

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




**IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF ITS 1ST
TARIFF GLIDE PATH
ADJUSTMENT FOR THE
REGULATORY PERIOD
FROM 01 JANUARY 2015 TO
31 DECEMBER 2017 IN
ACCORDANCE WITH THE
RULES GOVERNING THE
TARIFF GLIDE PATH,**

ERC CASE NO. 2014-050 RC

**CAGAYAN I ELECTRIC
COOPERATIVE, INC.
(CAGELCO I),**

Applicant.

X-----X

D O C K E T E D
Date: **FEB 14 2017**
By: 

ORDER

On 29 April 2014, Cagayan I Electric Cooperative, Inc. (CAGELCO I) filed an Application seeking the Commission's approval of its first Tariff Glide Path (TGP) adjustment for the regulatory period from 01 January 2015 to 31 December 2017 in accordance with the rules governing the tariff glide path.

CAGELCO I alleged the following in its Application:

1. Applicant is an electric cooperative duly organized and existing under Philippine law, with principal office address at Maddarulug, Solana, Cagayan; franchised to construct, own, operate and maintain an electric distribution system in the municipalities of Alcala, Amulung, Baggao, Enrile, Iguig, Peñablanca, Piat, Rizal, Solana, Sto. Niño, Tuao; and in the City of Tuguegarao, all in the Province of Cagayan; represented herein its General Manager, Engr. Tito R. Lingan.
2. On 21 September 2009, the Energy Regulatory Commission (ERC) promulgated Resolution No. 20, Series of 2009, entitled "A Resolution Adopting the Rules for Setting the Electric Cooperatives' Wheeling Rates (RSEC-WR).
3. Article VII of the RSEC-WR provided for the Tariff Glide Path (TGP) whereby the rate of the Electric Cooperative (EC) per

group during the Regulatory Period shall be adjusted using the following formula:

$$\text{Tariff} \times [1 + \text{Index "I"} - \text{Efficiency Factor "X"} + \text{Performance Incentive "S"}]$$

The Index, "I", shall be an escalation factor to be used in adjusting the rates to reflect the combined impact of inflation and load growth. 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 must be implemented.

4. In consideration of the foregoing premises, CAGELCO I calculated its values for "I", "X" and "S" in accordance with the TGP Rules and came up with the following data:

NAME OF EC: CAGAYAN 1 ELECTRIC COOPERATIVE, INC.					
	"I"	"X"	"S"	TGP A	TGP A (excluding S)
YEAR 2011	0.00%	0.00%	.90%	.90%	0.00%
YEAR 2012	0.00%	0.00%	1.50%	1.50%	0.00%
YEAR 2013	0.00%	0.00%	1.90%	1.90%	0.00%
TOTAL				4.30%	0.00%

5. CAGELCO I calculated its 1st tariff glide path adjustment for the regulatory period from 01 January 2015 to 31 December 2017 and came up with the following rates:

NAME OF EC: CAGAYAN 1 ELECTRIC COOPERATIVE, INC.
GROUP: E

	Particulars	Unit	Rate @ end of the transition period (in PhP/kWh)	Rate @ 1st tariff glide path adjustment (in PhP/kWh)	Rate @ 1st tariff glide path adjustment excluding S (in PhP/kWh)
Residential	Distribution	PhP/kWh	0.5782	0.6031	0.5782
	Supply	PhP/kWh	0.6001	0.6259	0.6001
	Metering	PhP/kWh	0.4326	0.4512	0.4326
	Metering	PhP/meter/mo	5.0000	5.2150	5.0000
Low Voltage	Distribution	PhP/kWh	0.7595	0.7922	0.7595
	Supply	PhP/cust/mo	42.9200	44.7656	42.9200
	Metering	PhP/meter/mo	35.9400	37.4854	35.9400
High Voltage	Distribution	PhP/kWh	219.6800	229.1262	219.6800
	Supply	PhP/cust/mo	42.9200	44.7656	42.9200
	Metering	PhP/meter/mo	35.9400	37.4854	35.9400

6. Applicant CAGELCO I submits the following documents in support of the application:

- 6.1. TGP Calculations
 - 3.1.1 Index "I" Calculation
 - 3.1.2. Efficiency Factor "X" Calculation
 - 3.1.3. Performance Incentive "S" Calculation
- 6.2. MFSR (Sections B & E)
- 6.3. Billing Determinants
 - 3.3.1. kWh Sales (2010-2013)
 - 3.3.2. No. of Customers (2010-2013)
 - 3.3.3. kW Demand (2010-2013)
- 6.4. Sample Bills (1 per customer type)
- 6.5. Regional CPI (2010-2013)
- 6.6. RFSC/Reinvestment Fund Utilization (2010-2013)
- 6.7. Consumer Complaints (Summary of Tracking Forms)
- 6.8. Audited Financial Statements (2010-2013)

PRAYER

WHEREFORE, premises considered, applicant CAGELCO I respectfully prays for the approval of its first tariff glide path adjustment for implementation during the regulatory period from 01 January 2015 to 31 December 2017, to wit:

NAME OF EC: CAGAYAN 1 ELECTRIC COOPERATIVE, INC.
GROUP: E

	Particulars	Unit	Rate @ end of the transition period (in PhP/kWh)	Rate @ 1st tariff glide path adjustment (in PhP/kWh)	Rate @ 1st tariff glide path adjustment excluding S (in PhP/kWh)
Residential	Distribution	PhP/kWh	0.5782	0.6031	0.5782
	Supply	PhP/kWh	0.6001	0.6259	0.6001
	Metering	PhP/kWh	0.4326	0.4512	0.4326
	Metering	PhP/meter/mo	5.0000	5.2150	5.0000
Low Voltage	Distribution	PhP/kWh	0.7595	0.7922	0.7595
	Supply	PhP/cust/mo	42.9200	44.7656	42.9200
	Metering	PhP/meter/mo	35.9400	37.4854	35.9400
High Voltage	Distribution	PhP/kW	219.6800	229.1262	219.6800
	Supply	PhP/cust/mo	42.9200	44.7656	42.9200
	Metering	PhP/meter/mo	35.9400	37.4854	35.9400

Other relief or remedy just and equitable under the circumstances are likewise prayed for.

Finding the said Application sufficient in substance with the required fees having been paid, the same is hereby set for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on **7 April 2017 at ten o'clock in the morning (10:00 A.M.), at Maddarulug, Solana, Cagayan.**

Accordingly, CAGELCO I is hereby directed to:

- 1) Cause the publication of the attached Notice of Public Hearing in two (2) newspapers of nationwide circulation in the Philippines at their own expense, twice (2x) within two (2) successive weeks, the dates of publication not being less than seven (7) days apart and the date of the last publication to be made not later than ten (10) days before the date of the scheduled initial hearing;
- 2) Furnish with copies of this Order and the attached Notice of Public Hearing the Offices of the Provincial Governor, the City and Municipal Mayors, and the Local Government Unit (LGU) legislative bodies within the affected franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform of the filing of the Application, its reasons therefor, and of the scheduled hearing thereon, the consumers within the affected franchise area, by any other means available and appropriate;
- 4) Furnish with copies of this Order and the attached Notice of Public Hearing, the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress. They are hereby requested, if they so desire to send their duly authorized representatives at the scheduled hearing; and
- 5) Furnish with copies of the Application and its attachments all those making requests therefor, subject to reimbursement of reasonable photocopying costs.

On the date of the initial hearing, Applicant must submit to the Commission their written compliance with the aforementioned jurisdictional requirements attaching therewith, methodically arranged and duly marked the following:

- 1) The evidence of publication of the attached Notice of Public Hearing consisting of affidavits of the Editors or Business Managers of the newspapers where the said Notice of Public Hearing was published, and the complete issues of the said newspapers;
- 2) The evidence of actual posting of this Order and the attached Notice of Public Hearing consisting of certifications issued to that effect, signed by the aforementioned Governor, Mayors, and LGU legislative bodies or their duly authorized representatives, bearing the seals of their offices;
- 3) The evidence of other means employed by Applicant to inform of the filing of the Application, its reasons therefore, and of the scheduled hearing thereon, the consumers within the affected franchise area;
- 4) The evidence of receipt of copies of this Order and the attached Notice of Public Hearing by the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress;
- 5) The evidence of receipt of copies of the Application and its attachments by all those making requests therefor, if any; and
- 6) Such other proofs of compliance with the requirements of the Commission.

Applicant and all interested parties are also required to submit, at least five (5) days before the date of initial hearing and Pre-Trial Conference, their respective Pre-Trial Briefs containing, among others:

- 1) A summary of admitted facts and proposed stipulation of facts;
- 2) The issues to be tried or resolved;
- 3) The documents or exhibits to be presented, stating the purposes and proposed markings therefore; and
- 4) The number and names of the witnesses, with their written testimonies in a Judicial Affidavit form attached to the Pre-trial Brief.

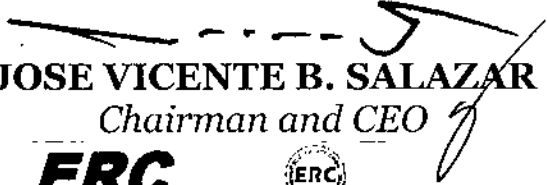
Failure of Applicant to comply with the above requirements within the prescribed period shall be a ground for cancellation of the scheduled hearing, and the resetting of which shall be six (6) months from the said date of cancellation.

CAGELCO I must also be prepared to make an expository presentation of the instant Application, aided by whatever communication medium that they may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned parties, what the Application is all about and the reasons and justifications being cited in support thereof.

SO ORDERED.

Pasig City, 2 February 2017.

FOR AND BY AUTHORITY
OF THE COMMISSION:


JOSE VICENTE B. SALAZAR
Chairman and CEO

ERC 

Office of the Chairman and CEO



B-2017-013-OC-00109


LS/SLAN/ARG/PAR/APV

COPY FURNISHED:

1. Cagayan I Electric Cooperative, Inc. (CAGELCO I)
Applicant
Maddarulug, Solana, Cagayan
2. Atty. Ranulfo M. Ocampo
Counsel for Applicant
7/F STRATA 100 Bldg., F. Ortigas Jr. Road, Ortigas Center, Pasig City
3. Office of the Mayor
Alcala, Cagayan
4. Office of the LGU legislative body
Alcala, Cagayan
5. Office of the Mayor
Amulong, Cagayan
6. Office of the LGU legislative body
Amulong, Cagayan
7. Office of the Mayor
Baggao, Cagayan
8. Office of the LGU legislative body
Baggao, Cagayan

ERC CASE NO. 2014-050 RC
ORDER/ 2 FEBRUARY 2017
PAGE 7 OF 8

9. Office of the Mayor
Enrile, Cagayan
10. Office of the LGU legislative body
Enrile, Cagayan
11. Office of the Mayor
Iguig, Cagayan
12. Office of the LGU legislative body
Iguig, Cagayan
13. Office of the Mayor
Peñablanca, Cagayan
14. Office of the LGU legislative body
Peñablanca, Cagayan
15. Office of the Mayor
Piat, Cagayan
16. Office of the LGU legislative body
Piat, Cagayan
17. Office of the Mayor
Rizal, Cagayan
18. Office of the LGU legislative body
Rizal, Cagayan
19. Office of the Mayor
Solana, Cagayan
20. Office of the LGU legislative body
Solana, Cagayan
21. Office of the Mayor
Sto. Niño, Cagayan
22. Office of the LGU legislative body
Sto. Niño, Cagayan
23. Office of the Mayor
Tuao, Cagayan
24. Office of the LGU legislative body
Tuao, Cagayan
25. Office of the Mayor
City of Tuguegarao, Cagayan
26. Office of the LGU legislative body
City of Tuguegarao, Cagayan
27. Office of the Governor
Province of Cagayan
28. Office of the LGU legislative body
Province of Cagayan
29. Office of the Solicitor General
134 Amorsolo Street, Legaspi Village, Makati City
30. Commission on Audit (COA)
Commonwealth Avenue, Quezon City
31. Senate Committee on Energy
GSIS Bldg. Roxas Blvd., Pasay City

ERC CASE NO. 2014-050 RC
ORDER/ 2 FEBRUARY 2017
PAGE 8 OF 8

32. House Committee on Energy
Batasan Hills, Quezon City
33. Philippine Chamber of Commerce and Industry (PCCI)
3rd Floor, Chamber and Industry Plaza (CIP), 1030 Campus Avenue corner Park Avenue,
McKinley Town Center, Fort Bonifacio, Taguig City
34. Regulatory Operations Service (ROS)
(Tariffs and Rates Division)
17th Floor, Pacific Center Bldg., San Miguel Avenue, Pasig City