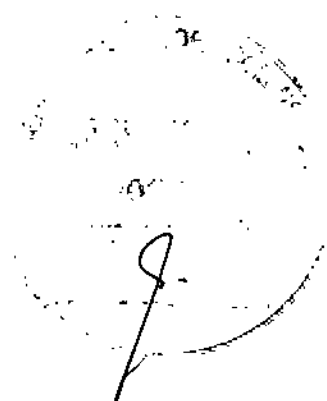


Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City



**IN THE MATTER OF THE
APPLICATION FOR APPROVAL
OF A RATE ADJUSTMENT IN
ACCORDANCE WITH THE
RULES GOVERNING THE
TARIFF GLIDE PATH
PURSUANT TO ARTICLE VII OF
THE RULES FOR SETTING THE
RURAL ELECTRIC
COOPERATIVES' WHEELING
RATES (RSEC-WR),**

ERC CASE NO. 2015-081 RC

**PAMPANGA I ELECTRIC
COOPERATIVE, INC. (PELCO I),
Applicant.**

X-----X

D O C K E T E D
Date: JAN 31, 2017
By: W

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 28 April 2015, Pampanga I Electric Cooperative, Inc. (PELCO I) filed an *Application* seeking the Commission's approval of its rate adjustment in accordance with the Rules Governing the Tariff Glide Path pursuant to Article VII of the Rules for Setting the Rural Electric Cooperatives' Wheeling Rates (RSEC-WR).

PELCO I alleged the following in its Application:

1. PELCO is an electric cooperative duly organized and existing under and by virtue of the laws of the Philippines, with principal office at Sto. Domingo, Mexico, Pampanga, where it may be served with summons and other legal processes, represented in this instance by its General Manager, Engr. Loliano E. Allas, of legal age, Filipino, and with office address also at PELCO I main office;

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2. PELCO is the exclusive franchise holder issued by the National Electrification Administration (NEA) to operate an electric light and power services in the municipalities of the province of Pampanga, namely: Arayat, Candaba, Magalang, Mexico, Sta. Ana and San Luis;
3. That pursuant to Article 7 (Tariff Glide Path) of the RSEC-WR, the Energy Regulatory Commission (ERC) issued, adopted and promulgated the Rules Governing the Movement of the Initial Tariffs to the Tariff Caps during the Regulatory Period. The tariff glide path will be determined by the following formula:

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

- a. 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.
 - b. There shall be an efficiency factor, "X", to account for the operational efficiency of the EC's in setting their rates.
 - c. There shall be a performance incentive, "S", which shall reward or penalize the EC for above or below standard performance, respectively.
4. Based on the Rules on Tariff Glide Path promulgated by the Commission, Index "I" was computed by PELCO I as follows:

Particulars	Average CPI	△ CPI	Total kWh Sales	GR	Difference	"I"
2012	127.5		145,719,120			
2013	131.9	3.45%	154,677,714	6.15%	-2.70%	0.00%
2014	135.4	2.65%	169,409,149	9.52%	-6.87%	0.00%
2015	140.3	3.62%	184,186,563	8.72%	-5.10%	0.00%

5. Likewise, PELCO I calculated the Efficiency Factor "X" as follows:

Particulars	Total Man Hours (2012)	Total Man Hours (2013)	Total Man Hours (2014)	Total Man Hours (2015)
Regular Employees	366,528	377,205	423,163	470,838

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Contractual Employees	74,416	72,040	71,864	72,040
TOTAL	440,944	449,245	495,027	542,878
Full time equivalent man hours per year	2,080	2,080	2,080	2,080
FTE	212	216	238	261
Total number of billed connection (year-end)	77,191	80,394	81,916	85,152
CPE	364	372	344	326
"X"		1.56%	-5.27%	
		0.00%	0.00%	-3.65%
		Zero - 1 st Year (1 st regulatory period)	Zero - 2 nd Year (1 st regulatory period)	

6. Finally, the Performance Incentive "S" was determined as follows:

Year 2013	SAIFI	SAIDI	SL	"S"
Standard	23.71	2,196.86		
1/2 Strd Dev	6.89	715.39		
SL CAP			13.00	
ACTUAL	6.28	410.19	8.60	
DIFFERENCE	17.43	1,786.67	4.40	
% impact	2.00%	2.00%	4.50%	2.50%

Year 2014	SAIFI	SAIDI	SL	"S"
Standard	23.71	2,196.86		
1/2 Strd Dev	6.89	715.39		
SL CAP			13.00	
ACTUAL	6.07	257.89	8.44	
DIFFERENCE	17.64	1,938.97	4.56	
% impact	2.00%	2.00%	4.50%	2.50%

Year 2015	SAIFI	SAIDI	SL	"S"
Standard	23.71	2,196.86		
1/2 Strd Dev	6.89	715.39		
SL CAP			13.00	
ACTUAL	6.99	300.13	7.98	
DIFFERENCE	16.72	1,896.73	5.02	
% impact	2.00%	2.00%	4.50%	2.50%

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7. Summarizing the above Index “I”, Efficiency Factor “X” and Performance Incentive “S”, the resultant TGP is as follows:

	“I”	“X”	“S”	TGP A	TGP A (excluding S)
YEAR 2013	0.00%	0.00%	2.50%	2.50%	0.00%
YEAR 2014	0.00%	0.00%	2.50%	2.50%	0.00%
YEAR 2015	0.00%	0.00%	2.50%	2.50%	0.00%
TOTAL				7.50%	0.00%

8. Using the calculated TGP above, the adjustment in rates resulted as follows, to wit:

TYPE OF CUSTOMER	Particulars	Unit	Rate @ end of the transition period	Rate @ 1 st tariff glide path adjustment	Rate @ 1 st tariff glide path adjustment excluding S
RESIDENTIAL	Distribution	PhP/kWh	0.5782	0.6216	0.5782
	Supply	PhP/kWh	0.6001	0.6451	0.6001
	Metering	PhP/kWh	0.4326	0.4650	0.4326
	Metering	PhP/meter/mo	5.00	5.38	5.00
LOW VOLTAGE	Distribution	PhP/kWh	0.7595	0.8165	0.7595
	Supply	PhP/cust/mo	42.92	46.14	42.92
	Metering	PhP/meter/mo	35.94	38.64	35.94
HIGHER VOLTAGE	Distribution	PhP/kW	219.68	236.16	219.68
	Supply	PhP/cust/mo	42.92	46.14	42.92
	Metering	PhP/meter/mo	35.94	38.64	35.94

9. The above computations were made based on the guidelines issued by the Commission, more specifically the Rules Governing the Tariff Glide Path Pursuant to Article VII of the Rules for Setting the Rural Electric Cooperatives’ Wheeling Rates (RSEC-WR); and
10. That as part and parcel of the Application, attached thereto are the detailed computations of the TGP, with supporting documents, duly marked as Annex “A”;
11. PELCO I respectfully prays that after due notice and hearing and consideration, its application be approved and

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authorizing PELCO I to include in its bills to customers either of the following Tariffs starting January 2016 billing:

With performance incentive "S"

TYPE OF CUSTOMER	Particulars	Unit	Rate @ 1 st tariff glide path adjustment
RESIDENTIAL	Distribution	PhP/kWh	0.6216
	Supply	PhP/kWh	0.6451
	Metering	PhP/kWh	0.4650
	Metering	PhP/meter/mo	5.38
LOW VOLTA GE	Distribution	PhP/kWh	0.8165
	Supply	PhP/cust/mo	46.14
	Metering	PhP/meter/mo	38.64
HIGHER VOLTA GE	Distribution	PhP/kW	236.16
	Supply	PhP/cust/mo	46.14
	Metering	PhP/meter/mo	38.64

Without performance incentive "S"

TYPE OF CUSTOMER	Particulars	Unit	Rate @ 1 st tariff glide path adjustment
RESIDENTIAL	Distribution	PhP/kWh	0.5782
	Supply	PhP/kWh	0.6001
	Metering	PhP/kWh	0.4326
	Metering	PhP/meter/mo	5.00
LOW VOLTA GE	Distribution	PhP/kWh	0.7595
	Supply	PhP/cust/mo	42.92
	Metering	PhP/meter/mo	35.94
HIGHER VOLTA GE	Distribution	PhP/kW	219.68
	Supply	PhP/cust/mo	42.92
	Metering	PhP/meter/mo	35.94

The Commission has set the *Application* for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on

6 April 2017 (Thursday) at nine o'clock in the morning (9:00 A.M.), at the PELCO I's principal office in Sto. Domingo, Mexico, Pampanga.

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:

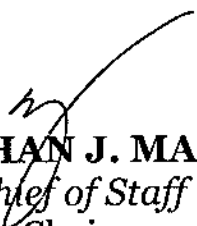
- i. The petitioner's name and address;
- ii. The nature of petitioner's interest in the subject matter of the proceeding and the way and manner in which such interest is affected by the issues involved in the proceeding; and
- iii. A statement of the relief desired.

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 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.

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 23rd day of January 2017 at Pasig City.


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