

Republic of the Philippines  
**ENERGY REGULATORY COMMISSION**  
Pasig City



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

**ERC Case No. 2016-177RC**

**MISAMIS OCCIDENTAL  
ELECTRIC COOPERATIVE,  
INC. (MOELCI-II),**

*Applicant.*

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**D O C K E T E D**  
Date: AUG 03 2017  
By: [Signature]

**NOTICE OF PUBLIC HEARING**

**TO ALL INTERESTED PARTIES:**

Notice is hereby given that on 3 October 2016, Applicant Misamis Occidental II Electric Cooperative, Inc. (MOELCI-II) filed its Application for approval of its rate adjustment for the Second Regulatory period.

In its Application, MOELCI II alleged, among others, the following:

1. MOELCI II is a non-stock, non-profit electric cooperative, duly organized and existing under and by virtue of Philippine laws, with principal offices at the Circumferential Road, Bitoon, Ozamis City;
2. It holds an exclusive franchise from the National Electrification Commission, to operate an electric light and power distribution system in the cities of Ozamis and Tangub, and certain municipalities in the province of Misamis Occidental, namely:

Bonifacio, Clarin, Tudela, Sinacaban, Jimenez and Panaon.

**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 Rules), as well as other pertinent laws and rules.

**STATEMENT OF FACTS**

4. Sometime in year 2013, Applicant filed with the Honorable Commission an application for approval of proposed adjustment in its DSM Rates pursuant to the TGP Rules, docketed as ERC Case No. 2013-099 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"**

|                              | UNITS           | CUSTOMER TYPE |             |                |
|------------------------------|-----------------|---------------|-------------|----------------|
|                              |                 | Residential   | Low Voltage | Higher Voltage |
| <b>Distribution Charges:</b> |                 |               |             |                |
| Demand Charge                | PhP/kW          | -             | -           | 223.7600       |
| Distribution System Charge   | PhP/kWh         | 0.6056        | 0.6045      | -              |
| <b>Supply Charges:</b>       |                 |               |             |                |
| Retail Customer Charge       | PhP/Customer/Mo | -             | 49.0000     | 49.0000        |
| Supply System Charge         | PhP/kWh         | 0.6862        | -           | -              |
| <b>Metering Charges:</b>     |                 |               |             |                |
| Retail Customer Charge       | PhP/Meter/Mo.   | 5.8875        | 36.7300     | 36.7300        |
| Metering System Charge       | PhP/kWh         | 0.4320        | -           | -              |

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

|                              | UNITS           | CUSTOMER TYPE |                |                 |
|------------------------------|-----------------|---------------|----------------|-----------------|
|                              |                 | Residential   | Low Voltage    | Higher Voltage  |
| <b>Distribution Charges:</b> |                 |               |                |                 |
| Demand Charge                | PhP/kW          | -             | -              | <b>214.0700</b> |
| Distribution System Charge   | PhP/kWh         | <b>0.5794</b> | <b>0.5783</b>  | -               |
| <b>Supply Charges:</b>       |                 |               |                |                 |
| Retail Customer Charge       | PhP/Customer/Mo | -             | <b>46.8700</b> | <b>46.8700</b>  |
| Supply System Charge         | PhP/kWh         | <b>0.6565</b> | -              | -               |
| <b>Metering Charges:</b>     |                 |               |                |                 |
| Retail Customer Charge       | PhP/Meter/Mo.   | <b>5.6325</b> | <b>35.1400</b> | <b>35.1400</b>  |
| Metering System Charge       | PhP/kWh         | <b>0.4133</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 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 this present year 2016, which is the sixth regulatory year of the First 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. 2013-120 RC had been completed.

Also, it had already submitted its Formal Offer of Evidence and the application is now submitted for evaluation of the Honorable Commission. Despite the pendency of ERC Case No. 2013-099 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. Under 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 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, herein Applicant calculated the values of the "I", "X" and "S" and came up with the following results, to wit:

|           | "I"(B) | "X"(B) | "S"(B) | TGP B  | TGP B (excluding S) |
|-----------|--------|--------|--------|--------|---------------------|
| YEAR 2014 | 0.00%  | 0.00%  | -0.70% | -0.70% | 0.00%               |
| YEAR 2015 | 3.39%  | 2.45%  | 1.30%  | 2.25%  | 0.95%               |
| YEAR 2016 | 0.00%  | 0.00%  | 1.70%  | 1.70%  | 0.00%               |
| TOTAL     |        |        |        | 3.25%  | 0.95%               |

11. Utilizing the above values will result in adjustments in the cooperative's DSM Rates covering the first to third years of the second regulatory period for electric cooperatives belonging to the First Entrant Group, as follows:

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

|                              | UNITS           | CUSTOMER TYPE |             |                |
|------------------------------|-----------------|---------------|-------------|----------------|
|                              |                 | Residential   | Low Voltage | Higher Voltage |
| <b>Distribution Charges:</b> |                 |               |             |                |
| Demand Charge                | PhP/kW          |               |             | 231.0325       |
| Distribution System Charge   | PhP/kWh         | 0.6253        | 0.6242      |                |
| <b>Supply Charges:</b>       |                 |               |             |                |
| Retail Customer Charge       | PhP/Customer/Mo |               | 50.5900     | 50.5900        |
| Supply System Charge         | PhP/kWh         | 0.7086        |             |                |
| <b>Metering Charges:</b>     |                 |               |             |                |
| Retail Customer Charge       | PhP/Meter/Mo.   | 6.0788        | 37.9200     | 37.9200        |
| Metering System Charge       | PhP/kWh         | 0.4461        |             |                |

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

|                              | UNITS           | CUSTOMER TYPE |             |                |
|------------------------------|-----------------|---------------|-------------|----------------|
|                              |                 | Residential   | Low Voltage | Higher Voltage |
| <b>Distribution Charges:</b> |                 |               |             |                |
| Demand Charge                | PhP/kW          |               |             | 216.1024       |
| Distribution System Charge   | PhP/kWh         | 0.5849        | 0.5838      |                |
| <b>Supply Charges:</b>       |                 |               |             |                |
| Retail Customer Charge       | PhP/Customer/Mo |               | 47.3200     | 47.3200        |
| Supply System Charge         | PhP/kWh         | 0.6628        |             |                |
| <b>Metering Charges:</b>     |                 |               |             |                |
| Retail Customer Charge       | PhP/Meter/Mo.   | 5.6860        | 35.4700     | 35.4700        |
| Metering System Charge       | PhP/kWh         | 0.4172        |             |                |

12. Consequently, Applicant respectfully prays that it be allowed to implement either of the above two calculated alternative DSM rates, effective January 1, 2017 and up to December 31, 2019.

**SUPPORTING DATA AND DOCUMENTS**

13. In support of the foregoing computations, Applicant is submitting herewith the following documents, which are being made integral parts hereof, to wit:

| <b>Annex Markings</b> | <b>Nature of Document</b>   |
|-----------------------|---|
| A to A-2              | Proposed TGP Calculations and supporting documents using the prescribed templates:<br>Index "I" Calculation<br>Efficiency Factor "X" Calculation<br>Performance Incentive "S" Calculation |
| B                     | MFSR - Sections B and E (2012-2015)   |
| C                     | Billing Determinants Template (2012-2015) (kWh Sales, No. of Customers, kW Demand)  |
| 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**

14. 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:

| <b>Annex Markings</b> | <b>Nature of Document</b>  |
|-----------------------|--|
| I to I-1              | Proof of furnishing copies of the Application to the Sangguniang Panlungsod of Ozamis City and the Sangguniang Panlalawigan of Misamis Occidental                  |
| J and series          | Publication of the Application in a newspaper of general circulation in MOELCI 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 after due notice and hearing, Applicant MOELCI 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”**

|                              | UNITS           | CUSTOMER TYPE |             |                |
|------------------------------|-----------------|---------------|-------------|----------------|
|                              |                 | Residential   | Low Voltage | Higher Voltage |
| <b>Distribution Charges:</b> |                 |               |             |                |
| Demand Charge                | PhP/kW          |               |             | 231.0325       |
| Distribution System Charge   | PhP/kWh         | 0.6253        | 0.6242      |                |
| <b>Supply Charges:</b>       |                 |               |             |                |
| Retail Customer Charge       | PhP/Customer/Mo |               | 50.5900     | 50.5900        |
| Supply System Charge         | PhP/kWh         | 0.7086        |             |                |
| <b>Metering Charges:</b>     |                 |               |             |                |
| Retail Customer Charge       | PhP/Meter/Mo.   | 6.0788        | 37.9200     | 37.9200        |
| Metering System Charge       | PhP/kWh         | 0.4461        |             |                |

**B. EXCLUDING PERFORMANCE INCENTIVE “S”**

|                              | UNITS           | CUSTOMER TYPE |             |                |
|------------------------------|-----------------|---------------|-------------|----------------|
|                              |                 | Residential   | Low Voltage | Higher Voltage |
| <b>Distribution Charges:</b> |                 |               |             |                |
| Demand Charge                | PhP/kW          |               |             | 216.1024       |
| Distribution System Charge   | PhP/kWh         | 0.5849        | 0.5838      |                |
| <b>Supply Charges:</b>       |                 |               |             |                |
| Retail Customer Charge       | PhP/Customer/Mo |               | 47.3200     | 47.3200        |
| Supply System Charge         | PhP/kWh         | 0.6628        |             |                |
| <b>Metering Charges:</b>     |                 |               |             |                |
| Retail Customer Charge       | PhP/Meter/Mo.   | 5.6860        | 35.4700     | 35.4700        |
| Metering System Charge       | PhP/kWh         | 0.4172        |             |                |

Other reliefs, just and equitable in the premises are likewise prayed for.

The Commission has set the said Application for initial hearing for the determination of compliance with the jurisdictional requirements, expository presentation, Pre-Trial Conference, and presentation of evidence on initial hearing for determination of

compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on **4 September 2017, at nine o'clock in the Morning (9:00 A.M.), at MOELCI II's principal office at Circumferential Road, Bitoon, Ozamiz City, Misamis Occidental.**

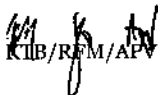
All persons who have an interest in the subject matter of the proceeding may become a party by filing, at least five (5) days prior to the initial hearing and subject to the requirements in the ERC's Rules of Practice and Procedure, a verified petition with the Commission giving the docket number and title of the proceeding and stating: (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 proceeding may file their opposition to the Application or comment thereon at any stage of the proceeding before the Applicants conclude the presentation of their evidence. No particular form of opposition or comment is required, but the document, letter or writing should contain the name and address of such person and a concise statement of the opposition or comment and the grounds relied upon.

All such persons who wish to have a copy of the Application may request the Applicant, prior to the date of the initial hearing, that they be furnished with a copy of the Application. The Applicant is hereby directed to furnish all those making a request with copies of the Application and its attachments, subject to 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 Commissioners **ALFREDO J. NON**, **GLORIA VICTORIA C. YAP-TARUC**, and **GERONIMO D. STA. ANA**, Energy Regulatory Commission, this 25<sup>th</sup> day of July 2017 in Pasig City.

  
**JOSEFINA PATRICIA A. MAGPALE-ASIRIT**  
*Commissioner*

  
KUB/RFM/APV