



Issues Paper for the Regulatory Reset for the July 2015 to June 2023 Fourth and Fifth Regulatory Period for the First Entry Group of Privately-owned Distribution Utilities subject to Performance Based Regulation (PBR)

**MATRIX OF COMMENTS
CAGAYAN ELECTRIC POWER AND LIGHT COMPANY, INC. (CEPALCO)**

Page/Section Number	Discussion of Comment/s and /or Question for Clarification	Suggestions/ Proposed Change(s) to the Issues Paper
GENERAL COMMENT/SUGGESTION:		
CEPALCO suggests that the Honorable Commission proceeds, as much as practicable, with the regulatory reset process. For the skipped period (4 th RP), CEPALCO submits to the review process the Honorable Commission will adopt that is fair and reasonable to all stakeholders particularly to the customers and the shareholders.		
SPECIFIC COMMENT/REQUEST FOR CLARIFICATION:		
Page 43/Section 5.1	<p>The RAB Handbook is required for the roll-forward process in determining the opening RAB for the 5th RP. The opening RAB, in turn, is the basis in forecasting the two major building blocks of the ARR, i.e., Return on Capital and Return of Capital or Depreciation for the 5th RP.</p> <p>In the reset timelines provided in Section 3.2, the issuance of the final Supplemental RAB Handbook is set in September 2019 which is already after the filing of the revenue application in August 23, 2019.</p> <p>CEPALCO requests clarification on the timeline for the issuance of the Supplemental RAB Handbook since this is a pre-requisite in the filing of the revenue application.</p>	
Page 83/Section 8.1.3	<p>The price control formula under the RDWR requires the opening MAP, or MAP_{t-1}, for the calculation of the price path for the 4-year Regulatory Period.</p> <p>CEPALCO requests clarification on how the opening MAP or MAP_{t-1}, for the 5th RP be determined considering that the previous RP (4RP) was skipped.</p>	
Page 126/Section 12.8 & Page 83/Section 8.1.1	CEPALCO requests clarification or elaboration on the mechanisms for conducting a “Hybrid regulatory framework” that ERC intends to adopt for the review of the	

	skipped 4 th RP.	
Page 85/Section 8.1.9	Regulated Entities will be given an option to use smoothed or raw MAP. If the Regulated Entity opts for a raw MAP, CEPALCO requests clarification on how will the following be treated/accounted: a. PIS Reward/Penalty b. Over/Under recovery from previous RYs c. Income Tax Adjustment	
Page 33/Section 4.1.3 and Footnotes 22 and 16		Considering that RCOA has not yet been implemented in the Mindanao Grid and not yet applicable to CEPALCO, Metering Service to contestable customers will still be included in the 5 th RP OPEX forecast to be submitted by CEPALCO. However, these costs will be separately identified in case RCOA is implemented in Mindanao within the 5 th RP.
<i>Page 61, Section 5.2.4 Categorization of Capital Expenditures forecast</i>		Aside from load growth, renewal and asset refurbishment, we suggest inclusion of another sub-category for CAPEX undertaken to comply with regulatory and government requirements.
<i>Page 101, Section 10.3.7</i>	<i>Excluded Events</i>	In addition to customer's request, CEPALCO suggests that supply interruptions due to request of a government agency (e.g. DPWH, BFP, LGU Planning Office, etc.) be also considered as Excluded Events for PIS



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		<p>computation.</p> <p>With this we suggest to add the phrase in Section 10.3.7, as indicated by blue font below:</p> <p><i>“xxx Events of which the impact on the performance of a Regulated Distribution System will generally be excluded are:</i></p> <ul style="list-style-type: none">• <i>supply interruption made at the request of a customer or of a government agency (e.g. DPWH, BFP, LGU/City Planning)</i>• xxx
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