

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

IN THE MATTER OF THE APPLICATION  
FOR APPROVAL OF THE TRANSLATION  
INTO DISTRIBUTION RATES OF  
DIFFERENT CUSTOMER CLASSES THE  
MAXIMUM AVERAGE PRICE FOR THE  
FIRST YEAR OF THE SECOND  
REGULATORY PERIOD OF THE ERC-  
APPROVED ANNUAL REVENUE  
REQUIREMENT FOR CELCOR UNDER THE  
PERFORMANCE BASED REGULATION  
(PBR) FOR THE REGULATORY PERIOD  
2011-2014, WITH PRAYER FOR  
PROVISIONAL AUTHORITY.

CABANATUAN ELECTRIC CORPORATION  
(CELCOR)

Applicant.

ERC CASE NO. 2010 - \_\_\_\_\_ RC

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## **APPLICATION**

COMES NOW applicant CABANATUAN ELECTRIC CORPORATION (“CELCOR”), through undersigned counsels and unto this Honorable Commission, most respectfully avers:

1. CELCOR is a private corporation existing under the laws of the Republic of the Philippines, with principal business address at Maharlika Road, Barangay Bitas, Cabanatuan City. It may be served with notices and other processes of this Honorable Commission at its place of operations at Maharlika Road, Barangay Bitas, Cabanatuan City or through its counsels at the address indicated herein.

2. CELCOR is the exclusive franchise holder issued by Congress of the Philippines to operate electric light and power services in the City of Cabanatuan in the Province of Nueva Ecija.

3. On December 8, 2008, the Commission promulgated ERC Resolution No. 20, Series of 2008, wherein it adopted the “Rules for Setting Distribution Wheeling Rates for Privately Owned Distribution Utilities Entering Performance Based Regulation (Third Entry Group).

4. The RDWR defined the methodology to be used by the PBR-entrant distribution utility in setting the maximum distribution wheeling rates to be charged for the provision of regulated distribution services. Under the RDWR the PBR-entrant distribution utility will be given an Annual Revenue Requirement (ARR) which will be used to derive the Maximum Average Price (MAP). Said MAP shall then be allocated by the distribution utility in setting the rate schedule for its distribution, supply and metering charges for each customer class or segment.

5. CELCOR was among the entrants at the third entry point to the Performance Based Regulation (PBR) rate setting methodology adopted by the Honorable Commission pursuant to Section 43(f) of Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001. As such, on June 19, 2009, CELCOR filed an application for approval of its Annual Revenue Requirement (ARR) and Performance Incentive Scheme (PIS) for the Second Regulatory Period covering the period from July 01, 2010 to June 30, 2014. Said application was docketed as ERC Case No. 2009-043RC.

6. Thereafter, the Honorable Commission, in the aforesaid case, issued the Final Determination for the Applicant contained in its Decision dated March 08, 2010:

- a) Based on the Final Determination, Applicant's ARR for the First Regulatory Year of the Second Regulatory Period as approved by the Honorable Commission is as follows:

<b>REVENUE REQUIREMENT FOR RY2011</b>	
Building Block	AMOUNT
Operating and Maintenance Expenditures	116,282,153
Taxes, Levies & Duties (Other Than Corp. Income Tax)	2,468,044
Regulatory Depreciation	39,502,455
Return on Capital	136,355,527
Corporate Income Tax	0
Total Revenue Requirement before GSL Allowance	294,608,180
Add: GSL Allowance of 0.5%	1,473,041
Total Revenue Requirement before Regulatory Intervention	296,081,221
Less: Regulatory Intervention	40,000,000
Total Revenue Requirement after Intervention but before X-factor	256,081,221

- b) The opening MAP that will be apply to Applicant at the start of the Second Regulatory Period as approved by the Honorable Commission in the Final Determination is PhP1.4275 per kWh.
- c) Section 1.4.1 of Final Determination requires the Applicant to convert the maximum average price (MAP) set in terms of the ERC's Final Determination into a distribution rate structure and to file it with the Honorable Commission.

7. In compliance with the requirements under the RDWR and the Final Determination for the conversion of the approved MAP into a distribution rate structure, CELCOR herein applies for the approval of the translation into distribution rates of different customer classes of its approved Maximum Average Price for the First Regulatory Year (MAP<sub>2011</sub>) of the Second Regulatory Period.

8. The MAP<sub>2011</sub> of PhP1.4275 per kWh (net of Regulatory Intervention) is broken down into the average unbundled components of Distribution Charge, Supply Charge and Metering Charge using functionalization of RY2011 data, with the following resulting figures:

Distribution Charge	P 0.9461 per kWh
Supply Charge	P 0.2161 per kWh
Metering Charge	P 0.2653 per kWh
TOTAL	P 1.4275 per kWh

9. Herein below shown is CELCOR's proposed distribution rate schedule:

CUSTOMER CLASS	DISTRIBUTION CHARGE		SUPPLY CHARGE		METERING CHARGE	
	PhP/KW	PhP/kWh	PhP/Mo/Cust	PhP/kWh	PhP/Mo/Meter	PhP/kWh
Residential		1.0225		0.3246	5.00	0.3268
Small Commercial		0.9681	39.26		60.82	
Large Commercial		0.8912	858.41		1,103.21	
Very Large Comm'l	189.51	0.4533	256.12		2,064.43	
Semi-Industrial	118.58	0.2836	597.26		890.19	
Small Industrial	315.09	0.7538	1,388.77		2,069.89	
Large Industrial	209.11	0.5000	270.15		2,177.57	
Streetlight-Metered		1.1996	6.75		7.71	
Streetlight-Unmeter		0.8332	27.33		-	
Hospital	146.96	0.3513	733.02		733.02	

Supporting computations are hereto attached and marked as Annex "A"

10. The methodology used in converting the MAP<sub>2011</sub> into distribution rates for different customer classes is as described in Clause 5.3.2 of the Distribution Services and Open Access Rules (DSOAR).

11. To prevent price shocks to consumers, the RDWR imposes side constraints on the maximum wheeling rates excluding the impact of the S-factor. As such, the annual change in revenue that can be collected through a particular rate may not exceed certain pre-defined limits. The computation of the side constraints on the maximum distribution wheeling rates follows the following calculations:

$$\frac{((FCR_{k,t}/FQ_{k,t})-S_t) - ((CR_{k,t-1}/AQ_{k,t-1}) - S_{t-1})}{((CR_{k,t-1}/AQ_{k,t-1}) - S_{t-1})} \leq (CWI_t + SC_t)$$

Detailed computation is shown in Annex “B”

12. The comparison of the current and proposed distribution rates is shown in Annex “C”.

13. CELCOR will adopt its existing approved lifeline rate and level, which is shown in Annex “D”

14. To enable CELCOR to implement in a timely manner its capital expenditure program and address its operating and maintenance requirements for the Second Regulatory Period, particularly for the Regulatory Year 2011 and avert financial prejudice to both CELCOR and its consumers, it is necessary and indispensable that a provisional authority be immediately issued authorizing CELCOR to implement the new rates pending hearing on the merit of the instant Application.

## PRAYER

WHEREFORE, Applicant CABANATUAN ELECTRIC CORPORATION, respectfully prays that this Application be approved, authorizing the Applicant to adopt the herein proposed distribution rate structure and rate schedules summarized as follows.

CUSTOMER CLASS	DISTRIBUTION CHARGE		SUPPLY CHARGE		METERING CHARGE	
	PhP/KW	PhP/kWh	PhP/Mo/Cust	PhP/kWh	PhP/Mo/Meter	PhP/kWh
Residential		1.0225		0.3246	5.00	0.3268
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Streetlight-Unmeter		0.8332	27.33		-	
Hospital	146.96	0.3513	733.02		733.02	

Pending the necessary public hearing, applicant further prays for the issuance of a temporary/provisional authority to implement the proposed distribution rate structure and rate schedules.

Applicant prays for such other relief just and equitable under the premises.

Marikina City for the City of Pasig, Metro Manila.

12 April 2010.

**THE LAW FIRM  
OF  
MANJARES & MANJARES**  
Counsel for CABANTUAN ELECTRIC CORPORATION  
No. 5 Saint Anne Street  
Provident Villages, Marikina City

**NORBERTO F. MANJARES, JR.**  
IBP O.R. No. 819578  
18 February 2010 – Quezon City  
PTR O.R. No. 3392780  
05 April 2010 – Marikina City  
Roll of Attorneys No. 14937  
MCLE Compliance No. II-0011340; 22 August 2008

- and -

**(Sgd) NORBERTO C. MANJARES, III**  
IBP O.R. No. 819579  
18 February 2010 – Quezon City  
PTR O.R. No. 3403478  
08 April 2010 – Marikina City  
Roll of Attorneys No. 41579  
MCLE Compliance No. II-0011607; 25 August 2008  
jcmanjaresiii@gmail.com

## **VERIFICATION AND CERTIFICATION**

I, **ADORACION C. YATCO**, Filipino, of legal age and with office address at Maharlika Highway, Bitas, Cabanatuan City, after being sworn to in accordance with law, hereby depose and say:

1. I am the Chief Finance Officer of Applicant **CABANATUAN ELECTRIC CORPORATION (CELCOR)**;

2. I caused the preparation of this Application and I have read and understood the allegations contained therein; and that all the facts stated therein are true and correct based on authentic records made available to me in the ordinary course of business of CELCOR;

3. I am duly authorized by the Board of Directors to certify that CELCOR has not heretofore commenced any other action or proceeding involving the same issues in the Supreme Court, the Court of Appeals or any other tribunal or agency;

4. To the best of my knowledge, no such action or proceeding is pending in the Supreme Court, the Court of Appeals or any other tribunal or agency;

5. If I should thereafter learn that a similar action or proceeding has been filed or is pending before the Supreme Court, the Court of Appeals or any other tribunal or agency, I undertake to report such fact within five (5) days therefrom to this Honorable Commission;

IN WITNESS WHEREOF, I have hereunto affixed my signature this 13<sup>th</sup> day of April, 2010 at Cabanatuan City, Philippines.

(Sgd)**ADORACION C. YATCO**  
**Affiant**

**SUBSCRIBED AND SWORN** to before me this 13th day of April 2010, affiant exhibited to me her COMMUNITY TAX CERTIFICATE NO. 27890642 issued on January 28, 2010 at Cabanatuan City, Philippines.

Doc. No. 4 ;  
Page No. 1;  
Book No. 4;  
Series of 2010.

(Sgd) MJ JACKIE A. GARCIA  
Notary Public  
Until Dec. 31 2010  
PTR No. 0145943 - 3  
IBP NO.02060 (LIFE MEMBER)  
JANUARY 5, 2001  
ROLL NO. 36853

# **ACKNOWLEDGMENT**

12 April 2010

**THE HONORABLE SECRETARY**

Sangguniang Panlungsod  
Cabanatuan City

**Sir/Madam:**

In compliance with Rule 3, Section 4(e) of the Implementing Rules and Regulations of Republic Act No. 9136, we are forwarding herewith a copy of the application of **CABANATUAN ELECTRIC CORPORATION** for **“APPROVAL OF THE TRANSLATION INTO DISTRIBUTION RATES OF DIFFERENT CUSTOMER CLASSES FOR THE FIRST REGULATORY YEAR OF THE ERC-APPROVED ANNUAL REVENUE REQUIREMENT FOR CELCOR UNDER THE PERFORMANCE BASED REGULATION (PBR) FOR THE REGULATORY PERIOD 2011-2014, WITH PRAYER FOR PROVISIONAL AUTHORITY”** to be filed with the Energy Regulatory Commission.

Accordingly, may we request for a Certification to the effect that the same had been received by your office.

Very respectfully,

**(Sgd) NORBERTO C. MANJARES, III**

Counsel for Cabanatuan Electric Corporation