

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

**IN THE MATTER OF THE  
APPLICATION FOR APPROVAL OF  
ADJUSTMENT IN RATE UNDER THE  
RULES FOR SETTING ELECTRIC  
COOPERATIVES' WHEELING RATES  
(RSEC-WR) WITH PRAYER FOR  
PROVISIONAL AUTHORITY**

**ERC CASE NO. 2009-090 RC**

**AGUSAN DEL NORTE ELECTRIC  
COOPERATIVE, Inc. (ANECO)**

**Applicant.**

X-----X

**A P P L I C A T I O N**

**COMES NOW**, applicant **AGUSAN DEL NORTE ELECTRIC COOPERATIVE, INC.** (ANECO for brevity), through the undersigned counsel, and unto this Honorable Commission, most respectfully states:

1. ANECO 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 Km 2 J.C. Aquino Avenue, Butuan City, where it may be served with summons and other legal processes, represented in this instance by its General Manager, HORACIO T. SANTOS, of legal age, Filipino and with office address also at the ANECO Office.
2. Herein applicant is the exclusive franchise holder issued by the National Electrification Administration (NEA) to operate an electric light and power services in the cities/municipalities of the Province of Agusan Del Norte, namely: Las Nieves, Remedios Trinidad Romualdez (RTR), Cabadbaran, Santiago, Tubay, Magallanes, Jabonga, Kitcharao, Nasipit, Buenavista, Carmen. and Butuan City;
3. Section 43(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) authorize the ERC to establish a methodology for setting distribution wheeling rates;

4. By virtue of said authority, as early as 2006 the ERC embarked on a process to establish a new rate setting methodology for determining electric cooperatives' (ECs) rates;
5. From 2006 to 2009, the ERC conducted several public consultations with the industry stakeholders to discuss the details of the new regulatory framework for fixing the electric cooperatives' wheeling rates;
6. ANECO participated in the above-mentioned public consultations and it submitted data/documents required by the ERC during the drafting of the said Rules;
7. Said regulatory framework is embodied in the Rules for Setting the Electric Cooperatives' Wheeling Rates (RSEC-WR);
8. The regulatory framework as embodied in the RSEC-WR seeks to develop a regulatory regime that encourages efficiency in the operations of the ECs and provides incentives for their good performance. From a regulatory perspective, the framework seeks to develop a regime that eases regulatory burden and can be easily implemented and monitored;
9. On May 7, 2009, ANECO's Board of Directors passed Board Resolution No. 50, imploring upon the ERC to implement the new rate setting methodology embodied in the RSEC-WR;
10. After holding another round of public consultations nationwide, particularly in the locality wherein the electric cooperatives operate, the ERC promulgated the final RSEC-WR on September 22, 2009, which became effective fifteen (15) days after its publication in the Manila Bulletin on September 24, 2009;
11. Under the RSEC-WR, ANECO is categorized under Group "F";
12. As a Group "F" EC, ANECO determined Operating Revenue Requirement (ORR) per kWh is PhP 0.9900;
13. Further, ANECO is required to implement a new customer class, as follows:

**Table 1. Existing Customer Class and New Customer Class**

EXISTING CUSTOMERS	NEW CUSTOMER SEGMENTATION
Residential	Residential Customers
BAPA	
Commercial	Low Voltage Customers
Public Building	
Street Lights	
Commercial	High Voltage Customers
Industrial	
Public Building	
Street Lights	

14. After functionalizing and allocating its ORR and using the new customer class, ANECO's initial Distribution, Supply and Metering (DSM) rate caps are as follows:

**Table 2. Initial DSM Rate Caps Per Customer Class**

GROUP "F"	Residential		Low Voltage		Higher Voltage	
	PhP/kWh	PhP/meter/mo.	PhP/kWh	PhP/Cust/Mo	PhP/kW	PhP/Cust/mo
<b>Distribution</b>	0.4613		0.4441		167.56	
<b>Supply</b>	0.5376			46.60		46.60
<b>Metering</b>	0.3205	5.0000		32.78		32.78

15. As a Group "F" EC, ANECO is also authorized to collect a Member's Contribution for Capital Expenditure Rate in the amount of PhP 0.2178/kWh;

16. Considering the abovementioned rates, ANECO's rate caps would be as follows: 1.) DSM – 0.9900; and 2.) MCC – 0.2178;

GROUP "F"	Residential		Low Voltage		Higher Voltage		
	PhP/kWh	PhP/meter/mo.	PhP/kWh	PhP/Cust/Mo	PhP/kWh	PhP/kW	PhP/Cust/mo
<b>Distribution</b>	0.4613		0.4441			167.56	
<b>Supply</b>	0.5376			46.60			46.60
<b>Metering</b>	0.3205	5.0000		32.78			32.78
<b>Members Contribution for CAPEX</b>	0.2178		0.2178		0.2178		

17. ANECO intends to move to the rate caps during the transition period as follows:

**Table 3. Proposed Transition Rates**

Group: F Name: ANECO	Rates Billed			
	Current	Start of Transition	End of Year one	End of Transition
Percentage increase	1.0000	0.5000	-	0.5000
<b>RESIDENTIAL</b>				
<b>Cust. Type: Residential</b>				
Distribution (kWh)	0.9127	0.6870	0.6870	0.4613
Supply (kWh)	0.5040	0.5208	0.5208	0.5376
Metering (Customer)	5.0000	5.0000	5.0000	5.0000
Metering (kWh)	0.1657	0.2431	0.2431	0.3205
Members Contribution for Capital Expenditures		0.1089	0.1089	0.2178
Final Loan Condo (kWh)	(0.1767)			
<b>LOW VOLTAGE</b>				
<b>Cust. Type: Commercial</b>				
Distribution (kWh)	0.8366	0.6404	0.6404	0.4441
Distribution (kW)		-	-	
Supply (kWh)		-	-	
Supply (Customer)	43.06	44.83	44.83	46.60
Metering (Customer)	145.55	89.17	89.17	32.78
Metering (kWh)		-	-	
Members Contribution for Capital Expenditures		0.1089	0.1089	0.2178
Final Loan Condo (kWh)	(0.1457)			
Final Loan Condo (customer)	(1.2596)			
<b>Cust. Type: Public Bldg</b>				
Distribution (kWh)	0.5701	0.5071	0.5071	0.4441
Distribution (kW)		-	-	
Supply (kWh)		-	-	
Supply (Customer)	43.06	44.83	44.83	46.60
Metering (Customer)	145.55	89.17	89.17	32.78
Metering (kWh)		-	-	
Members Contribution for Capital Expenditures		0.1089	0.1089	0.2178
Final Loan Condo (kWh)	(0.0757)			
Final Loan Condo (customer)	(1.2768)			
<b>Cust. Type: Street Light</b>				
Distribution (kWh)	0.9146	0.6794	0.6794	0.4441
Distribution (kW)		-	-	
Supply (kWh)		-	-	
Supply (Customer)	9.30	27.95	27.95	46.60
Metering (Customer)	85.28	59.03	59.03	32.78
Metering (kWh)		-	-	
Members Contribution for Capital Expenditures		0.1089	0.1089	0.2178
Final Loan Condo (kWh)	(0.0792)			
Final Loan Condo (customer)	(0.0375)			

Group :F Name : ANECO	Rates Billed			
	Current	Start of Transition	End of Year one	End of Transition
Percentage increase	1.0000	0.5000	-	0.5000
<b>HIGHER VOLTAGE</b>				
<b>Cust. Type: Industrial</b>				
Distribution (kWh)	0.4949	0.2475	0.2475	
Distribution (kW)	21.78	94.67	94.67	167.56
Supply (kWh)		-	-	
Supply (Customer)	43.06	44.83	44.83	46.60
Metering (Customer)	416.40	224.59	224.59	32.78
Metering (kWh)		-	-	
Members Contribution for Capital Expenditures		0.1089	0.1089	0.2178
Final Loan Condo (kWh)	(0.0645)			
Final Loan Condo (customer)	(1.9763)			
<b>Cust. Type: Commercial</b>				
Distribution (kWh)	0.8366	0.4183	0.4183	
Distribution (kW)		83.78	83.78	167.56
Supply (kWh)		-	-	
Supply (Customer)	43.06	44.83	44.83	46.60
Metering (Customer)	145.55	89.17	89.17	32.78
Metering (kWh)		-	-	
Members Contribution for Capital Expenditures		0.1089	0.1089	0.2178
Final Loan Condo (kWh)	(0.1457)			
Final Loan Condo (customer)	(1.2596)			
<b>Cust. Type: Public Bldg</b>				
Distribution (kWh)	0.5701	0.2851	0.2851	
Distribution (kW)		83.78	83.78	167.56
Supply (kWh)		-	-	
Supply (Customer)	43.06	44.83	44.83	46.60
Metering (Customer)	145.55	89.17	89.17	32.78
Metering (kWh)		-	-	
Members Contribution for Capital Expenditures		0.1089	0.1089	0.2178
Final Loan Condo (kWh)	(0.0757)			
Final Loan Condo (customer)	(1.2768)			
<b>Cust. Type: Street Light</b>				
Distribution (kWh)	0.9146	0.4573	0.4573	
Distribution (kW)		83.78	83.78	167.56
Supply (kWh)		-	-	
Supply (Customer)	9.30	27.95	27.95	46.60
Metering (Customer)	85.28	59.03	59.03	32.78
Metering (kWh)		-	-	
Members Contribution for Capital Expenditures		0.1089	0.1089	0.2178
Final Loan Condo (kWh)	(0.0792)			
Final Loan Condo (customer)	(0.0375)			

18. ANECO is applying to implement the proposed rates as it strongly believes that this will encourage the cooperative to develop efficiency and achieve self-reliance and financial independence, and be able to comply with the mandate of the EPIRA to deliver more reliable, efficient, safe and quality service to its consumers. It has chosen to implement the proposed rates during the Transition Period as follows: 1.) 50% for the 1<sup>st</sup> two years, and 2.) full implementation on the 3<sup>rd</sup> year. The proposed manner of implementation is designed to mitigate the impact both on the cooperative as well as its customers especially on the Distribution, Supply and Metering charges which showed positive and a negative effect from the existing rates;
  
- 19 ANECO has duly complied with the pre-filing requirements by furnishing copies of the Application together with its supporting annexes and accompanying documents to the Sangguniang Panlalawigan of Agusan Del Norte and the Sangguniang Panlungsod of Butuan City and published the Application in its entirety in a newspaper of general circulation in the Province of Agusan Del Norte;
  
- 20 Attached and made integral parts of this application are the following supporting documents and annexes, to wit:
  - a. Board Resolution authorizing the filing of the instant application;
  - b. Board Resolution imploring the ERC to implement the RSEC-WR;
  - c. Local publication of the Application with Affidavit of Publication;
  - d. Certification of the concerned local Sanggunians;
  - e. Completed RSEC-WR UFR Model;
  - f. Completed Transition Model;
  - g. Working papers on details and explanation;
  - h. 2008 Audited Financial Statement;
  - i. Billing Determinants & Customer Class Allocation;
  - j. Current Statement of Account;

## PRAYER

WHEREFORE, foregoing premises considered, it is most respectfully prayed of this Honorable Commission, after due notice and hearing, to approve the new rate schedule for applicant ANECO, as follows:

TYPE OF CUSTOMER	Units	Distribution	Supply	Metering	CAPEX
<b>Residential</b>	Php/kwh	0.4613	0.5376	0.3205	0.2178
	Php/cust/mo			5.00	
<b>Low Voltage</b>	Php/kwh	0.4441			0.2178
	Php/cust/mo		46.60	32.78	
<b>Higher Voltage</b>	Php/kW	167.56			
	Php/kwh				0.2178
	Php/cust/mo		46.60	32.78	

It is further prayed, that applicant be provisionally authorized to implement the said rates pending hearing and final evaluation of the application by the Honorable Commission. Other reliefs, just and equitable in the premises are likewise prayed for .

Pasig City, Metro Manila, October 13, 2009.

**DECHAVEZ SAGAYO and LERIOS-AMBOY  
LAW OFFICES**

Counsel for ANECO  
Units 1609-1610 Tycoon Centre  
Pearl Drive Ortigas Center  
Pasig City, Metro Manila

**By:**



**DITAS A. LERIOS-AMBOY**

Roll No. 40628

MCLE Compliance II Cert. No. 0003158 Feb. 28, 2008

PTR#5098945 Jan. 5, 2009 Pasig

IBP# 767996 Jan. 5, 2009 Rizal

Republic of the Philippines)  
City Of Butuan ) Ss.

**VERIFICATION AND CERTIFICATION  
OF NON FORUM-SHOPPING**

I, HORCIO T. SANTOS of legal age, Filipino and with office address at the Main Office of Agusan Del Norte Electric Cooperative, Inc. (ANECO), Km 2 J.C. Aquino Avenue, Butuan City, after being sworn to according to law, depose and state that:

1. I am the incumbent General Manager of Agusan Del Norte Electric Cooperative, Inc. (ANECO);
2. I caused the preparation and filing of the foregoing Application; have read the allegations contained therein, and certify that the same are true and correct based on my personal knowledge and on authentic records of Agusan Del Norte Electric Cooperative, Inc. (ANECO);
3. I hereby certifies that applicant Agusan Del Norte Electric Cooperative, Inc. (ANECO) has not heretofore commenced any other action or proceedings involving the same issues and parties before any court, tribunal or quasi-judicial agency; to the best of my knowledge no such action or proceeding is pending, and if I should learn that the same or similar action or proceeding has been filed or is pending, I undertake to report such fact to this Honorable Commission, within five (5) days therefrom.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_ day of October, 2009 at \_\_\_\_\_.

**HORACIO T. SANTOS**  
Affiant  
PRC Identification Card  
(with picture/signature)  
No. 0004986, valid until 01-18-2010

SUBSCRIBED AND SWORN to before me this \_\_\_\_ day of \_\_\_\_\_,  
2009 at Butuan City, Philippines, affiant exhibited to me his Community Tax  
Certificate No. 3802538, issued at Butuan City on January 27, 2009 and PRC  
Identification card (with picture/signature) No. 0004986, valid until January  
18, 2010.

Doc. No. ;  
Page No. ;  
Book No. ;  
Series of 2009. :