

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

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

**ERC CASE NO. 2023-009 RC**

**PENINSULA ELECTRIC  
COOPERATIVE, INC.,**  
*Applicant.*

**Promulgated:**  
February 21, 2023

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**NOTICE OF VIRTUAL HEARING**

TO ALL INTERESTED PARTIES:

Notice is hereby given that on 30 January 2023, Peninsula Electric Cooperative, Inc. (PENELCO) filed an *Application* dated 09 December 2022, seeking the Commission's approval of its adjustment in rates based on the Tariff Glide Path (TGP) for its fourth (4<sup>th</sup>) to sixth (6<sup>th</sup>) Regulatory Years of the First Regulatory Period for the First Entrant Group under the TGP Rules.

The pertinent allegations of the *Application* are hereunder quoted:

1. PENELCO 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 office at the Roman Super Highway, Tuyo, Balanga City, Bataan;
2. It holds an exclusive franchise from the National Electrification Commission to operate an electric light and power distribution service in the city of Balanga and all the

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municipalities in the province of Bataan, namely: Abucay, Bagac, Dinalupihan, Hermosa, Limay, Mariveles, Morong, Orani, Orion, Pilar and Samal.

**NATURE OF THE APPLICATION**

3. The instant Application is being filed for the approval of PENELCO's proposed adjustment 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 (TGP) Rules.

**STATEMENT OF FACTS**

4. Sometime in year 2013, PENELCO filed with the Honorable Commission an application for approval of proposed adjustment in its Distribution, Supply and Metering (DSM) rates pursuant to the TGP Rules, docketed as ERC Case No. 2013- 095 RC;
5. In the said application, PENELCO prayed for approval of either of the following two (2) proposed alternative DSM rates, to be made effective January 2014, to wit:

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

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/kW			184.60
Distribution System Charge	PhP/kWh	0.5082	0.4893	
Supply Charges:				
Retail Customer Charge	PhP/Customer/Mo		51.34	51.34
Supply System Charge	PhP/kWh	0.5923		
Metering Charges:				
Retail Customer Charge	PhP/Meter/Mo.	5.51	36.11	36.11
Metering System Charge	PhP/kWh	0.3531		

**B) EXCLUDING PERFORMANCE INCENTIVE "S"**

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/kW			172.36
Distribution System Charge	PhP/kWh	0.4745	0.4568	
Supply Charges:				
Retail Customer Charge	PhP/Customer/Mo		47.94	47.94
Supply System Charge	PhP/kWh	0.5530		
Metering Charges:				
Retail Customer Charge	PhP/Meter/Mo.	5.14	33.72	33.72
Metering System Charge	PhP/kWh	0.3297		

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6. Foregoing application was PENELCO'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. PENELCO belongs to the First Entrant Group under the TGP Rules, whose first regulatory period is from January 1, 2011 to December 31, 2016. PENELCO filed its initial application for DSM rate adjustment in 2013 which is the third regulatory year of the First Regulatory Period. It is filing the instant application based on the tariff glide path on the fourth to sixth regulatory years of the First Regulatory Period or January 1, 2014 to December 31, 2016, for the proposed adjustment of its DSM rates to take effect on the first to third regulatory years of the Second Regulatory Period for the First Entrant Group under the TGP Rules.
8. PENELCO's first TGP Application under ERC Case No. 2013-095 RC is still pending evaluation of the Honorable Commission, however, it adopted and utilized the proposed DSM rates in the 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, PENELCO calculated the values of the "I", "X" and "S", and came up with results shown in the Table below, to wit:

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	"I"	"X"	"S"	TGP B	TGP B (Excluding "S")
Year 2014	0.00%	2.47%	4.10%	1.63%	-2.47%
Year 2015	0.00%	0.00%	4.10%	4.10%	0.00%
Year 2016	0.00%	0.00%	4.10%	4.10%	0.00%
Net Results				9.83%	-2.47%

11. Applying the above values will result in adjustments to PENELCO's DSM Rates, as follows:

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

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/kW			202.73
Distribution System Charge	PhP/kWh	0.5581	0.5373	
Supply Charges:				
Retail Customer Charge	PhP/Customer/Mo		56.38	56.38
Supply System Charge	PhP/kWh	0.6504		
Metering Charges:				
Retail Customer Charge	PhP/Meter/Mo.	6.05	39.66	39.66
Metering System Charge	PhP/kWh	0.3878		

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

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/kW			168.10
Distribution System Charge	PhP/kWh	0.4628	0.4455	
Supply Charges:				
Retail Customer Charge	PhP/Customer/Mo		46.75	46.75
Supply System Charge	PhP/kWh	0.5393		
Metering Charges:				
Retail Customer Charge	PhP/Meter/Mo.	5.02	32.89	32.89
Metering System Charge	PhP/kWh	0.3215		

**SUPPORTING DATA AND DOCUMENTS**

12. The foregoing computations are based on the following data and documents, which are being submitted herewith to form integral parts hereof, as follows, to wit:

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Annex Markings	Description of Documents
A	TGP Calculations for Index "I", Efficiency Factor "X", and Performance Incentive "S" with supporting documentations
B	Monthly Financial and Statistical Reports (MFSR) Sections B and E (2012-2015)
C	Billing Determinants (2012-2015) (kWh Sales, No. of Customers, kW Demand)
D	Sample Bills Per Customer Type (2012-2015)
E	Regional Consumer Price Index (2012-2015)
F	Reinvestment Fund for Sustainable Capital Expenditure (RFSC) Utilization (2013-2015)
G	Consumer Complaints (2013-2015)
H	Audited Financial Statements (2013-2015)

**SUBMISSION OF PRE-FILING REQUIREMENTS**

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

Annex Markings	Description of Documents
I series	Proof of furnishing copies of the Application to the Offices of the Mayor and Sangguniang Panlungsod of Balanga City and Governor and Sangguniang Panlalawigan of Bataan
J series	Publication of the Application in a newspaper of general circulation in the PENELCO's franchise area or where it principally operates

**PRAYER**

WHEREFORE, premises considered, the Peninsula Electric Cooperative, Inc. (PENELCO) most respectfully prays of this Honorable Commission that after due notice and hearing, the proposed rates hereinbelow be granted accordingly, to wit:

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

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/kW			202.73
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Supply Charges:				
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Metering System Charge	PhP/kWh	0.3878		

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

	UNITS	CUSTOMER TYPE		
		Residential	Low Voltage	Higher Voltage
Distribution Charges:				
Demand Charge	PhP/kW			168.10
Distribution System Charge	PhP/kWh	0.4628	0.4455	
Supply Charges:				
Retail Customer Charge	PhP/Customer/Mo		46.75	46.75
Supply System Charge	PhP/kWh	0.5393		
Metering Charges:				
Retail Customer Charge	PhP/Meter/Mo.	5.02	32.89	32.89
Metering System Charge	PhP/kWh	0.3215		

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

The Commission sets the instant *Application* for determination of compliance with the jurisdictional requirements, expository presentation, Pre-trial Conference and presentation of evidence on the following dates and online platforms for the conduct thereof, pursuant to Resolution No. 09, Series of 2020<sup>1</sup> and Resolution No. 01, Series of 2021<sup>2</sup> (ERC Revised Rules of Practice and Procedure):

<b>Date and Time</b>	<b>Platform</b>	<b>Activity</b>
<b>22 March 2023</b> (Wednesday) at nine o'clock in the afternoon (9:00 A.M.)	<b>Microsoft Teams or Zoom Application</b>	Determination of compliance with jurisdictional requirements and Expository presentation
<b>29 March 2023</b> (Wednesday) at nine o'clock in the afternoon (9:00 A.M.)		Pre-trial Conference and presentation of evidence

PENELCO is directed to host the virtual hearings at **PENELCO’s Principal Office in Roman Super Highway, Tuyo, Balanga City, Bataan** as the designated venue for the conduct thereof, and ensure that the same is open to the public and the community quarantine guidelines are observed at all times. PENELCO shall also guarantee that, during the conduct of the expository presentation, the participation of the public shall not be impaired.

Any interested stakeholder may submit its **comments and/or clarifications** at least one (1) calendar day prior to the scheduled

<sup>1</sup> Entitled: A Resolution Adopting the Guidelines Governing Electronic Applications, Filings and Virtual Hearings Before the Energy Regulatory Commission.

<sup>2</sup> Entitled: Resolution Adopting the Revised Rules of Practice and Procedure of the Energy Regulatory Commission.

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initial virtual hearing, via electronic mail (e-mail) at [docket@erc.ph](mailto:docket@erc.ph), copy furnish the Legal Service through [legal@erc.ph](mailto:legal@erc.ph). The Commission shall give priority to the stakeholders who have duly submitted their respective comments and/or clarifications, to discuss 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](mailto:docket@erc.ph), copy furnish the Legal Service through [legal@erc.ph](mailto:legal@erc.ph), a verified **Petition to Intervene** at least five (5) calendar days prior to the date of the initial virtual hearing and subject to the requirements under Rule 9 of the ERC Revised Rules of Practice and Procedure, indicating 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](mailto:docket@erc.ph), copy furnish the Legal Service through [legal@erc.ph](mailto:legal@erc.ph), their **Opposition or Comment** at least five (5) calendar days prior to the initial virtual hearing and subject to the requirements under Rule 9 of the ERC Revised 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, 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/printed copy/ies thereof either through personal service, registered or ordinary

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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.

Any of the persons mentioned in the preceding paragraphs may access the copy of the *Application* on the Commission's official website at [www.erc.gov.ph](http://www.erc.gov.ph).

Finally, all interested persons may be allowed to join the scheduled initial virtual hearings by providing the Commission, thru [legal.virtualhearings@erc.ph](mailto:legal.virtualhearings@erc.ph), with their respective e-mail addresses and indicating therein the case number of the instant *Application*. The Commission will send the access link/s to the aforementioned hearing platform within five (5) working days prior to the scheduled hearings.

**WITNESS**, the Honorable Chairperson and CEO **MONALISA C. DIMALANTA** and the Honorable Commissioners **ALEXIS M. LUMBATAN**, **CATHERINE P. MACEDA**, and **MARKO ROMEO L. FUENTES**, Energy Regulatory Commission, this 21<sup>st</sup> day of February 2023 in Pasig City.

  
**FLORESINDA G. BALDO-DIGAL**  
Commissioner 

  
LS: JTB / LSP / MCCG