

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

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

ERC CASE NO. 2009-100 RC

**ABRA ELECTRIC COOPERATIVE, INC.
(ABRECO)**

Applicant.

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A P P L I C A T I O N

COMES NOW, applicant **ABRA ELECTRIC COOPERATIVE, INC. (ABRECO)**, through the undersigned counsel, and unto this Honorable Commission, most respectfully states:

1. ABRECO 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 Calaba, Bangued, Abra, where it may be served with summons and other legal processes, represented in this instance by its General Manager, **LORETO P. SEARES, JR.**, of legal age, Filipino and with office address also at ABRECO Main Office, Bangued, Abra.

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 twenty-seven (27) municipalities of the province of Abra, namely: Bangued, Baay-Licuan, Boliney, Bucay, Bucloc, Daguioman, Danglas,

Dolores, Lacub, Lagangilang, Lagayan, La Paz, Langiden, Luba, Malibcong, Manabo, Peñarrubia, Pidigan, Pilar, Sallapadan, San Isidro, San Juan, San Quintin, Tayum, Tineg, Tubo, Villaviciosa ;

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 Energy Regulatory Commission (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. ABRECO participated in the above-mentioned public consultations and it submitted data/documents required by the ERC during the drafting of the said Rules;

7. 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;

8. Said regulatory framework is now embodied in the new *Rules for Setting the Electric Cooperatives’ Wheeling Rates* (RSEC-WR);

9. On May 5, 2009, ABRECO Board of Directors passed Board Resolution No 24-09, 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 published for promulgation on September 24, 2009 the final RSEC-WR; thus, this application;

11. Under the RSEC-WR, ABRECO is categorized under Group “B”;

12. As a Group “B” EC, ABRECO’s Operating Revenue Requirement (ORR) per kWh as determined based on the methodology embodied in the RSEC-WR, is PhP 1.8200;

13. Further, ABRECO 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
Commercial	Low Voltage Customers
Industrial	
Water System	
Public Building	
Street Lights	
Industrial	Higher Voltage Customers

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

Table 2. Initial DSM Rate Caps Per Customer Class

GROUP B	RESIDENTIAL		Low Voltage		Higher Voltage	
	PhP/kWh	PhP/Meter/Mo.	PhP/kWh	PhP/Cust/Mo.	PhP/kW	PhP/Cust/Mo.
Distribution	0.8449		0.9259		267.90	
Supply	0.7732			40.15		40.15
Metering	0.4569	5.0000		28.72		28.72

15. As a Group “B” EC, ABRECO is also authorized to collect a Member’s Contribution for Capital Expenditure Rate in the amount of PhP0.4004 /kWh;

16. Considering the above-mentioned rates, ABRECO’s rate caps would be as follows: 1.) DSM –PhP 1.8200; and 2.) MCC – PhP 0.4004;

GROUP B	RESIDENTIAL		Low Voltage		Higher Voltage		
	PhP/kWh	PhP/Meter/Mo.	PhP/kWh	PhP/Cust/Mo.	PhP/kWh	PhP/kW	PhP/Cust /Mo.
Distribution	0.8449		0.9259			267.90	
Supply	0.7732			40.15			40.15
Metering	0.4569	5.00		28.72			28.72
Members Contribution for CAPEX	0.4004		0.4004		0.4004		

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

Table 3. Proposed Transition Rates

Group : B					
Name ABRECO					
		Rates Billed			
		Current	Start of Transition	End of Year one	End of Transition
Percentage Increase		1.0000	0.3000	0.3000	0.4000
RESIDENTIAL					
Residential :					
Distribution (kWh)		1.3600	1.2055	1.0510	0.8449
Supply (kWh)		0.9711	0.9117	0.8524	0.7732
Metering (Customer)		5.0000	5.0000	5.0000	5.0000
Metering (kWh)		0.5584	0.5280	0.4975	0.4569

Member Contribution for Capital Expenditure		0.1201	0.2402	0.4004
Final Loan Condo (kWh)	(0.6042)			
LOW VOLTAGE				
Commercial				
Distribution (kWh)	1.2058	1.1218	1.0379	0.9259
Supply (kWh)				
Supply (Customer)	57.6700	52.4133	47.1566	40.1477
Metering (Customer)	36.2000	33.9574	31.7148	28.7246
Metering (kWh)				
Member Contribution for Capital Expenditure		0.1201	0.2402	0.4004
Final Loan Condo (kWh)	(0.3626)			
Final Loan Condo (customer)	(9.1734)			
Industrial				
Distribution (kWh)	1.2968	1.1855	1.0743	0.9259
Distribution (kW)	27.5000	19.2500	11.0000	
Supply (kWh)				
Supply (Customer)	61.0600	54.7863	48.5126	40.1477
Metering (Customer)	470.6100	338.0444	205.4788	28.7246
Metering (kWh)				
Member Contribution for Capital Expenditure		0.1201	0.2402	0.4004
Final Loan Condo (kWh)	(0.4351)			
Final Loan Condo (customer)	(96.9947)			
Water System				
Distribution (kWh)	1.3051	1.1913	1.0776	0.9259
Distribution (kW)	27.5000	19.2500	11.0000	
Supply (kWh)				
Supply (Customer)	58.2800	52.8403	47.4006	40.1477
Metering (Customer)	42.3500	38.2624	34.1748	28.7246
Metering (kWh)				
Member Contribution for Capital Expenditure		0.1201	0.2402	0.4004
Final Loan Condo (kWh)	(0.3983)			
Final Loan Condo (customer)	(10.4285)			
Public Building				
Distribution (kWh)	0.9612	0.9506	0.9400	0.9259
Distribution (kW)				
Supply (kWh)				
Supply (Customer)	63.5000	56.4943	49.4886	40.1477
Metering (Customer)	36.2000	33.9574	31.7148	28.7246
Metering (kWh)				
Member Contribution for Capital Expenditure		0.1201	0.2402	0.4004
Final Loan Condo (kWh)	(0.2890)			
Final Loan Condo (customer)	(9.1734)			

Street Lights				
Distribution (kWh)	3.7355	2.8926	2.0497	0.9259
Distribution (kW)				
Supply (kWh)				
Supply (Customer)	46.4500	44.5593	42.6686	40.1477
Metering (Customer)		8.6174	17.2348	28.7246
Metering (kWh)				
Member Contribution for Capital Expenditure		0.1201	0.2402	0.4004
Final Loan Condo (kWh)	(0.9379)			
HIGHER VOLTAGE				
Industrial				
Distribution (kWh)	1.2968	0.9078	0.5187	
Distribution (kW)	27.5000	99.6211	171.7421	267.9036
Supply (kWh)				
Supply (Customer)	61.0600	54.7863	48.5126	40.1477
Metering (Customer)	470.6100	338.0444	205.4788	28.7246
Metering (kWh)				
Member Contribution for Capital Expenditure		0.1201	0.2402	0.4004
Final Loan Condo (kWh)	(0.4351)			
Final Loan Condo (customer)	(96.9947)			

18. ABRECO submits that the implementation of the proposed rates would work to the best interest of its consumers as it would progressively improve the benchmark of the ABRECO's efficiency and effectiveness as a public utility organization. Further, ABRECO has chosen to implement the proposed rates 0.3000 at the start of the transition period in order to effect a substantial yet manageable impact.

19. ABRECO 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 Abra and the Sangguniang Bayan of Bangued and published the Application in its entirety in a newspaper of general circulation in the Province of Abra.

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. Certifications of the concerned local Sanggunians;
- e. Completed RSEC-WR UFR Model;
- f. Completed Transition Model
- g. Working papers on details and explanations
- 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 ABRECO, as follows:

TYPE OF CONSUMERS	UNITS	RATE DESIGN		
		D	S	M
Residential	PhP/kWh	0.8449	0.7732	0.4569
	PhP/Meter/Mo.			5.0000
CAPEX	PhP/kWh	0.4004		
Low Voltage	PhP/kWh	0.9259		
	PhP/Cust/Mo.		40.1500	28.7200
CAPEX	PhP/kWh	0.4004		
Higher Voltage	PhP/kWh	267.9000		
	PhP/Cust/Mo.		40.1500	28.7200
CAPEX	PhP/kWh	0.4004		

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 22, 2009.

**DECHAVEZ SAGAYO and LERIOS-AMBOY
LAW OFFICES
Counsel for ABRECO
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)
Bangued, Abra) Ss.

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


I, **LORETO P. SEARES, JR.**, of legal age, Filipino and with office address at the Main Office of Abra Electric Cooperative, Inc. (ABRECO), Bangued, Abra, after being sworn to according to law, depose and state that:

1. I am the General Manager of Abra Electric Cooperative, Inc. (ABRECO);

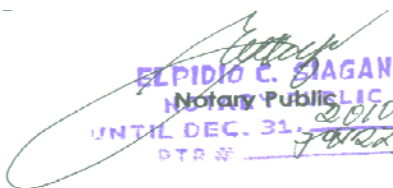
2. I caused the preparation and filing of the foregoing Application; have read the allegations contained therein, and certify that the same are true and correct based on my personal knowledge and on authentic records of ABRECO;

3. ABRECO 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 22nd day of October, 2009 at Bangued, Abra..


Loreto P. Seares, Jr.
Affiant

SUBSCRIBED AND SWORN to before me in Bangued, Abra, this 22nd day of October 2009 by the affiant who exhibited to me his CTC#21382783 issued at Bangued, Abra on 02/10/2009 and with validity until December 31, 2009.


ELPIDIO C. DIAGAN
Notary Public
UNTIL DEC. 31, 2010
DTR # 791279

Doc. No. 24212 ;
Page No. 43 ;
Book No. 48 ;
Series of 2009.