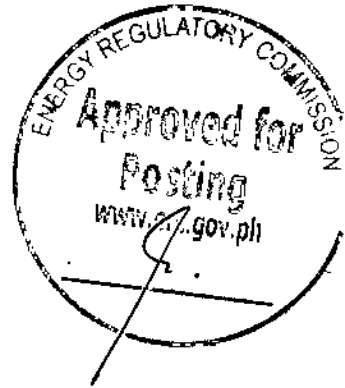


Republic of the Philippines  
**ENERGY REGULATORY COMMISSION**  
San Miguel Avenue, Pasig City



**IN THE MATTER OF THE  
APPLICATION FOR  
APPROVAL OF THE  
TARIFF GLIDE PATH  
CALCULATION PURSUANT  
TO ARTICLE VII OF THE  
RSEC-WR AND ERC  
RESOLUTION NO.08,  
SERIES OF 2011, WITH  
PRAYER FOR  
PROVISIONAL  
AUTHORITY,**

**ERC CASE NO. 2015-083 RC**

**CEBU I ELECTRIC  
COOPERATIVE, INC.  
(CEBECO I),**

**Applicant.**

**DOCKETED**  
Date: **FEB 13 2017**  
By: \_\_\_\_\_

X-----X

**NOTICE OF PUBLIC HEARING**

**TO ALL INTERESTED PARTIES:**

Notice is hereby given that on 29 April 2015, Cebu I Electric Cooperative, Inc. (CEBECO I) filed an application dated 23 April 2015 seeking the Commission's approval of the Tariff Glide Path calculation pursuant to Article VII of the RSEC-WR and ERC Resolution No. 8, Series of 2011, with prayer for the issuance of provisional authority.

**CEBECO I alleged the following in its Application:**

1. That Cebu I Electric Cooperative, Inc. (CEBECO I) is an electric cooperative duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at Bitoon, Dumanjug, Cebu where it may be served with summons and other legal processes, represented in this Application by its General Manager, MARLOU M. RENDON, of legal age, Filipino, duly authorized by virtue of

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Resolution No. 34, Series of 2015 dated April 11, 2015, copy of which is attached hereto as Annex "A".

The filing of the instant Application is likewise authorized under the same Resolution aforementioned.

2. That, Applicant has the exclusive right and authority to operate an electric light and power services in the City of Carcar and the Municipalities of Barili, Dumanjug, Ronda, Alcantara, Moalboal, Badian, Alegria, Malabuyoc, Ginatilan, Samboan, Santander, Sibonga, Argao, Dalaguete, Alcoy, Boljo-on, and Oslob, all in the Province of Cebu, by virtue of a franchise issued by the National Electrification Administration (NEA) pursuant to Presidential Decree No. 269 as amended by Presidential Decree No. 1645;
3. That, on September 23, 2009, the Honorable Commission issued and approved Resolution No. 20 Series of 2009, otherwise known as 'RULES FOR SETTING THE ELECTRIC COOPERATIVES WHEELING RATES (RSEC-WR), which established a new rate setting methodology for Electric Cooperatives, the issuance of which was made pursuant to its authority as provided under Section 43z(f) of Republic Act No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001" (EPIRA) and Section 5(a), Rule 15 of its Implementing Rules and Regulations (IRR);
4. That pursuant to the afore-mentioned ERC Resolution, Applicant filed an Application for approval of the rate adjustment pursuant to the new rate setting methodology as provided under Resolution No. 20 dated September 23, 2009 on October 21, 2009. Accordingly, after the required public hearing, ERC in its Decision dated January 11, 2010 granted Applicant the following rates:

CHARGES	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
<b>Distribution Charges:</b>				
Demand Charge	PhP/kW			<b>219.68</b>
Distribution System Charge	PhP/kWh	<b>0.5782</b>	<b>0.7595</b>	
<b>Supply Charges:</b>				
Retail Customer Charge	PhP/Customer/Mo		<b>42.92</b>	<b>42.92</b>
Supply System Charge	PhP/kWh	<b>0.6001</b>		
<b>Metering Charges:</b>				
Retail Customer Charge	PhP/Meter/Mo	<b>5.00</b>	<b>35.94</b>	<b>35.94</b>
Metering System Charge	PhP/kWh	<b>0.4326</b>		

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5. That, on April 19, 2010, a Petition to Initiate Rule-Making on the Tariff Glide Path Pursuant to Article VII of the Rules of Setting the Electric Cooperatives Wheeling Rates (TGP Rules) was filed and docketed as ERC Case No. 2010-005;
6. That, after a series of public consultations conducted by the ERC in Luzon, Visayas, and Mindanao, in its Resolution No. 8, dated May 8, 2011, ERC resolved to adopt the "Rules Guiding the Tariff Glide Path pursuant to Article VII of the Rules for Setting the Electric Cooperatives' Wheeling Rates;
7. That, pursuant to Article VII of the RSEC-WR, the ERC adopts and promulgates the rules governing the movement of the initial tariff caps during the regulatory period, which shall be determined by the following formula:

Tariff x (1+ index "I"-Efficiency Factor "X" + 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 factor. 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.

8. Following the afore-quoted formula, Applicant proposes the following TGP calculation:

8.a. Index "I" Calculation

8.a.1. CPI Calculation (2012-2015)

Particulars	Average CPI	CPI
YEAR n-1 (2012)	122.20	
YEAR n (2013)	128.80	5.40%
YEAR n+1 (2014)	134.90	4.74%
YEAR n+2 (2015)	141.60	4.97%

8.a.2. Growth Rate Calculation (2012-2015)

Particulars	Total KWh Sales	GR
YEAR n-1 (2012)	127,210,386	
YEAR n (2013)	138,667,805	9.01%
YEAR n+1 (2014)	151,504,009	9.26%
YEAR n+2 (2015)	155,882,542	2.89%

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8.b. Efficiency Factor "X" Calculation

8.b.1. Calculation of Man-hours (2012-2015)  
(Excluding Mini-Hydro Personnel)

Particulars	2012	2013	2014	2015
<b>Regular</b>	382,514.0	402,217.7	448,686.5	464,045.0
<b>Contractual</b>				
<b>Lineman &amp; Other Office Personnel (Proba)</b>	19,395.5	83,106.7	32,893.8	28,452.0
<b>Lineman – Project Based</b>	0.0	7,856.0	36,395.0	59,805.1
<b>Staking Personnel</b>	26,014.8	9,520.0	16,417.5	35,932.9
<b>Security Guard</b>	37,440.0	39,936.0	47,424.0	47,424.0
<b>Total Manhours</b>	465,364.3	542,636.4	581,816.8	635,659.0

8.b.2. FTE/CPE (2012-2015)

Particulars	2012	2013	2014	2015
<b>TOTAL MANHOURS</b>	465,364.3	542,636.4	581,816.8	635,659.0
<b>Full time equivalent man hours per year</b>	2,080	2,080	2,080	2,080
<b>FTE</b>	224	261	280	306
<b>Total number of billed connections (year-end)</b>	91,289	96,640	103,238	110,463
<b>CPE</b>	408	370	369	361

8.c. Performance Incentive "S" Calculation

8.c.1. SAIDI Calculation (2013-2015)

	2013	2014	2015
<b>Customer Minutes Affected</b>	60,799,290	58,892,839	52,711,945
<b>Average Billed Customers</b>	94,248	100,778	107,229
<b>SAIDI</b>	<b>645.10</b>	<b>534.77</b>	<b>491.58</b>

8.c.2. SAIIFI Calculation (2013-2015)

	2013	2014	2015
<b>Customer Minutes Affected</b>	1,030,250	888,689	1,037,975
<b>Average Billed Customers</b>	94,248	100,778	107,229
<b>SAIFI</b>	<b>10.93</b>	<b>8.82</b>	<b>9.68</b>

8.c.3. SL Calculation (2012-2015)

MWH	2012	2013	2014	2015
kWh Purchased	139,493.22	151,288.58	166,765.40	172,481.71
kWh Sold	127,210.39	138,667.81	151,504.01	155,882.54
System Loss (in kWh)	12,282.84	12,620.77	15,261.39	16,599.17
System Loss (in %)	8.81%	8.34%	9.15%	9.62%

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Details of the aforementioned calculations are provided and contained in Annex "B" hereof.

9. That, as observed, there is a minimal upward adjustment in Applicant's rates resulting in a 9.18% adjustment including "S" and 2.08% adjustment excluding "S" on the rates, as shown hereunder:

	"I"	"X"	"S"	TGP A (Including S)	TGP A (Excluding S)
<b>Year 2013</b>	<b>0.00%</b>	<b>0.00%</b>	<b>2.10%</b>	<b>2.10%</b>	<b>0.00%</b>
<b>Year 2014</b>	<b>0.00%</b>	<b>0.00%</b>	<b>2.50%</b>	<b>2.50%</b>	<b>0.00%</b>
<b>Year 2015</b>	<b>2.08%</b>	<b>0.00%</b>	<b>2.50%</b>	<b>4.58%</b>	<b>2.08%</b>
<b>TOTAL</b>				<b>9.18%</b>	<b>2.08%</b>

10. Attached herewith in a separate bundle marked as Annex "C" are the following:

- 10.a MFSR (Sections B & E for 2010-2014)
- 10.b Billing Determinants Template (kWh Sales, No. of Customers, kW Demand for 2010-2014)
- 10.c Sample Bills (1 per customer type for 2010-2014)
- 10.d Regional CPI (2009-2014)
- 10.e RFSC/Reinvestment Fund Utilization (2010-2014)
- 10.f Consumer Complaints (Summary or tracking form) (2010-2014)
- 10.g Audited Financial Statement (2010-2014)

**COMPLIANCE WITH PRE-FILING REQUIREMENTS**

11. That, in compliance with the Pre-Filing requirements under Section 2, Rule 6 of the Commission's Rules on Practice and Procedure, Applicant furnished copies of this Application together with all its annexes the legislative bodies of the Municipality of Dumanjug where its office is principally located, as well as the Provincial Board of the Province of Cebu, on April 27, 2015, as evidenced by the affidavit of service executed by Doven Lynvic J. Cantila, an associate under the Office of the General Manager, with a copy of the page of the application bearing the stamp "RECEIVED", herewith attached as annex "D". Likewise, a copy of the Application was published in the franchise area of the Applicant and the Province of Cebu, as evidenced by the Affidavit of Publication executed by the Editor, and original copy of the issue showing the published application, copies of which are attached hereto as Annexes "E" and "F", respectively;

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12. That the current rate is no longer responsive and adequate to the needs of the Applicant since the costs of providing electric service to the consumers increased significantly;
13. That, with this unresponsive current rate, an urgent remedy is imperative and should necessarily be implemented;
14. That, considering the length of time to resolve the instant Application, it being not the only application to be resolved by the Commission, it is only appropriate and reasonable that a provisional authority to immediately implement the proposed rate herein prayed for shall be granted;
15. That, the provisional authority thus prayed for would bring forth relief on the financial constraints currently suffered by the Applicant, if not remedied, may resort to unreasonable operational decline. Attached herewith is the judicial affidavit of the Finance Manager in support of the prayer for provisional authority marked as Annex "G".

**PRAYER**

WHEREFORE, foregoing premises considered, it is most respectfully prayed of this Honorable Commission, after due notice and hearing:

1. To approve the proposed Tariff Glide Path Rates calculated as follows:

Type of Consumer	Particulars	Unit	Approved RSEC Rates	Tariff Glide Path Rates Excluding S	Tariff Glide Path Rates Excluding S
Residential	Distribution	PhP/kWh	0.5782	0.6313	0.5902
	Supply	PhP/kWh	0.6001	0.6552	0.6126
	Metering	PhP/kWh	0.4326	0.4723	0.4416
	Metering	PhP/meter/mo	5.00	5.46	5.10
LOW VOLTAGE	Distribution	PhP/kWh	0.7595	0.8292	0.7753
	Supply	PhP/cust/mo	42.92	48.86	43.81
	Metering	PhP/meter/mo	35.94	39.24	36.69
HIGHER VOLTAGE	Distribution	PhP/kW	219.68	239.84	224.24
	Supply	PhP/cust/mo	42.92	46.86	43.81
	Metering	PhP/meter/mo	35.94	39.24	36.69

2. To issue an Order granting Applicant a provisional authority to implement the proposed tariff glide path rates herein prayed for pending hearing and final evaluation of the application by the Honorable Commission.

Respectfully submitted.

The Commission has set the *Application* for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on **22 March 2017 (Wednesday) at two o'clock in the afternoon (2:00 P.M.) at CEBECO I's principal office in Bitoon, Dumanjug, Cebu.**

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 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

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*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 25<sup>th</sup> day of January 2017 in Pasig City.

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

  
LS: FSI/PAR/APV