, Iriga City, Camarines Sur;

2. It holds an exclusive franchise from the National Electrification Commission to operate an electric light and power distribution service in Iriga City and the municipalities of Baao, Buhi, Bula, Bato, Balatan and Nabua, all of the province of Camarines Sur;

3. Sometime in 2009, CASURECO III filed with the Honorable Commission an application for approval of its proposed adjustment in rates pursuant to the Rules for Setting the Electric Cooperatives' Wheeling Rates (RSEC-WR);



4. The Honorable Commission approved the application, granting the cooperative the following initial tariffs on its Distribution, Supply and Metering (DSM) Charges, among others, to wit:

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/KW			213.96
Distribution System Charge	PhP/KWh	0.7004	0.7493	
Supply Charges:				
Retail Customer Charge	PhP/Customer/Mo		34.0500	34.0500
Supply System Charge	PhP/KWh	0.7156		
Metering Charges:				
Retail Customer Charge	PhP/Meter/Mo	5.0000	29.9100	29.9100
Metering System Charge	PhP/KWh	0.5236		

5. On May 2, 2011, the Honorable Commission promulgated the Tariff Glide Path (TGP) Rules pursuant to Article 7 of the RSEC-WR whereby during the regulatory period, the rate of the Electric Cooperatives (ECs) per group shall be adjusted using the following formula, to wit:

Tariff x (1+ index "I"-Efficiency Factor "X" + Performance Incentive "S")

The Index "I", shall be an escalation factor to be used in adjusting the rates to reflect the combined impact of inflation and load factor. There shall be an efficiency factor "X" to account for the operational efficiency of the ECs in setting their rates. There shall be a performance incentive "S" which shall reward or penalize the EC for above or below standard performance, respectively.

The TGP is intended as a cap and the EC may move up to the cap, if it is a positive adjustment. If the cap is lower than the current average tariff, a reduction may be implemented.

6. The TGP is a rate adjustment mechanism which provides an opportunity for the ECs to adjust their rates once every three (3) years. The rate adjustments may occur at the start of the fourth year of the first Regulatory Period and every three years thereafter;

7. Under the TGP, the regulatory period is six (6) years for each entry Group. For the Second Entrant Group, the first regulatory period is from January 1, 2012 to December 31, 2017. CASURECO III belongs to the Second Entrant Group.

8. Further under the TGP Rules, the concerned EC shall use the following formula in determining the TGP for the first to third years of the Regulatory Period, to wit:

$$TGP_A = TGP_n + TGP_{n+1} + TGP_{n+2} \text{ where}$$

$$TGP_n = I_n - X_n + S_n$$

N= the first year of the Regulatory Period and succeeding Regulatory Periods

Except that for the first two years of the First Regulatory Period, "X" will be equal to zero and thereafter shall not be less than zero. The TGP calculated for each of the three years will be summed to determine the possible rate adjustment the starting on the Fourth Year of the current Regulatory Period.

9. Applying the methodology embodied in the TGP Rules, CASURECO III calculated the values of the "I", "X" and "S" and came up with the following results, to wit:

	"I"	"X"	"S"	TGP A	TGP A (Excluding "S")
Year 2012	5.84%	0.00%	-1.20%	4.64%	5.84%
Year 2013	0.00%	0.00%	-0.40%	-0.40%	0.00%
Year 2014	0.00%	3.77%	-0.80%	-4.57%	-3.77%
Net Results				-0.34%	2.06%

10. Application of the above values resulted in adjustments on the cooperative's DSM Rates, as follows:

a) WITH PERFORMANCE INCENTIVE "S"

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/kW			213.24
Distribution System Charge	PhP/kWh	0.6980	0.7468	
Supply Charges:				
Retail Customer Charge	PhP/Customer/Mo		33.9350	33.9350
Supply System Charge	PhP/kWh	0.7132		
Metering Charges:				
Retail Customer Charge	PhP/Meter/Mo.	4.9831	29.8090	29.8090
Metering System Charge	PhP/kWh	0.5218		

b.) EXCLUDING PERFORMANCE INCENTIVE "S"

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/kW			218.37
Distribution System Charge	PhP/kWh	0.7148	0.7648	
Supply Charges:				
Retail Customer Charge	PhP/Customer/Mo		34.7522	34.7522
Supply System Charge	PhP/kWh	0.7304		
Metering Charges:				
Retail Customer Charge	PhP/Meter/Mo.	5.1031	30.5268	30.5268
Metering System Charge	PhP/kWh	0.5344		

11. Consequently, CASURECO III respectfully prays that it be allowed to implement either of the above two alternative calculated DSM rates, effective retroactively from January 2015, and up to December 31, 2017;

12. 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 Calculations and supporting documents using prescribed templates: Index "I" Calculation Efficiency Factor "X" Calculation Performance Incentive "S" Calculation
B	MFSR - Sections B and E (2010-2013)
C	Billing Determinants Template kWh Sales, No. of Customers, kW Demand (2010-2013)
D	Sample Bills per customer type (2010-2013)
E	Regional CPI (2010-2013)
F	RFSC/Reinvestment Fund Utilization (2011-2013)
G	Consumer Complaints (Complaint Tracking Form) (2011-2013)
H	Audited Financial Statements (2010- 2013)

13. Finally, in compliance with the pre-filing requirements under the ERC Rules of Practice and Procedure, CASURECO III is 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 Iriga City and Sangguniang Panlalawigan of Camarines Sur
J and series	Proof of publication of the Application in a newspaper of general circulation in CASURECO III's franchise area or where it principally operates

PRAYER

WHEREFORE, premises considered, it is most respectfully prayed of this Honorable Commission that after due notice and hearing, CASURECO III be allowed to implement either of the following two (2) alternative new rates for its Distribution, Supply and Metering (DSM) Charges, to be made retroactive from January 1, 2015 to December 31, 2017, to wit:

a) WITH PERFORMANCE INCENTIVE "S"

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/kW			213.24
Distribution System Charge	PhP/kWh	0.6980	0.7468	
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	UNITS	CUSTOMER TYPE		
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Metering Charges:				
Retail Customer Charge	PhP/Meter/Mo.	5.1031	30.5268	30.5268
Metering System Charge	PhP/kWh	0.5344		

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

Pasig City, Metro Manila, August 07, 2018.

**DECHAVEZ LERIOS-AMBOY AND EVANGELISTA
LAW OFFICES¹**

Counsel for the Applicant
Camarines Sur III Electric Cooperative, Inc. (CASURECO III)
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Tel. Nos. 9101587; 6619357

By:


JEREMIAH D. FRANCISCO

Roll of Attorneys No. 62302
PTR No. 3897264, January 16, 2018, Pasig City
IBP Lifetime Member No. 018969, RSM
MCLE Compliance No. V Cert. No. 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. Larios-Amboy	V-0016672	March 16, 2016
Nelson V. Evangelista	V-0008307	June 3, 2015

VERIFICATION AND CERTIFICATION OF NON-FORUM SHOPPING

Engr. Wilfredo O. Bucsit, of legal age, Filipino and with office address at the main office of the Camarines Sur III Electric Cooperative, Inc. (CASURECO III), San Isidro, Iriga City, Camarines Sur, after being sworn to according to law, depose and state that:

1. I am the Acting General Manager of the Camarines Sur III Electric Cooperative, Inc. (CASURECO III), 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. CASURECO III has not heretofore commenced any other action or proceedings involving the same issues 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 there from.

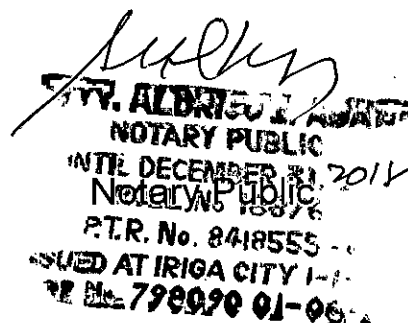
Further, affiant sayeth naught.



WILFREDO O. BUCSIT

Affiant

SUBSCRIBED AND SWORN to before me in Iriga City, this 5th day of September 2018, by the affiant who exhibited to me his PRC Professional License bearing No. 0036389 with validity until December 6, 2020.



ATTY. ALBREDO J. ASARTA
NOTARY PUBLIC
UNTIL DECEMBER 31, 2014
Notary Public
P.T.R. No. 8418555
ISSUED AT IRIGA CITY I-C
REG. No. 790990 01-06

Doc. No. 1778
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