

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

**IN THE MATTER OF THE APPLICATION
FOR APPROVAL OF: a) THE
RECALCULATED MAP FOR REGULATORY
YEAR 2012; and b) THE TRANSLATION
INTO DISTRIBUTION RELATED RATES OF
DIFFERENT CUSTOMER CLASSES FOR
THE THIRD REGULATORY YEAR OF THE
ERC-APPROVED ANNUAL REVENUE
REQUIREMENT FOR CLPC UNDER THE
PERFORMANCE BASED REGULATION
(PBR) FOR THE REGULATORY PERIOD
2009-2013.**

**COTABATO LIGHT AND POWER
COMPANY, INC. (CLPC),**

Applicant. ERC CASE NO. 2010 -2010-49RC

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APPLICATION

COMES NOW Applicant COTABATO LIGHT AND POWER COMPANY
(hereinafter referred to as "CLPC" or "Applicant"), through undersigned counsels and
unto this Honorable Commission, most respectfully avers:

1. CLPC is a private corporation existing under the laws of the Republic of
the Philippines, with principal business address at Aboitiz Corporate Center, Banilad,
Cebu City. It may be served with notices and other processes of this Honorable
Commission at its place of operations at Sinsuat Avenue, Cotabato City or through its
counsels at the address indicated herein.

2. CLPC holds the exclusive franchise to operate electric light and power services in the City of Cotabato and part of the Municipalities of Datu Odin Sinsuat and Sultan Kudarat, all in the Province of Maguindanao.

3. Under ERC Resolution No. 54, Series of 2006, or the "Rules for Setting Distribution Wheeling Rates (RDWR) for Privately Owned Distribution Utilities Entering Performance Based Regulation (Second and Later Entry Points)" ("RDWR"), the Performance Based Regulation (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.

4. CLPC was among the entrants at the second entry point to the PBR rate setting methodology adopted by this 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 May 27, 2008, CLPC filed an application for approval of its ARR and Performance Incentive Scheme (PIS) for the Second Regulatory Period covering the period from April 1, 2009 to March 31, 2013. Said application was docketed as ERC Case No. 2008-029RC.

5. Thereafter, the Honorable Commission, in the aforesaid case, issued the Final Determination for the Applicant contained in its Decision dated December 15, 2008.

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

Building Block	2012 (PhP Million, Nominal)
Return on Capital	128.8
OPEX	93.8
Regulatory Depreciation	34.0
Corporate Income Tax	0.0
Other Taxes	1.0
Subtotal	257.6
Reduction imposed by the Commission	42.0
Resulting ARR	215.6
GSL Allowance	1.3
TOTAL	216.8

- b. The smoothed MAP for the Third Regulatory Year as approved under the Final Determination is PhP1.6511/kWh.

6. In accordance with Article VI of the RDWR and Section 10 of the Position Paper, the Applicant has recalculated its price cap for the Third Regulatory Year with an adjustment to the historic revenue as follows:

- a. In compliance with Resolution No. 17, Series of 2008 of the Honorable Commission which directs private utilities under PBR to treat actual company use as operation and maintenance expense, Applicant has included as an under-recovery the amount of Php 1,861,296 representing the actual company use for the period November 2009 - October 2010.

7. The updated MAP after the foregoing adjustments amounts to 1.666 Php/kWh. This was derived using ERC's price-cap model particularly the annual reset sheet for regulatory year 2012. The computations are based on the following formula as prescribed in the RDWR:

$$\text{MAP}_t = [\text{MAP}_{t-1} \times \{1 + \text{CWI}_t - X\}] + S_t - K_t + \text{ITA}_t$$

where:

$$\begin{aligned} \text{MAP}_{t-1} &= 1.506 \\ \text{CWI}_t &= 0.027 \\ X &= -0.076 \\ S_t &= 0.036 \\ K_t &= 0.031 \\ \text{ITA}_t &= 0 \end{aligned}$$

The positive PIS performance of CLPC resulted in maximum rewards for the CAIDI, Voltage Variation, Time to Process, and Time to Connect Premises indices and first level rewards for the SAIFI and Planned SAIDI indices.

The under-recoveries comprised of the company use allowance removed from total system loss (amounting to Php 1,861,296) resulted to a K-factor of 0.031.

8. In compliance with the requirements under the RDWR and the Final Determination for the conversion of the approved MAP into a distribution rate structure, Applicant herein applies for the approval of the translation into distribution rates of different customer classes of its approved MAP for the Third Regulatory Year (April 1, 2011 to March 31, 2012) of the Second Regulatory Period.

9. The translation into distribution-related rates is consistent with the methodology used in the Uniform Filing Requirement (UFR) in the rate unbundling, using updated scenarios and values. The proposed translation of rates calculation is attached hereto as **Annex "A"**.

10. The smoothed MAP2012 of PhP1.666 per kWh (net of Regulatory Intervention) was broken down into the average unbundled components of Distribution Charge, Supply Charge and Metering Charge, with the following resulting figures:

Distribution Charge	1.330 PhP/kWh
Supply Charge	0.092 PhP/kWh
Metering Charge	0.244 PhP/kWh
TOTAL	1.666 PhP/kWh

11. The definitions of the rate schedules for each of the Applicant's customer segments are hereto attached and marked as **Annex "B"**, to wit:

RATE SCHEDULE	ANNEX
Residential	B-1
General Retail 1	B-1
General Retail 2	B-2
General Retail 3	B-3
General Retail 4	B-4
Flat Lighting Service	B-5

12. Summarized below is Applicant's proposed distribution-related rate structure:

	Distribution		Supply		Metering	
	PhP/kWh	PhP/kW	PhP/kWh	PhP/Cust./Mo.	PhP/kWh	PhP/Meter/Mo.
Residential	1.6585	-	0.1543	-	0.3971	5.00
General retail 1	1.6585	-	0.1543	-	0.3971	5.00
General retail 2	0.2792	313.35	-	115.92	-	198.75
General retail 3	0.2380	252.03	-	235.32	-	284.58
General retail 4	-	300.82	-	1,657.88	-	3,866.75
Streetlight	1.8382	-	-	70.72	-	-

13. A comparison of the proposed basic rates and the existing basic rates per customer segment is shown in **Annex "C"**.

PRAYER

WHEREFORE, Applicant COTABATO LIGHT AND POWER COMPANY, INC. respectfully prays that this Application be approved, authorizing Applicant to adopt the herein proposed:

- a) Recalculated MAP for Regulatory Year 2012 amounting to Php 1.666 /kWh
- b) Distribution-related rate structure and rate schedules summarized as follows:

	Distribution		Supply		Metering	
	PhP/kWh	PhP/kW	PhP/kWh	PhP/Cust./Mo.	PhP/kWh	PhP/Meter/Mo.
Residential	1.6585	-	0.1543	-	0.3971	5.00
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General retail 4	-	300.82	-	1,657.88	-	3,866.75
Streetlight	1.8382	-	-	70.72	-	-

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

Marikina City for the City of Pasig, Metro Manila. December 8, 2010.

**THE LAW FIRM
OF
MANJARES & MANJARES**
Counsel for Cotabato Light and Power Co., Inc.
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18 February 2010 – Quezon City
PTR O.R. No. 3392780
05 April 2010 – Marikina City
Roll of Attorneys No. 14937
MCLE Compliance No. III-0019039; 12 October 2010

- and -

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08 April 2010 – Marikina City
Roll of Attorneys No. 41579
MCLE Compliance No. II-0011607; 25 August 2008
(awaiting issuance of 3rd Compliance Certificate)

VERIFICATION/CERTIFICATION

I, **ALVIN S. ARCO**, of legal age, married, Filipino and with business address at Aboitiz Corporate Center, Gov. Manuel A. Cuenco, Cebu City, after being duly sworn in accordance with law hereby deposes and state that:

1. I am the **VP-FINANCE** of **COTABATO LIGHT AND POWER CO., INC. (CLPC)**;
2. I have caused the preparation of the foregoing Application;
3. I have read the contents thereof and the same are true and correct to the best of my knowledge and information and/or based on available documents;
4. I hereby certify that CLPC has not commenced any other action or proceeding involving the same issues in the Supreme Court, the Court of Appeals, or any agency or tribunal and to the best of my knowledge, no such action or proceeding is pending in the same entities above-stated. If I should learn that a similar action or proceeding has been filed or is pending, I undertake to promptly inform this Honorable Commission within five (5) days thereof.

IN WITNESS WHEREOF, I have set my hand this _____ day of _____.

ALVIN S. ARCO
Affiant

SUBSCRIBED AND SWORN to before me this _____ at _____, affiant who is personally known to me, exhibiting to me his Driver's License with License Number NO1-88-083999 which expires on May 6, 2012 as competent evidence of identity.

Doc. No. _____;
Page No. _____;
Book No. _____;
Series of 2010.