

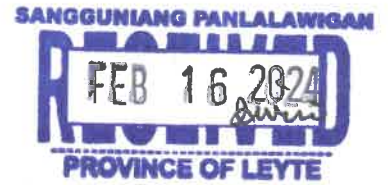
Item No.: 17

Date: 27 2024 FEB

17

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

IN THE MATTER OF THE
APPLICATION FOR APPROVAL
OF ADJUSTMENTS IN RATES
BASED ON THE TARIFF GLIDE
PATH ON THE 4TH TO 6TH
REGULATORY YEARS OF THE
FIRST REGULATORY PERIOD
FOR THE FIRST ENTRANT
GROUP UNDER THE TARIFF
GLIDE PATH RULES



ERC CASE NO. 2023-038 RC

LEYTE V ELECTRIC
COOPERATIVE INC. (LEYECO
V),

Applicant.

X-----X

Promulgated:

May 16, 2023

ORDER

On 04 May 2023, Leyte V Electric Cooperative, Inc. (LEYECO V) filed an *Application* dated 06 February 2023, seeking the Commission's approval of LEYECO V's calculations of adjustments in its Distribution, Supply, and Metering (DSM) rates based on the tariff glide path on the fourth to sixth regulatory years of the First Regulatory Period for electric cooperatives belonging to the First Entrant Group under the Tariff Glide Path Rules (TGP Rules).

The pertinent portions of the said *Application* are hereunder quoted as follows:

1. That Applicant LEYECO V is a non-stock, non-profit electric cooperative duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal offices at Brgy. San Pablo, Ormoc City;

6. The foregoing application was LEYECO V'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. LEYECO V belongs to the First Entrant Group under the TGP Rules, whose first regulatory period is from January 1, 2011 to December 31, 2016. It filed its initial application for DSM rate adjustment in 2013, the third regulatory year its group's First Regulatory Period. It is filing the instant application for the proposed adjustment of its DSM rates based on the tariff glide path on the fourth to sixth regulatory years of the First Regulatory Period for electric cooperatives belonging to the First Entrant Group;
8. The first TGP application under ERC Case No. 2013-093 RC is still pending with the Honorable Commission, but LEYECO V adopted and utilized the proposed DSM rates in the said application as the bases for computing the proposed rate adjustment in the instant Application;
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, LEYECO V 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 | 11.26% | 0.00% | 0.70% | 11.96% | 11.26% |
| YEAR 2015 | 21.77% | 0.00% | 0.50% | 22.27% | 21.77% |
| YEAR 2016 | 0.00% | 11.70% | 1.30% | -10.40% | -11.70% |
| TOTAL | | | | 23.83% | 21.33% |

| | |
|---|---|
| F | RFSC Utilization (2013-2015) |
| G | Consumer Complaints Summary/Tracking Form (2013-2015) |
| H | Audited Financial Statements (2013-2015) |

14. Finally, in compliance with the pre-filing requirements under the ERC Rules of Practice and Procedure, LEYECO V is submitting herewith the following documents, which are being made integral parts hereof, to wit:

| ANNEX MARKINGS | NATURE OF DOCUMENT |
|----------------|---|
| I to I-1 | Proof of furnishing copies of the Application to the Offices of the Mayor and Sangguniang Panlungsod of Ormoc City |
| J series | Proof of publication of the Application in a newspaper of general circulation in LEYECO V's franchise area or where it principally operates |

PRAYER

WHEREFORE, premises considered, the Leyte V Electric Cooperative, Inc. (LEYECO V) respectfully prays of this Honorable Commission that, after due notice and hearing, it be allowed to implement either of the following proposed new rates for its Distribution, Supply and Metering (DSM) Charges, starting on the first year of the Second Regulatory Period for Electric Cooperatives belonging to the First Entrant Group under the Tariff Glide Path Rules, to wit:

A. WITH PERFORMANCE INCENTIVE "S"

| | UNITS | CUSTOMER TYPE | | |
|------------------------------|------------------|---------------|-------------|----------------|
| | | Residential | Low Voltage | Higher Voltage |
| Distribution Charges: | | | | |
| Demand Charge | PhP/kW | - | - | 276.10 |
| Distribution System Charge | PhP/kWh | 0.7267 | 0.9546 | - |
| Supply Charges: | | | | |
| Retail Customer Charge | PhP/Customer/Mo. | - | 53.94 | 53.94 |
| Supply System Charge | PhP/kWh | 0.7542 | - | - |
| Metering Charges: | | | | |
| Retail Customer Charge | PhP/Meter/Mo. | 6.28 | 45.17 | 45.17 |
| Metering System Charge | PhP/kWh | 0.5437 | - | - |

B) EXCLUDING PERFORMANCE INCENTIVE "S"

| | UNITS | CUSTOMER TYPE | | |
|------------------------------|---------|---------------|-------------|----------------|
| | | Residential | Low Voltage | Higher Voltage |
| Distribution Charges: | | | | |
| Demand Charge | PhP/kW | - | - | 266.53 |
| Distribution System Charge | PhP/kWh | 0.7015 | 0.9215 | - |

in the Philippines at its own expense, twice (2x) within two (2) successive weeks, the dates of publication not being less than seven (7) days apart, and the date of the last publication to be made not later than ten (10) days before the date of the scheduled initial virtual hearing;

- 2) Furnish with copies of this *Order* and the attached *Notice of Virtual Hearing* the Offices of the Provincial Governor, the Mayors, the Local Government Unit (LGU) legislative bodies, within LEYECO V's franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform the consumers within LEYECO V's franchise area, by any other means available and appropriate, of the filing of the *Application*, its reasons therefor, and of the scheduled virtual hearings thereon;
- 4) Furnish with copies of this *Order* and the attached *Notice of Virtual Hearing* the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress. They are hereby requested, if they so desire, to send their duly authorized representatives and attend the scheduled hearings; and
- 5) Furnish with copies of the *Application* and its attachments, except those subject of a motion for confidential treatment of information, all those making requests therefor, subject to reimbursement of reasonable photocopying costs.

Within five (5) calendar days prior to the date of the virtual hearings, LEYECO V must submit to the Commission via electronic mail (e-mail) at docket@erc.ph, and copy furnish the Legal Service through legal@erc.ph, the scanned copies of its written compliance with the aforementioned jurisdictional requirements attaching the following methodically arranged and duly marked documents:

- 1) The evidence of publication of the attached *Notice of Virtual Hearing* consisting of affidavits of the Editors or Business Managers of the newspapers where the said *Notice of Virtual Hearing* was published, and the complete issues of the said newspapers;

- 3) The documents or exhibits to be presented, stating the purposes and proposed markings therefor; and
- 4) The number and names of the witnesses, with their written testimonies in a Judicial Affidavit form attached to the Pre-trial Brief.

Applicant LEYECO V must ensure that all the documents or exhibits proposed to be presented have already been duly submitted to the Commission **at least five (5) calendar days** before the date of the scheduled initial virtual hearing and Pre-Trial Conference, pursuant to the preceding paragraph.

Failure of LEYECO V to comply with the above requirements within the prescribed period shall be a ground for cancellation of the scheduled hearing, and the resetting of which shall be six (6) months from the said date of cancellation.

Applicant LEYECO V must also be prepared to make an expository presentation of the instant *Application*, aided by whatever communication medium that they may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned parties, the nature of the *Application*. Relevant information and pertinent details substantiating the reasons and justifications for the *Application* must be cited in support thereof.

Applicant LEYECO V is hereby directed to file a copy of its Expository Presentation via e-mail at doctet@erc.ph, copy furnish the Legal Service through legal@erc.ph, **at least five (5) calendar days** prior to the scheduled virtual hearing. LEYECO V shall also be required, upon the request of any stakeholder, to provide an advance copy of its expository presentation, **at least five (5) calendar days** prior to the scheduled virtual hearing.

Applicant LEYECO V is further directed to submit, through personal service, registered mail or ordinary mail/private courier, one (1) set of the original or certified true hard copies of its Jurisdictional Compliance, Expository Presentation, Pre-trial Brief, and Judicial Affidavits of witnesses, **within five (5) working days** from the date that the same were electronically submitted, as reflected in the acknowledgment receipt e-mail sent by the Commission.

Finally, LEYECO V, including its authorized representatives and witnesses, are hereby directed to provide the Commission, through

Copy Furnished:

1. **Atty. Ditas A. Lerios-Amboy**
Counsel for Applicant LEYECO V
Dechavez, Lerios-Amboy, and Evangelista Law Offices
Unit 2008, Tycoon Center, Pearl Drive
Ortigas Center, Pasig City
powerlawfirm@gmail.com
2. **Leyte V Electric Cooperative, Inc. (LEYECO V)**
Applicant
Barangay San Pablo,
Ormoc City
3. **Office of the Governor**
Province of Leyte
4. **Office of the LGU Legislative Body**
Province of Leyte
5. **Office of the Mayor**
Ormoc City, Leyte
6. **Office of the LGU Legislative Body**
Ormoc City, Leyte
7. **Office of the Mayor**
Albuera, Leyte
8. **Office of the LGU Legislative Body**
Albuera, Leyte
9. **Office of the Mayor**
Kananga, Leyte
10. **Office of the LGU Legislative Body**
Kananga, Leyte
11. **Office of the Mayor**
Matag-ob, Leyte
12. **Office of the LGU Legislative Body**
Matag-ob, Leyte
13. **Office of the Mayor**
Villaba, Leyte
14. **Office of the LGU Legislative Body**
Villaba, Leyte
15. **Office of the Mayor**
Tabango, Leyte
16. **Office of the LGU Legislative Body**
Tabango, Leyte
17. **Office of the Mayor**
San Isidro, Leyte
18. **Office of the LGU Legislative Body**
San Isidro, Leyte
19. **Office of the Mayor**
Calubian, Leyte
20. **Office of the LGU Legislative Body**
Calubian, Leyte

Republic of the Philippines
ENERGY REGULATORY COMMISSION
Pasig City

**IN THE MATTER OF THE
APPLICATION FOR APPROVAL
OF ADJUSTMENTS IN RATES
BASED ON THE TARIFF GLIDE
PATH ON THE 4TH TO 6TH
REGULATORY YEARS OF THE
FIRST REGULATORY PERIOD
FOR THE FIRST ENTRANT
GROUP UNDER THE TARIFF
GLIDE PATH RULES**

ERC CASE NO. 2023-038 RC

**LEYTE V ELECTRIC
COOPERATIVE, INC. (LEYECO
V),**

Applicant.

x-----x

Promulgated:

May 16, 2023

NOTICE OF VIRTUAL HEARING

TO ALL INTERESTED PARTIES

Notice is hereby given that on 04 May 2023, Leyte V Electric Cooperative, Inc. (LEYECO V) filed an *Application* dated 06 February 2023, seeking the Commission's approval of LEYECO V's calculations of adjustments in its Distribution, Supply, and Metering (DSM) rates based on the tariff glide path on the fourth to sixth regulatory years of the First Regulatory Period for electric cooperatives belonging to the First Entrant Group under the Tariff Glide Path Rules (TGP Rules).

The pertinent portions of the said *Application* are hereunder quoted as follows:

1. That Applicant LEYECO V is a non-stock, non-profit electric cooperative duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal offices at Brgy. San Pablo, Ormoc City;
2. It holds an exclusive franchise issued by the National

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. LEYECO V belongs to the First Entrant Group under the TGP Rules, whose first regulatory period is from January 1, 2011 to December 31, 2016. It filed its initial application for DSM rate adjustment in 2013, the third regulatory year its group's First Regulatory Period. It is filing the instant application for the proposed adjustment of its DSM rates based on the tariff glide path on the fourth to sixth regulatory years of the First Regulatory Period for electric cooperatives belonging to the First Entrant Group;
8. The first TGP application under ERC Case No. 2013-093 RC is still pending with the Honorable Commission, but LEYECO V adopted and utilized the proposed DSM rates in the said application as the bases for computing the proposed rate adjustment in the instant Application;
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, LEYECO V 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 | 11.26% | 0.00% | 0.70% | 11.96% | 11.26% |
| YEAR 2015 | 21.77% | 0.00% | 0.50% | 22.27% | 21.77% |
| YEAR 2016 | 0.00% | 11.70% | 1.30% | -10.40% | -11.70% |
| TOTAL | | | | 23.83% | 21.33% |

11. Utilizing the above values will result in adjustments in LEYECO V's DSM Rates starting in the first year of the Second Regulatory period for electric cooperatives belonging to the First Entrant Group, as follows:

14. Finally, in compliance with the pre-filing requirements under the ERC Rules of Practice and Procedure, LEYECO V is submitting herewith the following documents, which are being made integral parts hereof, to wit.

| ANNEX MARKINGS | NATURE OF DOCUMENT |
|----------------|---|
| I to I-1 | Proof of furnishing copies of the Application to the Offices of the Mayor and Sangguniang Panlungsod of Ormoc City |
| J series | Proof of publication of the Application in a newspaper of general circulation in LEYECO V's franchise area or where it principally operates |

PRAYER

WHEREFORE, premises considered, the Leyte V Electric Cooperative, Inc. (LEYECO V) respectfully prays of this Honorable Commission that, after due notice and hearing, it be allowed to implement either of the following proposed new rates for its Distribution, Supply and Metering (DSM) Charges, starting on the first year of the Second Regulatory Period for Electric Cooperatives belonging to the First Entrant Group under the Tariff Glide Path Rules, to wit:

A. WITH PERFORMANCE INCENTIVE "S"

| | UNITS | CUSTOMER TYPE | | |
|------------------------------|------------------|---------------|-------------|----------------|
| | | Residential | Low Voltage | Higher Voltage |
| Distribution Charges: | | | | |
| Demand Charge | PhP/kW | - | - | 276.10 |
| Distribution System Charge | PhP/kWh | 0.7267 | 0.9546 | - |
| Supply Charges: | | | | |
| Retail Customer Charge | PhP/Customer/Mo. | - | 53.94 | 53.94 |
| Supply System Charge | PhP/kWh | 0.7542 | - | - |
| Metering Charges: | | | | |
| Retail Customer Charge | PhP/Meter/Mo. | 6.28 | 45.17 | 45.17 |
| Metering System Charge | PhP/kWh | 0.5437 | - | - |

B) EXCLUDING PERFORMANCE INCENTIVE "S"

| | UNITS | CUSTOMER TYPE | | |
|------------------------------|------------------|---------------|-------------|----------------|
| | | Residential | Low Voltage | Higher Voltage |
| Distribution Charges: | | | | |
| Demand Charge | PhP/kW | - | - | 266.53 |
| Distribution System Charge | PhP/kWh | 0.7015 | 0.9215 | - |
| Supply Charges: | | | | |
| Retail Customer Charge | PhP/Customer/Mo. | - | 52.07 | 52.07 |
| Supply System Charge | PhP/kWh | 0.7281 | - | - |

the same and propound questions during the course of the expository presentation.

Moreover, any person who has an interest in the subject matter of the instant case may become a party by filing with the Commission via e-mail at docket@erc.ph, and copy furnishing the Legal Service through legal@erc.ph, a verified Petition to Intervene **at least five (5) calendar days** prior to the date of the initial virtual hearing. The verified Petition to Intervene must follow the requirements under Rule 9 of the ERC Revised Rules of Practice and Procedure, indicate therein the docket number and title of the case and stating the following:

- 1) The petitioner's name, mailing address, and e-mail 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.

Likewise, all other persons who may want their views known to the Commission with respect to the subject matter of the case may file through e-mail at docket@erc.ph, and copy furnish the Legal Service through legal@erc.ph, their Opposition or Comment **at least five (5) calendar days** prior to the initial virtual hearing. Rule 9 of the ERC Revised Rules of Practice and Procedure shall govern. No particular form of Opposition or Comment is required, but the document, letter, or writing should contain the following:

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

All interested parties filing their Petition to Intervene, Opposition or Comment are required to submit the hard copies thereof through personal service, registered mail or ordinary mail/private courier, **within five (5) working days** from the date that the same were electronically submitted, as reflected in the acknowledgment receipt e-mail sent by the Commission.