

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



**IN THE MATTER OF THE  
APPLICATION FOR  
APPROVAL OF  
ADJUSTMENT IN RATES  
TO COVER THE FIRST TO  
THIRD REGULATORY  
YEARS OF THE SECOND  
REGULATORY PERIOD  
FOR THIRD ENTRANT  
ELECTRIC  
COOPERATIVES UNDER  
THE TARIFF GLIDE PATH  
(TGP) RULES**

**ERC CASE NO. 2018-040 RC**

**SIARGAO ELECTRIC  
COOPERATIVE, INC.  
(SIARELCO),**

Applicant.

X-----X

**D O C K E T E D**  
Date: AUG 03 2018  
By: ll

**NOTICE OF PUBLIC HEARING**

**TO ALL INTERESTED PARTIES:**

Notice is hereby given that on 04 May 2018, Applicant Siargao Electric Cooperative, Inc. (SIARELCO) filed an *Application* seeking the Commission's approval for the adjustment in its rates pursuant to the Tariff Glide Path (TGP) Rules.

SIARELCO alleged the following in its *Application*:

**THE APPLICANT**

1. SIARELCO is a non-stock, non-profit electric cooperative duly organized and existing under and by virtue of Philippines laws, with principal office at Catabaan, Dapa, Surigao del Norte;

2. It holds an exclusive franchise issued by the National Electrification Commission to operate an electric light and power distribution service in certain municipalities of the province of Surigao del Norte, namely: Burgos, Dapa, Del Carmen, Gen. Luna, Pilar, San Benito, San Isidro, Sta. Monica and Socorro.

**NATURE OF APPLICATION**

3. The instant Application is being filed for the approval of Applicant's proposed adjustment in its Distribution, Supply and Metering (DSM) Rates to be implemented on the First to Third Regulatory Years of the Second Regulatory Period for Electric Cooperatives belonging to the Third Entrant Group under the Tariff Glide Path Rules (TGP Rules) and pursuant to said Rules, as well as other pertinent laws and rules.

**STATEMENT OF FACTS**

4. Sometime in 2015, Applicant filed with the Honorable Commission an application for approval of the proposed adjustment in its DSM Rates pursuant to the TGP Rules, docketed as ERC Case No. 2015-115RC.
5. In the said application, Applicant prayed for the approval of either of the following two (2) proposed alternative DSM rates, to be implemented effective January 2016, to wit:

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

	UNITS	CUSTOMER TYPE	
		Residential	Low Voltage
<b>Distribution Charges:</b>			
Demand Charge	PhP/kW		
Distribution System Charge	PhP/kWh	<b>1.1032</b>	<b>1.2075</b>
<b>Supply Charges:</b>			
Retail Customer Charge	PhP/Customer/Mo.		<b>44.66</b>
Supply System Charge	PhP/kWh	<b>1.0724</b>	
<b>Metering Charges:</b>			
Retail Customer Charge	PhP/Meter/Mo.	<b>5.22</b>	<b>30.37</b>
Metering System Charge	PhP/kWh	<b>.6041</b>	

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

	UNITS	CUSTOMER TYPE	
		Residential	Low Voltage
<b>Distribution Charges:</b>			
Demand Charge	PhP/kW		
Distribution System Charge	PhP/kWh	<b>1.0577</b>	<b>1.1577</b>
<b>Supply Charges:</b>			
Retail Customer Charge	PhP/Customer/Mo.		<b>42.82</b>
Supply System Charge	PhP/kWh	<b>1.0282</b>	

<b>Metering Charges:</b>			
Retail Customer Charge	PhP/Meter/Mo.	<b>5.00</b>	<b>29.12</b>
Metering System Charge	PhP/kWh	<b>.5792</b>	

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 3 years thereafter;
7. Applicant belongs to the Third Entrant Group under the TGP Rules, whose first regulatory period is from January 1, 2013 to December 31, 2018. Having filed its initial application for DSM rate adjustment in 2015, the third regulatory year of the First Regulatory Period, the cooperative is filing the instant application in the current year 2018, the sixth regulatory year of the First Regulatory Period, for the proposed adjustment of its DSM rates to be implemented on the first to the third regulatory years of the Second Regulatory Period for the Third Entrant Electric Cooperatives under the TGP Rules;
8. Applicant's first TGP application under ERC Case No. 2015-115RC is still pending evaluation of the Honorable Commission but in spite thereof, Applicant adopted and used the proposed DSM rates in the said application as bases in computing the proposed adjustment in the instant application.

**THE PROPOSED DSM RATE ADJUSTMENT**

9. Under Section 3.3 of 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:

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

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, Applicant calculated the values of the "I", "X" and "S" and came up with the following results, to wit:

ERC CASE NO. 2018-040 RC  
 NOTICE OF PUBLIC HEARING / 31 JULY 2018  
 PAGE 4 OF 7

	"I"(B)	"X"(B)	"S"(B)	TGP B	TGP B (excluding S)
<b>YEAR 2016</b>	<b>0.00%</b>	<b>0.00%</b>	<b>2.10%</b>	<b>2.100%</b>	<b>0.00%</b>
<b>YEAR 2017</b>	<b>0.00%</b>	<b>7.8421%</b>	<b>1.70%</b>	<b>-6.1421%</b>	<b>-7.8421%</b>
<b>YEAR 2018</b>	<b>0.00%</b>	<b>0.00%</b>	<b>2.10%</b>	<b>2.1000%</b>	<b>0.00%</b>
<b>TOTAL</b>	<b>0.00%</b>	<b>7.8421%</b>	<b>5.90%</b>	<b>-1.9421%</b>	<b>-7.8421%</b>

11. Utilizing the above values will result in downward adjustment of Applicant's proposed DSM Rates under ERC Case No. 2015-115 RC, as follows:

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

	UNITS	CUSTOMER TYPE	
		Residential	Low Voltage
<b>Distribution Charges:</b>			
Demand Charge	PhP/kW		
Distribution System Charge	PhP/kWh	<b>1.0818</b>	<b>1.1840</b>
<b>Supply Charges:</b>			
Retail Customer Charge	PhP/Customer/Mo.		<b>43.7939</b>
Supply System Charge	PhP/kWh	<b>1.0516</b>	
<b>Metering Charges:</b>			
Retail Customer Charge	PhP/Meter/Mo.	<b>5.1137</b>	<b>29.7823</b>
Metering System Charge	PhP/kWh	<b>0.5924</b>	

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

	UNITS	CUSTOMER TYPE	
		Residential	Low Voltage
<b>Distribution Charges:</b>			
Demand Charge	PhP/kW		
Distribution System Charge	PhP/kWh	<b>0.9748</b>	<b>1.0669</b>
<b>Supply Charges:</b>			
Retail Customer Charge	PhP/Customer/Mo.		<b>39.4620</b>
Supply System Charge	PhP/kWh	<b>0.9476</b>	
<b>Metering Charges:</b>			
Retail Customer Charge	PhP/Meter/Mo.	<b>4.6079</b>	<b>26.8364</b>
Metering System Charge	PhP/kWh	<b>0.5338</b>	

12. Under the TGP Rules, should the rate adjustment calculated in accordance with Section 3 thereof results in a decrease, the electric cooperative shall implement the full amount of the reduction in rates.
13. In compliance with the TGP Rules, Applicant hereby applies to implement either of the above two calculated alternative DSM rates, to be made effective starting January 1, 2019 and up to December 31, 2021.

**SUPPORTING DATA AND DOCUMENTS**

14. 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
A to A-2	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 (2014-2017)
C	Billing Determinants Template (2014-2017 kWh Sales, No. of Customers and kW Demand)
D	Sample Bills per customer type (2014-2017)
E	Regional CPI (2014-2017)
F	RFSC Utilization (2014-2017)
G	Consumer Complaints Summary or Tracking Form (2015-2017)
H	Audited Financial Statements (2014-2017)

**SUBMISSION OF PRE-FILING REQUIREMENTS**

15. Finally, in compliance with the pre-filing requirements for the instant application under the ERC Rules of Practice and Procedure, Applicant is likewise 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 Bayan of Dapa and Sangguniang Panlalawigan of Surigao del Norte
J and series	Proof of publication of the Application in a newspaper of general circulation in SIARELCO's franchise area or where it principally operates.

**PRAYER**

**WHEREFORE**, premises considered, pursuant to and in compliance with the Tariff Glide Path (TGP) Rules, SIARELCO respectfully prays that after due notice and hearing, it be allowed to implement either of the following two (2) alternative rates for its Distribution, Supply and Metering (DSM) Charges, effective starting

January 1, 2019, to wit:

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

	UNITS	CUSTOMER TYPE	
		Residential	Low Voltage
<b>Distribution Charges:</b>			
Demand Charge	PhP/kW		
Distribution System Charge	PhP/kWh	<b>1.0818</b>	<b>1.1840</b>
<b>Supply Charges:</b>			
Retail Customer Charge	PhP/Customer/Mo.		<b>43.7939</b>
Supply System Charge	PhP/kWh	<b>1.0516</b>	
<b>Metering Charges:</b>			
Retail Customer Charge	PhP/Meter/Mo.	<b>5.1137</b>	<b>29.7823</b>
Metering System Charge	PhP/kWh	<b>0.5924</b>	

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

	UNITS	CUSTOMER TYPE	
		Residential	Low Voltage
<b>Distribution Charges:</b>			
Demand Charge	PhP/kW		
Distribution System Charge	PhP/kWh	<b>0.9748</b>	<b>1.0669</b>
<b>Supply Charges:</b>			
Retail Customer Charge	PhP/Customer/Mo.		<b>39.4620</b>
Supply System Charge	PhP/kWh	<b>0.9476</b>	
<b>Metering Charges:</b>			
Retail Customer Charge	PhP/Meter/Mo.	<b>4.6079</b>	<b>26.8364</b>
Metering System Charge	PhP/kWh	<b>0.5338</b>	

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 **18 October 2018 (Thursday) at ten o'clock in the morning (10:00 A.M.) at SIARELCO's Main Office in Catabaan, Dapa, Surigao del Norte.**

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 ERC 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 before Applicant rests its case, subject to the requirements under Rule 9 of the 2006 ERC 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.

Pasig City, 31 July 2018.

FOR AND BY AUTHORITY  
OF THE COMMISSION:

  
**AGNES VST DEVANADERA**  
*Chairperson & CEO*

LS: ema/arg/bsa/apv.2018-040 RC SIARELCO TGP.doc <sup>24</sup>

