

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



**IN THE MATTER OF THE  
APPLICATION FOR  
APPROVAL OF  
ADJUSTMENT IN RATES  
COVERING THE FIRST TO  
THIRD REGULATORY  
YEARS OF THE SECOND  
REGULATORY PERIOD  
FOR THE SECOND  
ENTRANT GROUP UNDER  
THE TARIFF GLIDE PATH  
(TGP) RULES, WITH  
PRAYER FOR  
PROVISIONAL  
AUTHORITY,**

**ERC CASE NO. 2017-050 RC**

**CAMIGUIN ELECTRIC  
COOPERATIVE, INC.,  
(CAMELCO),**

**Applicant.**

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**D O C K E T E D**

Date: AUG 31 2017

By: [Signature]

**NOTICE OF PUBLIC HEARING**

**TO ALL INTERESTED PARTIES:**

Notice is hereby given that on 26 May 2017, Camiguin Electric Cooperative, Inc. (CAMELCO) filed an *Application* dated 18 April 2017 for approval of its adjustment in rates covering the first to third regulatory years of the second regulatory period for the second entrant group under the Tariff Glide Path (TGP) Rules, with prayer for provisional authority.

CAMELCO alleged the following in its *Application*:

1. CAMELCO is a non-stock, non-profit electric cooperative, duly organized and existing under and by virtue of Philippine laws, with principal offices at the Pandan, Mambajao, Camiguin;

2. It holds an exclusive franchise from the National Electrification Commission, to operate an electric light and power distribution system in the (5) municipalities, namely the municipalities of Mambajao, Mahinog, Guinsiliban, Sagay&Catarmall in the Province of Camiguin.

**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 covering the First to Third Regulatory Years of the Second Regulatory Period for Electric Cooperatives belonging to the Second Entrant Group under the Tariff Glide Path Rules (TGP Rules), as well as other pertinent laws and rules.

**STATEMENT OF FACTS**

4. Sometime in year 2014, 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. 2014-070 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 2015, to wit:

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

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
<b>Distribution Charges:</b>				n/a
Demand Charge	PhP/kW	0	0	
Distribution System Charge	PhP/kWh	1.0933	1.1989	
<b>Supply Charges:</b>				n/a
Retail Customer Charge	PhP/Customer/Mo	0	44.34	
Supply System Charge	PhP/kWh	1.0648	0	
<b>Metering Charges:</b>				n/a
Retail Customer Charge	PhP/Meter/Mo.	5.18	30.16	
Metering System Charge	PhP/kWh	0.5998	0	

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

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				n/a
Demand Charge	PhP/kW	0	0	
Distribution System Charge	PhP/kWh	1.0637	1.1665	
Supply Charges:				n/a
Retail Customer Charge	PhP/Customer/Mo	0	43.15	
Supply System Charge	PhP/kWh	1.0360	0	
Metering Charges:				n/a
Retail Customer Charge	PhP/Meter/Mo.	5.04	29.34	
Metering System Charge	PhP/kWh	0.5836	0	

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 three years thereafter.
7. Applicant belongs to the Second Entrant Group under the TGP Rules, whose first regulatory period is from January 1, 2012 to December 31, 2017. Having filed its initial application for DSM rate adjustment in 2014 which is the third regulatory year of the First Regulatory Period, the cooperative is filing the instant application this present year 2017, which is the third regulatory year of the Second Regulatory Period, for the proposed adjustment of its DSM rates covering the first to third regulatory years of the Second Regulatory Period for the Second Entrant Group.
8. The hearing on jurisdictional requirements, expository presentation and presentation of evidence on Applicant’s first TGP application under ERC Case No. 2014-070 RC had been completed. Also, it had already submitted its Formal Offer of Evidence and the application is now submitted for evaluation of the Honorable Commission. Despite the pendency of ERC Case No. 204-070 RC, Applicant is constrained to adopt and use 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:

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

where

$$TGP_n = I_n - X_n + S_n$$

n= the fourth year of their 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”(B)	“X”(B)	“S”(B)	TGP B	TGP B (excluding S)
YEAR 2015	2.48%	0.00%	1.20%	3.68%	2.48%
YEAR 2016	0.00%	0.02%	1.20%	1.18%	-0.02%
YEAR 2017	0.00%	3.51%	1.30%	-2.21%	-3.51%
<b>TOTAL</b>				<b>2.65%</b>	<b>-1.05%</b>

11. Utilizing the above values will result in adjustments in the cooperative’s DSM Rates covering the first to third years of the second regulatory period for electric cooperatives belonging to the Second Entrant Group, as follows:

**A.WITH PERFORMANCE INCENTIVE “S”**

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				n/a
Demand Charge	PhP/kW	0	0	
Distribution System Charge	PhP/kWh	1.1222	1.2306	
Supply Charges:		0	0	n/a
Retail Customer Charge	PhP/Customer/Mo	0	45.52	
Supply System Charge	PhP/kWh	1.0930	0	
Metering Charges:				n/a
Retail Customer Charge	PhP/Meter/Mo	5.32	30.95	
Metering System Charge	PhP/kWh	0.6157	0	

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

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				n/a
Demand Charge	PhP/kW	0	0	
Distribution System Charge	PhP/kWh	1.0525	1.1542	
Supply Charges:				n/a
Retail Customer Charge	PhP/Customer/Mo	0	42.69	
Supply System Charge	PhP/kWh	1.0251	0	
Metering Charges:				n/a
Retail Customer Charge	PhP/Meter/Mo.	4.98	29.03	
Metering System Charge	PhP/kWh	0.5775	0	

12. Consequently, Applicant respectfully prays that it be allowed to implement either of the above two calculated alternative DSM rates, effective January 1, 2018 and up to December 31, 2020.

**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
V. A to C	Proposed TGP Calculations and supporting documents using the prescribed templates: Index "T" Calculation Efficiency Factor "X" Calculation Performance Incentive "S" Calculation
VI	MFSR - Sections B and E (2013-2016)
VII	Billing Determinants Template (2013-2016) (kWh Sales, No. of Customers, kW Demand)
VIII	Sample Bills per customer type (2013-2016)
IX	Regional CPI (2013-2016)
X	RFSC Utilization (2014-2016)
XI	Consumer Complaints Summary or Tracking Form (2014-2016)
XII	Audited Financial Statements (2014-2016)

**COMPLIANCE WITH PRE-FILING REQUIREMENTS**

14. Finally, in compliance with the pre-filing requirements for the instant application, Applicant is likewise submitting herewith the following documents, which are being made integral parts hereof, to wit:

Annex Markings	Nature of Document
XIII	Publication of the Application in a newspaper of general circulation in CAMELCO's franchise area or where it principally operates, with Affidavit of Publication

**PRAYER**

WHEREFORE, premises considered, it is most respectfully prayed of this Honorable Commission that after due notice and hearing, Applicant CAMELCO be allowed to implement either of the following two (2) alternative proposed new rates for its Distribution, Supply and Metering (DSM) Charges, effective January 2018 and up to December 31, 2020, to wit:

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

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				n/a
Demand Charge	PhP/kW	0	0	
Distribution System Charge	PhP/kWh	1.1222	1.2306	
Supply Charges:				n/a
Retail Customer Charge	PhP/Customer/Mo	0	45.52	
Supply System Charge	PhP/kWh	1.0930	0	
Metering Charges:				n/a
Retail Customer Charge	PhP/Meter/Mo.	5.32	30.95	
Metering System Charge	PhP/kWh	0.6157	0	

**B) EXCLUDING PERFORMANCE INCENTIVE "S"**

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				n/a
Demand Charge	PhP/kW	0	0	
Distribution System Charge	PhP/kWh	1.0525	1.1542	

Supply Charges:				n/a
Retail Customer Charge	PhP/Customer/ Mo	0	42.69	
Supply System Charge	PhP/kWh	1.0251	0	
Metering Charges:				n/a
Retail Customer Charge	PhP/Meter/Mo.	4.98	29.03	
Metering System Charge	PhP/kWh	0.5775	0	

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

The Commission has set the *Application* for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on **03 October 2017 (Tuesday) at ten o'clock in the morning (10:00 A.M.) at CAMELCO's principle office at Pandan, Mambajao, Camiguin.**

All persons who have an interest in the subject matter of the instant case may become a party by filing with the Commission a verified Petition to Intervene at least five (5) days prior to the initial hearing and subject to the requirements under Rule 9 of the 2006 Rules of Practice and Procedure, indicating therein the docket number and title of the case and stating the following:

- i. The petitioner's name and address;
- ii. The nature of petitioner's interest in the subject matter of the proceeding and the way and manner in which such interest is affected by the issues involved in the proceeding; and
- iii. A statement of the relief desired.

All other persons who may want their views known to the Commission with respect to the subject matter of the case may file their Opposition or Comment thereon at any stage of the proceeding before Applicant rests its case, subject to the requirements under Rule 9 of the 2006 Rules of Practice and Procedure. No particular form of Opposition or Comment is required, but the document, letter, or writing should contain the following:

- 1) The name and address of such person;
- 2) A concise statement of the Opposition or Comment; and
- 3) The grounds relied upon.

All such persons who wish to have a copy of the *Application* may request from Applicant that they be furnished with the same, prior to the date of the initial hearing. Applicant is hereby directed to furnish all those making such request with copies of the *Application* and its attachments, subject to the reimbursement of reasonable photocopying costs. Any such person may likewise examine the *Application* and other pertinent records filed with the Commission during the standard office hours.

**WITNESS**, the Officer-In-Charge (OIC)-Chairman and CEO, **ALFREDO J. NON**, and the Honorable Commissioners, **GLORIA VICTORIA C. YAP-TARUC**, and **GERONIMO D. STA. ANA**, Energy Regulatory Commission, this 25<sup>th</sup> day of August 2017 in Pasig City.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

  
**JOSEFINA PATRICIA A. MAGPALE-ASIRIT**  
*Oversight Commissioner for Legal*