

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. 2009-104 RC

**PENINSULA ELECTRIC
COOPERATIVE, INC.
(PENELCO)**

Applicant.

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A P P L I C A T I O N

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

1. PENELCO 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 Roman Super Highway Tuyo, Balanga City, Bataan, where it may be served with summons and other legal processes, represented in this instance by its General Manager, LORETO A. MARCELINO, of legal age, Filipino and with office address also at the PENELCO 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 Bataan, namely: Balanga City, Dinalupihan, Hermosa, Orani, Samal, Abucay, Pilar, Orion, Limay, Mariveles, Bagac and Morong;
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. PENELCO 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 now 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 15th of May 2009, PENELCO Board of Directors passed Board Resolution No. 610, 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 localities wherein the electric cooperatives operate, the ERC issued the final RSEC-WR on September 22, 2009 and the same was published in the Manila Bulletin on September 24, 2009;
11. Under the RSEC-WR, PENELCO is categorized under Group “F”;
12. As a Group “F” EC, PENELCO’s Operating Revenue Requirement (ORR) per kWh as determined based on the methodology embodied in the RSEC-WR, is PhP0.9900;
13. Further, PENELCO is required to implement a new customer class, as follows:

Table 1. Existing Customer Class and New Customer Class

EXISTING CUSTOMER	NEW CUSTOMER SEGMENTATION
Residential	RESIDENTIAL
Bapa	
Commercial	LOW VOLTAGE
Industrial	
Irrigation	
Public Building	
St. Light	
Industrial	HIGHER VOLTAGE

14. After functionalizing and allocating its ORR and using the new customer class, PENELCO' 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.
Distribution	0.4613		0.4441		167.56	
Supply	0.5376			46.60		46.60
Metering	0.3205	5.00		32.78		32.78

15. As a Group "F" EC, PENELCO is also authorized to collect a Member's Contribution for Capital Expenditure Rate in the amount of PhP0.2178 /kWh;

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

GROUP F	RESIDENTIAL		Low Voltage		Higher Voltage		
	PhP/kWh	PhP/Meter/Mo.	PhP/kWh	PhP/Cust/Mo.	Php/kw	PhP/kWh	PhP/Cust/Mo.
Distribution	0.4613		0.4441		167.56		
Supply	0.5376			46.60			46.60
Metering	0.3205	5.00		32.78			32.78
Members Contribution for CAPEX	0.2178		0.2178			0.2178	

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

Table 3. Proposed Transition Rates

F
Name: PENELCO

	Rates Billed			
	Current	Start of	End of	End of
		Transition	Year one	Transition
Percentage increase				

	1.0000	1.0000		
RESIDENTIAL				
Cust. Type: Residential				
Distribution (kWh)	0.7685	0.4613	0.4613	0.4613
Supply (kWh)	0.4478	0.5376	0.5376	0.5376
Metering (Customer)	5.0000	5.0000	5.0000	5.0000
Metering (kWh)	0.1517	0.3205	0.3205	0.3205
Members Contribution for Capital Expenditures		0.2178	0.2178	0.2178
Final Loan Condo (kWh)	(0.0942)			
Cust. Type: Bapa				
Distribution (kWh)	0.7685	0.4613	0.4613	0.4613
Supply (kWh)	0.4478	0.5376	0.5376	0.5376
Metering (Customer)	5.0000	5.0000	5.0000	5.0000
Metering (kWh)	0.1517	0.3205	0.3205	0.3205
Members Contribution for Capital Expenditures		0.2178	0.2178	0.2178
Final Loan Condo (kWh)	(0.0942)			
				SUB-TOTAL
LOW VOLTAGE				
Cust. Type: Commercial				
Distribution (kWh)	0.5434	0.4441	0.4441	0.4441
Distribution (kW)		-	-	
Supply (kWh)		-	-	
Supply (Customer)	48.0600	46.6048	46.6048	46.6048
Metering (Customer)	21.4700	32.7818	32.7818	32.7818
Metering (kWh)		-	-	
Members Contribution for Capital Expenditures		0.2178	0.2178	0.2178
Final Loan Condo (kWh)	(0.0634)			
Final Loan Condo (customer)	(2.7951)			

Cust. Type: Industrial				
Distribution (kWh)	0.3192	0.4441	0.4441	0.4441
Distribution (kW)	27.5000	-	-	
Supply (kWh)		-	-	
Supply (Customer)	48.0700	46.6048	46.6048	46.6048
Metering (Customer)	231.7600	32.7818	32.7818	32.7818
Metering (kWh)		-	-	
Members Contribution for Capital Expenditures		0.2178	0.2178	0.2178
Final Loan Condo (kWh)	(0.0518)			
Final Loan Condo (customer)	(3.1460)			
Cust. Type: Irrigation				
Distribution (kWh)	0.6345	0.4441	0.4441	0.4441
Distribution (kW)		-	-	
Supply (kWh)		-	-	
Supply (Customer)	48.0700	46.6048	46.6048	46.6048
Metering (Customer)	21.4700	32.7818	32.7818	32.7818
Metering (kWh)		-	-	
Members Contribution for Capital Expenditures		0.2178	0.2178	0.2178
Final Loan Condo (kWh)	(0.0593)			
Final Loan Condo (customer)	(2.8542)			
Cust. Type: Public Bldg				
Distribution (kWh)	0.4598	0.4441	0.4441	0.4441
Distribution (kW)		-	-	
Supply (kWh)		-	-	
Supply (Customer)	48.0700	46.6048	46.6048	46.6048
Metering (Customer)	17.9300	32.7818	32.7818	32.7818
Metering (kWh)				

		-	-	
Members Contribution for Capital Expenditures		0.2178	0.2178	0.2178
Final Loan Condo (kWh)	(0.0578)			
Final Loan Condo (customer)	(2.7885)			
Cust. Type: Street Lights				
Distribution (kWh)	0.5537	0.4441	0.4441	0.4441
Distribution (kW)		-	-	
Supply (kWh)		-	-	
Supply (Customer)	48.0700	46.6048	46.6048	46.6048
Metering (Customer)	19.1100	32.7818	32.7818	32.7818
Metering (kWh)		-	-	
Members Contribution for Capital Expenditures		0.2178	0.2178	0.2178
Final Loan Condo (kWh)	(0.0659)			
Final Loan Condo (customer)	(2.7887)			
				SUB-TOTAL
HIGHER VOLTAGE				
Cust. Type: Industrial				
Distribution (kWh)	0.3192	-	-	
Distribution (kW)	27.5000	167.5632	167.5632	167.5632
Supply (kWh)		-	-	
Supply (Customer)	48.0700	46.6048	46.6048	46.6048
Metering (Customer)	231.7600	32.7818	32.7818	32.7818
Metering (kWh)		-	-	
Members Contribution for Capital Expenditures		0.2178	0.2178	0.2178
Final Loan Condo (kWh)	(0.0518)			
Final Loan Condo (customer)	(3.1460)			

18. PENELCO submits that the implementation of the proposed rates as it strongly believes that this will encourage the cooperative to become more efficient and achieve self-reliance and financial independence. It has chosen to implement the proposed rates in full at the start of the transition period to enable it to achieve said objectives at the soonest possible time for the benefit of its consumers.

19. PENELCO 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 Bataan and the Sangguniang Panlungsod of Balanga and published the Application in its entirety in a newspaper of general circulation in the Province of Bataan.

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 PENELCO, as follows:

TYPE OF CONSUMERS	UNITS	RATE DESIGN			CAPEX
		D	S	M	
Residential	PhP/kWh	0.4613	0.5376	0.3205	0.2178
	PhP/Meter/Mo.			5.00	
Low Voltage	PhP/kWh	0.4441			0.2178
	PhP/Cust/Mo.		46.60	32.78	
HigherVoltage	PhP/kW	167.56			
	PhP/Cust/Mo.		46.60	32.78	
	PhP/kWh				0.2178

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 26, 2009.

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Roll No. 40628
MCLE Compliance II Cert. No. 0003158 Feb. 28, 2008
PTR#5098945 Jan. 5, 2009 Pasig
IBP# 767996 Jan. 5, 2009 Rizal