

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



**IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF
ADJUSTMENT IN RATE
COVERING THE FOURTH
TO SIXTH REGULATORY
YEARS OF THE SECOND
REGULATORY PERIOD FOR
THE FIRST ENTRANT
GROUP UNDER THE
TARIFF GLIDE PATH (TGP)
RULES**


ERC CASE NO. 2017 -101 RC

**TARLAC II ELECTRIC
COOPERATIVE, INC.
(TARELCO II),**

Applicant.

X-----X

DOCKETED
Date: MAR 07 2018

By: 

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 27 October 2017, Tarlac II Electric Cooperative, Inc. (TARELCO II) filed an *Application* seeking the Commission's approval of adjustment in its rate covering the fourth to sixth regulatory years of the second regulatory period for the first entrant group under the Tariff Glide Path (TGP) rules.

TARELCO II alleged the following in its Application:

1. That applicant is an electric cooperative duly organized and existing under and by virtue of the laws of the Philippines, with the principal office at Brgy San Nicolas, Concepcion, Tarlac where it may be served with summons and other legal processes, represented in this instance by its General Manager, Engr. Jose F. Bognot Jr., of legal age, Filipino, married and with office address also located at Brgy. San Nicolas, Concepcion, Tarlac;
2. Herein applicant is the exclusive franchise holder issued by the National Electrification Administration (NEA) to operate an electric light and power services in the five(5) municipalities, in

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the province of Tarlac namely; Bamban, Capas, Concepcion, Lapaz and in the province of Nueva Ecija; Zaragoza.

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 First Entrant Group under the Tariff Glide Path Rules (TGP) as well as other pertinent laws and rules.

STATEMENT OF FACTS

4. Sometime in year 2013, applicant filed with Honorable Commission an application for approval of proposed adjustment in its DSM Rates pursuant to the TGP Rules, docketed as ERC Case no.2013-162 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 2014, to wit:

A. WITH PERFORMANCE INCENTIVE "S"

TGP - A	UNITS	CUSTOMER TYPE		
		RESIDENTIAL	LOW VOLTAGE	HIGHER VOLTAGE
Distribution Charges : Demand Charge Distribution System Charge	Php/Kw			237.92
	Php/kWh	0.6262	0.8226	
Supply Changes : Retail Customer Charge Supply System Charge	Php/Customer/Mo.		46.48	46.48
	Php/kWh	0.6499		
Metering Charges : Retail Customer Charge Metering System Charge	Php/Meter/Mo	5.42	38.92	38.92
	Php/kWh	0.4685		

B. EXCLUDING PERFORMANCE INCENTIVE “S”

TGP -A	UNITS	CUSTOMER TYPE		
		RESIDENTIAL	LOW VOLTAGE	HIGHER VOLTAGE
Distribution Charges : Demand Charge Distribution System Charge	Php/Kw			222.77
	Php/kWh	0.5863	0.7702	
Supply Changes : Retail Customer Charge Supply System Charge	Php/Customer/Mo.		43.52	43.52
	Php/kWh	0.6085		
Metering Charges : Retail Customer Charge Metering System Charge	Php/Meter/Mo.	5.07	36.44	36.44
	Php/kWh	0.4387		

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 First Entrant Group under the TGP Rules, whose first regulatory period is from January 1, 2011 to December 31, 2016. Having filed its initial application for DSM rate adjustment in 2013 which is the third regulatory year of the First Regulatory Period, the cooperative is filing the instant application for the year 2016, which is the sixth 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 First Entrant Group.
8. The hearing on jurisdictional requirements, expository presentation and presentation of evidence on Applicant’s first TGP application under ERC Case No.2013-162 RC was completed. Also, it had already submitted its Formal Offer of Evidence and the application was submitted for evaluation of the Honorable Commission. Despite the pendency of ERC Case No. 2013-162 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. Further under the TGP Rules, the concerned EC shall use the following formula in determining the TGP for the fourth to six years of the Regulatory Period, to wit:

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

$$TGP_n = I_n - X_n + S_n$$

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, TARELCO II 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 2014	0.00%	0.00%	2.50%	2.50%	0.00%
YEAR 2015	0.00%	0.00%	2.50%	2.50%	0.00%
YEAR 2016	0.00%	0.00%	2.50%	2.50%	0.00%
Net Results			7.50%	7.50%	0.00%

11. Applying the above values resulted in adjustments on TARELCO II's DSM Rates, as follows:

A. WITH PERFORMANCE INCENTIVE "S"

TGP - B	UNITS	CUSTOMER TYPE		
		RESIDENTIAL	LOW VOLTAGE	HIGHER VOLTAGE
Distribution Charges :				
Demand Charge	Php/Kw			255.77
Distribution System Charge	Php/kWh	0.6732	0.8843	
Supply Changes :				
Retail Customer Charge	Php/Customer/Mo.		49.97	49.97
Supply System Charge	Php/kWh	0.6987		
Metering Charges :				
Retail Customer Charge	Php/Meter/Mo	5.82	41.84	41.84
Metering System Charge	Php/kWh	0.5037		

B. EXCLUDING PERFORMANCE INCENTIVE “S”

TGB - B	UNITS	CUSTOMER TYPE		
		RESIDENTIAL	LOW VOLTAGE	HIGHER VOLTAGE
Distribution Charges :				
Demand Charge	Php/Kw			222.77
Distribution System Charge	Php/kWh	0.5863	0.7702	
Supply Changes :				
Retail Customer Charge	Php/Customer/Mo.		43.52	43.52
Supply System Charge	Php/kWh	0.6085		
Metering Charges :				
Retail Customer Charge	Php/Meter/Mo.	5.07	36.44	36.44
Metering System Charge	Php/kWh	0.4387		

12. That, not included in this application are the International Broadcasting Bureau (IBB) and Fil-am Foods (FFI/PMI). Both have existing contracts executed prior to EPIRA that provide special rates in which they are charged Generation and Transmission cost, only.

13. Consequently, Applicant respectfully prays that it be allowed to implement either of the above two alternative calculated DSM rates, either provisionally or permanently, starting January 2017, and up to December 31, 2019.

SUPPORTING DATA AND DOCUMENTS

14. In support of the forgoing 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 A3	Proposed 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 (2012-2015)
C	Billing Determinants Template (2012-2015)
D	Sample Bills per customer type (2012-2015)
E	Regional CPI (2012-2015)
F	RFSC Utilization (2013-2015)
G	Consumer Complaints Summary or Tracking Form (2013-2015)
H	Audited Financial Statements (2013-2015)

COMPLIANCE WITH PRE-FILING REQUIREMENTS

15. 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:

- Proof of furnishing copies of the Application to the Sangguniang Bayan of Bamban, Capas, Concepcion, Lapaz and Zaragoza.
- Proof of furnishing copies of the Application to the Sangguniang Panlalawigan of Tarlac and Nueva Ecija.
- Publication of the Application in a newspaper of general circulation within TARELCO II'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 pending evaluation of the instant application or after due notice and hearing, as the case may be, TARELCO II be allowed to implement either of the following two (2) alternative proposed new rates for its Distribution, Supply and Metering (DSM) Charges, effective January 2017 and up to December 31, 2019 to wit;

A. WITH PERFORMANCE INCENTIVE "S"

TGP - B	UNITS	CUSTOMER TYPE		
		RESIDENTIAL	LOW VOLTAGE	HIGHER VOLTAGE
Distribution Charges :				
Demand Charge	Php/Kw			255.77
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Metering Charges :				
Retail Customer Charge	Php/Meter/Mo.	5.07	36.44	36.44
Metering System Charge	Php/kWh	0.4387		

Other relief/s, 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 **19 April 2018 at ten o'clock in the morning (10:00 A.M.), at TARELCO II's principal office at Brgy. San Nicolas, Concepcion, Tarlac.**

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:

- 1) The petitioner's name and address;
- 2) 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
- 3) 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

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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 it 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 Honorable Chairperson and CEO **AGNES VST DEVANADERA**, and the Honorable Commissioners **ALFREDO J. NON**, **GLORIA VICTORIA C. YAP-TARUC**, and **GERONIMO D. STA. ANA**, Energy Regulatory Commission, this 26th day of February 2018 in Pasig City.

FOR AND BY AUTHORITY
OF THE COMMISSION:


JOSEFINA PATRICIA A. MAGPALE-ASIRIT
Oversight Commissioner for Legal


LS:SLAN/ARG/GLS/APV