

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



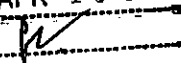
**IN THE MATTER OF THE
APPLICATION FOR
APPROVAL OF THE 2ND
TARIFF GLIDE PATH FOR
THE REGULATORY PERIOD
FROM JANUARY 2017 TO
DECEMBER 2019,**

ERC CASE NO. 2016-133 RC

**CAGAYAN II ELECTRIC
COOPERATIVE (CAGELCO
II),**

Applicant.

X-----X

D O C K E T E D
Date: APR 13 2016
By: 

NOTICE OF PUBLIC HEARING

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 23 May 2016, Cagayan II Electric Cooperative (CAGELCO II) filed an *Application* dated 15 April 2016 (Application) seeking the Commission's approval of the 2nd Tariff Glide Path for the regulatory period from January 2017 to December 2019.

CAGELCO II alleged the following in its *Application*:

1. Applicant CAGELCO II is an electric cooperative duly organized under Philippine law, with principal office address at Macanaya District, Aparri, Cagayan; franchised to construct, own, operate and maintain an electric distribution system in the municipalities of Abulug, Allacapan, Aparri, Ballesteros, Buguey, Calamaniugan, Calayan Island, Claveria, Gattaran, Gonzaga, Lal-lo, Lasam, Pamplona, Sanchez Mira, Sta. Ana, Sta. Praxedes and Sta. Teresita, all in the Province of Cagayan; and in the municipalities of Flora, Luna, Pudtol and Sta. Marcela, all in the Province of Apayao.
2. On September 21, 2009, the Commission promulgated ERC 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 a Tariff Glide Path (TGP) whereby the rate of the Electric Cooperatives (ECs) 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 Indices, "I", shall be an escalation factor to be used in adjusting the rates to reflect the combined impact of inflation and load growth; the efficiency factor "X" to account for the operational efficiency of the ECs in setting their rates; and a performance incentive "S" to reward or penalize the EC for its above or below standard performance.

4. In consideration of the foregoing premises, CAGELCO II 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 II ELECTRIC COOPERATIVE, INC.				
	"I"	"X"	"S"	TGP B (including "S")	TGP B (excluding "S")
YEAR 2014	0.00%	0.00%	0.80%	0.80%	0.00%
YEAR 2015	2.60%	6.33%	0.40%	-3.32%	-3.72%
YEAR 2016	0.00%	0.00%	1.60%	1.60%	0.00%
TOTAL				-0.92%	-3.72%

5. CAGELCO II calculated its 2nd tariff glide path adjustment for the regulatory period from January 2017 to December 2019 and came up with the proposed tariff glide path:

NAME OF EC:	CAGAYAN II ELECTRIC COOPERATIVE, INC.				
GROUP:	C				
Type of Consumer	Particulars	Unit	Rate @ end of the transition period (in PhP/kWh)	Rate calculated @ 2nd tariff glide path adjustment (in PhP/kWh)	Rate calculated @ 2nd tariff glide path adjustment excluding S (in PhP/kWh)
Residential	Distribution	PhP/kWh	0.7004	0.7052	0.6718
	Supply	PhP/kWh	0.7156	0.7205	0.6864
	Metering	PhP/kWh	0.5236	0.5272	0.5022

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	Metering	PhP/ meter / mo	5.00	5.03	4.80
LOW VOLTAGE	Distribution	PhP/ kWh	0.7493	0.7545	0.7187
	Supply	PhP/ cust/ mo	34.05	34.28	32.66
	Metering	PhP/ meter /mo	29.91	30.12	28.69
HIGHER VOLTAGE	Distribution	PhP/ kW	213.96	215.43	205.23
	Supply	PhP/ cust/ mo	34.05	34.28	32.66
	Metering	PhP/ meter /mo	29.91	30.12	28.69

6. Applicant CAGELCO II submits the following documents in support of this application:

6.1. TGP Calculations

6.1.1. Index "I" Calculation

6.1.2. Efficiency Factor "X" Calculation

6.1.3. Performance Incentive "S" Calculation

6.2. MFSR (Sections B & E)

6.3. Billing Determinants

6.3.1. kWh Sales (2012-2015)

6.3.2. No. of Customers (2012-2015)

6.3.3. kW Demand (2012-2015)

6.4. Sample Bills (1 per customer type)

6.5. Regional CPI (2012-2015)

6.6. RFSC/Reinvestment Fund Utilization (2013-2015)

6.7. Consumer Complaints (Summary of Tracking Forms)

6.8. Audited Financial Statements (2013-2015)

PRAYER

WHEREFORE, premises considered, applicant CAGELCO II respectfully prays for the approval of its proposed second tariff glide path for implementation during the regulatory period from January 2017 to December 2019 as follows:

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NAME OF EC:	CAGAYAN II ELECTRIC COOPERATIVE, INC.				
GROUP:	C				
Type of Consumer	Particulars	Unit	Rate @ end of the transition period (in PhP/kWh)	Rate calculated @ 2nd tariff glide path adjustment (in PhP/kWh)	Rate calculated @ 2nd tariff glide path adjustment excluding S (in PhP/kWh)
Residential	Distribution	PhP/kWh	0.7004	0.7052	0.6718
	Supply	PhP/kWh	0.7156	0.7205	0.6864
	Metering	PhP/kWh	0.5236	0.5272	0.5022
	Metering	PhP/meter / mo	5.00	5.03	4.80
LOW VOLTAGE	Distribution	PhP/kWh	0.7493	0.7545	0.7187
	Supply	PhP/cust/ mo	34.05	34.28	32.66
	Metering	PhP/meter / mo	29.91	30.12	28.69
HIGHER VOLTAGE	Distribution	PhP/kWh	213.96	215.43	205.23
	Supply	PhP/cust/ mo	34.05	34.28	32.66
	Metering	PhP/meter / mo	29.91	30.12	28.69

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On 26 February 2018, the Commission issued an Order and Notice of Public Hearing, setting the case for hearing on 19 April 2018.

On 15 March 2018, CAGELCO II filed a *Motion to Reset* dated 13 March 2018 (Motion) praying that the 19 April 2018 be reset to another date due to a previously scheduled commitment of CAGELCO II's counsel.

Finding the said Motion in order, the Commission granted the same. Hence, the hearing on 19 April 2018 is cancelled.

Accordingly, the Commission sets anew the instant *Application* for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference, and presentation of evidence on **10 May 2018 (Thursday) at nine o'clock in the morning (9:00 A.M.), at CAGELCO II's principal office at Macanaya District, Aparri, 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:

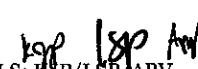
- 1) The name and address of such person;
- 2) A concise statement of the Opposition or Comment; and
- 3) The grounds relied upon.

All such persons who wish to have a copy of the *Application* may request from Applicant that 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 Chairperson and CEO **AGNES VST DEVANADERA**, and the Honorable Commissioners **ALFREDO J. NON**, **GLORIA VICTORIA C. YAP-TARUC** and **GERONIMO D. STA. ANA**, Energy Regulatory Commission, this 4th day of April 2018 in Pasig City.

FOR AND BY AUTHORITY
OF THE COMMISSION:


JOSEFINA PATRICIA A. MAGPALE-ASIRIT
Oversight Commissioner for Legal


LS: RSP/LSP/APV