

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: _____

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that 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).

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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

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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/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

Other relief or remedy just and equitable under the circumstances 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 **7 April 2017 at ten o'clock in the morning (10:00 A.M.), at CAGELCO I's principal office at Maddarulug, Solana, Cagayan.**

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.

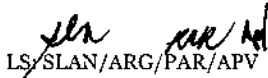
All other persons who may want their views known to the Commission with respect to the subject matter of the case may file their Opposition or Comment thereon at any stage of the proceeding before Applicant rests its case, subject to the requirements under Rule 9 of the 2006 Rules of Practice and Procedure. 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 Chairman **JOSE VICENTE B. SALAZAR**, and the Honorable Commissioners **ALFREDO J. NON**, **GLORIA VICTORIA C. YAP-TARUC**, **JOSEFINA PATRICIA A. MAGPALE-ASIRIT**, and **GERONIMO D. STA. ANA**, Energy Regulatory Commission, this 2nd day of February 2017 in Pasig City.


ATTY. NATHAN J. MARASIGAN
Chief of Staff
Office of the Chairman and CEO


LS/SLAN/ARG/PAR/APV